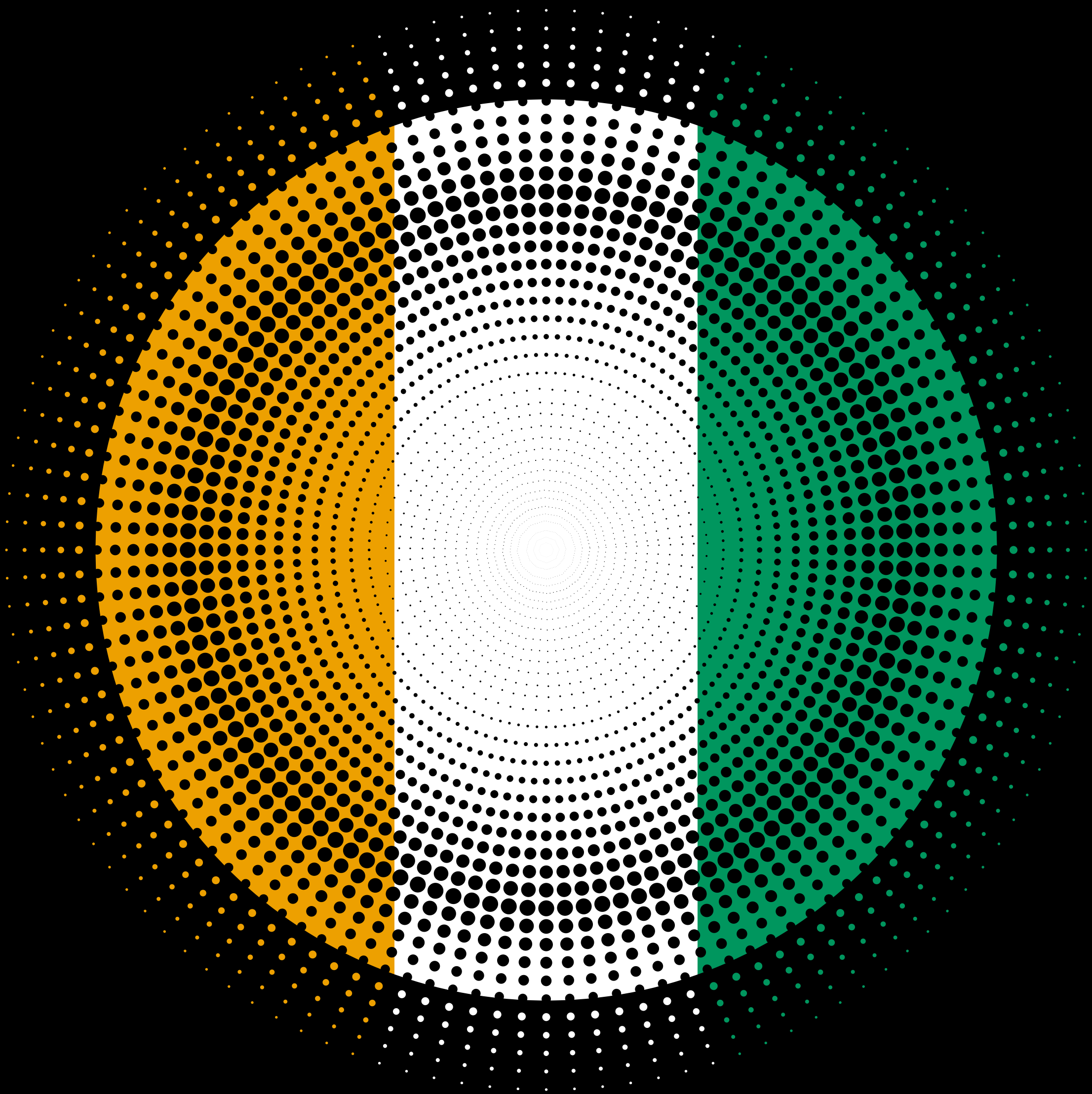
Deloitte.



Invest in Côte d'Ivoire

A business guide for Africa's fastest-growing economy

March 2017

“**Côte d’Ivoire is Africa’s fastest-growing economy.** The fast pace of growth is due to a strong macroeconomic environment, a solid position in international markets and a large amount of significant natural resources.”

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Executive summary

Located in the inter-tropical coastal zone of West Africa, the Republic of Côte d'Ivoire has a population of 22.7 million inhabitants, 42.5% of whom are under the age of 14. Yamoussoukro is the political capital, while Abidjan is the economic hub of the country. The country is a member of the West African Economic Monetary Union (WAEMU), an eight country customs and currency union in which all members use the CFA franc (CFAF).

Côte d'Ivoire is the largest economy in French-speaking West Africa and the third largest in West Africa after Nigeria and Ghana. Real gross domestic product (GDP) grew on average by 9% per year during the period 2012-15, reversing a 10-year decline in per capita income.

Agriculture is crucial for the country in terms of revenues and employment, with the country being the world's largest producer and exporter of cocoa beans. In fact, agriculture accounted for around 25% of GDP in 2015. Natural resources play a key role in the country's economy, especially fossil energy and ores.

Côte d'Ivoire offers relatively well-developed road infrastructure, the second largest port in West Africa, and a modern airport with a national airline that serves all of the major capital cities in the region.

The country's investment environment has matured over recent years, as the political environment has been stable since the end of 2011. The government is committed to implement structural reforms that contribute to improve the macroeconomic environment and set the stage for sustainable growth. Two development plans have been implemented in Côte d'Ivoire: the National Development Plan (NDP) 2012-15 to lay the foundations for an emerging economy; and the NDP 2016-20 to structurally transform the country into an industrialising nation.

With a total investment of 3trn CFAF, the NDP 2016-20 aims to improve the well-being of the population by reducing the poverty rate and fostering an emerging middle class. In April 2016, donors pledged to fund Côte d'Ivoire's NDP with up to US$15.4bn in grants and credits and the World Bank committed to double its support for the next four years representing approximately US$5bn.

Since November 2012, Côte d'Ivoire has introduced new incentives in its Investment Code in order to ease the private investment regime. This includes: promotion of local raw materials production, production of competitive goods for domestic market and exports; and creation of incentives for technology. The fiscal policy is also moving towards incentives policies for small and medium-sized enterprises (SMEs) with more favourable tax conditions.

One of the main pillars for investment promotion is the legal framework of the country, which has experienced a constitutional transformation in 2016 pointing to better democratic conditions and education rights reinforcement, amongst other things.

Consequently, Côte d'Ivoire has improved its rankings in the World Bank's annual Ease of Doing Business index, moving from 177th position in the 2014 report (out of 189 countries) to the 142nd position in 2017 (out of 190 countries). The 2014 and 2015 reports ranked Côte d'Ivoire among the 10 best reformers in the world. The improvements included the implementation of a single user identification number for business creation, online submission of complaints to the Commercial Court of Abidjan, publication of rulings from the Commercial Court, and electronic land registration.

The World Bank projects for Côte d'Ivoire an average annual GDP growth rate of 8% over the 2016-18 period. This is higher than the sub-Saharan Africa (SSA) and world annual growth averages of 3.2% and 2.7% respectively. The fast pace of growth is due to a strong macroeconomic policy environment, a solid position in international markets with products like cocoa and a large amount of significant natural resources like gold and natural gas.

Since February 2017, the last contingent of United Nations (UN) blue helmets left the country after 14 years. While the departure marks a lasting return to stability and peace in Côte d'Ivoire according to the UN, some security challenges remain, and recent uprisings recalled that the security challenge was not yet fully overcome. Governance and stability is a major priority. Moreover, skilled labour is needed as foreign direct investment (FDI) surges and the availability of land for large industrial operations is insufficient to satisfy increasing demand.

Country overview

Located in the inter-tropical coastal zone of West Africa, the Republic of Côte d'Ivoire has a population of **22.7 million inhabitants**[1], **42.5%** of whom are under the age of 14.[2]

Côte d'Ivoire is the largest economy in French-speaking West Africa and the third largest in West Africa as a whole (after Nigeria and Ghana). The country's gross national income (GNI) per capita was estimated at US$1 420 in 2015.

The country has a wealth of natural resources such as petroleum, natural gas, diamonds, manganese, iron ore, cobalt, bauxite, copper, gold, nickel, tantalum, silica sand, clay, hydropower, etc. Natural resources have played a key role in the country's economy, especially fossil energy and ores. Although decreasing, resources still represent 5% of the country's GDP.

Agriculture is also crucial for the country in terms of revenues and employment. It accounted for around 25% of GDP in 2015.
The country is a member of the WAEMU, an eight-country[3] customs and currency union in which all members use the CFAF. The Union includes 112 million inhabitants, and has a common trade policy and external tariff. The banking sector of member countries is regulated by the Central Bank of West African States (BCEAO) which also maintains a fixed exchange rate with the euro.

Côte d'Ivoire is also a member of the Economic Community of West African States (ECOWAS) made up of 15 countries[4] and with almost 360 million inhabitants in 2016.[5] The community promotes economic integration and regional peace and stability. ECOWAS has an economic partnership with the European Union (EU) covering goods and development cooperation. The country is the EU's largest trading partner in SSA.

1. World Bank database, 2015.
2. World Bank database, 2015.
3. Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal, and Togo.
4. The eight countries of WAEMU plus Cape Verde, the Gambia, Ghana, Guinea, Liberia and Sierra Leone.
5. UNCTAD, 2016.

Côte d'Ivoire's economy

From independence in 1960 until the end of the 1970s, Côte d'Ivoire enjoyed what some analysts called **'Côte d'Ivoire's miracle'**.

