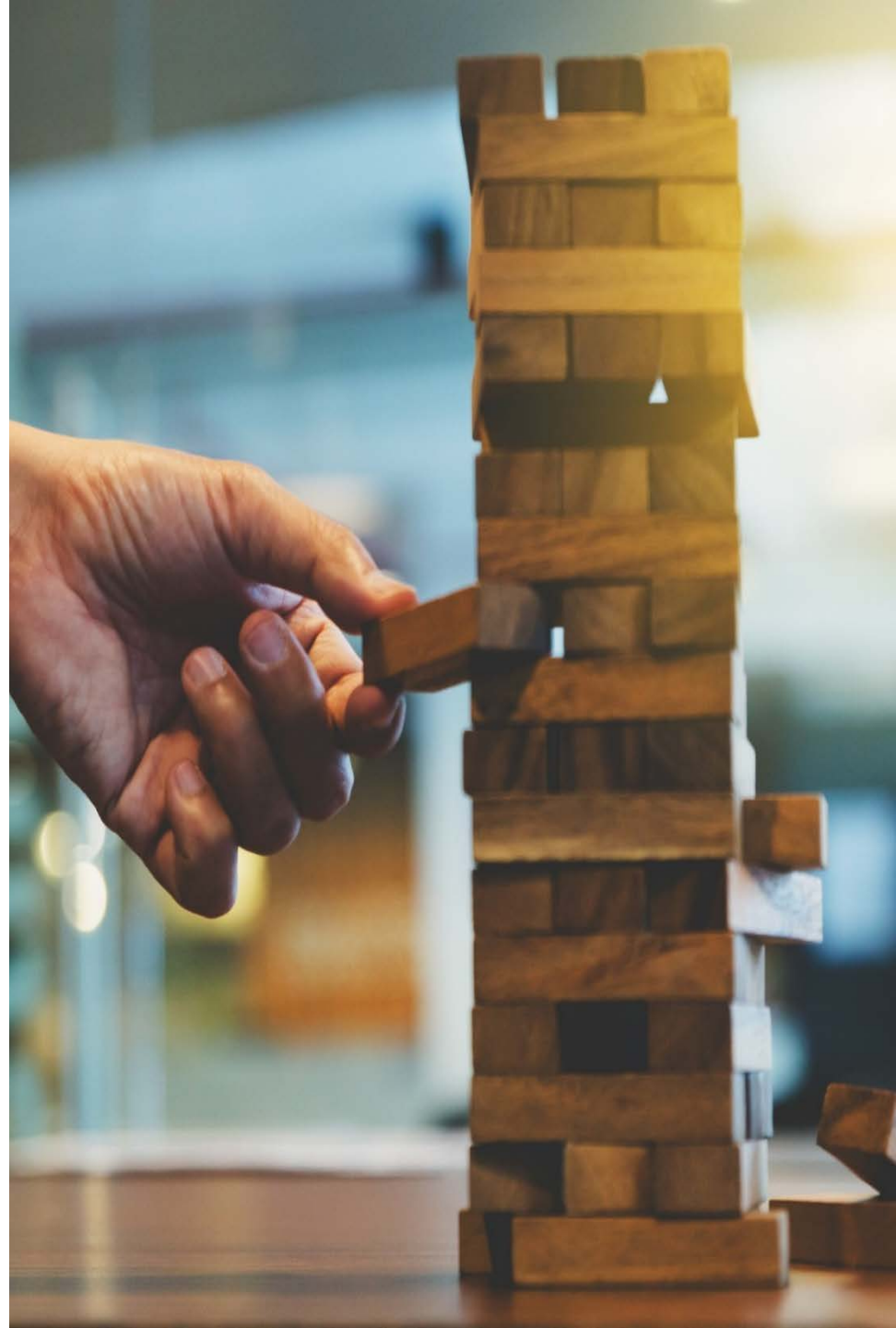




Investment Guide

Business Incentives &
Tax Credits in Africa

July 2022



Preface

This handbook contains a summary of business incentive and tax credits available in African countries.

The countries featured in this edition include: Botswana, Burkina Faso, Burundi, Cote d'Ivoire, The Gambia, Ghana, Guinea, Kenya, Lesotho, Libya, Madagascar, Mauritius, Nigeria, Rwanda, Senegal, Seychelles, Sierra Leone, South Africa, Tunisia, Uganda, Zambia and Zimbabwe.

This handbook serves as a guide to investors and provides the information necessary to identify and leverage opportunities to benefit from available incentives in African countries.

The contact details for each country are provided on the cover page of each section of the handbook. Unless otherwise indicated, the fiscal information is current as at August 2022.

You can also keep up with the latest updates to all guides at Andersen website - <https://ng.andersen.com/>. Andersen tax and regulatory alerts also provide information on updates and available incentives in African Countries and across the globe.



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Business Incentives & Tax Credits in Botswana

Formerly the British protectorate of Bechuanaland, Botswana is one of the most dynamic economies in Africa, providing a suitable economic environment for diversified investment ranging from mineral extraction, diamond mining, to tourism. Below are some of the key business incentives obtainable under the legal framework in Botswana.

Foreign tax credit

- A credit for foreign Withholding Tax (WHT) payable is permitted under domestic law in Botswana. The credit, which is offset against the tax charged in Botswana, is the lesser of (i) the tax payable in the foreign country or (ii) the tax charged under the Botswana Income Tax Act on such amount.

Foreign tax relief

- A tax credit is granted unilaterally where amounts received by a Botswana resident have been subject to taxation in a foreign country and in cases where a double taxation agreement (DTA) has been concluded.
- A tax credit is also granted where income from a source within Botswana has been subject to WHT. The amount of the relief is limited to the lesser of the tax paid by deduction and that normally paid in Botswana on such income.

International Financial Services Centre (IFSC) Company Certification

- IFSC companies are investor companies operating in Botswana and registered as Botswana International Financial Services Centre (IFSC) Companies. Specific Tax Benefits Applicable to IFSC companies are :
 - A special corporate tax rate of 15% (includes 10% Additional Company Tax – ACT)
 - Exemption from withholding taxes on interest, dividends, commercial royalties & management or consultancy fees in Botswana
 - Unilateral credit for withholding tax suffered in other jurisdictions whether or not a Double Tax Avoidance Agreement exists
 - Access to Botswana’s Double Taxation Treaty Network
 - Exemption from Capital Gains Tax (CGT)
 - Collective Investment Undertakings (CIU’s) are tax exempt. This applies to unit trusts and other collective investment structures
 - IFSC companies are exempt from Botswana Value Added Tax (VAT)

Business Incentives & Tax Credits in Botswana

Other tax credits and incentives

- Manufacturing companies pay tax at 15% of taxable income. This is however subject to government approval.
- Companies accredited by the Business Innovation Hub (BIH) pay tax at 15% of taxable income.

Development Approval Order

- The Development Approval Order (DAO) are projects that are aimed at reducing consumer prices and involving Botswana citizens in entrepreneurial activities.
- DAO 'tax holiday' may be available to investors for a period of 5 to 10 years. The DAO provides special tax relief and/or education and training grants and is subject to the authority of the Minister of Finance and Development Planning. Zero-rate tax holidays for between 5 and 10 years can be obtained through the DAO.

Special Economic Zone

- In 2020, Cabinet approved an incentive package for the Special Economic Zone Authority (SEZA) which includes:
 - i. 5 percent corporate tax for the first 10 years and 10 percent thereafter;
 - ii. Waiver of transfer duty on land and property; and
 - iii. Property tax exemption for the first five (5) years of operation.
- These incentives will be available to export oriented businesses

Resident companies

- There is an incentive for resident companies to offset WHT on dividends against Additional Company Tax (ACT), which is 10% of tax paid on the company's chargeable income. ACT can only be utilized within a five year period. Form ITW 21 is used for claiming ACT against withholding tax payable and must be submitted together with tax certificates (ITW17) to Botswana Unified Revenue Service (BURS) for authentication.

Business Incentives & Tax Credits in Burkina Faso

Overview

Burkina Faso is a landlocked country in West Africa with an area of 274,200 km², bordered by Mali to the northwest, Niger to the northeast, Benin to the southeast, Togo and Ghana to the south, and the Ivory Coast to the southwest. Burkina Faso has an investment code which promotes investments in divers sectors of the economy.

Burkina Faso welcomes foreign investment and actively seeks to attract foreign partners to aid in its development. . Burkina Faso has an investment code which promotes investments in divers sectors of the economy. The Government of Burkina Faso offers a range of tax breaks and incentives to attract investors. These incentives are highlighted below:

Agricultural/Agro-Allied Sector

Any family or cooperative business or operation operating in the agro-sylvo-pastoral, fish and wildlife sectors may apply for approval from the Ministry in charge of Industry. Approval is granted after consulting the National Investment Commission. There are 5 types of scheme (A,B,C,D,E). Nevertheless, all the companies benefiting from the authorisation have the same tax advantages for investment. It is in the operational phase that the benefits differ depending on the licensing regime.

SCHEME A: Investment less than or equal to fifteen million (15,000,000) CFA francs excluding taxes and creating at least one permanent job.

On operations: exemption for seven years from: the contribution of micro-enterprises; income tax; the license contribution; value added tax ; employer and apprenticeship tax; the land tax on built and unbuilt properties; transfer duties for all real estate acquisitions made as part of the investment.

SCHEME B: Investment more than fifteen million (15,000,000) CFA francs and less than one hundred Twenty-five million (125,000,000) CFA francs excluding taxes, resulting in the creation of at least five permanent jobs.

On operations: exemption for six years from income tax, the license contribution, value added tax, employer and apprenticeship tax, the land tax on built and unbuilt properties, and transfer duties for all real estate acquisitions made as part of the investment.

SCHEME C: Investment equal to or greater than one hundred and twenty-five million (125,000,000) CFA francs and less than five hundred million (500,000,000) CFA francs excluding taxes, and resulting in the creation of at least seven permanent jobs.

On operations: exemption for six years from income tax, the license contribution, value added tax, employer and apprenticeship tax, the land tax on built and unbuilt properties, and transfer duties for all real estate acquisitions made as part of the investment.

Business Incentives & Tax Credits in Burkina Faso

SCHEME D: investment greater than or equal to five hundred million (500,000,000) CFA francs excluding taxes, and resulting in the creation of at least ten permanent jobs.

On exploitation: exemption for seven years from: income tax; the license contribution; value added tax ; employer and apprenticeship tax; the Tax on Income from Securities Receivables IRCM, the land tax on built and unbuilt properties; transfer duties for all real estate acquisitions made as part of the investment.

SCHEME E: Investment is equal to or more than two hundred and fifty million (250,000,000) CFA francs excluding taxes, and meeting the following additional criteria: creation of at least seven permanent jobs; production for export equal to or greater than 80%.

On the farm: exemption for seven years from: the tax on profits; the contribution of the patent; the value added tax; the employers' and apprenticeship tax; the Tax on Income from Securities Receivables, the land contribution on built-up and undeveloped properties; and the transfer tax for all real estate acquisitions made as part of the investment.

Manufacturing Sector

Mining companies benefit from exemptions according to the stages of the mining project.

RESEARCH PHASE

Companies in the research phase that hold mining titles benefit :

- from VAT exemption on imports and the acquisition under the domestic regime of the goods necessary for carrying out geological and/or mining activities. Goods which are not allowed to be deducted by the General Tax Code are not exempt;
- from VAT exemption on services provided by geoservices companies;
- from the exemption from income tax;
- from the exemption of minimum fixed charge;
- from the exemption of instalment payments ;
- from exemption from the Patent Contribution;
- from the exemption from the Employees' and Apprenticeship Tax;
- from exemption from registration fees on deeds relating to capital increases

Business Incentives & Tax Credits in Burkina Faso

PREPARATORY PHASE

During the period of the preparatory work, and when the work is carried out by the holder of the permit, companies holding an operating permit or an authorisation for industrial quarrying benefit from exemption from VAT. This exemption applies to:

- imports of the materials and equipment needed to build the mine's technical infrastructure;
- domestic acquisitions of local manufacturing equipment;
- services provided by geo-services and similar enterprises;
- Where the construction of the mine is the subject of a turnkey construction contract, the VAT exemption applies at the time of the VAT invoiced under the contract.

The duration of the exemptions must not exceed two years for mines. However, a single extension of one year from the date of expiry of the period of exemption may be granted by order of the Minister responsible for mines, where the level of investments made reaches at least 50% of the planned investments.

The beneficiaries of these benefits are:

- holders of operating licences;
- holders of an industrial quarry licence;
- Geo-service companies providing services related to research and exploitation activities and working exclusively for mining companies for imports only.

OPERATING PHASE

Every holder of an operating licence is exempt for seven years:

- the flat-rate minimum of collection;
- the contribution of patents;
- the Employers' Apprenticeship Tax ;
- Corporate Property Tax

For holdings whose duration is less than 14 years, the period of exemption may not exceed half the estimated duration of the holding. The holder of an operating licence shall be entitled to the exemption from registration fees for capital increase instruments. The above exemptions run from the date of first commercial production.

Business Incentives & Tax Credits in Burkina Faso

Aviation Sector

There are no special tax provisions for the aviation sector. The applicable tax regime is that of common law. However, some exemptions are granted by the tax code. The General Tax Code exempts from VAT:

- international air transport and international removals by air;
- refueling of aircraft going abroad;
- deliveries, transformations, repairs, maintenance, chartering and leasing of aircraft, used by air navigation companies mainly engaged in remunerated international traffic, deliveries, leasing, repairs and maintenance of objects incorporated into them or used for their operation, the deliveries of goods intended for their refueling, as well as the provision of services carried out for the direct needs of these aircraft and their cargo.

