



# TAX AND INVESTMENT FACTS

A GLIMPSE AT TAXATION AND INVESTMENT IN COTE D'IVOIRE

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## TABLE OF CONTENTS

|   |    |
|---|----|
| <b>A. INCOME TAX</b> .....  | 5  |
| 1. Income Liable to Tax (ITS).....                                    | 5  |
| 2. Residence Rule .....   | 5  |
| <b>B. PERSONAL INCOME TAX</b> .....                                   | 6  |
| 3. Personal Tax Relief .....  | 6  |
| <b>C. PAYROLL TAX</b> .....   | 6  |
| 4. Payroll Tax Rates .....  | 6  |
| 5. IGR Shares.....  | 7  |
| 6. IGR Computation Base .....   | 7  |
| 7. Administrative Allowances Tax Schedule for Non Cash Benefits ..... | 7  |
| 8. Non-taxable Benefits .....   | 8  |
| <b>D. TAXATION OF CORPORATE ENTITIES</b> .....                        | 9  |
| 9. Taxable Entities .....   | 9  |
| 10. Tax Regimes .....   | 9  |
| 11. Resident Companies .....  | 9  |
| 12. Corporate Rates .....   | 10 |
| 13. Year of Assessment .....  | 10 |
| 14. Calculation of Taxable Profit .....                               | 10 |
| 15. Carry Over Losses .....   | 11 |
| 16. Assessment of Corporate.....                                      | 11 |
| 17. Deduction Allowed.....  | 11 |
| 18. Deductions Not Allowed .....                                      | 12 |
| 19. Minimum Lump Sum Annual Corporation Tax (IMF) .....               | 12 |
| 20. Taxable Entities .....  | 13 |
| 21. Exempted Entities .....   | 13 |

|  |           |
|--|-----------|
| 22. Rates .....  | 13        |
| 23. Other Taxes on Corporate Entities .....              | 13        |
| 24. Real Property Tax .....                              | 13        |
| 25. Non Commercial Profit (BNC).....                     | 13        |
| 26. Withholding Tax.....                                 | 14        |
| <b>E. INVESTMENT GUARANTEES .....</b>                    | <b>14</b> |
| 27. No Restriction on Investment.....                    | 14        |
| 28. Unlimited Access to Foreign currencies.....          | 14        |
| 29. Dispute Resolutions .....                            | 15        |
| <b>F. CROSS BORDER TRANSACTIONS .....</b>                | <b>15</b> |
| 30. Permanent Establishment.....                         | 15        |
| 31. Income Attributable to Permanent Establishments..... | 15        |
| 32. Branch Profit Tax.....                               | 16        |
| 33. Double Taxation Treaties (DTT) .....                 | 16        |
| 34. Anti-Avoidance .....                                 | 16        |
| <b>G. ADMINISTRATIVE MATTERS .....</b>                   | <b>17</b> |
| 35. Furnishing of Tax returns .....                      | 17        |
| 36. Tax Audits Offences and Penalties.....               | 19        |
| 37. Types of Tax Audits.....                             | 19        |
| 38. Offences and Fiscal Sanctions .....                  | 20        |
| <b>H. GIFT TAX.....</b>                                  | <b>20</b> |
| <b>I. CAPITAL GAINS TAX .....</b>                        | <b>21</b> |
| <b>J. BUSINESS LICENSE TAX .....</b>                     | <b>21</b> |
| <b>K. TAX ON TURNOVER (TSE) .....</b>                    | <b>21</b> |
| <b>L. INDIRECT TAX .....</b>                             | <b>21</b> |
| 39. Valued Added Tax (VAT) .....                         | 21        |

|  |           |
|--|-----------|
| 40. Tax on Banking Transactions (TOB).....           | 22        |
| <b>M. NATIONAL HEALTH INSURANCE LEVY (CMU) .....</b> | <b>22</b> |
| <b>N. COMMUNICATION SERVICE TAX .....</b>            | <b>22</b> |
| <b>O. SOCIAL SECURITY .....</b>                      | <b>22</b> |

## A. INCOME TAX

### 1. Income Liable to Tax

Income includes to a larger extent Non Commercial Profit (BNC), salaries, rental income and directors remuneration, corporate profit tax denominated as industrial, commercial and Agricultural profit income (BIC/BA) depending of the type of activity (commercial, industrial, agricultural) where the revenue is sourced.

