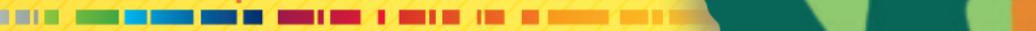


 Exco Africa

TAX BOOKLET 2018

Francophone Africa Guide



TAX BOOKLET 2018

Dear,

The Exco Africa firms and their 500 employees are pleased to offer you this booklet on the main tax provisions in force in 2018.

As a simple quick reference guide, it can not claim to be exhaustive.

Contact details of your Exco Africa network partner:

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Exco Africa, member of Exco France and Kreston International, is the first pan-African accounting, auditing and advisory network created in 1990 in Lome, present in 15 countries and covering a total of 26 country.

Exco is the 6th independent French network of auditing, accounting and consulting firms with close to 2,400 employees across 140 sites in France, Portugal and Poland.

Kreston International is the 12th largest global network of accounting, auditing and independent consulting firms. Founded in 1971, Kreston covers 113 countries with 740 firms and more than 23,000 employees and associates.

I. CORPORATIONS INCOME TAX (CIT)

1. Scope of application

■ Tax payers taxable according to their legal form:

- Business corporations (PLC, Ltd, JSC, etc.);
- Partnerships (General partnership, LP, etc.);
- Economic Interest Groups;
- Permanent establishments (head office, branch, office, factory, mining workshops) located in Burkina Faso and belonging to legal entities;
- Cooperatives and their union, associations and legally constituted bodies.

■ Tax payers taxable according to their activities:

- Public institutions, government agencies or local authorities, who enjoy financial autonomy and engage in an activity of industrial or commercial nature or in operations of profit-making nature;
- Funds created by legislation or regulations which are not legal entities and whose management is entrusted to bodies governed by public or private law where such funds are not expressly exempted by a legislative provision.;
- Civil companies engaged in commercial, industrial, artisanal or agricultural activities or operations, or which include among their members one or more business corporations or who have opted for the CIT;
- De facto companies;
- Any other legal entities engaged in for-profit activities or operations, or who would not be subject to any other income tax.

2. **CIT Rate:** The CIT rate is set at 27.5%.

II. NATURAL PERSONS INCOME TAX

- The income tax on industrial, commercial and agricultural benefits (IBICA) is due on the basis of the profits made by natural persons (or sole proprietorships) in Burkina Faso. From taxable profit, progressive rates ranging from 10% to 27.5% are applied;
- Non-commercial profits tax (IBNC): same scale as IBICA;
- Income tax on securities (IRVM): 6% for interest, arrear and other income from bonds issued in Burkina Faso; 12.5% for all other products;
- Income tax on receivables (IRC): 25%. It shall be reduced by one-half for interest, arrear and other proceeds of deposit account current accounts;
- The single tax on wages and salaries (IUTS): from 0% to 25%;
- Property tax (IRF): progressive scale from 18% to 25%.

III. **VAT :** Single rate: 18%

IV. OTHER TAXES (FYI)

- Regular patent: Fixed rate duty + ad valorem duty (8% of the rental value);
- Patent on public contract: 2% of the contract price;
- Property tax of companies (old Property in mortmain tax "TBM"): 10% of the rental value after abatement for concrete buildings;
- Withholding tax from foreign providers: 20% of the amount inclusive of tax;
- Withholding tax on local providers: 1% for real estate and public works, 5% for those with IFU number, 10% for employees working on non-commercial activities on ancillary basis, and 25% for those who do not have IFU number
- Tax on alcoholic beverages other than beer: 30% instead of 35%.

I. DIRECT TAXES

1. Corporation Tax (C.T):

It is a tax based on the total profits or income realized by companies and other legal entities operating in Cameroon at the rate of 33% (10% of additional communal cents included).

2. Natural Persons Income Tax (IRPP) :

It is a tax based on the total net income realized, during a year, by natural persons having their fiscal domicile in Cameroon. It includes wages and salaries, pensions and annuities, income from movable capital, property income, industrial and commercial artisanal profits, agricultural profits and non-commercial profits. The IRPP is calculated according to the rates applicable to each type of income: Salaries, wages, pensions, life annuities (progressive scale from 10% to 35%);

BAIC, non-commercial profit (BNC), agricultural profits (BA), property income: minimum 2,2% or 5,5% of sales (10% of additional communal cents included) and maximum 33% of net income. Income from movable capital: 15% (withholding tax).