The tax administration admits that airport services rendered abroad for the performance of import and export operations are not subject to the 20% withholding.

General Tax Incentives

Tax advantages are granted by the General Tax Code and Investment Code. Other benefits are also granted by the Accelerated Growth and Sustainable Development Strategy and Bagre Growth Pole Act. We will review these different advantages in the following lines.

General Tax Code gives tax advantages to new businesses. These advantages are:

- Exemption from the Minimum Flat Rate Perception for the first operating year; For subsequent years, a reduction of 50% may be granted if the company adheres to the Approved Management Center;
- New companies or companies newly subject to corporation tax are exempted from the payment of installments for their first fiscal year or their first tax period;
- Newly incorporated companies or companies pay the Tax on Income from Securities Receivables at a rate reduced by half or 6.25% on share income, of interest shares for the first three financial years following their formation;
- Companies classified under the simplified tax system benefit from an exemption from the Contribution des Patentes for two financial years from the start of activities, a reduction of 30% in taxes on profits, 50% of the minimum lump sum collection, 20% of Employer and Apprenticeship Tax if they are members of the Approved Management Center;

Business Incentives & Tax Credits in Burkina Faso

- Companies that remained under Directorate of Large Enterprises (DLE) are exempted from the import levy ;
- Companies that remained under Directorate of Large Enterprises (DLE) (resident service providers) are exempt from withholding tax.

Investment Code

Investment Code aims to promote productive investments contributing to economic and social development in Burkina Faso. Productive investment is any investment intended to enable an activity of production, conservation, processing of raw materials or semi-finished products into finished products, provision of services. There are four (04) preferential schemes under the Code, namely "**Scheme A**" for investments of an amount greater than or equal to CFAF 100,000,000 and less than CFAF 500,000,000 excluding tax, resulting in the creation of 20 permanent jobs;

'**Scheme B**' is granted for investments of more than 500,000,000 FCFA and less than 2,000,000 FCFA excluding tax, resulting in a minimum of 30 permanent jobs; "**Scheme C**" for investments with an amount greater than or equal to 2,000,000,000 FCFA excluding tax, enabling the creation of 40 permanent jobs; the "**D-Scheme**" is granted to firms whose investment is equal to or greater than 1,000,000,000 FCFA tax-free with the creation of at least 30 permanent jobs and whose production for export is equal to or greater than 80 are granted over a period which varies between three (3) and seven (7) years under the preferential scheme.

Business Incentives & Tax Credits in Burkina Faso

Privileged schemes	Conditions	Period	
Scheme A	Investments ≥100M and < 500 M excluding taxes and FR 20 jobs Minimum		1% customs duty on equipment and 1st batch of spare parts
Investment phase		3 years + 1 year extension	VAT exemption on operating equipment and 1st batch of spare parts
			VAT exemption on locally manufactured operating equipment
			Refund of VAT credit proportional to VAT paid in case of extension
			Exoneration of leases from VAT in case of transfer of tax advantages
Operating phase		2 years	Carry-over of deficits after deficit carry-over term
		Over 5 years	Deduction of 50% of the investments retained but not exceeding 50% of the taxable profit
		5 years	Exemption from proportional duty
		5 years	Total exemption from the Employers' and Apprenticeship Tax

Business Incentives & Tax Credits in Burkina Faso

Privileged schemes	Conditions	Period	
Scheme B	Investments ≥ 500M and < 2 M HT and FR 20 jobs Minimum	3 years + 1 year extension	1% customs duty on equipment and 1st batch of spare parts
Investment phase			VAT exemption on operating equipment and 1st batch of spare parts
			VAT exemption on locally manufactured operating equipment
			Refund of VAT credit proportional to VAT paid in case of extension
			Exoneration of leases from VAT in case of transfer of tax advantages
Operating Phase		3 years	Carry-over of deficits after deficit carry-over term
		for 6 Years	Deduction of 50% of the investments retained but not exceeding 50% of the taxable profit
		6 years	Exemption from proportional duty
		6 years	Total exemption from the Employers' and Apprenticeship Tax

Business Incentives & Tax Credits in Burkina Faso

Privileged schemes	Conditions	Period	
Scheme C	Investments ≥ 2M and FR 40 jobs Minimum		1% customs duty on equipment and 1st batch of spare parts
Investment phase			VAT exemption on operating equipment and 1st batch of spare parts
			VAT exemption on locally manufactured operating equipment
			Refund of VAT credit proportional to VAT paid in case of extension
			Exoneration of leases from VAT in case of transfer of tax advantages
Operating Phase		4 years	Carry-over of deficits after deficit carry-over term
		For 7 years	Deduction of 50% of the investments retained but not exceeding 50% of the taxable profit
		7 years	Exemption from proportional duty
		7 years	Total exemption from the Employers' and Apprenticeship Tax

Business Incentives & Tax Credits in Burkina Faso

Privileged schemes	Conditions	Period	
Scheme D	Investments ≥ 1M and FR 30 Minimum jobs and Exported production ≥ 80%		1% customs duty on equipment and 1st batch of spare parts
Investment phase			VAT exemption on operating equipment and 1st batch of spare parts
			VAT exemption on locally manufactured operating equipment
			Refund of VAT credit proportional to VAT paid in case of extension
			Exoneration of leases from VAT in case of transfer of tax advantages
Operating Phase		4 years	Carry-over of deficits after deficit carry-over term
		for 7 years	Deduction of 50% of the investments retained but not exceeding 50% of the taxable profit
		7 years	Exemption from proportional duty
		7 years	Total exemption from the Employers' and Apprenticeship Tax

Business Incentives & Tax Credits in Burkina Faso

Tax advantages of the law on the Strategy for Accelerated Growth and Sustainable Development and the Bagre Growth Pole:

Law no. 025-2012/AN of 04 June 2012 established a tax and customs regime applicable to investment agreements signed with the State in the context of the implementation of the Accelerated Growth and Sustainable Development Strategy (AGSDS). Benefits are granted by law during the investment and operating phases.

During the investment phase, the advantages relate to the exemption from VAT, customs duties and other levies levied on imports of goods and services intended strictly for the implementation of the project, excluding the statistical fee, the Community levy and the Community solidarity levy, the exemption from internal taxation on the acquisition of goods, services and works of any kind intended exclusively for the implementation of the project. Subcontractors who work exclusively with the companies covered by the agreements benefit from the exemption from corporation tax, from the contribution of patents, from the property tax of the companies, the employers' apprenticeship tax and the income tax on movable capital in respect of income from claims.

During the operational period, the benefits relate to the payment of customs duties at the cumulative rate of 7.5%, the total exemption of customs duties and taxes on exports of goods and services produced or processed under the project, total exemption for seven (7) years from corporation tax, the flat-rate minimum collection, the patent fee, the corporation property tax, the employer and apprenticeship tax, the tax on income from movable capital in the case of securities, the application of corporation tax at the rate of 15% from the eighth to the twelfth year. AGSDS was planned to be spread over the period 2012 – 2015.

As a development framework, it was replaced by the National Economic and Social Development Program (NESDP). However, companies which have been approved for the tax and customs arrangements shall continue to enjoy the benefits until they expire. The above tax and customs arrangements have been extended to the Bagré growth poles for agricultural investment

Business Incentives & Tax Credits in Burkina Faso

Double Tax Treaties

S/N	Country	Effective Date	Comment
1	France	February 15, 1967	Ratified
2	Tunisia	April 1st, 2013	Ratified
3	West African Economic and Monetary Union (Benin, Burkina Faso, Ivory Coast, Mali, Niger, Togo)	January 1st, 2009	Ratified
4	Morocco	none	Not yet Ratified

Business Incentives & Tax Credits in Burundi

Republic of Burundi is a landlocked country in the Great Rift Valley where the African Great Lakes region and East Africa converge. It is bordered by Rwanda to the north, Tanzania to the east and southeast, and the Democratic Republic of the Congo to the west; Lake Tanganyika lies along its southwestern border. The business environment in Burundi creates avenue for easy access to markets, capital transfers, certain tax advantages, an Investment Promotion Agency (API). The available tax incentives and credits are highlighted below :

	Incentives	Period of Incentives	Conditions
Tax Incentives on Investment	<p>Sectors of focus (fluctuating):</p> <ul style="list-style-type: none"> • A new investment project; an extension, a rehabilitation or a modernization of a pre- existing project; • A minimum of usd 500,000 worth of investment from non- Burundian nationals, and the equivalent in Burundian francs for nationals, in the area of Bujumbura and a minimum of usd 250,000 and the equivalent of Burundian francs worth of investment in other localities; • Permanent compliance with the laws and regulations, applicable in Burundi and particularly in the following sectors: Environment, Labour and Insurance. 	<p>Cannot exceed a total of five (5) years <u>except for sectors strictly identified</u> where the incentives can be extended to ten (10) years.</p> <p>Can be extended once (1) for two (2) years if such investing projects have not been fully implemented.</p>	<p>Exemption on Property Transfer Tax.</p> <p>Exemption of Value Added Tax.</p> <p>Exemption of Import Duties on building materials, equipment and production inputs.</p> <p>Low Income Tax rates from 5% (1st year) to 25% (5th year).</p>

Business Incentives & Tax Credits in Burundi

	Incentives	Period of Incentives	Conditions
Tax Credit	<ul style="list-style-type: none"> • A resident of Burundi; • Taxes due and/or paid <ul style="list-style-type: none"> ○ outside of Burundi; • Admissible supporting documentation of taxes due and/or paid outside of Burundi. 	The request has to be introduced latest six (6) months following the day the taxes become due in Burundi.	<p>Total Income Tax due reduced by the amount due and/or paid abroad.</p> <p>The deduction allowed cannot exceed the total amount that would have been paid in Burundi for that same income.</p>

Business Incentives & Tax Credits in Gambia

Gambia is a West African country, bounded by Senegal, with a narrow Atlantic coastline. It is known for its diverse ecosystems around the central Gambia River. Gambia offers attractive incentive packages to investors under its legal and economic framework.

Key Highlights

- Corporation tax is payable based on the higher of 27% of chargeable profits or 1% and 2% of turnover for audited and unaudited accounts respectively.
- Value Added Tax (VAT) at a standard rate of 15% is payable on taxable supplies made in the Gambia, taxable imports of goods and on taxable supplies of imported services.
- Withholding tax from Contractors is at the rate of 10% and for dividends and at the rate of 15% for interest.

Corporation Tax

- Corporation tax is payable based on the higher of 27% of chargeable profit or 1% of total revenue for the tax year. This implies that even if a company has an adjusted tax loss figure for any particular year, it will still be liable to tax.
- Note that if for any reason a company is not audited, tax on its total revenue will be 2% and not 1%. Income tax is payable in quarterly instalments, i.e. the three-month period ending on the last day of the third, sixth, ninth and twelfth month of the tax year.

This instalment is based on 1% of total revenue for a company with audited accounts or 2% for a company without audited accounts and is due by the 15th of the following month, failing which a penalty equal to 5% of the unpaid tax per month can be applied. Advance payments during the tax year are credited against income tax assessed. Corporate Income Tax Return form is mandatory for all taxable entities and is expected to be submitted by 31 March of the year following that to which it relates. The form is used to determine annual tax liability.

Capital Gains Tax

CGT is payable on the disposal of a capital asset. In the case of a partnership, company or trustee, tax is paid on the greater of: • 25% of the capital gain arising on disposal or; • 10% of the consideration received for the disposal. In the case of an individual, body of persons or trustee of a deceased estate: • 15% of the capital gain arising on percentage of the disposal or; • 5% of the consideration received on disposal. Capital gains tax is exempt on the disposal of agricultural land, private residence and if the gain does not exceed GMD 7,500.

Branch Profits Tax

A branch's profit is taxed at the higher of 27% on chargeable profit or 1% of total revenue as the branch is considered a permanent establishment meaning a resident company. There is no branch remittance tax in the Gambia.

Business Incentives & Tax Credits in Gambia

Value Added Tax

Value Added Tax (VAT) is payable on:

- a taxable supply made in The Gambia;
- a taxable import of goods;
- a taxable supply of imported services.

Registration requirements

- A person is required to register for VAT at the end of any 12-month or shorter period if, during the period, the total value of supplies of goods or services made by the person equals or exceeds GMD 1 million.
- A person is required to register for VAT at the beginning of any 12-month period if there are reasonable grounds to expect that the total value of supplies of goods or services to be made by the person during that period will equal or exceed GMD 1 million.
- A person who is not required to register for VAT is permitted to register within six months of the end of a 12-month or shorter period in which the total value of supplies made by the person exceeded GMD 500,000. VAT is payable on a taxable supply of goods made in the Gambia. In the case of certain taxable supplies of goods the rate is 0% and in any other case, the rate is 15%. A registered person shall provide a VAT return for each tax period within 15 days after the end of the period, whether or not tax is payable for the tax period.

Fringe Benefits Tax

Fringe benefits are specific and direct payments of expenditure for and on behalf of an employee, in addition to his /her salary. The tax levied is at a rate of 27% on the grossed-up taxable value of each benefit provided and is payable by the organisation that provides the benefit to the employee. The total amount of fringe benefits plus tax thereon is an allowable deduction for corporate income tax calculation purposes.

Local Taxes - National Educational Levy

The threshold for eligibility for payment of the National Education Levy is GMD 1 million. The applicable levy rate is 0.75% of annual business revenue subject to a maximum amount of GMD 100,000. Businesses with annual business revenue of less than GMD 1 million are not liable to pay National Education and Technical Training Levy and business with annual business revenue in excess of GMD 1,000,000 pay between GMD 7,500 and GMD 100,000. The information used to determine how much is payable is the previous year's audited financial statements.