Taxes are levied on these various categories either on a monthly or quarterly basis, depending on conditions of assessments.

In general terms, every income earned by, resident persons, deriving from accrued in, brought into or received in Cote d'Ivoire is liable to tax under the Cote d'Ivoire tax Jurisdiction.

Incomes from Non - Resident persons are only tax when it derives Cote d'Ivoire.

### 2. Residence Rule

#### (a) Resident Individual

A person is deemed to be resident in Cote d'Ivoire if he meets any of the following conditions:

- i. Personal residential status : an individual is resident in Cote d'Ivoire if his principal residence (i.e. his own family) or his permanent residence is in Cote d'Ivoire (i.e. if he stays over 183 days per year in Cote d'Ivoire);
- ii. Professional/occupational status: any individual carrying on a profession, either salaried or self-employed in Cote d'Ivoire is treated as resident in , unless he can prove contrary, that the occupation is ancillary to his main occupation elsewhere;
- iii. Business/economic status: an individual is considered as resident in Cote d'Ivoire if his centre of economic activity is in Cote d'Ivoire, i.e. where he manages his property and from where he gets out the biggest part of the revenues.

#### (b) Resident Company

A company incorporated in Cote d'Ivoire is liable to income tax on all revenues sourced or received under the Ivorian tax jurisdiction.

The company may also be considered as resident if it has its centre of control of management in Cote d'Ivoire.

## B. PERSONAL INCOME TAX

Personal income earned other than the tax salary; pensions are subject to a progressive annual tax rates depending of the following Table:

| TAXES           | AMOUNTS                 | PERCENTAGES |
|-----------------|-------------------------|-------------|
| Revenue between | 10,000 – 2,200,000      | 2%          |
|                 | 2,200,000 – 3,600,000   | 10%         |
|                 | 3,600,000 – 5,200,000   | 15%         |
|                 | 5,200,000 – 7,200,000   | 20%         |
|                 | 7,200,000 – 9,600,000   | 24%         |
|                 | 9,600,001 – 12,600,000  | 26%         |
|                 | 12,600,001 – 20,000,000 | 29%         |
|                 | 20,000,001 – 30,000,000 | 32%         |
|                 | 30,000,001 – 40,000,000 | 34%         |
|                 | 40,000,001 – 50,000,000 | 35%         |
| Beyond          | 50,000,000              | 36%         |

Deductible from the assessment base: dividend tax, interests tax (IRC), land Tax all taxes.

### 3. Personal Tax relief

The following individuals are exempted:

- Everyone aged more than seventy (starting from January 1st of the taxable year),
- Foreign diplomatic staff, subject to reciprocity i.e. if such exemptions are granted to Ivorian Diplomatic Staff abroad.

## C. PAYROLL TAX

### 4. Payroll tax – Effective rate

Employers must pay 12% of expatriate staff gross payroll and 2.8% of local staff payroll.

## 5. IGR Shares

These shares are applied in the context of contracts of employment namely for the determination of net salaries. The general principle of IGR share allocation depends on the family status.

Taxpayers with a high number of dependents enjoy tax relief by applying the IGR shares.

| S/N | MARITAL STATUS                             | SHARES |
|-----|--|--------|
| 1   | Single, divorced or widowed with no child  | 1      |
| 2   | Married with no child                      | 2      |
| 3   | Single, divorced with one (1) child        | 2      |
| 4   | Married, widowed with one (1) child        | 2,5    |
| 5   | Single, divorced with two (2) children     | 2,5    |
| 6   | Married, widowed with two (2) children     | 3      |
| 7   | Single, divorced with three (3) children   | 3      |
| 8   | Married or widowed with three (3) children | 3,5    |
| 9   | Single, divorced with four (4) children    | 3,5    |

## 6. IGR Computation Base

IGR shares are determined after deduction of the salary tax (IS) at the rate of 1.5% and the National contribution (CN) at the rate of 1.2%.