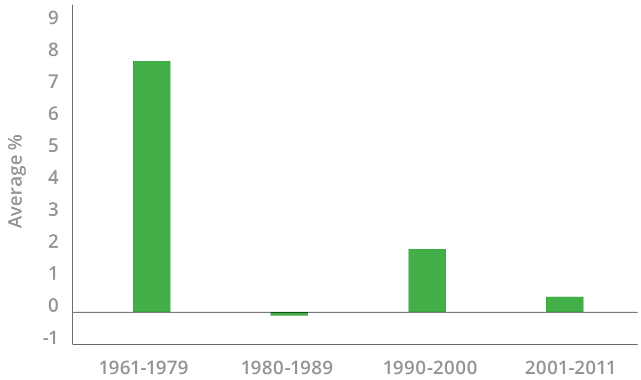
Snapshot of the past
Over the period, GDP increased fourfold at an annual rate averaging 8%. Growth was driven by agricultural exports (80% of total exports), mainly cocoa, coffee and wood. Industry and services also grew rapidly, respectively at a pace of 10% and 13% between 1965 and 1974. Thanks to export revenues important investments in infrastructure and education were made by the government.

The economic miracle ended when international cocoa and coffee prices collapsed in the 1980s. Côte d'Ivoire's economy was too exposed to the fluctuation of commodity prices. Over the next decade, as international cocoa prices kept decreasing, GDP declined on average by 0.24 percentage points per year. Coffee and cocoa prices represented only 30% of their peak values at the beginning of the 1990s.

To combat economic difficulties, the country pursued important structural reforms from the 1980s. However, these reforms were insufficient to stimulate strong and sustainable growth. Throughout the 1990s, Côte d'Ivoire carried on with reforms and liberalised its economy. This included the launch of investment programmes, in particular into infrastructure. These reforms stimulated growth, but at a lower rate compared to the 1970s. Throughout the 2000s, the civil war (2002-11) hampered the economic potential of the country until 2011.

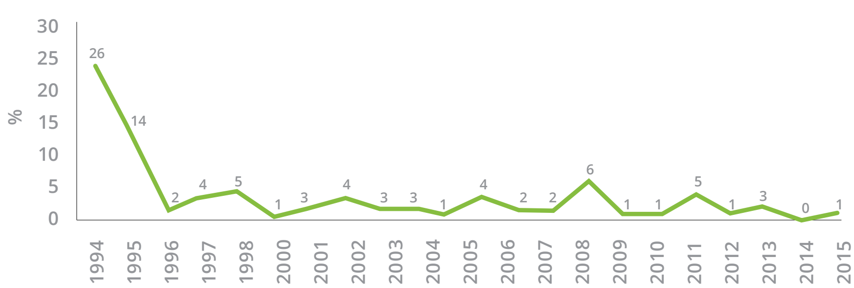
This resulted in sluggish growth over the period. However, throughout all this period and even during the civil war, the country experienced a low inflation rate. Inflation since 2000 was generally below the regional central bank's threshold of 3%, providing stable signals for consumption and investment.

Figure 1. Annual average GDP growth (%), 1961-2011



Source: World Bank data, 2016

Figure 2. Inflation rate (%), 1994-2015



Source: World Bank data, 2016

A booming economy

Since 2012, Côte d'Ivoire's economic performance has been impressive, and in striking contrast with the last ten years of political instability. Political normalisation, budget support policy, debt reduction, and reforms to strengthen the business climate have led to an acceleration of economic activity. Driven by investment and consumption, GDP grew on average by 9% per year during the period 2012-15, reversing a 10-year decline in per capita income. The country had a nominal GDP of about US$32bn in 2015, making it one of the largest economies in West Africa.

Although agriculture has lost its central role in Côte d'Ivoire's economy, its share remains important. The country is still the world's largest producer and exporter of cocoa beans, and main producer and exporter of coffee and palm oil, with 64.8% of land used for agricultural purposes.[7]

In 1960, the largest contributors to GDP were agriculture (48%) followed by services (39%) and industry (13%). In 2015, agriculture represented only 24% of GDP, and services increased to 55% of GDP. Industry's share of GDP has almost doubled during the period (from 13% to 21%). There has been a significant change in GDP sector contribution, showing that Côte d'Ivoire's economy has diversified over time, reducing its dependence on agriculture and exposure to volatility of international markets.

Côte d'Ivoire's primary sector is composed of food crops (12% of GDP), export crops (11%), and animal husbandry and peaches (2%). The secondary sector is driven by petroleum (7.2%), followed by the food industry (7.1%) and extractive products (6.7%).

The services sector is mainly composed of commercial activities (11.1%), post and telecommunications (7%), transport (3.8), and banking activities (3.4%).[6]

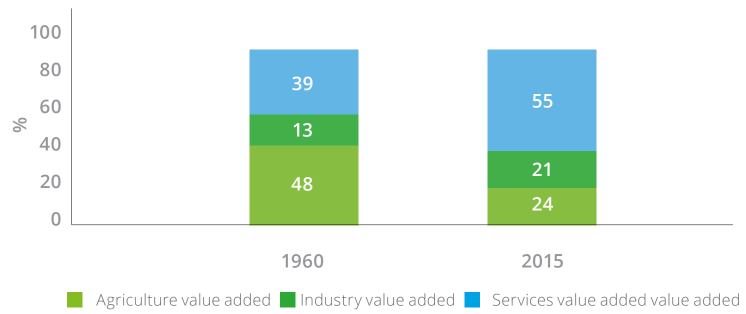
By exporting agricultural and mineral products, the country has kept a positive trade balance over the 2000-15 period.

Figure 3. Main macroeconomic indicators, averages for 2000-11 and 2012-15

	2000-11	2012-15
Real GDP growth (%)	0.4	9.0
Inflation rate (%)	3.0	1.4
Overall budget balance (% of GDP)	-1.4	-2.7
Current external balance (% of GDP)	2.5	-1.2
Public debt (% of GDP)	74.5	45.7

Source: World Bank data, 2016

Figure 4. GDP disaggregation (%) 1960 vs 2015



Source: World Bank data, 2016

6. GDP disaggregation for 2013 from Côte d'Ivoire's National Statistical Institute.
7. 2011 estimation; Central Intelligence Agency, 2016.

The Netherlands is the main trade partner of Côte d'Ivoire in 2015 (receiving 12% of total exports, mostly in cocoa), followed by the US and Belgium, with 8% and 7% respectively.

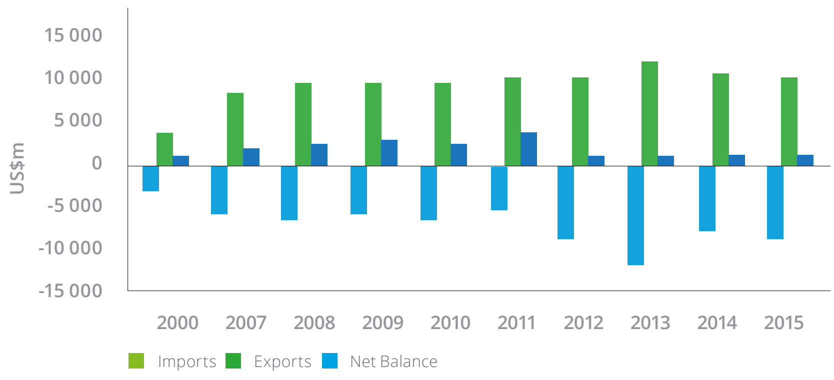
Main destination partners of Côte d'Ivoire's petroleum products are the US, Nigeria and Burkina Faso, with US$545m in exports revenue in 2015.

Côte d'Ivoire exports to its partners mainly agriculture products. Besides the fluctuation (linked to international price variations), the contribution of agriculture to total exports is on average 50% for the 2000-15 period.

As a share of agriculture products, cocoa makes up 43% of Côte d'Ivoire's total exports, followed by fruit products (8%), and oil and petroleum (5%). Cocoa generated more than US$5bn in revenues for Côte d'Ivoire in 2015.

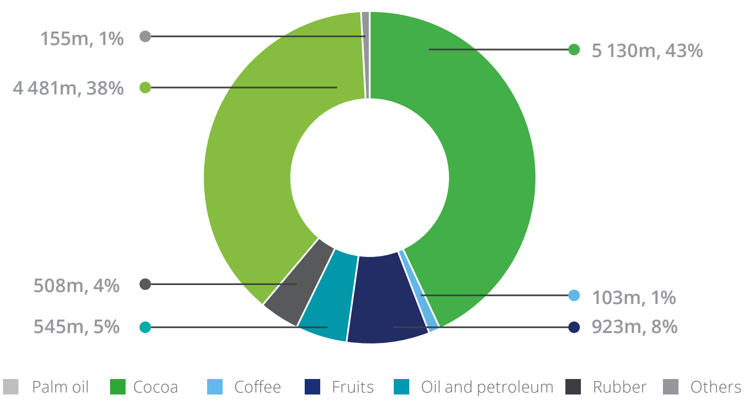
With regard to imports, 65% of Côte d'Ivoire's imported products originate from 10 countries of which nine are not in Africa. Imports are mainly from Nigeria (15%) followed by France and China, with 14% and 12% respectively.

Figure 5. Trade balance (US$m), 2000-15



Source: UN International Merchandise Trade Statistics, 2016

Figure 6. Export products (US$m and %), 2015



Source: UN Comtrade, 2017

Figure 7. Main export and import partners, 2015

Exports			Imports		
Country	Value (US$m)	Share in %	Country	Value (US$m)	Share in %
Netherlands	1 427.7	12%	Nigeria	1 444.2	15%
US	962.1	8%	France	1 311.6	14%
Belgium	775.0	7%	China	1 113.8	12%
France	762.2	6%	US	417.4	4%
Germany	721.4	6%	Italy	379.4	4%
Burkina Faso	535.3	5%	India	365.7	4%
India	495.7	4%	Spain	295.8	3%
Mali	487.8	4%	Netherlands	272.6	3%
Nigeria	473.4	4%	UK	241.8	3%
Ghana	461.3	4%	Germany	240.7	3%
Other	4 743	40%	Other	3 689.8	35%
Total	11 844.8	100%	Total	9 772.9	100%

Source: UN Comtrade, 2017

Outlook for the future

The World Bank projects an average annual growth rate of approximately 8% over the 2016-18 period for Côte d'Ivoire. This is higher than the SSA and world averages of 3.2% and 2.7% respectively over the same period. The fast pace of growth is on account of a robust macroeconomic policy environment, a solid position in international markets with products like cocoa, and a large amount of significant natural resources like gold and natural gas.