Business Incentives & Tax Credits in Gambia

Expatriate tax

- An annual payment of GMD 40,000 is payable for each employee with citizenship from any country outside the West African region but for employees from West Africa the rate is set at GMD 10,000.

Business Registration

- An annual payment of GMD 1,000 should be made by all businesses at the start of the year

Stamp duty

- The duty is levied on juristic acts resulting in a flow of wealth between the parties involved. Thus, stamp tax is applicable inter alia to acts whereby transactions on Real Estate or financial obligations are documented. The applicable rates are as follows: Document Current Rate Memorandum of Deposit GMD 100 Lease Agreement 20% Tenancy Agreement 20% Assignment/Conveyance 5% Bill of Sale 5% Transfer of Shares 5% Debenture 5% Mortgage 1.5% Further Charges 1.5% Surrender and Release 1.5% Under Lease 2.1% Guarantee 0

Customs and excise duties

- Duties are applied on the importation or exportation of certain goods.

Other taxes – residential rent tax

- Tax is imposed for each tax year on a person who has a taxable residential rental amount at a rate of 8% per annum. Tax due on commercial rent is 10%.

Determination of taxable income

- The calculation of taxable income is arrived at by adjusting the accounting profits/losses for non-taxed income and disallowed expenses.

Capital allowances

- Annual rates are applied against the written down value of assets.

Asset Category	Annual Allowance Rate	Initial Allowance Rate
Building	5%	10%
Motor Vehicle	40%	20%
Plant and Machinery	20%	20%
Plant and Machinery used in Manufacturing	30%	20%
Office Furniture and Equipment	20%	20%

Business Incentives & Tax Credits in Gambia

- Initial and annual allowance cannot be granted on the same asset in the same year. Therefore, annual allowance is not granted in the year a fixed asset is first put to use, only initial allowance is granted.

Intangible assets

- An amortization deduction is allowed. The deduction is computed by using the cost of the asset divided by the useful life of the intangible asset in whole years.

Depreciation

- No deduction is allowed in the tax computation but rather capital allowances are allowed.

Stock / Inventory

- A deduction is allowed for the cost of stock in trade disposed of in a tax year in deriving the chargeable income.

Capital Gains and Losses

- If the consideration received exceeds the written down value of the asset, the excess is business income which has to be included in the person's income for that year and, if less, the difference is allowed as a deduction when computing the chargeable income for the year.

Dividends

- Dividend withholding tax is at a rate of 15%.

Interest Deductions

- A deduction is allowed for any interest incurred in a tax year if the company used the proceeds or benefit of the debt on which the interest is payable. The interest not deducted can be carried forward for a period of six years.

Losses

- If a company has a business loss for the year, that amount is carried forward to the following year and allowed as a deduction in computing the chargeable income for that year. Losses can only be carried forward for six years after the tax year in which the loss is incurred.

Foreign Sourced Income

A foreign sourced income received by a resident company is exempt from income tax. If foreign income tax has been paid, a tax credit is allowed.

Incentives

Expenditure on certain pre-commencement expenditure qualifies for accelerated deductions. A deduction is allowed in the tax year in which the expenditure is incurred and in the following three years (i.e. 25% each year). Granting of investment incentives and tax exemptions can only be obtained from the Gambia Investment and Export Promotion Agency (GIEPA).

Business Incentives & Tax Credits in Gambia

• **Bad Debts**

A deduction is allowed for a debt written off if certain conditions are met.

Loss Reserve of Banks

- A bank is allowed a deduction for the addition to its provision for doubtful debts in a tax year provided the addition has been determined in accordance with the prudential requirements specified by the Central Bank of The Gambia. The amount allowed as a deduction for a tax year shall not exceed 0.5% of the total outstanding debt claims of the bank as at the end of the tax year

Corporate Groups

- Tax on certain payments to non-resident persons does not apply if the conditions below are met:
 - i. If the holding giving rise to the dividend is connected with a permanent establishment in The Gambia of a non-resident company;
 - ii. Any interest if the debt claim giving rise to the interest is connected with a permanent establishment in The Gambia of a non-resident company;
 - iii. Any royalty if the property or right giving rise to the royalty is effectively connected with a permanent establishment in The Gambia of a non-resident company;
 - iv. Any technical service fee if the services giving rise to the fee are rendered through a permanent establishment in The Gambia of a non-resident company.

Withholding Tax

- A person who retains the services of a contractor or subcontractor to carry out work or supply labour or materials for the carrying out of work shall withhold tax at the rate of 10% of the gross fees. A company or partnership paying dividend to a resident individual shall withhold tax at the rate of 15%. A 15% withholding tax shall be withheld on interest paid to resident companies but it does not apply to interest paid to financial institutions.

Exchange Control

There are no exchange controls framework in Gambia.

Business Incentives & Tax Credits in Gambia

Treaty and Non-treaty Withholding Tax Rates – Dividends, Interest and Royalties (%)

	Interest %	Royalties %	Dividends	
			Individual Comp	Qual. Comp
Tax Treaties signed with Countries				
United Kingdom	15	12.5	15	15
Switzerland ¹	15	12.5	15	15
Sweden	5,10,15	5,10,12.5	15	5
Norway ²	15	12.5	15	5
Taiwan	10	10	10	10
Turkey ³	10	10	15	5
Qatar	0	5	0	0
United Arab Emirates	0	0	0	0
Non Treaty Countries				
Individuals	15	15	15	0
Companies	15	15	15	15

Note:

1: Treaty signed and applicable is the same as that of the United Kingdom

2) Withholding tax of 5% on dividends if the beneficial owner is a company which holds directly 25% of the capital

3) Withholding tax of 5% is applicable if the beneficial owner of a company directly holds at least 10% of the paying company's capital

Business Incentives & Tax Credits in Ghana

In Ghana, Article 174 of the 1992 Constitution grants Parliament the power to enact laws to regulate taxation in the country and as such, Article 174(1) of the Constitution provides that, 'No taxation shall be imposed otherwise than by or under the authority of an Act of Parliament.' A tax incentive is a policy instituted by the Government of a country to encourage investment by companies and individuals in certain sectors of the economy by reducing the taxes payable by the companies or individuals. The rationale behind the institution of tax incentives is mainly to promote investment leading to development and economic stability. Tax incentives in Ghana are regulated by legislative enactments which provide extensively on its scope. The principal law which governs tax incentives in Ghana is the Income Tax Act, 2015 (Act 896). Thus, it is important that businesses identify the tax incentives available in their industry in order to take advantage of them.

The tax incentives available in Ghana can be categorized into different sections and can be found in different enactments including the Ghana Investment Promotion Centre Act, 2013 (Act 865) and the Free Zones Act, 1995 (Act 504).

Sector Specific Tax Incentives

According to Paragraph 3 of the First Schedule of the Income Tax Act 2015 (Act 896), the chargeable income of companies is generally taxed at 25% for a year of assessment. However, there are incentives for companies who work in certain industries, such that the tax imposed on their chargeable income is below 25%. These industries include the following:

Industry	Tax for a Year Of Assessment
a) Hotel Industry	22%
b) Export of non-traditional goods. The Act defines non-traditional goods to include horticultural products; processed and raw agricultural products grown in Ghana, other than cocoa beans; wood products, other than timber and logs; handicrafts; and locally manufactured goods.	8%
c) Financial institution which grants loans to a farming enterprise for the use by that enterprise in the production of income	20%
d) Financial institution which grants loans to a leasing company for the use by that company for the funding or acquisition of assets for lease	20%

Business Incentives & Tax Credits in Ghana

Paragraph 7 of the First Schedule of the Income Tax Act, 2015 (Act 896) states that, “The income of a person entitled to a concession in the Sixth Schedule is subject to tax at the rate of 1% of chargeable income.”. In furtherance of this, the Sixth Schedule provides a list of sectors which are taxed at 1% during their temporary concessionary period, with the exception of Free Zone Enterprises, serving as a tax holiday. The tax holiday gives companies the opportunity to recover their investments before paying the actual rates of taxes. The list of sectors is as follows:

SECTOR	TAX HOLIDAY (No. OF YEARS)	RATE
1. Agriculture		
a. Farming tree crops	10 years (Commencing from the year during which the first harvest of crops occurs)	1%
b. Cash crops or farming livestock other than cattle or fish	5 years (Commencing from the year during which the business commences)	1%
c. Cattle	10 years (Commencing from the year during which the business commences)	1%
d. Agro processing business conducted wholly in the country	5 years (Commencing from the year in which commercial production commences)	1%

Business Incentives & Tax Credits in Ghana

SECTOR	TAX HOLIDAY (No. OF YEARS)	RATE
e. Cocoa by-product business conducted wholly in the country	5years (Commencing from the year in which commercial production commences)	1%
2. Rural Banking	10 years (Commencing from the year in which the business is established)	1%
3. Waste processing	7 years (Commencing from the year in which the business is commenced)	1%
4. Residential premises (Low Cost housing business) (To qualify for this incentive the taxpayer must be certified by the Ministry of Works & Housing as a low cost housing provider)	5 years (Commences from the year in which operations commenced)	1%
5. Venture capital financing company	10 years (Commencing from the year in which the company first qualifies)	1%

Business Incentives & Tax Credits in Ghana

Location Specific Tax Incentives

This category of tax incentives are provided to companies based on where their plant or business is located in the country. This incentive is granted to companies in order to ensure that development and economic stability is evenly spread within the country and not restricted or concentrated in specific regions of the country. According to Paragraph 3 subparagraph 6 of the First Schedule of the Income Tax Act 2015 (Act 896), the chargeable income of a company from a manufacturing business not included in subparagraphs (1) and (3) for a year of assessment is taxed at the rates indicated below:

LOCATION	RATE OF INCOME TAX
a) Manufacturing business located in the regional capitals of the country	75 percent of the rate of income tax applicable to other income under subparagraph (1)
b) Manufacturing business located elsewhere in the country	50 percent of the rate of income tax applicable to other income under subparagraph (1)

Business Incentives & Tax Credits in Ghana

Agro-processing entities that use local raw materials as their main inputs continue to enjoy reduced corporate taxes after their temporary concessionary period depending on where their manufacturing plants are located. The tax rates are as follows:

LOCATION	TAX RATE
1. Accra	20%
2. Tema	20%
3. Other Regional Capitals (except Northern, Upper East and Upper West Regional Capitals)	15%
4. Outside Regional Capitals	10%
5. Northern, Upper East and Upper West Region (including their capitals)	5%

Also, manufacturing companies that have their plant located outside Accra and Tema are also granted tax incentives. The rates are as follows:

LOCATION	TAX RATE
1. All regional capitals except Accra and Tema	18.75%
2. Outside regional capitals	12.5%

Business Incentives & Tax Credits in Ghana

Free Zones Enterprises

- The main piece of legislation that regulates enterprises in the Free Zones is the Free Zones Act, 1995 (Act 504). Schedule 6 subparagraph 9 of the Income Tax Act, 2015 (Act 896) states that “A free zone developer or an enterprise granted a licence under the Free Zones Act, 1995 (Act 504) is exempt from the payment of income tax on profits for the first ten years.”. This period commences from the date of commencement of operation. This provision is reiterated under Section 28 of the Free Zones Act, 2015 (Act 504).
- However, after this period, the Free Zones Act, 2015 (Act 504) provides that the income tax rate shall not exceed 8% of the profit and “A shareholder is exempted from the payment of withholding taxes on dividends arising out of free zone investments.” Section 22 of the Free Zones Act, 2015 (Act 504) provides that, “Subject to Article 174 of the Constitution, the imports of a free zone developer, sub-contractor or enterprise into a free zone or single-factory zone are exempt from direct and indirect taxes and duties.” This serves as an incentive to encourage investors to explore enterprises in the Free Zones.

Paragraph 4 of the Income Tax Act, 2015 (Act 896) states that, “The chargeable income of a Free Zone Enterprise after the concessionary period from the export of goods and services outside of the national customs territory for a year of assessment is taxed at the rate of fifteen percent.”. Also, where there exists a double taxation agreement between Ghana and the country of the investors or their foreign employees, they are granted relief from double taxation. Currently, a double taxation agreement exists between Ghana and about 14 countries, namely; France, Germany, the United Kingdom, Belgium, the Netherlands, Denmark, Singapore, Mauritius, the Czech Republic, Ireland, Malta, Switzerland, South Africa and Italy.

Ghana Investment Promotion Centre

The Ghana Investment Promotion Centre was established and is governed by the Ghana Investment Promotion Centre Act, 2013 (Act 865). The long title of the Act clearly states that it is “An Act to provide for the Ghana Investment Promotion Centre as the agency of Government responsible for the encouragement and promotion of investments in Ghana, to provide for the creation of an attractive incentive framework and a transparent, predictable, and facilitating environment for investments in Ghana and for related matters.”. Thus, the main purpose of the Act and the Centre is to provide incentives that will attract investors into the country to promote investment.

Business Incentives & Tax Credits in Ghana

- In making provision for these incentives, Section 26(1) provides that, “An enterprise registered by the Centre is entitled to the benefits and incentives that are applicable to an enterprise of a similar nature under the Internal Revenue Act, 2000 (Act 592), Value Added Tax Act, 1998, (Act 546) and under Chapters 82, 84, 85 and 98 of the Customs 10 Ghana Investment Promotion Act, 2013 | Act 865 Harmonised Commodity and Tariff Code Schedule to the Customs, Excise and Preventive Service (Management) Act, 1993 (P.N.D.C.L. 330) and any other relevant law.”. In furtherance, Section 26(2) of Act 865 states that, “An enterprise whose plant, machinery, equipment or parts of the plant, machinery or equipment are not zero-rated under the Customs Harmonised Commodity and Tariff Code Schedule to the Customs, Excise and Preventive Service Management Act, 1993 (P.N.D.C.L. 330) may submit an application for exemption from import duties and related charges on the plant, machinery or equipment or the parts of the plant, machinery or equipment to the Centre for onward submission to the Minister responsible for Finance.”

