



## Africa Tax Alert

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### Latest tax developments in South Africa and beyond

Welcome to our Tax Alert newsletter, providing you with monthly news/alerts on the latest tax developments in South Africa and the greater Africa region.

What you can expect to find in this month's edition:

*(use the navigation buttons reflected above for quick and easy access to the content)*

### Issue 6/2016

June 2016

**In need of further insight on any of the tax developments?**

See the contact links below

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Looking for insight on previous publications?

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## Key tax developments in South Africa

## South Africa

### Annual notice to furnish income tax returns

The annual notice, published in terms of section 66(1) of the Income Tax Act, has been issued in respect of income returns to be filed for the 2016 year of assessment.

[More](#)

### Tax Season 2016

The 2016 tax filing season for individuals opens on 1 July 2016. For non-provisional taxpayers, returns are due for filing by 25 November 2016. For provisional e-filing taxpayers, returns are due for filing by 31 January 2017.

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For further developments in South Africa ...

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## Key tax developments in the rest of Africa

### Kenya

#### Finance Bill 2016

The National Budget was presented by the Cabinet Secretary to the National Treasury on 8 June 2016 and the Finance Bill 2016 has subsequently been published. Details of the Budget can be accessed via the link reflected below.

Tax changes proposed include the following:

- Income Tax Act – changes to tax brackets
- Taxation of rental income – proposal to introduce a lower rental income threshold
- Amendments to the Capital Gains Tax – paragraph 6(h)
- Lower corporate tax rate for real estate developers
- Tax rebates for graduates
- Proposed amendments to the Tax Procedures Act of 2015
- Tax amnesty for income earned outside Kenya
- Appointment of tax representatives
- Greater independence of licensing tax agents
- Enhanced powers of the Commissioner in tax administration
- Reintroduction of Withholding Value Added Tax
- Changes to Tax Appeals Tribunal Act of 2013 and Tax Appeals Tribunal 2015.
- Changes to the VAT Act
- Excise Duty Act Amendments

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### Nigeria

#### Adoption of managed float exchange rate system<sup>1</sup>

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<sup>1</sup> Report from IBFD Research Associate, Obiageli Chiedu

On 15 June 2016, the Governor of the Central Bank of Nigeria (CBN) issued the revised guidelines for the adoption of a flexible exchange rate regime at the inter-bank market while maintaining a window for a fixed exchange rate regime for certain critical transactions. The newly introduced exchange rate regime effectively removes the peg previously placed by the CBN and will allow for fluctuations in the exchange rate with occasional interventions by the CBN. The exchange rate regime is effective from 20 June 2016.

[More](#)

## Tanzania

### Tanzania Budget 2016/17

The 2016/17 national budget was presented by President Magufuli's administration on 8 June 2016. Focus areas of the budget that were announced include the following initiatives: (i) Ensure effective use of electronic systems and devices in revenue collection so as to increase efficiency and minimize revenue losses; (ii) continue widening the tax base, including formalization of the informal sector; (iii) strengthening monitoring of revenue collection in government institutions and agencies; (iv) continue with measures to control and reduce tax exemptions; and (v) continue strengthening management and undertake frequent inspections at the ports, airports, and border posts to ensure appropriate tax collection.

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## Burundi / Rwanda / Uganda

Highlights from the recent 2016 budgets presented in these countries can be accessed via the links indicated below.

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## Key Resources

Special Voluntary Disclosure Programme

Transfer Pricing Country Guide

Deloitte.

Special Voluntary Disclosure Programme in respect of offshore assets and income

March 2016



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Deloitte.

## 2016 Global Transfer Pricing Country Guide



Planning for methods, documentation, penalties and other issues

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## Oil and Gas taxation in South Africa

Deloitte.

### Oil and gas taxation in South Africa



February 2016

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## Spotlight on Nigeria: Government tightens regulatory reins



Frontier Advisory  
Deloitte.

Africa from the inside:  
Spotlight on Nigeria

29 October 2015

### Government tightens regulatory reins

The global overvaluing of petroleum products and the slowdown of the global economy has caught many oil-producing countries but also some investors by surprise. As Africa's largest oil producer, Nigeria's growth outlook and fiscal position have been impacted negatively by 'half-price' oil. In its most recent forecast for Nigeria, the IMF cut the country's 2015 GDP growth rate from 4.5% to 4%, in contrast to actual growth of 6.3% in 2014.

Beyond the slower growth outlook, investors should also take note of a likely stricter regulatory compliance environment. Two of South Africa's largest and most prominent investors in Nigeria – MTN and Standard Bank – felt the heat of tighter enforcement of regulations and government scrutiny this week.

MTN Nigeria – the largest subsidiary of the MTN Group – was penalised with a N1.46 billion fine by the Nigerian Communications Commission (NCC) – the communications industry regulator – related to the timing of the disconnection of 5.5m subscribers in Nigeria. The fine resulted in a more than 12% drop in the parent company's share price on the day of the announcement. In the banking sector, Standard Bank is currently facing sanctions in Nigeria due to alleged irregularities related to its financial statements. As part of the sanctions, the Financial Reporting Council (FRC) suspended the chairman and three directors of Standard Bank Holdings in Nigeria.

Contact

In light of domestic revenue collection pressures it is speculated that regulators here collect targets and are using enforcement and penalties as tools to meet these. This could arguably be seen as an easier sell to the electorate than increasing taxes, or cutting civil servant salaries. However, the heavy-handed approach towards foreign companies, as well as local companies including FirstBank and UBA – which were fined N1.5bn and N2.5bn respectively for allegedly concealing Nigerian National Petroleum Corporation's (NNPC) funds, is leaving Nigeria's image as an investment destination and possibly increasing policy uncertainties and regulatory risks for current and prospective investors in an already difficult operating environment.

#### Key takeaways

Strict compliance with local regulators is likely to become a major factor of doing business in Nigeria and should be matched by greater investments into capacity building in the area by companies. To mitigate the risk of being perceived as a less-friendly investment destination, the development and use of strategic international arbitration processes might help to strike a balance between regulators and the market going forward.

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**Events Calendar**  
**Deloitte School of Tax**

## Tax Administration Act

### Session 1: Back to Basics

- Durban **07 July 2016**

**Session 2:** Personal liability and tax compliance for finance professionals (afternoon)

- Johannesburg **12 July 2016**
- Pretoria **13 July 2016**
- Cape Town **14 July 2016**

## Customs Back to Basics

- Cape Town **19 July 2016**

## Transfer Pricing

**Dates to be confirmed**

## PAYE Update

**Dates to be confirmed**

## Provisional Tax Workshop

- Durban - **22 July 2016**
- Cape Town - **TBC**
- Johannesburg - **29 July 2016**
- Johannesburg East - **TBC**

Visit [schooloftax.co.za](http://schooloftax.co.za) to register online. Alternatively, you can contact the School of Tax administrator for more information at: [dsot@deloitte.co.za](mailto:dsot@deloitte.co.za)

## Webinar Recordings

- **Input VAT Back to Basics** - Webinar
- **Basics of Tax Accounting** - Webinar Part 2

- **Withholding Taxes** – Webinar Part 1
- **Withholding Taxes** – Webinar Part 2

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Should you require further information regarding this newsletter, kindly contact Moray Wilson on +27(0)21 4275515 or [morwilson@deloitte.co.za](mailto:morwilson@deloitte.co.za)

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