The NDP 2016-20

Since 2011, the government of Côte d'Ivoire has committed to implement structural reforms that contribute to improve the macroeconomic environment and set the stage for sustainable growth. The plan is divided into two steps: the NDP 2012-15 which lays the foundation for an emerging economy; and the NDP 2016-20 which aims at structurally transforming the country into an industrialising nation.

The reforms include:

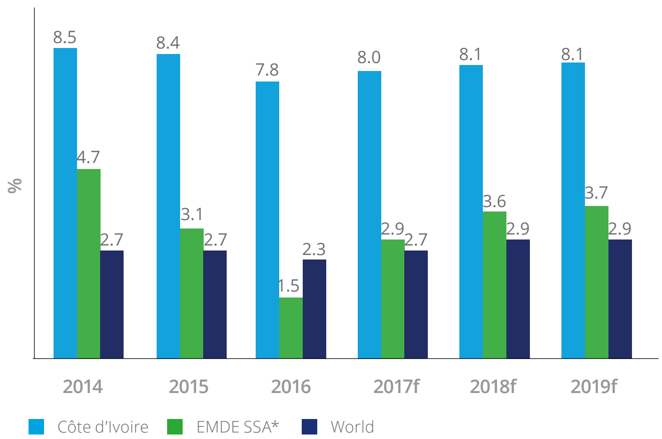
- improving the business climate by the implementation of a dedicated Commercial Court for business rulings, incentives to private investors and adopting an appropriate framework for physical and financial flows in the electricity sector
- ensuring financial stability, greater inclusion and response to financing needs for low-income housing and agriculture, by restructuring public banks and privatising financial institutions
- improving governance and transparency of public institutions with public financial management and debt policy
- showing long-standing commitment to regional integration and mutually-supportive synergies, which includes being a member of the African Union (AU), the Mano River Union, ECOWAS, etc.

The vision of the NDP 2016-20 is built around four main pillars:

1. Côte d'Ivoire, an industrial power
2. Côte d'Ivoire, a united nation in its cultural diversity
3. Côte d'Ivoire, a democratic nation
4. Côte d'Ivoire, open to the world.

With a total investment of 3trn CFAF, the NDP 2016-20 aims to improve the well-being of the population by reducing the poverty rate and fostering an emerging middle class. Secondly, the plan is expected to result in a more dynamic economy, sustained by an industrialisation strategy that promotes employment opportunities. Finally, the plan also aims to reinforce the international and regional economic integration of the country.[8]

Figure 8. GDP growth outlook (%), 2014-19 forecast



Source: World Bank, 2017 ** EMDE SSA refers to emerging market and developing economies in SSA.*

8. To achieve the NDP's main objective, Table 6 in the appendix shows different areas of intervention, impacts and relative budgets. Table 7 presents the main projects.

Focus on the main facts and figures

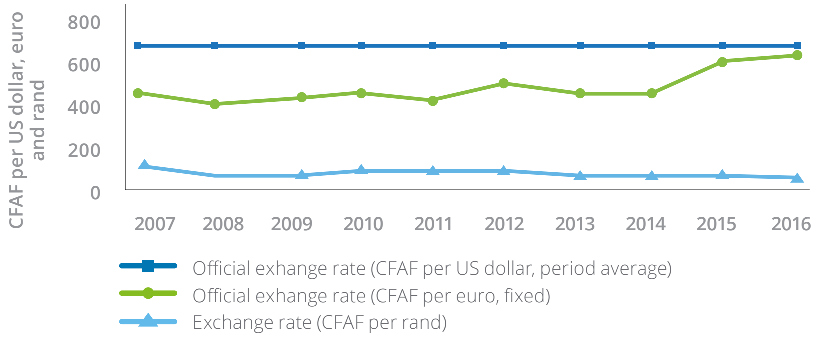
The official exchange rate has remained stable since 2004 with an average value of 509 CFAF per US dollar and a fixed exchange rate of 655.96 CFAF per euro.

Côte d'Ivoire has experienced the highest GDP growth since 2013 in the region with an average growth rate of 8.9% significantly higher than both Senegal (4.8%) and Mali (5.1%).

Côte d'Ivoire is a member of the Regional Securities Exchange in West Africa (BRVM), one of the top-performing African stock markets. In 2015, its composite index grew by 17.8%. In 2016 its capitalisation reached 7 706bn CFAF (about US$12.5bn) in actions, and 2 509bn CFAF (about US$4bn) in obligations.[9]

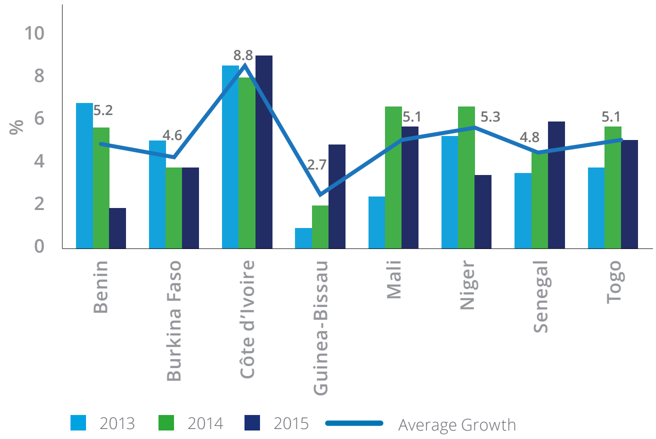
The largest companies listed on the regional stock exchange are headquartered in Côte d'Ivoire. Their average rate of return is estimated at 8% in 2016. Companies like SAPH and MOVIS experienced a negative rate of return due to international factors for the former, and end of contracts for the latter. On the other hand, companies in the financial sector have experienced return rates above 20%, such as the International Bank for Commerce and Industry or Société Générale.

Figure 9. CFAF vs major currencies, 2007-16



Source: World Bank, 2016 and Bank of Canada, 2016

Figure 10. GDP growth for WAEMU region (%), 2013-15



Source: World Bank, 2016

Figure 11. Rate of return of Ivorian listed companies

Company	Sector	Year	Return rate/ Profitability ratio*
SOGB Société des Caoutchoucs de Grand Bereby	Agriculture	2015	11%
SICOR Société Ivoirienne de Coco Râpé	Agriculture	2013	3%
SAPH Société Africaine des Plantations d'Hévéas	Agriculture	2015	-2%
Bank of Africa	Financial	2015	18%
Banque Internationale pour le Commerce et l'Industrie de Côte d'Ivoire	Financial	2015	24%
Société Africaine de Crédit Automobile	Financial	2014	3%
Société Générale de Banques en Côte d'Ivoire	Financial	2015	25%
Bollore Transport & Logistics Côte d'Ivoire	Transport	2015	9%

Source: BRVM, 2016
** Calculated as the ratio between revenue and income.*

9. BRVM, 2016. Calculated at an exchange rate of 614.72 CFAF per US$ on 16th February 2017.

The lending interest rate[10] decreased from 11% in 1990 to 4% in 2004. Since 2004, the lending rate increased somewhat to 6.3% in 2015. According to the regional central bank, the increase is due to the excess of reserves that banks hold in BCEAO accounts, which in 2015 was up to three times the required amount.

Despite the recent increase of lending rates, the growth in total investment as a share of GDP has remained positive since 2011. According to IMF forecasting, the indicator will continue growing until 2019 led by both private and public investments.

In April 2016, donors pledged to fund the Côte d'Ivoire NDP with up to US$15.4bn in grants and credits. The World Bank Group committed to double its support for the next four years representing approximately US$5bn. The aim is to provide a sustained private sector and to achieve an emerging economy status for Côte d'Ivoire by 2020.[11]

Figure 12. Lending rate (%), 1990-2014

Source: IMF, 2016, *IMF estimation for 2013-16 period.*

Figure 13. Total investment (% of GDP), 2000-19 forecast

Source: World Bank, 2016

10. The rate reflects the interest at which commercial banks charge individuals and firms to obtain a loan.
11. World Bank, 2016.


CÔTE
Séguéla
Katiola
Lac de
Kossou
IVOIRE
aloa
Bouaflé
YAMOU
Issia
Toumodi
Oumé
Gagnoa
Tiassalé

Business environment

Côte d'Ivoire's business environment has **matured substantially** over recent years based on a **stable political environment.**

One of the main pillars for investment promotion is the legal framework of the country, which has experienced a constitutional transformation in 2016 pointing to better democratic conditions, and education-rights reinforcement, among other things. In line with this, fiscal policy is moving towards incentives for SMEs with more favourable tax conditions.

Political environment

Since President Alassane Ouattara was elected in 2010, Côte d'Ivoire has experienced a period of political stability leading to his re-election in October 2015 with 83.7% of votes in the first round. The main challenges of his new five-year term are to ensure social cohesion, strengthen civil peace and improve the justice system.

In May 2016, the executive appointed a ten member expert panel to draft a new constitution, which was approved by the government on 28 September 2016. The draft has been criticised by members of the political opposition and civil society groups for lack of consensus throughout the process, but the final document was submitted for a national referendum in October 2016. The new constitution was approved with a 93% approval rate and a 42% official turnout.[12]

Within the new constitution, the period for parliament members was reduced from five to four years.

Legal and tax framework

Côte d'Ivoire's business law is governed by the OHADA code (The Organization for the Harmonization of Business Law in Africa), which is a system of business laws adopted by 17 West and Central African nations and open to non-members of the AU.

The OHADA treaty has created a supranational court to assure uniformity and consistent legal interpretations across member countries.

Starting a business

In order to facilitate and simplify the process for starting a business in Côte d'Ivoire, the Investment Promotion Centre in Côte d'Ivoire or CEPICI was created. CEPICI is a public institution with the main aim to assure administrative formalities relating to the creation, operation, transmission or expansion of businesses and contribute to the reduction of cost and time for these procedures. All public services involved in starting a business have representatives at the CEPICI offices, at the 'Guichet Unique de Formalités d'Entreprises'. As a result, starting a business may take as little as two to three days.

12. World Bank, 2016.

Tax Rates

The Tax Law in Côte d'Ivoire is governed by the General Tax Code and the Book of Tax Procedures (combined in a single volume). The country has signed tax treaties with other countries in order to avoid double taxation.