One District One Factory Policy

- In 2017, the President of Ghana launched the One District One Factory initiative in Ghana to promote industrialization by focusing on the manufacturing and processing of raw materials available in the country into processed goods ready for export and thereby increasing foreign exchange earnings.

- In order to make this policy attractive to investors, the Government instituted a tax incentive framework. As such, an entity which invests in the One District One Factory policy is entitled to a 5-year tax holiday after the commencement of its operations. However, an entity may on an application to the Minister of Finance and a subsequent approval of the application have the tax holiday renewed.
- An entity is also entitled to 100% exemption from payment of direct and indirect duties and levies on all raw material imports for One District One Factory production and exports as well as total exemption from payment of withholding taxes from dividends; Relief from double taxation for foreign investors and employees. Industrial plants, machinery or equipment and parts imported for IDIF are exempted from payment of levies and Customs Import Duty under HS Codes chapter 82, 84, 85, and 98. An enterprise whose Plant, Machinery or Equipment and Parts are not zero rated under the Customs, Excise and Preventive Service Management Act, 1993 may submit an application for exemption from import duties and related charges on the plant, machinery or equipment at the Customs Division of Ghana Revenue Authority (GRA).

Business Incentives & Tax Credits in Ghana

Employment of Graduate

- Under the Sixth Schedule of the Income Tax Act, 2015 (Act 896), companies who employ graduates are granted certain deductions. It may seem that these deductions are to encourage companies to employ more fresh graduates. A fresh graduate is defined under the provision as “a person who has graduated from a tertiary institution for the first time, whether or not that person was previously employed.” Under the Schedule, companies who employ fresh graduates are entitled to deductions for the salary and wages paid during the year to an employee who is a fresh graduate from a recognized tertiary institution in Ghana. Accordingly, the deductions are as follows:

PERCENTAGE OF FRESH GRADUATES IN WORKFORCE	ADDITIONAL DEDUCTION
1. Up to 1 percent	10 percent of salaries and wages
2. Above 1 percent but not more than 5 percent	30 percent of salaries and wages
3. Above 5 percent	50 percent of salaries and wages

Business Incentives & Tax Credits in Ghana

Young Entrepreneurs

- The Income Tax (Amendment)(No.2) Act, 2017 (Act 956) amends the Sixth Schedule of the Income Tax Act, 2015 (Act 896) by substituting Paragraph 6 with a provision on young entrepreneurs. The provision defines a young entrepreneur as an entrepreneur who is below the age of 35 years. It further provides that, “The income of a young entrepreneur from the business of manufacturing, information and communications technology, agro processing, energy production, waste processing, tourism and creative arts, horticulture and medicinal plants shall be exempt from tax for a period of five years.”. Also, “The person may carry forward an unrelieved loss for a period of five basis periods.” Young entrepreneurs are also granted location incentives for five years after the initial concession period as follows:

LOCATION	TAX RATE
1. Accra and Tema	15%
2. Other regional capitals outside the three Northern regions	12.5%
3. Outside other regional capitals	10%
4. The three Northern Regions	5%

Private Universities

- The Income Tax (Amendment)(No.2) Act, 2017 (Act 956) amends the Sixth Schedule of the Income Tax Act, 2015 (Act 896) by inserting Paragraph 11 which indicates the tax incentive available to private universities. The paragraph provides that, “Privately-owned universities shall be exempt from tax when they plough back a hundred percent of their profit-after-tax into the business.”

Business Incentives & Tax Credits in Ghana

Customs

- The Customs Act, 2015 (Act 891) contains provisions on tax incentives granted in Ghana. Under Section 2(1) of the Act, it is provided that, “Duties and taxes are not chargeable on exempt goods specified in the Harmonised System.” The Harmonised System is a global product classification system “used by customs authorities around the world to identify products when assessing duties and taxes and for gathering statistics”.
- Also, Subsection 2 goes on to provide that, “The persons, organizations and institutions specified in the respective Schedules attached to the Harmonised System are exempt from the payment of duties and taxes.” It is further stated under Subsection 3 that, “A removal article is exempt from duty.” Section 107 indicates that “Removal articles other than a motor vehicle, a spare part or building material that are brought into the country by a citizen who was previously resident outside the country or a member of the household of that person are exempt from duty.”

Mining

- The law which regulates the mining sector is the Minerals and Mining Act, 2006 (Act 703). This law also contains provisions on tax incentives available to entities operating in that sector.

- Under Section 29, “The holder of a mineral right may be granted the following: (a) exemption from payment of customs import duty in respect of plant, machinery, equipment and accessories imported specifically and exclusively for the mineral operations; (b) exemption of staff from the payment of income tax on furnished accommodation at the mine site; (c) immigration quota in respect of the approval number of expatriate personnel; and (d) personal remittance quota for expatriate personnel free from tax imposed by an enactment regulating the transfer of money out of the country.’

Carry Over Losses

- Section 17(5) of the Income Tax Act, 2015 (Act 896) states that, “loss of a person for a year of assessment from a business or investment is calculated as the excess of amounts deducted in calculating the income of that person from the investment or business over amounts included in calculating that income” and goes further to state that “unrelieved loss” means the amount of a loss that has not been deducted in calculating the income of the person under this Section or Section 23(5).

Business Incentives & Tax Credits in Ghana

- Under Section 17, persons are allowed to carry over losses for specific periods depending on the sectors they find themselves in. Thus, in ascertaining the income of a person from a business or an investment in a year of assessment, “an unrelieved loss of the person in a specified priority sector for any of the previous five years of assessment from the business; or an unrelieved loss of the person in all other sectors for any of the previous three years of assessment from the business” shall be deducted. The priority areas are listed under Regulation 19 of the Income Tax Regulations, 2016 (LI 2244) as; Minerals and mining operations, Petroleum operations, Energy and power business, Manufacturing business, Farming business, Agro processing business, Tourism business and Information and communication technology business.

Business Incentives & Tax Credits in Guinea

- The tax benefits for the agricultural sector are the same as those for the manufacturing sector.

These advantages vary according to whether the investor is in the installation or production phase and according to the different zones.

There are two zones: Zone A which covers Conakry, Coyah, Forécariah, Dubréka, Boffa, Fria, Boké and Kindia and Zone B which covers the rest of the national territory.

- Tax benefits granted in the installation phase for Zone A and B:

Exemption from business tax, property tax, lump sum payment and the apprenticeship tax.

- Tax benefits granted in the production phase:

Zone A: For Annual Minimum Tax, industrial and commercial profit, corporation tax, business tax and property tax:

100% reduction from the 1st to the 2nd year
50% reduction from the 3rd to the 4th year
25% reduction from the 5th to the 6th year

For the lump-sum payment, the apprenticeship tax and the registration fees :

100% reduction from the 1st to the 2nd year
50% reduction from the 3rd to the 4th year
25% reduction from the 5th to the 8th year.

The same advantages are granted to companies located in zone B but with longer durations.

Direct tax exemption and employee taxation

Contractors are exempt from the following taxes:

- tax on income from securities for dividends paid to company shareholders and tax on income from movable capital such as advances, deposits and guarantees;
- the business fees tax, the land tax on built properties for oil operations, registration and stamp duties to which companies may be subject.

Stabilization of conditions

(Article 88 of the Petroleum Code)

- The oil contract may include a clause to stabilize the legislative and regulatory context on the date of entry into force, allowing the contractors, in the event that legislative or regulatory provisions subsequent to the date of entry into force of the oil contract would upset its economic equilibrium, to require either the non-application of financially aggravating provisions, or an adjustment of the contractual provisions likely to restore the initial economic equilibrium.
- Are excluded from this clause, the additional costs caused by a modification of the regulations in terms of personal safety, environmental protection, control of oil operations or labor law, unless these practices do not comply. International practices or applied to a contractor in a discriminatory manner. (Article 111 of the Petroleum Code)

Business Incentives & Tax Credits in Guinea

Tax incentives in research and construction phases

- Holders of an Exploration Permit is exempted from:
- Value Added Tax (VAT) on imports of equipment, materials, machines and consumables covered by the mining list submitted, before the start of the research phase, provided that this mining list has been approved in accordance with the provisions of Article 166 of this Code. However, imports of goods which are excluded from the right to deduct VAT pursuant to the provisions of the General Tax Code are not exempt from VAT, even if these goods are included in the duly approved mining list,
 - Annual Minimum Tax,
 - Business tax,
 - Contribution to vocational training,
 - Single property tax (CFU),
 - Apprenticeship tax.

Tax incentives in operational phase

- Holders of a Mining Title who enter the exploitation phase, benefit for three (3) years from the date of the first commercial production, from the exemption
 - Annual Minimum Tax,
 - Single property tax at a rate of 10%.

Business Incentives & Tax Credits in Kenya

Kenya is located along the Indian Ocean on the East coast of Africa and is the economic, financial and transport hub of East Africa. Some of the investment incentives available in Kenya are highlighted below:

Incentive	Relevant Provision	Notes
Special Economic Zones (SEZ)	Special Economic Zones Act, 2015; Special Economic Zones Regulations, 2016; Income Tax Act, Cap. 470 Laws of Kenya; and The Value Added Tax Act, 2013.	<p>Income Tax</p> <ul style="list-style-type: none"> SEZs will be subjected to reduced corporation tax rates of 10% for the first 10 years of operation and 15% for the next 10 years. Expenses incurred wholly and exclusively in the production of business income are deductible. <p>Value Added Tax, Excise Duty and Customs Duty</p> <p>SEZ enterprises enjoy the following tax breaks with respect to VAT, Excise Duty and Customs Duty:</p> <ul style="list-style-type: none"> Exemption from import and export duties provided by EACCMA, Excise Duty Act and VAT Act-Remission of custom duty, VAT and any other taxes payable on raw materials and goods of a capital nature. Exemption from pre-shipment or destination inspection requirements. Onsite customs inspection of goods. Goods sold from SEZs are subject to applicable customs duties and VAT as though imported from outside Kenya. <p>Capital Gains Tax</p> <p>Licensed SEZ entities are exempt from capital gains tax on SEZ transactions.</p> <p>Withholding tax</p> <ul style="list-style-type: none"> WHT of 5% on management, professional fees, royalties and interest payments made to non-residents. Dividends paid to non-resident persons are exempt from tax. <p>Stamp Duty</p> <p>SEZ entities are exempt from stamp duty on execution of any instrument relating to its business activities.</p>

Business Incentives & Tax Credits in Kenya

Incentive	Relevant Provision	Notes
Export Processing Zones (EPZ)	Export Processing Zones Act, Cap. 517 Laws of Kenya; Export Processing Zones Regulations, 1991; Income Tax Act, Cap. 470 Laws of Kenya; and The Value Added Tax Act, 2013.	<p>Income Tax</p> <ul style="list-style-type: none"> EPZ entities are exempt from tax for the first 10 years and a reduced corporation tax rate of 25% for the next ten years. Thereafter, an EPZ company's income will be taxed at 30%. Expenses incurred wholly and exclusively in the production of business income are deductible. <p>Value Added Tax, Excise Duty and Customs Duty</p> <ul style="list-style-type: none"> EPZ entities are considered to be non-resident with no VAT obligations. Supply of goods to an EPZ company are zero-rated for VAT purposes. 'Local' sale of goods by EPZs are considered exports and therefore zero-rated for VAT purposes. EPZ companies are generally exempted from import duty except on the purchase of items such as passenger cars and minibuses, fuel used in generators and boilers, fuel used as raw materials and motor vehicle spare parts.

Business Incentives & Tax Credits in Kenya

Incentive	Relevant Provision	Notes												
Export Processing Zones (EPZ)	Export Processing Zones Act, Cap. 517 Laws of Kenya; Export Processing Zones Regulations, 1991; Income Tax Act, Cap. 470 Laws of Kenya; and The Value Added Tax Act, 2013.	<p>Capital Gains Tax EPZ entities that record gains from the transfer of property is subject to capital gains tax at 5%.</p> <p>Withholding tax EPZ entities are exempt from payment of WHT on payments made to non-residents for the 10 year period when the EPZ is exempt from income tax. Thereafter, payments made to these companies will be subject to WHT at non-resident rates as tabulated below:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>WHT rate</th> </tr> </thead> <tbody> <tr> <td>Dividend</td> <td>10%</td> </tr> <tr> <td>Professional fees</td> <td>20%</td> </tr> <tr> <td>Contractual fees</td> <td>20%</td> </tr> <tr> <td>Royalties</td> <td>20%</td> </tr> <tr> <td>Interest</td> <td>15%</td> </tr> </tbody> </table> <p>Stamp Duty EPZ enterprises are exempt from stamp duty on the execution of any instrument relating to their business activities</p>	Item	WHT rate	Dividend	10%	Professional fees	20%	Contractual fees	20%	Royalties	20%	Interest	15%
Item	WHT rate													
Dividend	10%													
Professional fees	20%													
Contractual fees	20%													
Royalties	20%													
Interest	15%													

Business Incentives & Tax Credits in Kenya

Incentive	Notes
Capital Allowance	<p>Buildings</p> <ul style="list-style-type: none"> a. Hotels, buildings used for manufacture, hospital buildings, petroleum or gas storage facilities at a rate of 50% in the first year of use and then 25% per year on reducing balance on the residual value of the item. b. Educational buildings including student hostels and for commercial buildings at a rate of 10% per year on reducing balance. <p>Machinery</p> <ul style="list-style-type: none"> a. Machinery used for manufacture, hospital equipment, ships or aircrafts, machinery used to undertake operations under prospecting rights or exploration operations at 50% in the first year of use and then 25% per year on reducing balance on the residual value of the item. b. Motor vehicles and heavy earth moving equipment, computer and peripheral computer hardware and software, calculators, copiers and duplicating machines, filming equipment at 25% per year on reducing balance. c. Furniture and fittings, telecommunication equipment and other machinery at 10% per year on reducing balance d. Purchase of indefeasible right to use fibre optic cable by telecommunication operator at 10% per year on reducing balance e. Filming equipment by a local film producer licensed by the Cabinet Secretary responsible for filming 25% per year on reducing balance. f. Farmworks at 50% in the first year of use and 25% per year on reducing balance.
Investment Deduction	An investor who incurs capital expenditure on building and/or machinery used for manufacture is entitled to an investment deduction equal to 100% of the cost.
Tax Losses	Tax losses can be carried forward indefinitely

Business Incentives & Tax Credits in Lesotho

In general, Lesotho does not have any special regimes, incentives, credits or allowances that are available to companies operating in its jurisdiction.