3. Fees Registrations:

- Creation and extension of companies and instruments raising capital: free of charge
- Transfer of business: 15%
- Leases: 10%
- Contribution, sale of shares, merger: fixed right

4. Business activity tax:

This is a tax relating to the pursuit of an economic, commercial or industrial activity. Proportional rate based on turnover from from 0.159% to 0.494%

II. INDIRECT TAXES

1. The VAT:

Only those subject to taxpayers whose annual turnover exceeds 50 million are entitled to collect VAT. General rate: 19.25% on taxable transactions, specific rate: 0% on exports of taxable products.

Exemptions: basic necessities.

2. Excises Duties:

Imposition: luxury products according to Annex II of Article 131 of the CGI.
General: 25%; Reduced: 12.5%; Super reduced: 2%.

III. SPECIAL INCOME TAX (SIT)

It is a tax imposed on income paid to natural or legal persons domiciled outside Cameroon by Cameroonian taxpayers. General rate: 15%.

IV. OTHER TAX ADVANTAGES

The Cameroonian State has put in place several incentives for private investment through the Investment Code, notably in sectors covered by the following specific texts: the upstream oil sector, the mining sector and the gas sector, as well as the regime Partnership contracts.

I. CORPORATION TAX (CT)

1. Scope of application

Are subject to Corporation Tax, joint-stock company, Limited Liability Company, cooperatives companies, and departments or agency publics
Can choose to be subject to Coporation Tax, Partnerships, Limited partnership, joint venture and financial unions. (Art.5 of CGI).

2. Rate of corporation tax

The rate is 30 %, except for the petroleum and mining sector which are taxed at a rate of 35%. (Art. 16 of CGI)

The minimum amount of tax due is equal to 1% of the global turnover, in accordance with Article 25 of CGI defined, or at the amount of 1 000 000 of F CFA corresponding to the tax minimum. (Art. 24 of CGI)

II. INCOME TAX OF NATURAL PERSONS

1. Scope of application

Subject to the provisions the internationals conventions, the income tax is due by every person who has a habitual residence in Gabon or who has resided at least six months in the years (Art.74 of CGI)

2. Procedures for determining the IRPP

Income tax is determined on the basis of a progressive rate scale (0 à 35%), applied to all the personal resources of the taxpayer (Art.174 of CGI).

III. THE VAT

- Are subject to VAT, the supplies of goods or oneself, the services delivery or oneself, the import of goods etc realized in Gabon (Art.209 of CGI).
- The common law rate is 18%. Reduced rates to 10%, 5% et 0% are applicable for production and sale of products such as the sugar, for sale and services delivery on cement and export or international transports and assimilated transactions (Art. 221 of CGI).

IV. OTHERS TAX

- Fees registrations: the charge or the rate takes into account the nature of the transaction (Art 418 and 419 of CGI).
- Special Solidarity Contribution: 1% of the tax base determined as for VAT (Art.25 Finance Law 2017).
- Contribution to vocational training: 0.50 % annual payroll represented by the total gross monthly remuneration received by each employee including allowances and others (Art.9 Finance Law 2017).
- Tax on funds transfer: the rate is 1.5 % for transfers to Gabon from abroad. (Art.14 Amending Finance Law 2008).

V. TAX ADVANTAGES

- Infrastructures, natural resources, farming, wood industry, telecommunications and new information and communication technologies, tourism and ecotourism.
- Specific incentives:
 - Tax Conventions : CEMAC, OCAM, France, Belgium et Canada.
 - Measures for investment: new companies, real estate development companies, tourism hotel business, free zones.