Companies without the benefit of a special tax regime are subject to an ordinary one, which includes direct and indirect taxes. Direct taxes include corporate income tax which corresponds to 20% for individual entrepreneurs and 25% for companies, payroll tax, business license and real estate tax. Most direct taxes are declared in the first quarter of the year with two payments per year to be made during the first semester of the fiscal year.

Indirect and withholding taxes are composed of VAT (Value Added Tax) with a tax rate of 18% and the special equipment tax of 0.1% over the turnover subject to VAT. Withholding taxes are divided into dividends, interests and royalties with monthly payment and rates within the range from 15% to 20%.

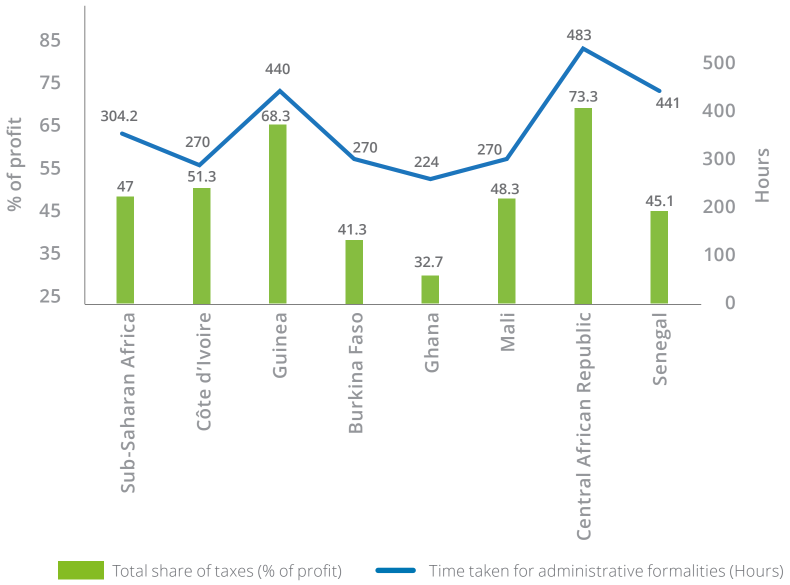
Côte d'Ivoire's total share of taxes as a percentage of profits is 51.3% which is aligned to the SSA average, and below countries like Guinea and the Central African Republic. Time taken for administrative formalities amounted to 270 hours in Côte d'Ivoire, the same as Burkina Faso and Mali. For individuals, income tax is progressive according to different income levels, from 15% to 60% with allowable deductions and tax credits including life insurance premiums, loan interest, etc.[13]

Figure 14. Côte d'Ivoire's tax treaties

Country	Dividend	Interest	Royalties
France	12%	15%	10%
Italy	12%	15%	10%
Switzerland	12%	15%	10%
United Kingdom	12%	15%	10%
Germany	12%	15%	10%
Belgium	12%	16%	10%
Canada	12%	15%	10%
Norway	12%	16%	10%
Tunisia	10%	10%	10%
Morocco	10%	10%	10%
WAEMU	10%	15%	15%

Source: Deloitte, 2016

Figure 15. Tax rates in the region



Source: World Bank, 2016

13. World Bank, 2016.

Customs

Imports

Imports are subject to four duties and taxes: customs duty, statistical royalty, value added and community solidarity tax (CST). Customs duties are harmonised under the WAEMU regional policy and the customs rate varies from 0% to 35% depending on the nature of the products.

Statistical royalties are set at 1% of customs value of goods. Goods in transit are excluded from import duties and taxes due to international agreements. Donations are also exempt.

VAT is levied by the customs authority according to the rate in which the imported product falls. The VAT base consists of customs value of goods plus the customs duty and statistical tax. Finally, CST tax is 1% of the customs value of goods imported from third countries by member states of WAEMU.

Exports

The Port of Abidjan is the most important port in West Africa, especially for export activities. Export taxes represent a high contribution to customs revenue in the country, approximately 80-85%; and 60% to the overall government budget. Since 2012, exports have increased reflecting an increment in export tax as well.

Cocoa is the main source of exports tax income driven by the dominant position that the country holds in international markets. However, since 2001 the export taxes from cocoa have been decreasing from an amount of 39.6% to 25.3% in 2009. Tax structure includes direct tax rates, registration fees and levies to other institutions in charge of sector administration.[14]

Export tax is defined in Côte d'Ivoire's legislation as "Droit Unique de Sortie" (DUS), which is the main source of governmental revenue from export taxes that varies according to the type of exported product and its position in international markets. For example, coffee is taxed only with 50 CFAF per kilonewton while cocoa is taxed with 220 CFAF per kilonewton.

In 2016, export taxes have been modified in order to support the industry locally. The main changes were the reduction of export tax to cocoa butter from 14.6% to 11%. Cocoa paste decreased from 14.6% to 13.2%, and cocoa powder tax saw the most significant reduction from 14.6% to 9.6%.

The purpose of the reforms is to make Côte d'Ivoire a world leader not only in cocoa production but also in beans transformation, to displace the Netherlands as the world leader.[15]
A concrete action focus on cocoa exports promotion was put in place at the end of 2016, with a reform for cocoa exporters based on the exoneration of "Parafiscal" and registration fees for all national cocoa producers.

Figure 16. Duties by type of good

Class	Types of goods	Custom duties
0	The essential social goods under a restrictive list. Example: school books and medicines.	0%
1	The basic necessities, basic raw materials, capital goods, specific inputs.	5%
2	Inputs and intermediate products.	10%
3	End consumer products.	20%
4	Specific goods for economic development.	35%

Source: Customs code

Figure 17. Customs duties by product

Product	Tax
Cola nuts	14% (ad valorem)
Cashew nuts	10 CFAF/kN
Coffee	50 CFAF/kN
Raw crude cocoa	220 CFAF/kN
Superior raw cocoa	220 CFAF/kN
Other raw cocoa	220 CFAF/kN
Cocoa in mass or defatted cakes	210 CFAF/kN
Cocoa cake	105 CFAF/kN
Natural cocoa butter	210 CFAF/kN
Deodorised butter	210 CFAF/kN
Natural cocoa powder	105 CFAF/kN
Wood and derivatives	35% (ad valorem); 18%; 10%; 7%; 5%; 4%; 3%; 2%; 1%
Scrap (Ord. No 2008-381, 2008)	100 000 CFAF/tonne

Source: Côte d'Ivoire's customs entity, 2012

***kN = Kilonewton = 102 Kg**

14. IMF, 2010.
15. Akinocho, 2016.

Fiscal incentives for investment

General incentives from the General Tax Code

The business environment in Côte d'Ivoire is fiscally supported with the following incentives drawn from provisions of the General Tax Code; namely two measures to promote investment:

- tax deductions on investment generated profits for a five-year period (Article 110 of the GTC)
- tax deductions on capital gains under conditions of reinvestment of retained earnings (Article 28 of the GTC).

Article 110: Deductions awarded are dependent upon amounts spent and the nature of investment.

Conditions:

- minimum investment of 10m CFAF, with a maximum two-year implementation period
- investment must relate to a new activity or development of an existing activity (diversification or innovation)
- investments which fall under Article 28 of the GTC and those carried out under the Mining Code's provisions are excluded from benefiting from the exemptions cited above
- companies must keep accurate, and updated accounting records in order to benefit from the exemptions.

Incentives:

- 35% deduction on profits earned in regard to corporate income liability for the region of Abidjan
- 40% deduction on profits earned in regardto corporate income liability for all other regions.

Article 28: Differed taxation of corporate income tax on capital gains from reinvestment of retained earnings:

- prescribed reinvestment period of three years
- capital gains must stem from a sale or transfer of fixed assets related to common business operations
- acquisitions of shares of at least 30% capital of another company serves as a fixed asset for article 28 purposes
- sums invested must equal or surpass the capital gain amount plus the sales price and associated costs.

Investment Code

The Investment Code approved in June 2012 includes two different regimes:

1. Investment declaration regime: The economic incentive is granted based on three geographical zones where zone A is the Abidjan area, zone B is any area with more than 60 000 inhabitants and zone C an area with less than 60 000 inhabitants. The incentives granted and duration period increases as the number of inhabitants decrease. For example, in areas with more than 60 000 inhabitants apart from the exemption from corporate income and business license tax, an 80% reduction of employer's contribution is granted. Table 5 in the appendix presents a detailed description of the regime.
2. The investment approval regime is divided into two phases:
   a. investment period: 50% reduction of customs duties payable on the import of equipment and material required for purposes of the project approved, as well as the first stock of spare parts, provided that the amount of the investment is lower than 1bn CFAF. For investments higher or equal to 1bn CFAF, the reduction is 40%. For both categories, an exemption from VAT is granted.
   b. operational period: Operational incentives are divided according to the amount of the investment higher or lower to 1bn CFAF, which is sub-divided into the locational zones of the investment declaration regime. For example, in Abidjan the duration of tax incentives is five years whereas for rural areas with a small amount of inhabitants the duration increases to 15 years. In Table 4 and 5 in the appendix a detailed description of both regimes is shown.

The exemptions to corporate income tax, non-commercial income tax and tax on agricultural profits available through the incentives are reduced to 50% for the year before last and 25% in the last year. In other words, firms will be liable for corporate income tax and other related taxes up to 50% for the year before last and 75% for the last year.

Firms also have a time limit of 24 to 36 months in order to implement the investments concerned.

Mining sector incentive measures for investment

The Mining Code provides several incentives in regard to investments in the mining industry and establishes two mining regimes:

- regime of mining license (research and exploration permit)
- mining authorisation regime (focuses on reconnaissance, semi-industrial and traditional exploitation activities).

In regard to incentives offered, the following apply:

- a 50% reduction on registration fees following a capital increase
- customs and tax exemption including VAT on imported tools, parts, spare parts, materials, machinery and equipment used in research activities and during the exploitation phase.

Exclusions:

- tools, materials, and equipment which can be found in Côte d'Ivoire are excluded from these exemptions
- vehicles used to transport people and goods, furniture, household effects and any other equipment not approved by the Mining Equipment Accrediting Commission are also excluded from the above exemptions.