Mining

Diamond mining leases, which are regulated by the Mines and Minerals Act, may provide for lower sales tax rates and other special fiscal arrangements as permitted under the Mines and Minerals Act.

Textile

The profit of a textile company exporting to the USA under the Agoa Agreement, is exempt from tax.

Manufacturing:

The Income Tax Act, 1993 distinguishes between various categories of manufacturing income, in the Third Schedule, these are:

- Manufacturing income derived from a manufacturing activity of an industrial, scientific or educational nature which promotes industrial, scientific, educational or other development within Lesotho is taxed at 10%;
- Manufacturing income derived from manufacturing activity which results in exports to any country other than a country within the Southern African Customs Union is taxed at 0%; and
- Other manufacturing income, which is taxed at 10%.

As for credits - costs incurred in employee training or education is allowed as a necessary expense.

Business Incentives & Tax Credits in Madagascar

Madagascar, is an island country in the Indian Ocean, approximately 400 kilometres off the coast of East Africa across the Mozambique Channel.

Under the legal framework in Madagascar, free trade zone (zones franches) means any physically delimited area within which several Free trade companies are grouped ; and Free trade companies (Entreprises franches) means export-oriented companies.

A. Tax incentive for the free trade zones

Income tax exemption

- Free trade zones are subject to income tax at the rate of ten percent (10%) and to the minimum collection rate of five per thousand.

They benefit from an exemption from Income Tax and from the Minimum Tax for the first fifteen (15) fiscal years starting from the fiscal year during which the effective exploitation has started.

Tax reduction for investment

- Companies set up after 8 June 2017 that are involved in the manufacture of pharmaceutical products, medical devices, and high-tech products can also benefit for an exemption from tax for 8 tax years. The exemption will begin from the tax year in which the company starts its operations.

Value Added Tax

- Imports carried out by the free trade zones are not subject to VAT.

B. Tax incentive for the free trade companies

Income Tax exemption

- Free trade companies are subject to income tax at the rate of ten percent (10%) and to the minimum collection rate of five per thousand.
- Industrial free trade companies of processing as well as those of intensive basic production benefit from Income Tax and from the Minimum Tax during the first five (5) financial years as from the financial year during which the effective exploitation started.
- Free trade services companies benefit from the same exemptions during the first two (2) financial years starting from the financial year during which the effective exploitation has started.

Tax reduction for investment

- Investments in amortizable assets made after the period of exemption from income tax are eligible for income tax reductions equal to the tax corresponding to seventy-five percent (75%) of the amount of the new investments.
- Unused tax reduction rights can be carried forward until they are cleared without any time limit.

Business Incentives & Tax Credits in Madagascar

Tax on Salary Income and Similar

- The amount of tax on the salary income of expatriates working in the free trade companies will not exceed thirty percent (30%) of the taxable base, or any other more favorable rate that may be instituted under the ordinary taxation rules.

Registration Tax

- The deeds concluded by the free trade companies, when submitted to the registration formality, are registered free of charge.

Value Added Tax (VAT)

- Imports carried out by the free trade companies are not subject to VAT. Exports of goods and services from free trade companies and sales of goods and services to other free trade companies are subject to VAT at a rate of zero percent (0%).

Companies governed by the law on major mining investments (Law no 2005-022 dated October 17, 2005)

Definitions :

- **Processing entity** : the legal entity created by the Licensee or by some or all of the Investors to carry out the project processing operations provided for in the approved Investment Plan and which exports all of its production, unless it is authorized to sell part of it on the national market;

- **Holder** : the natural or legal person in whose name the project's mining permits are issued and who carries out or causes to be carried out the operations authorized under the project's mining permits, excluding processing operations.

Tax incentive for the Holder

- *Temporary exemption from the minimum tax*: For the first five (5) fiscal years as from their respective dates of commencement of effective operation, the Holder and his subcontractors shall not be subject to the minimum tax on corporate profits (income tax). However, they pay the actual tax in the event of profitable results. (Article 47)
- *Investment Tax Reduction* : The Holder benefit from the tax reduction for investment, under the conditions set by the General Tax Code. (Article 52)
- *VAT rate applicable to exports*
Exports by the Holder are taxed with VAT at a rate of zero percent (0%).
In addition, transfers of mining products from the Holder to the processing entity are considered as export. (Article 66)

Business Incentives & Tax Credits in Madagascar

Tax incentive for the processing entity

Income tax

- The Income tax rate applicable to the processing entity and its subcontractors is set at 10%. (*Article 48*) Page 3

Investment Tax Reduction

- The processing entity benefits from the tax reduction for investment, under the conditions set by the General Tax Code. (*Article 52*)

VAT rate applicable to exports

- Exports by the processing entity are taxed with VAT at a rate of zero percent (0%).
- In addition, transfers of mining products from the Holder to the processing entity are considered as export. (*Article 66*)

Tax incentive for imports

- Import tax incentives differ according to the phase of the mining project.
- Three major phases are provided for by the law on major mining investments:
 - Research phase ;
 - Development and construction phase ; and
 - Exploitation phase.
- Import tax incentives apply to the Holder, the processing entity and the subcontractors provided that their imports are included in the approved lists according to the customs clearance procedures established by the said law.

Exemption from excise duties in each phase of the project

- Materials, goods and equipment strictly used in each phase of the project are exempt from excise duties. (*Article 79*).
 - Research phase**
 - **Temporary admission**

The materials and equipment which are included in the list approved for the research phase of the project and which are intended to be re-exported, shall be imported under the regime of temporary admission ; in suspension of all duties and taxes (including the customs stamp duty). (*Article 81*)
 - **Final admission**

The final admission for importation of materials, goods and equipment that appear on the approved list for the research phase of the project, shall be free of customs duties and taxes.
However, the customs stamp duty, at the rate of one percent (1%) of the declared value, is to be collected before removal. (*Article 82*)
 - Development and construction phase**
 - **Temporary admission**

Materials and equipment included in the list approved for the development and construction phase of the project and which are intended to be re-exported, are imported under the temporary admission regime, with suspension of all duties and taxes. (*Article 83*)

Business Incentives & Tax Credits in Madagascar

○ **Final admission**

The final admission for import of materials, goods and equipment that are included in the approved list for the development and construction phase of the project, is free of customs duties and import tax. (Article 84)

iii. **Exploitation phase**

○ ***Importation on behalf of the Holder***

From the date of commencement of effective operation, all goods imported on behalf of the Holder that are included in the approved list for the exploitation phase of the project shall be subject to customs duty and import tax at the cumulative rate of five percent (5%) and shall be admitted free of customs stamp duty. (Article 86)

○ ***Importation on behalf of the processing entity***

From the date of commencement of effective exploitation, all goods imported on behalf of the processing entity that appear on the list approved for the exploitation phase of the project are free of customs duties and import tax. However, the customs stamp duty, at the rate of one percent (1%) of the declared value, is to be collected before removal. (Article 87)

Tax-exempt activities (General Tax Code in accordance with the Finance Law for 2021 No. 2020-013 dated December 24, 2020)

• **Renewable energy**

○ **Exempt from Value Added Tax**

The import and sale of materials and equipment for the production of renewable energy are exempt from Value Added Tax. (Article 06.01.06)

○ **Tax reduction in terms of Income tax**

The companies which invest in the production and the supply of renewable energy can benefit from a tax reduction equal to the tax corresponding to 50% of the realized investment. (Article 01.01.14)

• **Agriculture**

○ **Exempt from Value Added Tax**

Import and sale of reproductive animals, agricultural materials and equipment are exempt from Value Added Tax. (Article 06.01.06)

○ **Tax reduction in terms of Income tax**

Companies in the agricultural sector can benefit from a tax reduction equal to the tax corresponding to 50% of the realized investment. (Article 01.01.14)

Business Incentives & Tax Credits in Mauritius

Mauritius is an island nation east of Madagascar off the southeast coast of Africa has a diversified economy with growing industrial, financial, and tourist sectors. Mauritius is ranked first in Africa and 20th worldwide on the Ease of Doing Business, according to the World Bank Doing Business Report 2019. The key investment incentives available in Mauritius are identified below:

A. Tax holidays

• Innovation-driven activities

Subject to meeting the prescribed conditions, companies set up after 1 July 2017 that are involved in innovation-driven activities for Intellectual Property assets developed in Mauritius can benefit from an exemption from tax for a period of 8 tax years. The exemption begins from the tax year in which the company starts its innovation-driven activities

• Companies engaged in the manufacture of pharmaceutical products, medical devices and high-tech products

Companies set up after 8 June 2017 that are involved in the manufacture of pharmaceutical products, medical devices, and high-tech products can also benefit for an exemption from tax for 8 tax years. The exemption will begin from the tax year in which the company starts its operations.

• Specific licence holders

- i. The first 5 years of income derived by a company holding any of the following licences issued on or after 1 September 2016, subject to satisfying prescribed conditions:
 - A Global Treasury Activities Licence;
 - A Global Legal Advisory Services Licence;
 - An Overseas Family Office (Single) Licence; or
 - An Overseas Family Office (Multiple) Licence.
- ii. The first 8 years of income derived by a company holding a Global Headquarters Administration Licence, issued on or after 1 September 2016, subject to satisfying prescribed conditions.
- iii. The first 10 years of income derived by a person licensed under the Captive Insurance Act 2015 from the coming into operation of the Act or as prescribed.

Business Incentives & Tax Credits in Mauritius

- **Bunkering of low Sulphur Heavy Fuel Oil**

The income derived by a company from bunkering of low Sulphur Heavy Fuel Oil for a period of 4 succeeding years starting from the income year ending 30 June 2019 or for a company set up after 1 July 2019, 4 succeeding years as from the income year in which that company starts its operations.

- **Provision of health services**

Income derived by a company registered with the Board of Investment established under the Investment Promotion Act, as a company engaged in the provision of health services, benefits from 5 years of tax exemption.

- **Fishing activities**

Income derived from fishing activities by an industrial fishing company incorporated on or after 1 September 2016 and approved by the Board of Investment, benefits from 8 years of tax exemption

- **Green economy incentives**

Income derived from the exploitation and use of deep ocean water for providing air conditioning installations, facilities and services by a company is exempt for a period of 8 income years starting from the income year in which the company starts its operations.

In addition, where a company incurs expenditure on deep ocean water air conditioning, it may deduct from its gross income twice the amount of the expenditure incurred in that tax year. This deduction will be allowed for 5 consecutive tax years, starting from the year in which the expenditure is incurred.

- **Small and Medium Enterprises**

i. Income derived by a small enterprise under the Small and Medium Enterprises Development Authority Act 2009 (“SMEDA”) is exempt provided that:

- the enterprise carries out an activity other than an activity in respect of the information and communication technologies under the Information and Communication Technologies Act or financial services under the Financial Services Act; and
- the enterprise operated by a person, other than a company, is converted into a company; or
- the enterprise is operated by a company; and
- the period of exemption of the income of the company does not exceed 4 succeeding income years as from the income year the company starts its activity.

Business Incentives & Tax Credits in Mauritius

ii. A small company is a company which is incorporated under the Companies Act on or after 2 June 2015 and is registered with SMEDA. A small company is exempt from income tax for the first 8 income years and is not required to operate Tax Deducted at Source. Unrelieved tax losses incurred during the tax relief period are not available for carry forward.

iii. A Small Enterprise set up prior to 1 June 2015 and registered with SMEDA is granted a tax holiday of 4 years as from income year 2015/2016.

Small Enterprises and Co-Operative Societies registered with SMEDA on or after 2 June 2015 will benefit from an 8-year tax holiday.

Unrelieved tax losses of Small Enterprises shall not be carried forward after the 8-year exemption period.

- **Companies engaged in the manufacturing of automotive parts**

Income derived by a company registered with the Economic Development Board and engaged in the manufacturing of automotive parts is exempt from tax during 8 successive income years as from the income year in which the company starts the activity.

- **Companies engaged in the manufacturing of nutraceutical products**

Income derived from the manufacturing of nutraceutical products by a company which has started its operations after 4 June 2020 is exempt from tax for a period of 8 successive income year starting from the income year in which the company has started its operations.

- **Companies engaged in the development of a marina**

Income derived by a company set-up after 10 June 2019 and engaged in the development of a marina is exempt from tax for a period of 8 income years starting from the income year in which the company starts its operation.