## 7. Administrative Allowances Tax Schedule for Non-Cash Benefits

Table: Housing Allowances

| NO. OF ROOMS | ACCOMODATION | FURNITURE | ELECTRICITY | WATER (B) |
|--------------|--------------|-----------|-------------|-----------|
| 1            | 60,000       | 10,000    | 10,000      | 10,000    |
| 2            | 80,000       | 20,000    | 20,000      | 15,000    |
| 3            | 160,000      | 40,000    | 30,000      | 20,000    |
| 4            | 300,000      | 60,000    | 40,000      | 30,000    |
| 5            | 480,000      | 80,000    | 50,000      | 40,000    |
| 6            | 600,000      | 100,000   | 60,000      | 50,000    |
| 7 and above  | 800,000      | 150,000   | 70,000      | 60,000    |



- (a) The amount is increased by 20,000 francs FCFA per Air Conditioner or per room for centralized Air conditioned rooms;
- (b) Increase amount by 30,000 FCFA for house with a swimming pool.

Table 2: Domestic Staff

- Security man, gardener: 50,000 FCFA
- House help: 60,000 FCFA
- Cook: 90,000 FCFA

Non cash benefits are regulated based on an administrative table fixing the maximum amount to be granted.

When money is given to the employee by the employer to cover expenses relevant to his non cash benefits, all the received amount is taxed accordingly, especially when it exceeds the limited amount fixed above.

All non cash benefits not appearing in the above tables are considered for their total amounts in the assessment of the payroll tax.

## **8. Non Taxable Benefits:**

- (a) 10% of the total remuneration is exempted from taxes (all included allowances) received by the tax payers, special allowances meant for effective costs relevant to the function or the job. Article 116.1 General Tax Code.
- (b) Employers' individual medical assistance to HIV affected staff as well expenses for Staff first aid,
- (c) Transport allowances granted to employees up to 25,000 FCFA monthly,
- (d) Apprenticeship allowance of 50,000 FCFA over a period not exceeding TWO (2) years,
- (e) Academic monthly internship allowance of 100,000 FCFA for a period not exceeding 6 months,
- (f) Retirement pensions when the amount does not exceed 300,000 FCFA,
- (g) Lay off allowance taxed at only 50 % when it exceeds 50,000 FCFA, on

the taxable base of the employee,

- (h) Remunerations of diplomatic Staff working in Ivory Coast,
- (i) Foreign House Staff of the Diplomatic office on their remunerations,
- (j) Restaurant expenses incurred by the employer within the limit of 30,000 FCFA monthly per employee,
- (k) Insurance premiums paid by the Employer for its Staff,
- (l) Payments made by employers to Additional pensions schemes are taxed exempted up to 300,000 FCFA/ month, and within the limit of 10% of the monthly gross remuneration.

## D. TAXATION OF CORPORATE ENTITIES

### 9. Taxable Entities

The Public limited liability company (Société Anonyme (SA) and the Private limited liability company (Société à Responsabilité Limitée (SARL) are generally the type of business entities used. "Société Anonyme" and "Société à Responsabilité Limitée" can be set up with one sole shareholder.

Non-trading companies, such as Société en nom collectif (SNC) and sociétés en commandite simple (SCS) are generally liable to income tax via their partners.

### 10. Tax regimes

Companies with a turnover beyond 150,000,000 FCFA are subject to "the Régime Normal d'Imposition (RNI)".

When the turnover is between 50 millions and 150,000,000 FCFA, the applicable tax regime is the "Régime Réel Simplifié"

When the turnover does not reach 50 millions, the applicable regime which may be used by legal entities and individuals is "the Régime Synthétique" which is a flat rate scheme regime.

### 11. Resident Companies

A legal person is a resident if it:

- (a) Is incorporated or formed under the laws of Ivory Coast,

- (b) Has its management and control in Ivory Coast,
- (c) Undertakes majority of its operations in Ivory Coast.

## 12. Corporate Rates

The corporate tax rate is 25% applicable to profit income. The rate has been increased by 5% for telecommunication, Information Technology and communication companies under the Appendix to the financial law n°2013 – 908 of December 26th, 2013.