Specific incentives for mining entities drawn from the General Tax Code:

- Article 5 exempts profits from the exploitation of mineral deposits from corporate income tax for five years from the beginning of their exploitation phase
- Article 134(3) exempts mining firms from social contributions due by the employer during the exploitation phase
- Article 355(23) exempts from VAT, sales or services rendered to any entity holding an exploration permit in the strict framework of its exploration research activities
- Article 280 exempts mining operators from the business license tax.

Oil sector incentive measures for investment

General incentives from the Oil Code:

- provides for three types of oil contracts, namely the concession contract, the production sharing contract, and the contract on services with risks
- the concession contract involves the grant of a research permit for hydrocarbons
- the production sharing contract allows the state to contract the services of an oil company to carry out research and operational activities on its behalf.

Corporate Income Tax:
For the determination of the tax base and the corporate income tax, companies holding oil contracts may deduct indefinitely, the amount not discharged of their fiscal deficit due oil operations.

All interest and premiums served to associates or affiliate companies as capital increases if these amounts are used

- to cover a reasonable share of hydrocarbon deposits development expenditure
- for the transport of their products
- if the interest rates do not exceed the normal rate used on the international financial markets for loans of similar nature.

Tax on Receivables Related Income:
Interest paid to non-resident lenders concerning funds for development investments are exempt from any withholding tax under tax on receivables related income.

Value Added Tax and Tax on Banking Transactions (VAT and TOB):

- companies holding oil contracts are exempt from VAT and TOB under their procurement of goods and services directly and exclusively used in the exercise of their oil activities except for goods and services excluded from deduction
- goods and services that do not qualify for deduction are excluded from VAT exemption.

Other Exemptions:

- any other tax on profits and dividends paid to shareholders of the oil contract holder
- any tax, duty, or contribution of any nature whatsoever, national, regional or communal striking oil operations and any income thereon or assets, activities or actions of the oil contract holder or its establishment and operation; and the right to import in Côte d'Ivoire, tools, materials, chemical products, machinery and equipment required to carry out oil operations of the approved programme, exempt from all duties and import taxes, including value added tax.

The import exemption extends to parts and spare parts for machinery and equipment required for oil operations.

Oil sector incentive measures for investment for service provider

Petroleum service providers are eligible to the Simplified Tax Regime if all of the following conditions are met:

- the provider is a foreign entity
- the provider signed a service contract with an exploration and production company or a direct contractor of an exploration and production company
- the provider uses expensive equipment and machinery
- the provider is registered with the trade register of Côte d'Ivoire as an agency or branch
- the provider files a request with the Head of Tax Office within three months after the start of operations in Côte d'Ivoire.

Figure 18. Simplified tax regime

Taxes	Rate	Taxable basis
Corporate income tax	25%	10% of turnover
Withholding tax on dividends	15%	50% of profit
Payroll taxes		
• For expatriate employees	12%	8% of turnover
• For local employees	2.8%	2% of turnover
Tax on salaries (due by employees)		
• Salary tax	1.5%	8% of turnover
• National contribution tax	5%	10% of turnover
• General income tax	10%	8% of turnover
Tax on insurance premium	0.1%	10% of turnover

Source: Deloitte, 2016

The taxpayer must opt to be taxed under this regime if it wishes to operate under the Simplified Tax Regime. The choice is definitive and is subject to the approval of the Head of Tax Office.

Free trade zones

In the city of Grand-Bassam the Free Zone VITIB (its name in French) and its Technology Park Mahatma Gandhi are located. The zone was created under Article 8 of Act No. 2004-429 of 30 August 2004 establishing the regime of Free Zones for Biotechnology, Information and Communication Technologies in Côte d'Ivoire (ZBTIC), with the benefits of the ZBTIC regime being subject to obtaining authorisation from the investing company. After such an approval, companies receive advantages including:

- 0% customs duty
- 0% tax for the first five (5) years; 1% from the sixth year with possibility of tax rebate
- 0% of taxes (VAT)
- freedom to transfer funds from salaries and dividends distributed
- long-term visa and work permit for foreigners and their families
- no limit on foreign and local investments.

Similarly, a regime for companies dedicated to fishery transformation products in Côte d'Ivoire realising at least 90% of their annual turnover abroad, was introduced in 2005. The benefits granted are:

- full exemption of taxes
- full exemption of customs duty.

Doing business in Côte d'Ivoire

With the onset of political stability in Côte d'Ivoire, international institutions have relocated their headquarters back to the country in recent years. The African Development Bank (AfDB) returned back to Abidjan in 2014 from Tunisia's capital, Tunis, where it had been headquartered throughout Côte d'Ivoire's period of instability.

After the AfDB's return, major businesses became more interested in establishing regional offices in Abidjan, including France's Cemoi chocolate plant, Germany's second largest bank Commerzbank, French retail chain Carrefour, etc. The International Cocoa Organization also approved in 2015 the relocation of its headquarters from London to Abidjan. The relocation will reinforce Côte d'Ivoire's position in international cocoa markets.

Consequently, Côte d'Ivoire has improved its rankings in the World Bank's annual Ease of Doing Business index, moving from 177th position in the 2014 report (out of 189 countries) to 142nd position in the 2017 report (covering 190 countries). The 2014 and 2015 reports also ranked Côte d'Ivoire among the 10 best reformers in the world.

The improvements included the implementation of a single user identification number for business creation, online submission of complaints to the Commercial Court of Abidjan, publication of rulings from the Commercial Court, and electronic land registration.[16]

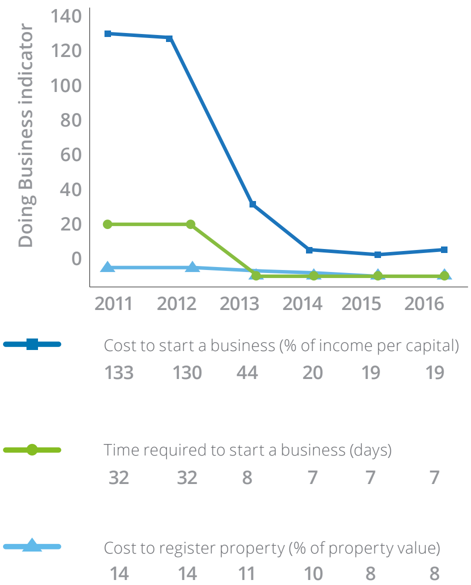
16. US Embassy, 2015.

Reforms implemented have had and are expected to have a positive impact on the overall business environment for the next few years, especially in fields like dealing with construction permits, getting credit, enforcing contracts and resolving insolvency.

Resolving insolvency and starting a business are the two criteria where Côte d'Ivoire ranks the best (68th and 50th respectively).[17] The cost to register property has decreased since 2011 (corresponding with the beginning of political stability) but also the cost and time to start a business (significant decrease in 2013).

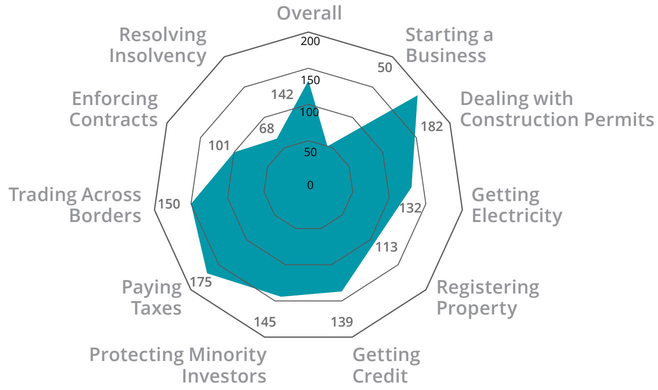
Enabled by an improving business landscape and more efficient investment policies, in 2015 a total of 9 534 businesses were created in Côte d'Ivoire, a 47% annual increase.

Figure 20. Evolution of Doing Business indicators, 2011-16



Source: World Bank, 2017

Figure 19. Doing Business 2016-17



Source: World Bank, 2017

17. World Bank, 2017.

Investment opportunities

Côte d'Ivoire offers **relatively well-developed road infrastructure**, the **second-largest port** in West Africa, and a **modern airport** with a national airline (Air Côte d'Ivoire) that **serves all of the major capital cities** in the region.[18]

Focus on priority sectors

Real estate

Reforms in property registration, governmental development programmes and efforts to improve the business environment are creating opportunities for housing finance and housing development sectors. Although the government's effort in improving the business environment and sourcing FDI to develop urban infrastructure and housing is paying off, there is still a need to innovate housing finance to bridge the gap between demand and supply of adequate and affordable houses.

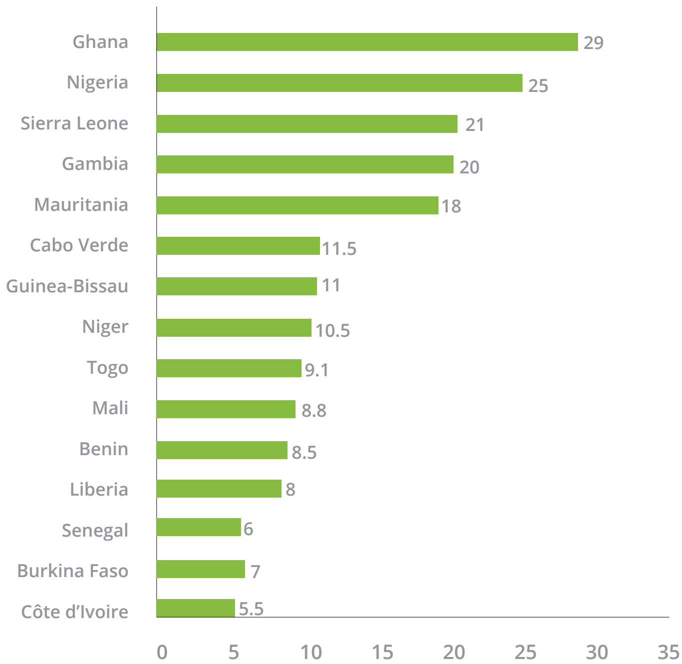
The World Bank's 2017 Doing Business Report ranks Côte d'Ivoire in 142nd position out of 190 countries in obtaining construction permits with 23 procedures and 347 days (one of the worst performing in the region). Côte d'Ivoire has however improved its score in registering property from 120th in 2015 to 113th in 2017, by digitising its land registry system and lowering the property registration tax. Time required to register property decreased from 389 days in 2005 to 30 days in 2016. The registration cost is estimated at 7.6% of property value in 2015. These costs are decreasing (9.6% of property value in 2014) and are among the lowest in the region.[19]

The legal framework for housing facilities has changed in recent years, allowing women to own land since 1998. A building code was implemented in 1996 which defines, for example, house size (100m²) and maximum height (four floors) for urban facilities in the main city of Abidjan.