I. TAX ON INDUSTRIAL AND COMMERCIAL BENEFITS

1. Scope of application:

Are subject to tax on industrial and commercial profits (BIC):

- Limited companies and limited liability companies.
- Consumer co-operative societies, when they own establishments, shops or stores for the sale or delivery of foodstuffs, products or merchandise, unions of artisan cooperatives and worker cooperatives;
- Civil companies, whatever their form, when they engage in operations or operations of an industrial or commercial nature;
- Persons and companies who lease a commercial or industrial establishment equipped with real estate or equipment necessary for its operation.

2. Tax rates:

- 25% for legal companies, increased to 30% for companies in the telecommunications, information technology and communication sectors.
- 20% for natural persons.

II. GENERAL INCOME TAX

- The tax is based on the total amount of net income available to each taxpayer under a graduated rate schedule.
- The rate varies from 2% for a net income between 1,000 and 2,200,000 F CFA to 36% for a net income greater than 50,000,000 F CFA.
- Studies are underway to achieve a comprehensive reform of the IGR. Meanwhile, the completion of this reform, it was decided to suspend until December 31, 2018, the obligation to subscribe to the annual declaration of the IGR.

III. TURNOVER TAXES

18% on a tax-free basis. This rate is reduced to 9% for:

- Milk;
- Pasta made from 100% durum wheat semolina;
- Solar energy production equipment;
- Petroleum products.

IV. OTHERS TAXES

1. Income Tax on securities (IRVM):

- 10% for dividends regularly paid by companies listed on the Regional Stock Exchange (BRVM);
- 2% for all products, deposits and redemption premiums paid to bondholders issued in Ivory Coast and repaid in at least five years;
- 15% for bond deposits and all other securities income.

2. Contribution of business licensing tax:

Any natural or legal person, Ivorian or foreign, who practices Ivory Coast a trade, an industry, is subject to the contribution of patents.

- Right on the turnover:
 - 0.5% of pre-tax turnover for the previous year
 - Minimum 300 000F CFA.
 - The maximum 3,000,000 FCFA.
- Right on the rental value:
 - 18.5% of the rental value of business premises.

I. TAX ON INDUSTRIAL AND COMMERCIAL BENEFITS (BIC)

2. Rate of Tax on industrial and commercial benefits

The tax rate is set at 25% of taxable income. The minimum tax rate is 2.5% of the turnover for the last financial year closed with a minimum of MRU 75 000 (Art. 23 and 24 of Tax Code)

3. The determination of the taxable income

The taxable income or taxable profit is the profit determined on the basis of the overall result of the transactions of any kind carried out by the taxpayers, including in particular the divestitures of any assets, either in progress or at the end of the period, Operation. (Art 10 of Tax Code).

II. INCOME TAX OF NATURAL PERSONS

- Tax on wages and salaries: progressive scale from 0% to 40%
- income from real estate capital (IRCM): 10%
- Tax on property income: 10%
- Property contribution on built-up properties: 8%
- Tax on non-commercial profits : 30%

III. VAT

- Are subject to VAT : the imports, the sales, the construction works, the provision of services.
- Rate: Normal rate 16% increased to 20% for petroleum products, 18% telephony and 0% for exports.

IV. FEES REGISTRATIONS

- Creation and extension of the company: 0.25% to 2.25%
- Provision, sale of shares, merger: 2.5%
- Sale of real estate: 2%
- Leases: 2% by the lessor and 1% by the tenant
- Sale of lease rights: 15%
- sale of business assets 8%
- Exchange of buildings 2.5%

V. OTHERS TAXES

- Business activity tax: scale varying between MRU 30,000 and MRU 500,000
- Tax on motor vehicles: Scale of MRU 1 620 to MRU 3 600 according to vehicle use and tax power per year.
- Royalties and national duties: fixed by the municipal council each year in a maximum limit of MRU 150 000
- Tax on Financial Operations (TOF): 14%;
- Special Tax on Insurance: 5% to 10%;
- Withholding tax from foreign providers: 15%;
- Withholding tax on local providers: 3% for taxpayers subject to taxes on non-commercial profits;
- Consumption tax

VI. TAX INCENTIVES

- Derogatory regime of the general tax code was set up in order to encourage the economic activity in certain particular sectors or to support the establishment.
- The main exemptions concern customs duties, VAT and the tax on industrial and commercial benefits (BIC).
- The various modes of incentives to the investment are the Investments Code, the mining Code, Hydrocarbon Code, The public's contracts with external financing. Each code has specific advantages for The accredited taxpayer.