The new Ordinance n° 2012 – 487 dated June 7th 2012 relating to the Investment code provides exemptions on corporate profit tax in respect of the zone of establishment. We have three (3) different zones of establishment with a differentiated variety of tax exemptions:

Zone A (District of Abidjan): During five (5) years companies set up and approved under any of the investment regimes either the declaration regime or the investment license regime, are exempted from corporate profit tax.

Zone B: (Zones with a population equal or beyond 60,000 inhabitants: eight (8) years exemptions from corporate profit tax.

Zone C: (Zones with a population of less than 60,000 inhabitants or declared as special economic zones): Fifteen (15) years exemptions.

Tax incentives granted during these three (3) zones are reduced to fifty (50%) in the last but one year and 25% in the final year.

## 13. Year of Assessment

The fiscal year starts from January 1st and closed on December 31st. However, when a company starts operation beyond July 1st, the Company may close their financial year, the following year N+.1

## 14. Calculation of Taxable Profit

Since January 1st, 2015, provisions of the amended Accounting Plan (Syscoa Révisé) are applicable for the establishments of accounts and financial statements. The profit on which tax is charged is the profit shown in the company's financial statements, after certain adjustments. The general rule is that, for an expense to be deductible, it must have been incurred in the conduct of the company's business as provided under Article 18 of the General Tax Code. For the Ivorian tax auditor, "The form is as important as the substance": even if an expense is clearly in the interest of the company (e.g. reimbursement

of an employees' business travel expenses), if it is not supported by a bona fide supporting document (travel agent's invoice, reports, etc.), the tax auditor may reject the expense and therefore reassess the corresponding corporate tax.

Depreciation (capital allowances) is only allowable when it is charged in the accounts and is at a rate that somehow reflects the economic life of the asset. In general, the following periods are acceptable:

- (a) For companies under the "RNI" regime depreciations rates are determined based on the practice relevant to the business sector.
- (b) Depreciation rates

| FIXED ASSETS                                   | PERIOD OF USE | DEPREDCIATION PERIOD |
|--|---------------|----------------------|
| Setting up costs                               | 2 years       | 50%                  |
| Commercial, Agricultural, Handycraft buildings | 20 years      | 33.33%               |
| Transport Equipment                            | 3 years       | 20%                  |
| Plant & Machinery                              | 5 years       | 10%                  |
| Office Furniture & Equipment                   | 10 years      | 10%                  |
| Installation, Office Facilities Arrangements   | 10 years      | 10%                  |
| Computer Hardware                              | 2 years       | 50%                  |

In general, the corporate profit tax is determined upon deduction of business expenses so long as they are strictly related to the business, after deduction of allowable expenses.

## 15. Carry Over Losses

Losses are carried over up to five (5) subsequent years. In the same vein, deferred depreciations can be carried forward indefinitely.

## 16. Assessment of Corporate Income

Expenses are subtracted from revenues to show profit (or loss).

## 17. Deductions Allowed:

- (a) Depreciation allowances,

- (b) Consultants fees (Statement 302),
- (c) Advertising (Get on Record copies of adverts)
  - Foreign assignments expenses provided copy of the air ticket Boarding Pass, report, any other relevant receipt produced,
  - Local assignments expenses (Provide receipts and all other receipt),
- (d) General & administrative expenses,
- (e) Donations are only deductible if done according to the General Code Tax,
- (f) Deduction of technical Assistance fees limited to 5% of the turnover and 20% of the general expenses,
- (g) Training Sessions fees,
- (h) Foreign/local Assignments,
- (i) Feeding and Hotel allowances,
- (j) Provisions for litigation; a physical file should exist,
- (k) Provisions for liabilities and Charges.

The company should have a viable record on these bad debts. Present a special Statement for provisions to be deductible.

#### **18. Deductions Not Allowed:**

- (a) Tax penalties
- (b) Non-deductible allowances and remunerations allocated to board members,
- (c) Non-deductible grants and gift,
- (d) Exempted capital gains non reinvested,
- (e) Non-deductible provisions,
- (f) Non-deductible depreciations,
- (g) Provisions for foreign exchange loss.