Providing decent, affordable housing has become a key legislative component of Côte d'Ivoire's government, especially the need to strengthen the financing options for home buyers and real estate developers. The government has prioritised housing development through supporting real estate projects, and providing insurance for mortgage loans issued by banks.

The country has the lowest mortgage interest rate (5.5%) in the region. In Ghana or Nigeria for example, mortgage interest rates are up to more than four times the rate recorded for Côte d'Ivoire.

Figure 21. Comparative mortgage interest rates (%), 2015



Source: CAHF, 2016

18. U.S. Department of State, 2016.
19. CAHF, 2016.

Financial sector

In March 2014, the government developed a strategy to strengthen the stability of the financial sector and promote its development. The strategy focuses on restructuring public banks, developing private investment, strengthening the transparency of financial information, organising producers associations, rationalising access to guaranty funds and developing a strategy to finance subsistence agriculture. The strategy is supported by the World Bank mainly through assistance to leasing institutions, a financial inclusion support framework and digitising of government payments.[20]

In the past years, trust in the financial system has increased, and households and enterprises have been using more financial institutions, which generates monetary injections into the national system. The arrival of new regional banks, and the phenomenon of mobile money and microfinance institutions have led to an increase in bank lending and a better rate of banking.

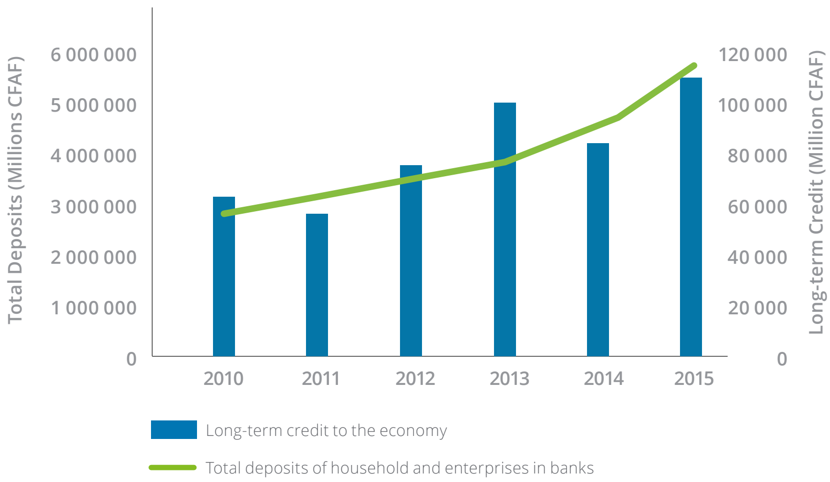
Between 2010 and 2015 both long-term credit to the economy and total deposits of households and firms in banks have been increasing. The insurance sector in Côte d'Ivoire is growing steadily. Macroeconomic performance remains favourable for the creation of new products. The government encourages financial institutions, including micro-credit institutions, to increase the rate of banking through innovations and external partnerships.

The insurance market in Côte d'Ivoire is the biggest among the 15 African countries of the Inter-African Conference of Insurance Markets (CIMA). The market grew by 8.1% in 2014 to a turnover of 254.7bn CFAF, according to the Association of Insurance Companies in Côte d'Ivoire (Asaci). The non-life insurance sector recorded the strongest growth, representing 9.3% growth, with 144.18bn CFAF (56.6% of total sales). It benefited from the strength of the accident and sickness segments (40.52bn CFAF) and automobile (49.5bn CFAF). Life insurance accounted for 110.52bn CFAF, up 6.4% from 2013. Around 54% of this comes from individual subscriptions of 59.7bn CFAF.

To date, the sector includes 34 member companies, with 18 companies operating in the non-life sector, 11 companies operating in the life business sector, three reinsurance companies, the National Social Insurance Fund (CNPS) and the Warranty Funds (FGA).

According to government, despite the strong growth of the sector, under the current system about 90% of Ivorians do not benefit from any social security coverage. In addition, the country still has an important informal sector. Investments are needed to modernise the sector, and create new insurance services. Moreover, the upturn in the Ivorian economy, the proliferation of major infrastructure projects, and the inflow of private investments and their effect on employment also create more investment opportunities.

Figure 22. Financial sector developments, 2010-15



Source: BCEAO, 2016

Energy infrastructure

Two-thirds of national electricity is produced by thermal power stations and 25% is generated by hydropower plants. The electricity system has been stable with a very low rate of shortages (even during crisis periods). Côte d'Ivoire is a net exporter of electricity to neighbouring countries in the West African Power Pool (WAPP).

The country has an extensive electricity network, moderate electricity prices and a reliable service. Côte d'Ivoire was one of the first countries in SSA to privatise its electricity sector and to introduce independent power producers (IPPs), already in the 1980s.

20. IMF, 2016.

Today IPPs play a leading role in electricity generation based on a regulatory framework that defines how Côte d'Ivoire regulates its independent producers. The cascading structure positions IPPs as first in line in payment orders. The total amount of private investments in the energy sector represented US$250m in 2014.

As part of NDP 2016-20, Côte d'Ivoire has set a goal of making the country an energy hub in SSA providing quality, cheap and abundant energy to national and sub-regional populations.

In response to high economic growth, the country needs an average of 150MW of additional production capacity per year in the system in order to meet the increasing demand.

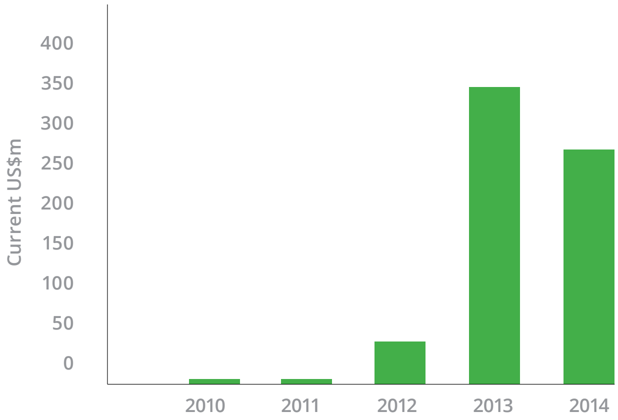
The government is still counting on private partners to increase national capacity by investing in the electricity sector.

Côte d'Ivoire's expects to increase its current capacity of 1 800MW to 4 000MW in 2020, using both gas and hydroelectric power. The country plans to invest US$20bn over the next 15 years.

Côte d'Ivoire's government adopted in 2016 the following measures to build the foundation of a new system:

- proper conditions for independent producers to be able to sell to the grid
- replacement of the current regulatory authority
- revision of current power prices
- development of guidelines on power marketing and distribution.

Figure 23. Investment in energy with private participation (current US$), 2010-14



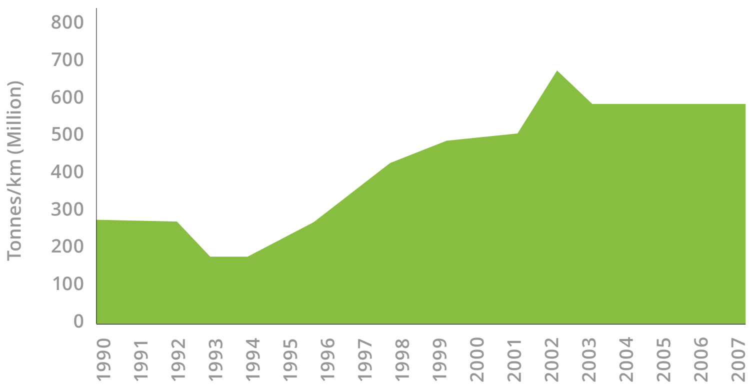
Source: World Bank, 2017

Transport infrastructure

Côte d'Ivoire has a relatively developed road network and the second largest port in West Africa. By 2015, the Ivorian road network comprised 82 000km of classified intercity roads, including 6 500km of paved roads and 4 000km of urban roads, mostly concentrated in Abidjan. Côte d'Ivoire has three international airports, located in Abidjan, Yamoussoukro and Bouaké. 14 other cities in the country have regional airports, the main ones being Daloa, Korhogo, Man, OdiénnéSetan-Pédro.

The ports of Abidjan and San Pedro are only rivaled in Africa by that of Durban (South Africa). The autonomous port of Abidjan is described as the "lung of the Ivorian economy", with modern equipment that can supply all the landlocked countries of the region. The railway system is also robust, as witnessed by the surge in volumes of goods transported by railway since 1994.

Figure 24. Goods transported by railway (million tonne/km), 1990-2007*



Source: World Bank, 2016

The transport sector presents immediate investment opportunities. The NDP has allocated US$22bn towards transport infrastructure. The main areas of transport investments are in building and restoration, railway construction, and investments in urban trains in Abidjan.