I. CORPORATE TAX

1. Scope of application:

The Corporate tax applies to all companies, public institutions and other corporations that carry out lucrative transactions.

2. Rates of corporate tax:

- Normal Corporate Tax rates : it is a progressive scale:
 - 10% for a Net Profit < 300.000 MAD
 - 20% for a Net Profit from 300.001 to 1.000.000 MAD
 - 31% for a Net Profit beyond 1.000.001 MAD
 - 31% for a Net Profit beyond 5.000.001 MAD
 - 37 % for the financial sector.
 - Specific rates:
 - 8,75% for companies located in export processing zones (EPZ) and companies with the status of «Casablanca Finance City».
 - 10% for offshore banks and regional or international headquarters having the status of «Casablanca Finance City».
 - 17,5% for exporting, mining, hotel, craft, industrial and agricultural enterprises. On a permanent or temporary basis.
- The amount of tax may not be less than a minimum contribution of 0.5% of realized income or 0.25% for distribution activities.
- The deficit can be carried forward over a period of 4 years.

II. INCOME TAX

1. Scope of application:

The concerned incomes are: Professional income, Agricultural incomes earned by individuals or corporate in which all partners are individuals, Wage income, Property Revenue and Profit and Income and profit from Securities.

2. Rates of income tax:

- The total taxable income shall consist of the net income of one or more of the above categories, excluding incomes and profits subject to tax at a discharge rate.
- The net income of each of the above categories is determined separately according to the rules of each of them
- The rate vary from 0 to 38% according to the annular income (in MAD). It is the same for the amount deducted, it vary from 0 to 24 400 MAD.
- Specific rates apply to certain categories of incomes: teachers, wages of companies with CFC status, occasional remuneration. It could be a withholding.

III. THE VAT

- The VAT applies to industrial, craft, commercial, real estate operations, liberal professions and also to import operations. The VAT rates:
 - 7% for water, pharmaceutical products, school supplies,
 - 10% for sales to consume on the spot, rental of buildings for tourist use, Gas, professions of lawyers and notaries, veterinarians, banking.
 - 14% for Transport Operations, Electric Power, Brokerage Commissions in the Insurance field.
 - 20% for the remaining activities.

IV. LOCAL TAXATION

The Business Tax, housing tax, Tax on unbuilt urban lands, Tax on the construction operations, Tax over allotment operations, Stay tax charged by hotels, Mineral Water Tax, Public Transportation Tax.

I. CORPORATION TAX

1. Scope of application:

- The company (LLC, PLC with the exception of company where the sole shareholder is a natural person), cooperative companies, professional civil companies and similar, Legal entities domiciled abroad when they are beneficiaries of income from land in Senegal or capital gains from the sale of real estate in Senegal are liable to corporation tax on all their profits realized within a year.
- Can choose to be subject to corporation tax, a de facto partnership, economic interest groups, partnership, joint-venture, limited partnership, the unipersonal company where the sole partner is a natural person, professional civil companies and real estate companies (Art. 4 to 6 of the CGI).

2. Corporation tax rate:

- The rate tax is set at 30% of taxable income.
- The minimum lump-sum tax is due on the turnover excluding taxes realized in the year preceding the year of taxation, at the rate of 0.5%. In no case may the amount owed be less than 500,000 FCFA nor more than 5,000,000 FCFA.

II. NATURAL PERSONS INCOME TAX

- Subject to the provisions the international conventions corresponding to double taxation, the income tax is payable by any natural person domiciled in Senegal or holder of income from Senegalese source (Art. 48 of the CGI).
- The income tax is fixed according to a progressive rate scale on all personal resources of the taxpayer (Art. 173 of the CGI). However, the amount of tax cannot exceed 40 % of the taxable income (Art. 174 of the CGI).