#### **19. Minimum Lump Sum Annual Corporation Tax (Impôt Minimum Forfaitaire - IMF)**

IMF is required in the following cases:

- When losses occur,
- When the determined amount of the profit tax does not exceed the calculated amount of IMF.

IMF computation base is the tax included turnover while the profit tax base being the profit income.

## 20. Taxable Entities

Company ranked under the RSI or the RNI tax regimes.

## 21. Exempted Entities

New companies are exempted from the minimum lump sum annual corporation tax for the first year of activity.

Company exempted totally or partially from the corporate Income tax within the limit of the exemptions granted.

## 22. Rates

The tax base of minimum lump sum annual corporation tax is fixed as follows:

- 0.5% of the total tax included turnover. The minimum amount of IMF cannot be less than 3,000,000 FCFA considered as being the minimum perception. However, the minimum perception is 500,000 FCFA for Filling Stations and Gas distributors.
- 0.10% of the total turnover (tax included) for industrial companies, manufacturing and oil trading companies, and for Water-Electricity companies (both production and distribution), Gaz trading companies,
- 0.15% of the total tax included turnover for banking and financial institutions, reinsurance and insurance companies.

The maximum amount of IMF is 35,000,000 FCFA for companies under the "RNI tax regime". The maximum for "RSI tax regime" is 400,000 FCFA.

## 23. Other Taxes on Corporate Entities

## 24. Real Property Tax

Property taxes are charged on the actual or potential rental income of landlords (4%) and their ownership interests (11%). Property owned and used by the same legal entity pay an ownership charge based on 15% of the rental value.

## 25. Non-commercial Profit Tax (BNC)

(a) Taxable entities:

- i. Independent professionals
- ii. Non trading activities
- iii. Foreign companies for services provided in Cote d'Ivoire

(b) Rates

The rate is 20% for individuals and 25% for legal entities.

(c) Assessment

Non-commercial Profit tax (BNC) is determined after business cost and expenses are deducted from the overall business income.

## 26. Withholding Tax

Withholding tax is 20% in the absence of a double tax agreement (DTA).

Dividends paid are taxed as follows:

- (a) 10% on dividends paid by listed companies,
- (b) 15% on dividends relevant to bonds,
- (c) 2% on revenues paid to bearers of bonds issued in Cote d'Ivoire with reimbursement period extended over five (5) years,
- (d) 18% on distributions of dividends by companies exempted from payment of profit Income Tax,
- (e) 15% for dividends paid in other cases.

Telecommunication, Information Technology and communication companies must subscribe 20% treasury bonds of the total dividend amounts to be transferred abroad.

## E. INVESTMENT GUARANTEES

### 27. No Restriction on Investment

Title 2 of Ordinance n° 2012 – 487 of June 7th 2012 relating to the new investment Code deals extensively with Investments guaranties. The major guaranty is the possibility to freely invest in any business sector under the condition to comply with the applicable rules and regulations.

### 28. Unlimited Access to Foreign Currencies

Access to foreign currencies is not limited to investors provided regulations regarding foreign exchange transactions are observed. Also, transfer of assets deriving from investments is permitted under the conditions to have a good tax clearance record.

Investors can freely nominate their Board members, Managing Directors.

## 29. Dispute Resolutions

Any dispute between any foreign investor and the Republic of Ivory Coast, on the application of the Investment Code, in the absence of an amicable settlement is settled by the Ivorian courts or by an arbitration tribunal whose rules may be determined pursuant to the Investment protection agreements or Treaties existing between the country of origin of the investor and the Republic of Cote d'Ivoire.

Cote d'Ivoire has also undertaken to respect international agreements and Treaties with regard to the protection of intellectual properties. In the same vein, the Investment Code makes it possible in the context of dispute resolutions to use the arbitration mechanism of Arbitration settlements (CRDI) as stipulated in International Agreement ratified by Cote d'Ivoire under Decree n°65 -238 of June 26th 1965.

## F. CROSS BORDER TRANSACTIONS

### 30. Permanent Establishment

Contrary to the Resident Company, the permanent establishment in the Republic of Cote d'Ivoire is the Establishment through which it carries out fully or partially business activities during the tax year. A company may be considered as having a Permanent Establishment through the activities of an agent or detached employee.