The Transport Minister of Côte d'Ivoire presented in May 2016 in Paris to French and European private investors as part of the NDP 2016-20 several investment opportunities, including:

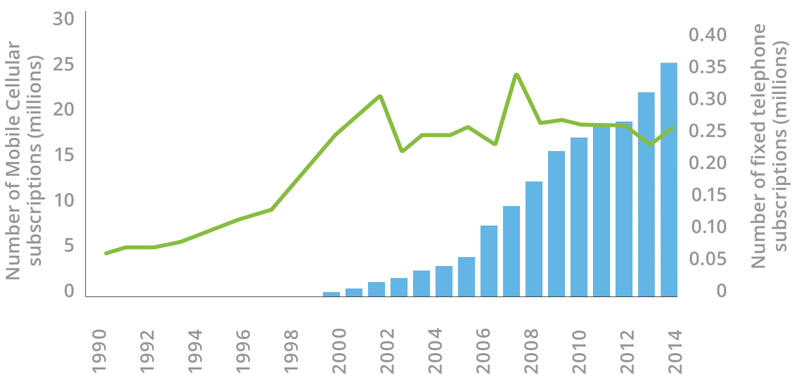
- the design of the new airport of San Pedro and its Aerocity for 45bn CFAF
- the construction, equipment and operation of the Bouaké bus station for 15bn CFAF
- the construction of a new cereal terminal at the Port of Abidjan for 40bn CFAF
- the construction of a new mineral terminal at the Port of Abidjan for 75bn CFAF
- the creation of a logistics platform (Autoroute du Nord-PK26) for 25bn CFAF
- the rehabilitation and operation of the Abidjan-Ouagadougou-Kaya railway axis 760bn CFAF
- the construction of the Ouangolodougou-Niellé-Sikasso-Bougouni railway for 80bn CFAF
- the reinforcement and rehabilitation of 3 916km of intercity bitumen roads, at a cost of 1246bn CFAF
- the construction of the fifth bridge of Abidjan, connecting the communes of Yopougon and Adjamé, at a cost of about 200bn CFAF.

Telecoms

Côte d'Ivoire's telecommunications sector is considered to be well-developed. The number of active SIM cards in Côte d'Ivoire reached more than 25 million at the end of 2015. With an average of 1.7 SIM cards per person, the country has one of the highest penetration rates in West Africa.

Of the five active mobile operators in 2015, two, Comium and Green Network, had their licenses revoked in the first quarter of 2016 due to a lack of payment of their debts to the state. Orange, MTN and MOOV (Etisalat Group) continue to operate. In the fixed segment two operators are present, namely Côte d'Ivoire Telecom (recently bought by Orange) and Arobase Telecom (MTN Group).

Figure 25. Telecommunications, 1990-2014



Source: World Bank, 2016

The average monthly turnover per SIM (equivalent to the ARPU) amounts to approximately 2 800 CFAF in Côte d'Ivoire in 2015, which is the highest in the sub-region.

Côte d'Ivoire is also one of the countries in the region where fixed internet access is the most developed with about 110 000 subscriptions in 2015 (versus 27 000 in Niger and 41 000 in Burkina Faso). The mobile internet market contrasts sharply with the fixed Internet market, reaching 8.5 million subscribers in 2015 accoring to Côte d'Ivoire's regulatory authority (ARTCI).

This makes Côte d'Ivoire the largest market for mobile internet subscribers in West Africa. Its growth rate is estimated at 68% per annum.

An important reform was implemented by the telecommunications regulatory authority in 2012 in order to introduce mobile banking services. In May 2015, the Central Bank also mandated an update of the regulatory framework in WAEMU countries in order to allow mobile network operators (MNOs) to provide electronic money services without being necessarily associated to a financial institution.

To date most MNOs provide mobile money services, used by 40% of the adult population. The sector is moving towards creating a strong mobile money system with the capacity of providing credit lines to promote investments. It is forecasted that it could generate a direct impact of approximately 2.5% on the country's GDP growth.

As part of the NDP the country plans to construct 5 000km of fiber optic cable to reinforce the ICT system and improve the quality of internet connectivity for network users.

Agribusiness

Agriculture remains the greatest contributor to Côte d'Ivoire's economy, and multiple investment opportunities exist. Agricultural land has increased by more than 16 percentage points from 1991 to 2013, which has given the country a strong position in the national, regional and international markets.

In August 2012, Côte d'Ivoire established a National Agricultural Investment Programme (PNIA) as the reference framework for investment in the sector. The first phase, PNIA 1, covers the period 2012-16, with a total cost of 2 040.5bn CFAF (about US$3.2bn) allocated to increase agricultural production. For example, cash crops have grown from 4.9bn tonnes in 2012 to more than 5.9bn tonnes in 2015.

This performance has enabled the country to become the world's largest producer of cocoa, cashew nuts and cola. In addition, the reforms initiated through the PNIA enabled the agricultural sector to benefit from overall revenues estimated by the Ministry of Agriculture at 5 652bn CFAF (about US$9.1bn) in 2015 compared to 3 362bn CFAF (US$5.4bn) in 2012.

As in the case of several African countries such as Cameroon, Côte d'Ivoire announced that it will base the second phase of its National Agricultural Investment Programme (PNIA 2) on the establishment of agro-industrial zones, or Agropoles. Two pillars have been identified:

- an upstream pillar, which looks to put in place all the agricultural infrastructures that improves productivity
- a downstream pillar, which will facilitate a network of private partners for the conservation, processing and marketing of agricultural products.

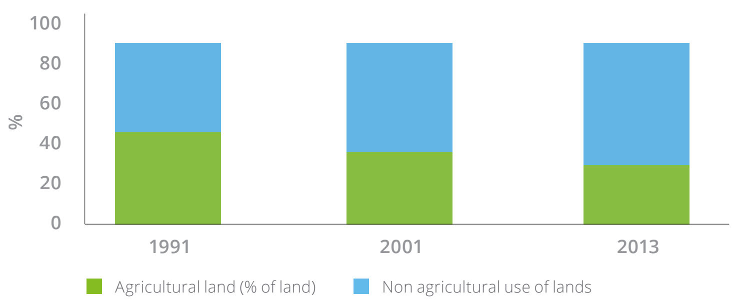
In this agro-polar system, other basic social services (water, electricity, health and education) are taken into account, as well as ICT services and local finance.

Already in Yamoussoukro district (in the center of the country), an investment of US$80m was mobilised to set up the Bélier Agropole around the rice value chain. Implementation of a second Agropole in the north of the country is expected to cost about US$100m.

The AfDB and the United Nations Industrial Development Organization (UNIDO) are supporting the development plan, considering that the transformation rate of raw materials, such as cocoa, is estimated at only 20%. This provides investment opportunities for the development of processed agriproduct, and also for associated sectors such as spare parts and packaging services.[21]

The country is also one of the first agricultural countries that have started to implement an e-agriculture strategy. It is planned to implement a harmonised e-platform that gives access to information, services and training for the sector especially in rural areas.

Figure 26. Agricultural land use (%), 1991 vs 2001 vs 2013



Source: World Bank, 2016

21. CEPICI, 2016.

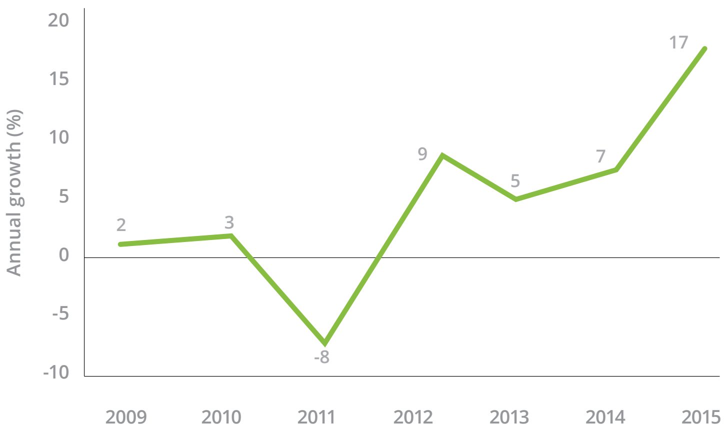
Consumer goods

The consumer goods sector presents a number of opportunities with new retail companies entering the country. Over the last years, there is an increase in consumer purchasing power – in line with better living conditions and a lower poverty rate – that resulted in a rise in consumption and product diversification.

Household final consumption per capita growth is positive since 2012, with a growth rate reaching 17% in 2015.

Online purchases and services in Abidjan are driving the consumer goods sector and are injecting a level of dynamism in retail transactions. The country is also becoming an attractive pharmaceutical hub and companies like GlaxoSmithKline have made Côte d'Ivoire their regional base for West Africa.

Figure 27. Household final consumption expenditure per capita growth (% annual), 2009-15



Source: World Bank, 2017

Challenges and risks

Despite Côte d'Ivoire's **promising outlook**, the country will need to address a **number of challenges** in order to uphold its **high growth** and achieve a more **sustainable growth outlook.**

One general challenge met by investors, for example, is the lack of regular statistical information in Côte d'Ivoire's different markets, industries and sectors.

Governance and stability
Since the election of President Ouattara, the political environment has improved significantly. Moreover, regional institutions and international organisations have vested interests in strengthening the country's stability not only economically, but also socially and politically.

In 2015 Côte d'Ivoire joined the Open Government Partnership (OGP) programme – an initiative to improve public governance. The OGP initiative was launched in 2011 by eight countries (the US, UK, South Africa, the Philippines, Norway, Mexico, Indonesia and Brazil).

It aims to promote transparency in the management of public affairs through greater accountability and citizen involvement in order to strengthen the fight against corruption and improve the quality of governance.

By joining this initiative, Côte d'Ivoire undertook, among other things, to make information on public management accessible to all categories of people and to make it more comprehensible for greater transparency of public action and for a greater involvement of citizens in national life.

While security challenges remain, after 14 years of presence the last contingent of UN troops left the country in mid-February 2017, marking a return to stability for Côte d'Ivoire.

Labour force
Skilled labour is required to support increasing FDI flows to the country. In comparison to other nations with a similar level of development, Côte d'Ivoire still has a low level of education. However, improvement of education especially in rural areas is part of the government's priorities, with the support of different institutions such as the Global Partnership for Education.

Industrial land
90% of Côte d'Ivoire's industrial sector is located in Abidjan. Industrial zones in Abidjan represent 885ha. With average industry growth of 8% per annum, the availability of land for large industrial operations is insufficient to satisfy increasing demand.

Consequently, the government has increased the price per square meter to lease industrial land from less than US$0.20 to over US$8.00. In Yamoussoukro, the administrative capital of Côte d'Ivoire, only two industrial zones are in operation. Moreover transport costs are high and the distribution network is inefficient.