- **Inland aquaculture in Mauritius**

Income derived from inland aquaculture in Mauritius, by a company which has started its operations after 4 June 2020, is exempt from tax for a period of 8 successive income years starting from the income year in which the company has started its operations.

- **Companies engaged in food processing activities**

Income derived from food processing activities by a company incorporated under the Companies Act after 8 June 2017 and holding a registration certificate issued by the Economic Development Board to operate a food processing plant, is exempt for a period of 8 income years starting as from the income year in which the company starts its operations

Business Incentives & Tax Credits in Mauritius

- **Branch campus of an institution**

Income derived by a company which has started its operations in Mauritius after 4 June 2020 and approved by the Higher Education Commission as being a branch campus of an institution which ranks among the first 500 tertiary institutions worldwide whose ranking at the time of registration, is exempt from tax for a period of 8 successive income years starting from the income year in which the institution has started its operations.

- **Other tax holidays:**

- 5 years of tax holiday is provided on income derived by a:
 - i. company from activities carried out as a project developer or project financing institution in collaboration with the Mauritius Africa Fund for the purpose of developing infrastructure in the Special Economic Zones.
 - ii. company set up on or before 30 June 2025 from the operation of e-Commerce platform.
 - iii. person from the operation of a Peer-to-Peer Lending platform.
- 8 years of tax holiday is provided on income derived by a person from any activity under the sheltered farming scheme.

B. Tax Incentives

- **Companies engaged in manufacturing activities in a freeport zone**

Freeport operators or private Freeport developers engaged in the manufacture of goods are liable to tax at the rate of 3% from sale of goods on the local market, provided certain substance conditions are met.

- **Companies engaged in export of goods**

A company which is engaged in the export of goods shall be liable to income tax at the rate of 3% on the chargeable income attributable to that export.

- **Research and Development**

- i. During the period 1 July 2017 to 30 June 2022, a company that has incurred any qualifying expenditure directly related to his existing trade or business may in the income year in which the qualifying expenditure was incurred, deduct twice the amount of the expenditure, provided the research and development is carried out in Mauritius and no annual allowance has been claimed.
- ii. A company engaged in medical research and development, that incurs expenditure on such medical research and development in a given year, may deduct from its gross income twice the amount of that expenditure in that income year provided the research and development is carried out in Mauritius.

Business Incentives & Tax Credits in Mauritius

- **Water desalination plant**

Where a company incurs expenditure for the acquisition and setting up of a water desalination plant, it may deduct, from its gross income, twice the amount of such expenditure incurred in that income year.

- **Tax deduction**

i. Full deduction is allowed on capital expenditure on electronic, high precision or automated machinery or equipment incurred on or after 1 July 2020, provided no further deduction is claimed as annual allowance.

ii. Double tax deduction is allowed to companies on the acquisition cost of patents and franchises, including costs incurred to comply with international quality standards and norms. No further deduction can be claimed as annual allowance.

iii. Full deduction is allowed as additional investment allowance to companies affected by Covid-19 on capital expenditure on plant and machinery (excluding motor vehicles) made during the period 1 March 2020 to 30 June 2020, in addition to annual allowances claimed on the asset.

- **Capital Gains Tax**

No Capital Gains Tax on disposals of shares and securities

- **Tax loss**

- Where a company satisfies the MRA that it has in an income year incurred a loss, it may deduct the loss in computing its net income for that income year.

- Where the amount of loss cannot be fully relieved, the company may claim that the amount of unrelieved loss be carried forward and set off against its net income derived in the following 5 income years, provided that not less than 50% of the shares of the company were held by or on behalf of the same person at the end of each of those income years.

- Manufacturing companies having more than 50% change in shareholding may carry forward unrelieved tax losses provided that the change in shareholding is in the public interest and conditions relating to safeguard of employment are met as approved by the Minister.

Business Incentives & Tax Credits in Mauritius

C. Tax Exemptions

• Vessel owners

- Income derived by the registered owner of a foreign vessel from the operation of the vessel including any income derived from the chartering of such vessel is exempt from tax in Mauritius.
- Similarly, income derived by the registered owner of a local vessel registered in Mauritius provided the income is derived from deep sea international trade only is also exempt from tax in Mauritius.

• Renewable energy projects

Interest derived by individuals and companies from debentures, bonds or sukuks issued by a company to finance renewable energy projects, the issue of which has been approved by the Director-General, is exempt from tax.

• 80% partial tax exemption

There is an 80% partial exemption on the following income streams, subject to the company satisfying the required substance conditions:

- foreign source dividend;
- interest;
- profit attributable to a foreign permanent establishment;
- income derived by a collective investment scheme ("CIS"), closed end fund, CIS manager, CIS administrator, investment adviser or asset manager, licensed or approved by the Financial Services Commission;
- income from ship and aircraft leasing;
- income derived by a company from reinsurance and reinsurance brokering activities;
- income derived by a company from leasing and provision of international fibre capacity;
- income derived by a company from the sale, financing arrangement, asset management of aircraft and its spare parts and aviation advisory services related thereto; and
- interest derived by a person from money lent through a Peer-to-Peer Lending platform.

Business Incentives & Tax Credits in Mauritius

D. Tax Credits

- **Foreign tax credit**

Under domestic law, a company is allowed to claim as credit, against its Mauritian tax liability arising on its foreign source income, the foreign tax suffered on that income. However, the tax credit cannot exceed the Mauritian tax payable and any excess is not refundable and cannot be carried forward to the next year.

- **Tax sparing credit**

Where the Director-General of the Mauritius Revenue Authority is satisfied that provisions have been introduced in the law of a foreign country with a view to promoting industrial, commercial, scientific, educational or other development in that country and that under those provisions –

- a) a lower rate of tax has been imposed in that country than would otherwise have been the case; or
- b) income has been exempted from tax which would otherwise have been chargeable to foreign tax,

he shall allow a credit for the amount of foreign tax which would have been chargeable had those provisions not been enacted.

- **Manufacturing companies**

A tax credit of 15% is given to manufacturing companies on cost of new plant and machinery (excluding motor cars) made during the period, 1 July 2020 to 30 June 2023.

- **Investment tax credit**

Where a company has invested 60 million rupees or more or at least 20% of the stated capital of a spinning factory, whichever is the higher, during the years 2003 to 2008, it shall be allowed an investment tax credit by way of deduction from its tax liability as follows :

- 15% of the investment over 4 years; or
- 10% over 6 years, as from the year the investment was made, less any investment tax credit it has been allowed in the past in respect of the same investment.

Where a company has invested 10 million rupees or more or at least 20% of the stated capital, whichever is the higher, of a weaving, dyeing or knitting of fabrics factory during the years 2003 to 2008, it shall be allowed an investment tax credit by way of deduction from its tax liability as follows :

- 15% of the investment over 4 years; or
- 10% over 6 years as from the year the investment was made, less any investment tax credit it has been allowed in the past in respect of the same investment.

Business Incentives & Tax Credits in Mauritius

D. Individuals

- **Tax Credit for Employees**

An individual deriving a basic salary, including compensations, not exceeding Rs 50,000 in the first month of an income year and whose total net income during that year is below Rs 700,000 is entitled to a tax credit equivalent to 5% of his chargeable income attributable to net income arising from emoluments.

- Since an individual earning not more than Rs 650,000 is taxed at 10%, the above credit will not apply for this income threshold category.

- **Tax Deductions**

- i. **Income Exemption Threshold (“IET”)**

An individual, resident in Mauritius, is entitled to any one of the IET below, based on the number of dependents for the year ended 30 June 2022. Conditions apply to the below.

	Rs
Category A (An individual with no dependent)	325,000
Category B (An individual with 1 dependent)	435,000
Category C (An individual with 2 dependents)	515,000
Category D (An individual with 3 dependents)	600,000
Category E (An individual with 4 or more dependents)	680,000

Retired individuals or disabled persons are entitled to an additional amount of Rs 50,000 in respect of each of the categories A and B. A retired person is a person who attains the age of 60 during the income year and who is not in receipt of business income or emoluments exceeding Rs 50,000, other than retirement pension.

Business Incentives & Tax Credits in Mauritius

- **Investment in Rainwater Harvesting System**

Investment by an individual in rainwater harvesting system can be claimed as a deduction from the individual's net income. The deduction can be claimed by either of the spouses or shared equally between them. Any unclaimed amount can be carried forward and deducted against net income of succeeding income years.

- **Expenditure Incurred by Artists**

A member of the Mauritius Society of Authors can opt to claim a deduction of up to 50% of his gross income, from his artistic work (other than a literary work) provided that such gross income is not derived from employment and does not exceed Rs 500,000.

- **Interest Relief on Secured Housing Loan**

A person who has contracted a housing loan, which is secured by a mortgage or fixed charge on immovable property, and which is used exclusively for the purchase or construction of his house, may claim a relief in respect of the interest paid on the loan. The relief may be claimed by either spouse or at the option of the spouses, be divided equally between them.

Business Incentives & Tax Credits in Mauritius

- **Relief for Medical or Health Insurance Premium**

An individual is entitled to deduct from his net income the actual amount of premium paid in that income year in respect of a medical or health insurance policy or contribution to an approved provident fund, for himself and his dependent in respect of whom he has claimed a deduction. The maximum relief allowable for the year ending 30 June 2022 is as follows:

	Rs
Self	15,000
1st dependent	15,000
2nd dependent	10,000
3rd dependent	10,000
4th dependent	10,000

- **Solar Energy Investment Allowance**

An individual investing in a solar energy unit can claim an allowance for the amount invested from his net income. Where the allowance exceeds the net income, the excess can be carried forward for deduction from the net income of the succeeding years. This allowance can be claimed by either one spouse or at the option of the spouses be divided equally between them.

Business Incentives & Tax Credits in Mauritius

E. Tax Holiday

- **Mauritian Diaspora Scheme**

- Income derived from within or outside Mauritius by a member of the Mauritian Diaspora under the Mauritian Diaspora Scheme prescribed under the Investment Promotion Act, shall be exempt from tax during the 10 succeeding income years as from the income year in which he returns to Mauritius.
- The exemption in respect of income derived from within Mauritius shall be limited to the specific employment, business, trade, profession, or investment for which the member of the Mauritian Diaspora is registered under the Mauritian Diaspora Scheme.

- **Investment Managers**

Emoluments derived by an employee from his employment with a corporation licensed by the Financial Services Commission established under the Financial Services Act, provided that the employee manages an asset base of not less than USD 100 million and is issued with –

- an Asset Manager Certificate;
- a Fund Manager Certificate; or
- an Asset and Fund Manager Certificate,

on or after 1 September 2016, benefit from 5 years of tax exemption.

Business Incentives & Tax Credits in Nigeria

Nigeria, is a country on the Gulf of Guinea with many natural landmarks and wildlife reserves. Protected areas such as Cross River National Park and Yankari National Park have waterfalls, dense rainforest, savanna and rare primate habitats.

Applicable Taxes in Nigeria

Applicable Taxes	Applicable Rates/Comments
Companies Income Tax	0% for small companies 20% for medium companies 30% for large companies
Tertiary Education Tax	2% of Assessable Profit
Value Added Tax	7.5% Chargeable on the supply of all taxable goods and services in Nigeria
Withholding Tax (Dividends/Interest/Royalties)	10% For entities resident in a jurisdiction with subsisting DTT with Nigeria, the WHT rate may be reduced to 7.5%.
Capital Gains Tax	10%
Personal Income Tax	From 7% to 24% depending on the income band being accessed
Inheritance and Gift Tax	N/A
Minimum Tax	0.5% of gross turnover less franked investment income. (applicable for companies with gross turnover of ₦25,000,000 or more) Tax rate to be reduced to 0.25% for tax returns prepared and filed between 1 January 2020 and 31 December 2021
Stamp Duty	Charged at Ad Valorem or flat rate on various commercial and legal documents as stated in the Stamp Duties Act.

Business Incentives & Tax Credits in Nigeria

Agricultural/Agro-Allied Sector

	Comments
Loans and Interest	<ul style="list-style-type: none"> ❖ Loan guarantee of up to 75% for all loans granted by commercial banks for agricultural production and processing under the Agricultural Credit Guarantee Scheme Fund (ACGSF) administered by the Central Bank of Nigeria. ❖ Interest Drawback Program Fund: 60% repayment of interest paid by those who borrow from banks under the ACGSF, for the purpose of cassava production and processing provided such borrowers repay their loans on schedule.
Import Levy	<ul style="list-style-type: none"> ❖ Import levy on some agricultural products like wheat flour, wheat grain and brown rice where increased to encourage local production ❖ 0% import duty on agricultural equipment and machinery
Ownership and Profits	<ul style="list-style-type: none"> ❖ Nigerian Investment Promotion Commission Act allows 100% ownership of companies by foreigners ❖ Foreign Exchange Miscellaneous Act, guarantees 100% Repatriation of Capital, Profit, & Dividends through authorized means. ❖ Section 25 of the NIPC Act provides guarantee to the companies against expropriation, government takeover, nationalization of business without adequate compensation.
Tax Incentives	<ul style="list-style-type: none"> ❖ Agro-allied plant and equipment enjoy enhanced capital allowances of up to 50% ❖ Companies in the agro-allied business do not have their capital allowance restricted to 66(2/3) of assessable profits rather it is granted fully at 100%. ❖ Processing of agricultural produce is a pioneer industry; therefore, companies involved in processing of agricultural produce can enjoy 100% tax-free period for 5 years.