### 31. Income Attributable to Permanent Establishment

Under the Ivorian tax jurisdiction, a permanent establishment includes a fixed place of business in Cote d'Ivoire through which the foreign enterprise carries on its business. However, a foreign enterprise will not be deemed to have a permanent establishment in Cote d'Ivoire if its activities in Cote d'Ivoire are limited to certain activities generally those of a preparatory or auxiliary nature.

The following are treated as a permanent establishment:

- (a) A branch office of a non-resident legal person;
- (b) Construction sites, assembly or batching facilities and the exercise of supervisory activities connected with such facilities;
- (c) sites, drilling equipment or ships used for the prospection of natural resources, as well as the exercise of supervisory activities on such facilities;
- (d) A place used by a non-resident natural person for business activity.



### 32. Branch Profit Tax

In application of the territoriality principle, all revenues deriving or accrued as results of the branch presence in Ivory tax are taxable in Cote d'Ivoire.

Corporate profit tax, taxes are paid at the place of the Permanent Establishment for any revenue sourced under the Ivorian tax Jurisdiction. The Permanent Establishment is subject to the ordinary tax regime i.e. applicable taxes such corporate income tax, withholding tax; value added tax, business license tax, land tax, dividend tax.

Fifty (50%) of branch profits is considered as being remitted as dividend and therefore tax at the rate of 15%.

### 33. Double Taxation Treaties

Cote d'Ivoire has signed a number of tax treaties. The tax treaties provide for bilateral reliefs. Cote d'Ivoire has double tax agreements with Belgium, Canada, France, Germany, Italy, Norway, Switzerland, United Kingdom.

| COUNTRIES      | DIVIDENDS | INTERESTS | ROYALTIES |
|----------------|-----------|-----------|-----------|
| Belgium        | 12%       | 16%       | 10%       |
| Canada         | 12%       | 15%       | 10%       |
| France         | 12%       | 15%       | 10%       |
| Italy          | 12%       | 15%       | 10%       |
| Germany        | 12%       | 15%       | 10%       |
| Norway         | 12%       | 16%       | 10%       |
| Switzerland    | 12%       | 15%       | 10%       |
| United Kingdom | 12%       | 15%       | 10%       |

### 34. Anti-avoidance Rule

Transfer pricing - Thin capitalization

Transactions between a resident company and a non-resident affiliates many induce adjustments for tax purposes when arm's length principles are violated.

Cote d'Ivoire provides rules on thin capitalization.

## G. ADMINISTRATIVE MATTERS

### 35. Furnishing Of Tax Returns

Tax returns are filed within the following time frame:

| CORPORATE PROFIT TAX                           | DEADLINE FOR FILING & PAYMENT   |
|--|---|
| Filing of returns                              | Latest by April 20th  |
| Filing of Financial Statements                 | Latest by April 30th for companies with a turnover beyond One (1) Billion   |
|  | Latest by May 30th for companies with a turnover not exceeding One (1) Billion  |
| Payment of Corporate Profit Tax (BIC BA) / IMF | Profit income tax or the minimum annual corporation taxes (IMF) are paid as follows: April 20th, June 20th, September 20th of the subsequent year |
| BNC (Non Profit Tax)                           | Latest by April 20th, July 20th and October 20th  |

Value Added Tax

| VALUE ADDED TAX   | DEADLINE FOR FILING OR PAYMENT   |
|---|--|
| Filing for companies ranked under the Régime Normal d'imposition (RNI)    | Latest by the tenth day of the month following the transactions  |
|   | Latest by the tenth day of the month following the transactions for mining, industrial and oil companies |
|   | Latest by the fifteenth day of the following month for commercial companies                              |
|   | Latest by the twentieth day of the following month for services companies                                |
| Filing for companies ranked under the Régime Simplifié d'Imposition (RSI) | Latest by January 10th   |
|   | Latest by April 10th   |
|   | Latest by October 10th   |