III. THE VAT

- The supplies of goods, the services delivery, the import of goods into Senegal are subject to VAT effected for consideration by a taxable person acting as such, with the exception of agricultural and salaried activities within the meaning of Labour Code (Art. 352 to 353 of the CGI).
- The rate of the VAT is set at 18%. This rate is reduced to 10% for accommodation and food services provided by approved tourist accommodation establishments. (Art. 369).

IV. OTHERS TAX

- Fees registrations: (Art. 471 and 472 of the CGI) The tariff of the fee is fixed according to the nature of registration.
- The patent has been replaced by a new tax, called Local Economic Contribution. It is due by any person whose business is in Senegal, or has an industry, or a profession and it is subject to a system of a taxation based on real profit.
- The local economic contribution includes a contribution based on the rental value of the premises used for the exercise of taxable professions and a contribution on the added value generated during the year preceding the taxation.
- Corporate Vehicle Tax (TVS): The tariff of the fee is fixed according to the fiscal power
- Financial Activities Tax (FAT): the rate of the financial activities tax is 17%. This rate is reduced to 7% for interest, commissions and fees received in all transactions financing export sales.
- Tax on insurance contracts: Rate determined according to type of insurance.
- Withholding tax on local providers: 5% (Art. 200 to Art. 201).

V. TAX ADVANTAGES

- Industrial companies as well as those of all sectors of particular interest or importance for the achievement of the objectives of the National Plan for Economic and Social Development.
- The main exemptions concern customs duties, VAT and corporation tax.
- The particular regimes: The different incentives regimes are the Investment Code and Industrial Free Zone.

I. CORPORATE TAX

- The common law rate: 25% for profits earned by legal entities, with a minimum tax of 0.2% of local turnover and a minimum tax of 500 dinars due of turnover.
- The rate of 10%, applicable to enterprises engaged in artisanal, agricultural, fishing, as well as profits from the export of wholly exporting companies created before 1 January 2004 or after 31 December 2013.
- The rate of 35%, applicable for companies operating in the financial sector, telecommunications, hydrocarbons. Foreign brand franchises in the distribution trade with the exception of Case of integration of more than 30%.
- A total exemption from income tax For 4 years from the effective date of entry into operation, without exceeding 2 years for Companies newly created having Investment Declarations during the Years 2018 and 2019. benefit (with some exceptions).
- The rate of income tax is down to 20% for Small and Medium Companies.

II. INCOME TAX ON NATURAL PERSONS

- Income tax is payable by any individual, regardless of family circumstances, in respect of his total net income. It is calculated by applying a progressive scale ranging from 0% to 35%.
- Are subject to the Social Solidarity Contribution at a rate of 1%, Income and profits earned from 1st January 2018 by the persons submitted to the IRPP.

III. VAT

VAT includes a standard rate of 19% and two reduced rates of 13% applicable to specific products. Some products are exempt.

IV. CODE OF INVESTMENT

1. The export:

- Profits from exports are subject to tax at the rate of 10% without a minimum tax.
- Financial reinvestment: Total deduction with minimum tax of profits and income reinvested in the capital of companies wholly exporting.

2. Regional Development:

■ 1st Group:

- Investment premium of 15% with a ceiling of 1.5 MTD.
- Total deduction at 100% of the taxable base for 5 years and submission to IS of 10% after.
- No employer's contribution to social security for 5 years.
- Financial reinvestment: Total deduction without taxation of profits and income reinvested in the capital of companies operating in a regional development zone.

■ 2nd Group:

- Investment bonus of 30% with a ceiling of 3 MTD
- Total deduction at 100% of the taxable base for 10 years and submission at 10% after
- No employer's contribution to social security for 10 years.
- Financial reinvestment: the same advantage as the first group

3. Agriculture & Fishing:

- Investment bonus of 15% (medium and large projects) with a ceiling of 1 MTD
- Total deduction at 100% of the taxable base for 10 years and submission at 10% after
- Financial reinvestment: Total deduction without taxation of profits and income reinvested in the capital of agricultural and fishing companies.

4. Projects of national interest:

- Cost of investment > 50 MTD OR minimum 500 jobs over 3 years.
- Total deduction of 100% of the tax base over a period of up to 10 years.
- Investment allowance within the limit of 1/3 of the investment cost, limited to 30 MTD.

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