Business Incentives & Tax Credits in Nigeria

Agricultural/Agro-Allied Sector

	Comments
Tax Incentives	<ul style="list-style-type: none">❖ Tax relief for Research & Development: Agro-allied industries that attained minimum levels (70%) of local materials sourcing and utilization enjoy tax credit of 20% for five years.❖ Tractors, ploughs and agricultural equipment and implements purchased for agricultural purposes are exempt from VAT.

Aviation Sector

	Comments
Tax Exemptions	<ul style="list-style-type: none">❖ Commercial aircraft, commercial aircraft engines, commercial aircraft spare parts are exempt from VAT❖ Airline transportation tickets issued and sold by commercial airlines registered in Nigeria are exempt from VAT
Import Duty	<ul style="list-style-type: none">❖ 0% Import duty on commercial aircraft HS Heading 88 only for registered commercial aircraft operators

Business Incentives & Tax Credits in Nigeria

Manufacturing Sector

	Comments
Exemption from tax	<ul style="list-style-type: none">❖ Profits in respect of goods exported from Nigeria are tax exempt provided the proceeds are repatriated to Nigeria and used exclusively for purchase of raw materials, plants equipment and spare parts.❖ Profits of companies whose supplies are exclusively input to the manufacturing of products for exports are excluded from tax.❖ New industrial undertakings including foreign companies and individual operating in an Export Processing Zone (EPZ) are allowed full companies income tax holidays for three consecutive years provided the undertaking is 100% export oriented, the company is not formed by splitting up or reconstruction of an already existing business and the export proceeds form at least 75% of its turnover.❖ Fertilizer, locally produced agricultural and veterinary medicine, farming machinery and farming transportation equipment are exempt from VAT.❖ Manufacturing companies do not restrict their capital allowance claim to 66(2/3) of assessable profits. They are allowed to claim 100% capital allowance on qualifying capital expenditure.
Investment Tax Credit	<ul style="list-style-type: none">❖ Companies and other organisations engaged in Research and Development activities for commercialization are allowed 20% investment tax credit on their qualifying expenditure from their profits/loss for the year chargeable to companies income tax.❖ Companies engaged wholly in fabrication of tools, spare parts and simple machinery for local consumption and export are to enjoy 25% investment tax credit on their qualifying capital expenditure while any tax payer who purchases locally manufactured plants and machinery are entitled to 15% investment tax credit on such fixed assets bought for use.

Business Incentives & Tax Credits in Nigeria

Manufacturing Sector

	Comments
Tariff based incentives	<p>The duty rates for importation in Nigeria ranges from 0% to 35%, with an average duty rate set at 16.96% while levy rate imposed on importation of certain commodities and can be because of the commodity is from a certain location. The below have reduced import duty rates/levies:</p> <p><u>Sugar Processing</u></p> <ul style="list-style-type: none">❖ 5% Import duty rate and 5% levy on raw sugar import for local processing <p><u>Iron and Steel</u></p> <ul style="list-style-type: none">❖ 0% Import duty rate on importation of billets HS 7207.11.00.00 and 7207.19.00.00❖ 0% Import duty rate on importation of hot rolled steel sheets/coils HS Heading 72.08 <p><u>Automotive Design and Development</u></p> <ul style="list-style-type: none">❖ 35% Import duty rate and 0% levy on concessionary FBU import by assembly plants (APs): Importation of FBU cars HS Heading 87.03 equal to their CKD/SKD imports for the period of 2016 – 2018. Half of their imported CKD/FBU kits for the period of 2019 – 2024❖ 20% Import duty rate and 0% levy on concessionary FBU import by assembly plants (APs): Importation of FBU commercial vehicles HS Heading 87.02, 87.04, 87.05, 87.06, 87.07 and 87.16 equal to their CKD/SKD imports for the period of 2016 – 2018. Half of their imported CKD/FBU kits for the period of 2019 – 2024❖ 5% Import duty rate on local tyre manufacturing plants: Local tyre manufacturing plants are to import tyres at 5% duty in numbers equal to twice their production for two years from the date of commencement of production.

Business Incentives & Tax Credits in Nigeria

Manufacturing Sector

	Comments
Specialised Economic Zone Incentives	<ul style="list-style-type: none">❖ Part 1, 3.7 Oil and Gas Export Free Zone Act (OGFZA) Regulations provides unlimited export of any product or goods manufactured, assembled, pre-packaged in the Zone into the customs territory.❖ Free Zone (Tariff and Other Charges) Order (FZO), 2015 provides for a 75% duty rebate on raw materials processed in the OGFZA❖ Section 35(1) CITA provides that a company which has incurred expenditure in its qualifying building and plant equipment on an approved manufacturing activity in an export processing zone shall be granted 100% capital allowance in any year of assessment
Manufacture-in-Bond-Scheme	<ul style="list-style-type: none">❖ This is designed to encourage manufacturers to import raw material inputs and other intermediate products duty-free for the production of exportable goods, backed by a bond issued by any recognized financial institution.❖ The bond will be discharged after evidence of exportation and repatriation of foreign exchange has been produced.
Duty Drawback Scheme	<ul style="list-style-type: none">❖ Provides for refunds of duties/sur-charges on raw materials including packing and packaging materials used for the manufacture of products upon effective exportation of the final products.❖ The new Duty Drawback scheme shall give automatic refunds (60%) on initial screening by the Duty Drawback Committee and upon the presentation of bond from a recognized Bank, Insurance Company or other financial institution.❖ The Bond will cover 60% of the refund to be made to the exporter. At the end of the processing of exporters claims, the Duty Drawback Committee shall grant any balance where applicable or request for refunds for any over payment made.

Business Incentives & Tax Credits in Nigeria

Manufacturing Sector

	Comments
Duty Drawback Facilities	<ul style="list-style-type: none">❖ The scheme provides for fixed drawback and individual drawback facilities.❖ Fixed Drawback Facility: This is for Exporters/Producers whose export products are listed in the fixed drawback schedule to be issued from time to time by the Duty Drawback Committee. When the import content of the export produce is more or less constant, and import prizes (including exchange rate), tariff rates and technology used are relatively stable or “fixed”, it is possible to calculate a standard Input-Output Co-efficient Schedule (ICS) for these category of products on the basis of which a fixed drawback rate can be computed to be rebated per unit of export product.❖ Individual Drawback: This is for producers/exporters who do not qualify under the fixed drawback facilities. It is therefore a straight forward traditional drawback mechanism under which duty is paid on all import inputs. The duties are subsequently, rebated on inputs used for export production. As general case the final export/producer can apply for the Scheme.
Export Development Fund Scheme	<ul style="list-style-type: none">❖ The Scheme provides financial assistance to private sector exporting companies to cover part of their initial expenses in respect of certain export promotion activities; e.g export market research and studies, cost of collecting trade information, etc.

Business Incentives & Tax Credits in Nigeria

Real Estate Sector

	Comments
Exemption from Tax	<ul style="list-style-type: none">❖ Section 37 CITA exempts 25% of income earned in convertible currencies and derived from tourists by a hotel from tax, provided that such income is put in a reserved fund to be utilised within five years for the building or expansion of new hotels, conference centres and new facilities for the purpose of tourism development.❖ Rental income, Income from: sale of apartments, office spaces, retail spaces etc are not liable to Value Added Tax (VAT) based on Section 46 of the VAT Act which defines goods to exclude land and building.❖ Section 23(1)(s) of CITA exempts the dividend and rental income received by a real estate investment company (REIC) on behalf of its shareholders provided that a minimum of 75% of dividend and rental income is distributed and such distribution is made within 12 months of the end of the financial year in which the dividend or rental income was earned.❖ However the following are not exempt from tax:<ul style="list-style-type: none">• the shareholders of a REIC are to pay tax on the dividend or rental income received from a REIC;• tax on management fee, profits or any other income earned for and on the REIC's own account; and• tax on dividend and rental income not distributed within 12months from the end of the FY in which it was earned.

Business Incentives & Tax Credits in Nigeria

Oil, Gas and Power Sector

	Comments
Graduated Royalty Rates	<p>Graduated royalty rates approved for oil companies</p> <p>Production Based Royalties</p> <ul style="list-style-type: none">a) On shore production - 15%b) Shallow water (up to 200 metres) – 12.5%c) Deep Offshore (greater than 200 metres) -7.5%d) Frontier Basins – 7.5%e) The Petroleum Industry Act (PIA) also specifies a royalty rate of 5% for deep offshore fields where the production in a month is not more than 50,000 bopd.f) In addition, the Act provides that the royalty rate for marginal fields, and other fields where the oil and condensate production is less than 10,000 bopd during a month will be 5% for the first 5,000 bopd, and 7.5% for the portion of production over 5,000 bopd.g) For production over 10,000 bopd during a month, the share of the production over 10,000 bopd per month shall be at the royalty rates in a – d above. <p>Price based royalties</p> <p>The PIA provides that additional royalties shall be payable depending on oil prices as follows:</p> <ul style="list-style-type: none">a) Below \$50/barrel - 0%b) At \$100/barrel - 5%c) Above \$150/barrel - 10%d) Between \$50 and \$100/barrel, and between \$100 and \$150/barrel, the royalty by price shall be determined based on linear interpolation.e) These price levels in a – d shall, however, apply to the year 2020. From the beginning of 2021 and of each succeeding calendar year, these price levels shall be increased by 2% relative to the values of the previous year.

Business Incentives & Tax Credits in Nigeria

Oil, Gas and Power Sector

	Comments
Gas Utilization	<p>Companies in gas utilization (downstream operations), are allowed:</p> <ul style="list-style-type: none"> ❖ An initial tax free period of three years renewable for an additional two years. ❖ An investment allowance of 35% (which shall not reduce the value of the asset) as an alternative to the initial tax-free period granted under Section 39(b) CITA ❖ Accelerated capital allowance after the tax-free period for companies in gas utilization (downstream operations), as follows: <ul style="list-style-type: none"> i. an annual allowance of 90% with 10% retention, for investment in plant and machinery ii. an additional investment allowance of 15% which shall not reduce the value of the asset ❖ Section 39(d) CITA provides for tax-free dividend during the tax-free period
Gas Utilization	<ul style="list-style-type: none"> ❖ Subject to obtaining prior approval of the Minister of Petroleum Resources for such loan, Section 39(e) CITA provides that interest payable on any loan obtained for a gas project shall be deductible ❖ Plants, machinery and equipment purchased for utilization in gas down-stream petroleum operations are exempt from VAT
Import Duty	<ul style="list-style-type: none"> ❖ 0% Import duty on equipment & machinery in the power sector HS Headings 84, 85 and 90
Specialised Economic Zones	<p>For enterprises approved by the Oil and Gas Export Free Zone (OGFZ) under the OGFZ Act and operating within an approved Zone:</p> <ol style="list-style-type: none"> a. 100% foreign ownership of investment; b. Free transferability of capital, profits and dividends by foreign investors; c. Rent-free land at construction stage; after which rent shall be payable; d. All industrial undertakings including foreign companies and individuals operating in an Oil & Gas Export Free Zone are allowed full tax holiday from Federal, States and Local Governments; e. Duty-free, tax free on import of raw materials for goods destined for re-export; f. Waiver on all import and export licenses; and g. Waiver on all expatriate quotas for companies operating in the zone

Business Incentives & Tax Credits in Nigeria

General Business Incentives

	Comments
SMEEIS	Small and Medium-sized Enterprise Equity Investment Scheme (SMEEIS) – The SMEEIS requires all banks in Nigeria to set aside 10% of their profits after-tax for equity investment and the promotion of small and medium-sized enterprises
IPPA	In order to foster foreign investor confidence and thereby boost foreign investments in Nigeria, the Federal Government has continued to conclude Investment Promotion and Protection Agreements (IPPAs) with countries that do business with Nigeria. Examples include IPPAs with China, Singapore, South Africa, Canada, the United Kingdom, etc.

Tax Exemptions

	Comments
Exemption of Interest on loan	<p>The CITA provides for exemption from tax for interest on any loan granted by a bank to a company engaged in:</p> <ul style="list-style-type: none">a) Primary agricultural trade or business; orb) the fabrication of any local plant and machinery; orc) providing working capital for any cottage industry. <p>Provided the moratorium is not less than 12 months and the rate of interest on the loan is not more than the base lending rate at the time the loan was granted, refinanced or otherwise restructured.</p>

Business Incentives & Tax Credits in Nigeria

Tax Exemptions

	Comments
Tax Exemptions	<ul style="list-style-type: none">❖ Profits of a small company (companies with annual turnover of N25 million or less) are exempt from company income taxes (CIT) while medium companies (companies with turnover greater than N25million but less than N100million) are to pay CIT at 20%. Companies above this threshold (large companies) are to pay CIT at 30%.❖ Small Companies are exempt from payment of CIT, minimum tax, education tax, National Agency for Science and Engineering Infrastructure (NASENI) Establishment levy and National Information Technology Development (NITDA) levy.❖ Medium Companies are exempt from payment of NITDA levy and NASENI levy❖ Free Trade Zones (FTZs): Companies located in the FTZs have locational business advantages and exemption from tax on business transactions concluded within the zones❖ Section 23 (1) CITA provides for profits that are generally exempt from taxes❖ Companies that derive profit from Nigeria are to submit returns for the relevant year however where the Company only earns income on which withholding tax is the final tax under the CITA, the obligation to file a tax return will not apply.❖ Entities involved in the transfer of business assets for the purpose of business reorganization are exempt from VAT charges; provided that the entities are related parties with continuous relationship for a period of 365 days prior to the transfer and that the transferred asset cannot be disposed within 365 days after the transfer. Where such is transferred within this prohibited period, VAT shall apply retrospectively, and the transfer shall be treated as though it was never exempted from VAT.❖ Dividends distributed by a unit trust scheme in Nigeria are free of tax and no withholding tax is deducted therefrom since such incomes have already suffered tax in the first instance.