Complexity of the fiscal framework
The complexity of Côte d'Ivoire's fiscal framework, specifically in the application and administration of its fiscal legislation, has impacted negatively on its ranking in doing business indicators. In 2016 Côte d'Ivoire had the highest number of tax payments per year in the WAEMU region, making tax administration reform one of the government's priorities.

The government is working on the digitalisation of the tax administration system with the objective to create a platform to facilitate payments and provide efficient procedures for firms to meet their fiscal obligations.

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Appendix

Table 1.
Direct taxes

	Corporate income tax	Payroll tax	Business license tax	Real estate tax
Taxable basis	Corporate income subject to tax corresponds to the accounting profits increased by non-deductible expenses less deductions. Hereinafter a few examples of non-deductible expenses: • duty allowances paid to shareholders when their amount exceeds 3m CFAF per year and beneficiary • royalties paid exceeding 5% of the annual turnover and 20% of the overhead expenses • tax and customs penalties.	The tax due is levied on the gross compensation paid to employees. This compensation includes salaries, wages, benefits in cash and benefits in kind. This tax comprises a withholding tax on the salary supported by the employees and a tax due by the employer. The withholding tax due by the employee varies, according to revenue, marital status and number of children.	Business license tax comprises a duty based on the turnover and a rental value duty. Companies with turnover of less than 1bn CFAF are exempted from the business license, the first two years of setting up.	The tax is due by the owner of properties (buildings, land, etc.) and not by the tenant. The tax is determined on the basis of the rental value of the properties. The rental value of the properties is determined by applying this on the original value – a rate which varies depending on the kind of property.
Rate	• 20% for individuals • 25% for companies • 30% for telephony companies	Tax due by the employer • 2.8% for local employees • 12% for expatriate employees	• Rental value duty: 18.5% of annual rental value of professional premises • Turnover duty: 0.5% of annual turnover, with a minimum of 300,000 CFAF and a maximum of 3m CFAF	The real estate tax is applied at a rate of 15%.
Filing date	• On 30th May, for companies not subjected to legal audit • On 30th June, for companies subjected to legal audit	The payroll tax return is filed and paid the 15th of each month.	**Filing date** • On 15th March **Payment date** • On 15th March • On 15th July	**Filing date** • On 15th February **Payment date** • On 15th March • On 15th June

Table 2.
Indirect taxes and withholding taxes

	Value added tax	Special equipment tax	WHT on dividends	WHT on interests	WHT on royalties
Taxable basis	VAT is levied on imports and on transactions carried out in Côte d'Ivoire by companies that, either habitually or occasionally, purchase goods for resale or carry on industrial, commercial or artisan activities, including services as well as imports. The companies are allowed to deduce from the VAT collected on their sales, the VAT supported on their purchases of goods and services.	Companies subject to VAT are also subject to the Special Equipment Tax. The tax applies at the rate of 0.1% on the turnover subjected to VAT.	Withholding tax applies on dividend payments by local entities including subsidiaries or foreign corporations to their shareholders. Dividend tax is not deductible from the corporate tax basis.	WHT on interest applies on interests, arrears, deposits, guarantees, current accounts and other interest income. The tax is assessed on the amount of interest, arrears, deposits, guarantees, current accounts and other interest income. The tax on interest is due either by interest payments or by registration at the debit or credit of an account.	A withholding tax is applied on gross payment made to non-residents for services supplied to companies established in Côte d'Ivoire. A company which has no business installation in Côte d'Ivoire is considered as non-resident for withholding tax purposes. Fee payment to such entity is subject to a withholding tax on royalties.
Rate	18%	0.1%	15%	18.5%	20%
Filing date	• 15th of each month for commercial companies • 10th of each month for industrial, mining and oil companies • 20th of each month for service companies	• 15th of each month for commercial companies • 10th of each month for industrial, mining and oil companies • 20th of each month for service companies	15th of January, April, July and October for function allowance. 30 days following the distribution of the dividends or at the latest within three months after the meeting deciding the distribution of the dividends.	The tax is payable the 15th of each month following the payment of interest.	• 15th of each month for commercial companies • 10th of each month for industrial, mining and oil companies • 20th of each month for service companies

Table 3.
Declaration regime

Investments realised in Zone A (Abidjan area)	Investments realised in Zone B (Area with more than 60 000 inhabitants)	Investments realised in Zone C (Area with less than 60 000 inhabitants)
• Exemption from corporate income tax or the tax on non-commercial profits (as the case may be) • Exemption from business license tax The duration of tax incentives granted is five years.	• Exemption from corporate income tax or the tax on non-commercial profits (as the case may be) • Exemption from business license tax • An 80% reduction of the employer contribution, with the exception of the apprenticeship tax and the additional training tax The duration of tax incentives granted is eight years.	• Exemption from corporate income tax or the tax on non-commercial profits (as the case may be) • Exemption from business license tax • A 90% reduction of the employer's contribution, with the exception of the apprenticeship tax and the additional training tax • Exemption from real estate tax • Exemption from any registration duty on increase of capital The duration of tax incentives granted is 15 years.

Table 4.
Operational period of approval regime, incentives for an investment of less than 1bn CFAF

Investments realised in Zone A (Abidjan area)	Investments realised in Zone B (Area with more than 60 000 inhabitants)	Investments realised in Zone C (Area with less than 60 000 inhabitants)
• Exemption from corporate income tax or the tax on non-commercial profits (as the case may be) • Exemption from business license tax • A 50% reduction of the employer contribution, with the exception of the apprenticeship tax and the additional training tax The duration of tax incentives granted is five years.	• Exemption from corporate income tax or the tax on non-commercial profits (as the case may be) • Exemption from business license tax • A 75% reduction of the employer contribution, with the exception of the apprenticeship tax and the additional training tax The duration of tax incentives granted is eight years.	• Exemption from corporate income tax or the tax on non-commercial profits (as the case may be) • Exemption from business license tax • Exemption from real estate tax • A 90% reduction of the employer contribution, with the exception of the apprenticeship tax and the additional training tax • Exemption from the tax on rental income for accommodations put at the disposal of the staff members. The duration of tax incentives granted is 15 years.

Table 5.
Operational period of approval regime, incentives for an investment of at least 1bn CFAF

Investments realised in Zone A (Abidjan area)	**Investments realised in Zone B (Area with more than 60 000 inhabitants)**	**Investments realised in Zone C (Area with less than 60 000 inhabitants)**
• Exemption from corporate income tax or the tax on non-commercial profits (as the case may be) • Exemption from business license tax • Exemption from real estate tax • A 50% reduction of the employer contribution, with the exception of the apprenticeship tax and the additional training tax The duration of tax incentives granted is five years.	• Exemption from corporate income tax or the tax on non-commercial profits (as the case may be) • Exemption from business license tax • Exemption from real estate tax • A 75% reduction of the employer contribution, with the exception of the apprenticeship tax and the additional training tax The duration of tax incentives granted is eight years.	• Exemption from corporate income tax or the tax on non-commercial profits (as the case may be) • Exemption from business license tax • Exemption from real estate tax • A 90% reduction of the employer contribution, with the exception of the apprenticeship tax and the additional training tax • Exemption from the tax on rental income for accommodation put at the disposal of the staff members The duration of tax incentives granted is 15 years.

Table 6.
The NDP 2016-20

	Quality improvement of institutions and governance	Acceleration of human capital development and promotion of social welfare	Acceleration of the economy, structural transformation through industrialisation	Harmonious infrastructure development and environment protection	Improvement of regional integration and international cooperation
Area of intervention	• Peace and social harmony • Defense and security • Rule of law and democratic culture • Governance	• Education • Higher education • Professional training • Employment • Social protection • Health • Nutrition • Population	• Business environment • Agriculture • Animal and fisheries resources • PTIC • Commerce • Industry • Electricity	• Transportation and road infrastructure • Hydraulic infrastructure • Housing and living environment • Environment and sustainable development	• International cooperation • Regional integration
Impact	• Rule of law reinforced • Governance improvement and reduction of regional differences	• Population skills developed and aligned with social and economic development • Access to productive, appropriate and sustainable employment • Improvement of population health • Adequate living conditions	• Competitive and attractive business environment • Competitive agriculture that ensures food safety and supplier remuneration • Development of industrial and mining activities • Development of craft, cultural, tourist and commercial services	• Sustainable development of quality infrastructures • Preserved environment and healthy living conditions	• Enhancement of economic insertion and international and regional integration
Budget (CFAF billions)	2 937	4 968	12 455	9 244	278

Table 7.
Main projects of the NDP

	Quality improvement of institutions and governance	Acceleration of human capital development and promotion of social welfare	Acceleration of the economy, structural transformation through industrialisation	Harmonious infrastructure development and environment protection	Improvement of regional integration and international cooperation
Main projects	• Acquisition of equipment for the Gendarmerie, the Army and the central administration of Defense (rolling and computer equipment) • Construction and renovation of infrastructures for the Army, the Gendarmerie and the central administration of Defense (military structures, brigade and company) • Management and coordination of the budget administration • Development and implementation of the state budget within timeframes • Construction and renovation of structures for the reinforcement of the operational capacities of financial and microeconomic management actors	• Construction of 10 107 classrooms for primary schools • Construction and fitting of universities • Construction, renovation and fitting of health facilities in accordance with standards • Fight against HIV/AIDS, malaria, tuberculosis and others • Facilitate access to energy services by reducing access costs	• Accelerate the construction and the renovation of infrastructure for the supply and storage of petrol and gas products • Construction of infrastructure for electric energy supply • Development of electric energy transport and distribution infrastructure • Exploitation of mining deposits (located west of the country and other locations) • Facilitate access to technologies and factors of production for agricultural producers	• Reinforcement and renovation of paved roads • Development and asphalting of the Yamoussoukro – Bouaké highway • Development and asphalting of roads • Construction and exploitation of a mineral terminal • Construction of 5 000km of fiber optics	• Implementation of economic development centres • Construction of a dry port at Ferkéssédougou • Enlargement of sustainable community development programmes (agriculture, environment, water and forest) • Approval of a regulatory and institutional framework for the promotional service of the foreign economy • Improvement of the working environment (acquisition, construction, renovation of chancelleries, residences and housing)

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