## Land Tax

| <b>FILING OF LAND TAX RETURN</b> | <b>DEADLINE FOR FILING OR PAYMENT</b> |
|----------------------------------|---------------------------------------|
| Latest by January 31st           | Latest by March 15th                  |
|                                  | Latest by June 15th                   |

## Withholding Tax on Rent

| <b>15% WITHHOLDING TAX ON RENT</b>                  | <b>DEADLINE FOR FILING &amp; PAYMENT</b>                   |
|---|--|
| Amounts withheld on rent paid by corporate entities | Latest by the fifteenth day following the month of payment |

## Lease Agreement

| <b>DEADLINE FOR FILING &amp; PAYMENT</b>  |   |
|---|---|
| Registration of signed lease Agreements   | One (1) month after the signature of the lease Agreement. |
| Registration relevant to verbal agreement | Latest by March 31st                                      |

## Dividends

| <b>DIVIDENDS</b>               | <b>FILING &amp; PAYMENT</b>  |
|--------------------------------|--|
| Dividends paid to shareholders | Within 30 days of the distribution or within three (3) months from the date of signature of the minutes of the meeting approving the distribution of dividends |

## Salary Tax Return

| <b>PAYROLL TAX RETURN</b>   | <b>FILING &amp; PAYMENT</b>               |
|---|---|
| Oil & Mining, Industrial Companies<br>Company under "RSI" and "RNI" | Latest by the tenth day of each month     |
| Large Tax Payer (DGE) and Medium Scale Enterprises (CME)            | Latest by the twentieth day of each month |

### 36. Tax Audits Offences and Penalties

Tax Offences are detected through tax audits and sanctioned accordingly. Interests for late payment (intérêts de retard), surtax (majorations) are applicable sanctions in the context of tax compliance failure detected following a tax audit.

### 37. Types of Tax Audits

There are three levels of audits exercised by tax authorities:

Review of tax returns (Contrôle sur Pièces)

The "Contrôle sur pièces" is carried from the offices of Tax Auditors. They are limited to formal review on the consistency of the filed returns for further understanding on the accuracy and sincerity. Thus, any inconsistency will result in fiscal sanctions i.e. payment of penalties. This review is not subject to a specific prior notice and cannot lead to in depth search on accounting. Auditors can only requested supplementary explanations either orally or under a written form.

Accounting Audits (Contrôle de comptabilité)

- (a) Partial or punctual Audits (Vérification ponctuelle ou partielle de comptabilité): This audit is a punctual or partial so far it consists in auditing a specific tax or group of taxes. In practice; it consists in auditing Value Added Tax, Salary tax.
- (b) General Accounting Audits (vérification générale de comptabilité): It concerns all taxes and Incomes for which taxpayers are liable. A prior notice is sent to the taxpayer. It may be a notice for general Accounting Audit (avis de vérification générale de comptabilité) or unexpected notice (avis inopinée).
- (c) Detailed Audit of Physical Persons (Vérification approfondie de la situation d'ensemble des personnes physiques ou VASFE): This control provided by Article 5 of the Book of Tax Procedures is the examination of the tax situation of individuals with regard to their general income tax. It is to establish a link, to compare the returns filed by taxpayers with their external signs of wealth (bank accounts, houses, cars, etc).

In general, any taxpayer dodging payment of taxes by not filing returns is sanctioned by being taxed on the spot under a procedure known as "Taxation d'office".

### 38. Offences and Fiscal Sanctions

| <b>INTEREST FOR LATE PAYMENT (INTÉRÊTS DE RETARD)</b>       |   |
|---|---|
| Direct taxes (BIC, BNC, Business License taxes, Land taxes) | 5% for the first month + 0,5% for any additional late month   |
| Withholding taxes, taxes on turnover payroll taxes          | 10% for the first month and 1% for any additional late month  |
| <b>Surtax (Majorations)</b>                                 |   |
| Understating estimated taxes                                | 15% when the understated amount is less than $\frac{1}{4}$ of the effective taxable base  |
|   | 30% when the understated amount is more than $\frac{1}{4}$ of the effective taxable base  |
|   | 100% Fraud (sales without invoices, transaction with false Tax Identification number)   |
|   | <p>NB:</p> <p>In the context of taxes on turnover such ( VAT , TOB etc)</p> <ul style="list-style-type: none"> <li>• 30% when the understated amount is less than <math>\frac{1}{4}</math> of the effective taxable base</li> <li>• 60% when the understated amount is more than <math>\frac{1}{4}</math> of the effective taxable base</li> <li>• 150% when fraud is uncovered.</li> </ul> |

#### H. GIFT TAX

Donations and grants are not fiscally deductible when they are done pursuant to tax provisions. When they are admitted as deductible, they are included in taxable corporate income tax assessment base.

However, the General Tax Code allows deductibility of the amounts donated under the double limit of 200,000,000 FCFA / year or 2.5 % of the corporate turnover.

## I. CAPITAL GAINS TAX

Capital gains realized on the sale of fixed assets are included in the taxable corporate income tax base. But, taxation of capital gains may be deferred if the company takes the decision to reinvest within three (3) years. In other word, beyond this period, the referred capital gains shall be included in the taxable profit Income tax base.

## J. BUSINESS LICENSE TAX

The business license tax is made up of the turnover and the rent value. The turnover used for the computation is the turnover of the previous year and the rent value of the office lease.

The determination of the rent value can be done pursuant to any of the following methods:

- Tenancy agreement
- Comparison method
- Direct assessment

But, it is worth noticing that new companies are exempted from the first year of the business activities. The maximum amount should be in lie with the following turnover (see below):

| TAX EXCLUDED TURNOVER                | CONTRIBUTION OVER TURNOVER |
|--------------------------------------|----------------------------|
| Less than 200,000,000 FCFA           | 350,000 FCFA               |
| From 200,000,000 to 500,000,000 FCFA | 750,000 FCFA               |
| From 500,000,000 to 1 Billion        | 1,300,000 FCFA             |
| Above 1 Billion FCFA                 | 3,000,000 FCFA             |

## K. TAX ON TURNOVER (TSE)

Payable at the rate of 0.1% on tax excluded turnover.

## L. INDIRECT TAX

### 39. Value Added Tax

The usual rate is 18%. But, this rate is reduced to 9%

- on solar power equipment;
- Milk

Companies with approved investment programs as stipulated under the investment Code are totally exempted from VAT during the implementation phase of the approved investment project plan. Hospitalization and catering services in hospitals are also VAT exempted.

#### **40. Tax on Banking Transactions (TOB)**

All banking, financial and more generally securities and money transactions are subject to this tax. The applicable rate is 10%.

This TOB rate is reduced to 5% rate on Bank charges for loans granted to small medium companies for the need of their companies

#### **M. NATIONAL HEALTH INSURANCE LEVY (CMU)**

The National health Insurance Levy has two (2) regimes. This is a contributory scheme, called Basic General Scheme (RGB) funded by contributions of the insured persons; the amount is set on a monthly basis at 1,000 FCFA per month per person from the age of five.

A non-contributory scheme, called Medical Assistance Plan (RAM), which targets poor and in which the state replaces the insured for the payment of premiums and co-payments (part of health care costs remaining at the responsibility of the insured and is not covered by the general basic plan CMU).

#### **N. COMMUNICATION SERVICE TAX**

All phones, internet users are subject to this specific tax charge at the rate of 3%.

#### **O. SOCIAL SECURITY**

Employers are required to make social security contributions based on an employee's gross wages (pension benefits (7.7%) paid by the employer, 6.3% borne by the employee; family allowance (5.75%); and work injuries (2%-5%).

#### Disclaimer

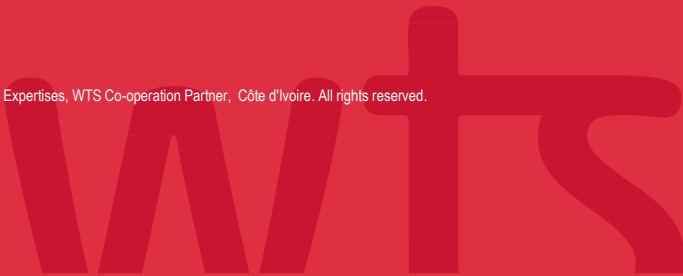
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