Business Incentives & Tax Credits in Nigeria

Tax Exemptions

	Comments
Tax Exemptions	<ul style="list-style-type: none">❖ A new company going into the mining of solid minerals shall be exempt from tax for the first three years of its operation.
Capital Gains Tax exemptions	<ul style="list-style-type: none">❖ Gains accrued from disposal of Nigerian Government securities are exempt from capital gains tax.❖ Gains arising from acquisition of shares either taken over, absorbed or merged by another company as a result of which the acquired company loses its identity as a limited company, provided no cash was exchanged in respect of the shares are CGT exempt❖ Gains accruing to unit holders in a trust in respect of disposal of securities, shall not be chargeable on tax provided the proceeds are re-invested.

Business Incentives & Tax Credits in Nigeria

Tax Incentives

	Comments
Pioneer Incentive	<p>Under the Industrial Development (Income Tax Relief) Act. (IDITRA), companies engaged in industries/products approved as 'pioneer industries/products' shall be</p> <ol style="list-style-type: none"> granted income tax relief for a period of three years, which can be extended for a period of one year and thereafter another one year, or for one period of two years; exempted from paying tax on dividends paid by the pioneer company during the pioneer period to the extent that they are paid out of income exempted from tax; and the loss incurred during the tax relief period is also deemed to be incurred on the first day following the expiration of the tax relief period and can be carried forward to offset profits after the tax-exempt period.
Rural Investment Allowance	<p>Section 34 CITA provides that where a company incurs capital expenditure on the provision of facilities such as electricity, water or tarred road for the purpose of a trade or business, such company shall enjoy an additional allowance under the Second Schedule of CITA at the appropriate rate as follows:</p> <p>Electricity 50% Water 30% Tarred road 15%</p> <p>Companies that provide all such facilities where they do not exist 100%</p>
Research and Development	<ul style="list-style-type: none"> ❖ Qualifying R&D expenses of a company are tax deductible however the amount deducted may not exceed 10% of the company's total profits for the relevant year of assessment. ❖ Companies and organisations engaged in R&D activities for commercialisation are granted a 20% investment tax credit on qualifying expenditure

Business Incentives & Tax Credits in Nigeria

Tax Incentives

	Comments															
Investment Tax Credit	Road Infrastructure Credit (RITC): The RITC scheme which was launched in January 2019 and will be in effect for 10 years provides that private companies that construct or refurbish eligible roads with their funds are able to recover the amounts incurred in the construction/refurbishment as tax credits. Such tax credits are to be claimed against tax payable income.															
Foreign Loan	<p>A company can enjoy up to 70% exemption or less in respect of foreign loan as described in the table below:</p> <table border="1"><thead><tr><th>Repayment Period</th><th>Grace Period (including moratorium)</th><th>% of WHT Waived</th></tr></thead><tbody><tr><td>Above 7 years</td><td>Not less than 2 years</td><td>70%</td></tr><tr><td>5-7 years</td><td>Not less than 18 months</td><td>40%</td></tr><tr><td>2-4 years</td><td>Not less than 12 months</td><td>10%</td></tr><tr><td>Below 2 years</td><td>Nil</td><td>Nil</td></tr></tbody></table> <p>However, where an existing loan which had previously enjoyed this exemption is converted to equity before the expiration of the applicable loan tenor, FIRS would claw back the WHT exemption that was granted earlier proportionately.</p>	Repayment Period	Grace Period (including moratorium)	% of WHT Waived	Above 7 years	Not less than 2 years	70%	5-7 years	Not less than 18 months	40%	2-4 years	Not less than 12 months	10%	Below 2 years	Nil	Nil
Repayment Period	Grace Period (including moratorium)	% of WHT Waived														
Above 7 years	Not less than 2 years	70%														
5-7 years	Not less than 18 months	40%														
2-4 years	Not less than 12 months	10%														
Below 2 years	Nil	Nil														
Double Tax Treaties	Nigeria has ratified Double Tax Treaty (DTT) with 14 countries while the DTTs with a few other countries are yet to be ratified. Therefore, the rate of tax liability of a Non-Resident Company (NRC) can be reduced based on the provisions of the DTTs.															

Business Incentives & Tax Credits in Nigeria

Double Tax Treaty (DTTs)

Countries

Ratified DTT

S/N	Country	Effective Date
1.	Belgium	1 st January, 1991
2.	Canada	1 st January, 2000
3.	China	1 st January, 2010
4.	Czech Republic	1 st January, 1991
5.	France	1 st January, 1992
6.	Italy	1 st January, 1978
7.	Netherlands	1 st January, 1993
8.	Pakistan	1 st January 1991
9.	Philippines	1 st January, 2014
10.	Romania	1 st January, 1994
11.	Slovakia	1 st January, 1991
12.	South Africa	1 st January, 2009
13.	Sweden	December 12, 2012 (Ratified by Nigeria)
14.	United Kingdom	1 st January, 1989

Yet to be ratified DTT

S/N	Countries	Effective Date	Comments
1	United Arab Emirates	19 January, 2016	
2	Kenya	September 6, 2013	
3	Poland	12 February, 1999	
4	South Korea	6 November 2006	(Legislative Ratification Pending)
5	Spain	18 November 2004	
6	Singapore	November 16, 2016.(Approved by Nigeria's Federal Executive Council)	Yet to be approved by the National Assembly
7	Qatar	February 28, 2016 (Approved by Federal Executive Council)	Yet to be approved by the National Assembly
8	Mauritius	Nigeria and Mauritius signed a DTA on August 10 2012	

Business Incentives & Tax Credits in Republic of Côte d'Ivoire

Republic of Côte d'Ivoire is located on the coast of western Africa and is one of the world's top exporter of cocoa and raw cashew nuts, a net exporter of oil, and with a thriving manufacturing sector. Investment incentives and tax credits available in Côte d'Ivoire are identified below:

Investment Code

A new Investment Code was enforced in October 2018, the aim of which is to favour:

- sustainable development by producing socially responsible investments in Côte d'Ivoire
- local and regional development
- local content (employment of nationals), and
- competitiveness of companies.

The Investment Code regimes involve the creation of three zones (A, B, and C), which will be defined by an Order issued by the government.

The duration for the granted tax benefit is:

- 5 years for Zone A.
- 10 years for Zone B.
- 15 years for Zone C.

The Investment Code includes two specific tax incentive regimes: the Investment Declaration Regime and the Investment Approval Regime.

Both regimes apply to all economic activities, excluding finance and banking, non-industrial buildings builders, liberal activities (e.g. lawyer, notary), and commerce activities. However, investment related to the creation or the development of important shopping centres could qualify for the exemptions if certain conditions are met.

The new Code has also created priority economic sectors (Category 1), as opposed to non-priority economic sectors.

Category 1 includes:

- Agriculture and agro-industrial activities.
- Hotels for projects from XOF 5 billion in Zone A and from XOF 2 billion in Zones B and C.
- Health.
- Private investment in high and specialised education.

Category 2 includes all other economic sectors (except those excluded from the benefit from the Investment Code) and hotel projects that do not reach the thresholds for Category 1.

A company eligible for Category 1 can take a definitive option for Category 2 when submitting one's demands for the investments approval regime in Category 1.

The Investment Declaration Regime has no minimum investment threshold, but has special requirements related to the activities of the company.

Business Incentives & Tax Credits in Côte d'Ivoire

For the Investment Approval Regime, the minimum investment cost is:

- XOF 200 million (VAT and working capital exclusive) for large companies (with more than XOF 1 billion turnover).
- XOF 50 million (VAT and working capital exclusive) for SMEs.
- For shopping centres: XOF 10 billion in Zone A and XOF 5 billion in Zones B and C.
- For Category 1 hotels: XOF 5 billion in Zone A and XOF 2 billion in Zones B and C.
- For Category 2 hotels: Less than XOF 5 billion in Zone A and less than XOF 2 billion in Zones B and C.
- For major structuring investments: XOF 100 billion in Zone A, XOF 50 billion in Zone B, and XOF 15 billion in Zone C.

The benefit from the Investment Code is granted by the Centre for the Promotion of Investments (named CEPICI), after an application is filed by the requestor.

During the investment period, the beneficiary enjoys the following:

- Exemption from customs duties (excluding statistic fee and community levies).
- Temporary suspension of VAT on acquisition of equipment, goods, and service for activities subject to VAT.
- Exemption of VAT for activities exempted.

After the completion of the investment, the beneficiary enjoys the following exemptions during a period that depends on the Category of activity and Zone the company is located in.

The investments companies approved for developing activities are not concerned by the below exemptions.

Category 1

Zone A

- 50% CIT exemption during five years for large companies and 75% CIT exemption for five years for SMEs.
- 50% CIT exemption from business licence tax for five years for large companies and 75% exemption for five years for SMEs.
- 50% exemption from real estate tax for five years for large companies and 75% exemption for five years for SMEs.
- 50% exemption from employer contribution on salary for five years for large companies and 75% exemption for five years for SMEs.

Business Incentives & Tax Credits in Côte d'Ivoire

Zone B

- 100% exemption for CIT, business licence tax, real estate tax, employer contribution on salary, and dividend tax for five years.
- 50% exemption for the same taxes for large companies and 75% exemption for SMEs for the last five years.

Zone C

- 100% exemption for CIT, business licence tax, real estate tax, employer contribution on salary, and dividend tax for ten years, and 50% exemption for the same taxes for large companies for the last five years.
- 100% exemption for CIT, business licence tax, real estate tax, employer contribution on salary, and dividend tax for 15 years for SMEs.

Category 2

Category 2 investments enjoy:

- 25% CIT credit for Zone A for large companies and 37.5% for SMEs.
- 35% CIT credit for Zone B for large companies and 52.5% for SMEs.
- 50% CIT credit for Zone C for large companies and 75% for SMEs.

Please note that these incentives may not be combined with sector-specific investment programs, such as those for mining and hydrocarbons.

Special incentive tax measures for investments in agro industry (Ordinances n°2019-587 du 03 juillet 2019 and n°2019-826 du 09 octobre 2019)

Special incentive tax measures are granted for investments made in cashew and rubber processing under the approval investments regime of the Investment Code.

The specific incentive measures provide additional tax credits and exemptions regarding companies operating in Category 1.

Capital investment incentives (Article 110 General Tax Code)

With prior approval of the tax authorities and varying with geographical location, 35% to 40% of the total investment in fixed assets related to commercial, industrial, or agricultural activity may be deducted from taxable income. The deduction is limited to 50% of taxable profits. The balance of deduction of the first year may be carried forward over the four following years.

Tax credit for waste recycling business (Article 114 General Tax Code)

A tax credit is granted to waste recycling business for the four years following the end of the investment.

This tax credit is equal to 10% of the investment amount but cannot exceed 50% of the taxable profits.

Business Incentives & Tax Credits in Côte d'Ivoire

Tax credit for hiring and training

Tax credits are available for small and medium enterprises (SMEs) and large companies for hiring local individuals and interns for degree validation internships.

Export incentives

No VAT is levied on export sales.

Export incentives for petroleum service contractors

A special and optional tax treatment applies to petroleum service contractors that meet established criteria. The FY21 Financial Law provides for two rates as follows:

- 6% for service providers to oil companies in the exploration phase.
- 2.17% for service providers to oil companies in the exploitation phase.

The above-mentioned rates are applicable on a flat-rate basis set at 10% of turnover.

This optional simplified tax regime covers dividend tax and payroll tax.

CIT and the tax on insurance premiums are exempted.

Standard rates apply for business franchise tax and social security contributions for local personnel. The exemption from customs duties and VAT for oil companies is extended to petroleum service contractors.

Export incentives for the mining industry

During the exploration phase, investments may be exempt from payroll tax; VAT on goods and services; additional tax (on the sale of goods) on imports and purchases; all import taxes and duties, including VAT on materials, machines, and equipment used in research activities; registration duties applicable to in-kind or cash share-capital contributions; real estate tax; CIT; and minimum tax.

In the exploration phase, mining subcontractors can benefit from the same import VAT and customs exemptions granted to mining title holders.

Under the applicable law (FY21 Financial Law), mining activities can no longer benefit from the corporate tax five-years exemption. However, they remain exempted from all import duties, including VAT on recovered investment necessary for operation, special equipment tax, business franchise tax, etc. In addition, they may be granted temporary admission of machines and equipment that facilitate research and exploitation. Mining subcontractors are exempt from customs duties, including VAT on importing of liquid or gas fuels, lubricants, and chemical or organic products intended for the treatment of minerals, for the whole duration of the mine.

A tax on profit is levied as soon as investment funds are recovered. Mining enterprises may not combine these incentives with those of the Investment Code.

Business Incentives & Tax Credits in Côte d'Ivoire

Tax credit for the acquisition of patents and manufacturing processes

SMEs can benefit from a tax credit of 20 % of the value of the new patents and manufacturing processes acquired. Patents and manufacturing processes must be out of the public domain.

The patents and manufacturing processes must be kept in the company for a period of at least five years.

Tax credit for research and innovation activities

Private companies of which at least 15% of expenses are exclusively allocated to research and innovation activities can benefit from a tax credit of 50% of the sums invested.

Exemption of capital gains subject to the condition of reinvestment (Article 28 General Tax Code)

The General Tax Code offers the option of deferring the taxation of capital gains realized in respect of a financial year on the occasion of the sale of assets. This faculty is left to the free appreciation of the company.

The conditions for benefiting from this exemption are laid down by Article 28 of the General Tax Code which provides that capital gains from the sale, during operation, of elements of fixed assets are not included in the taxable profit for the financial year during which they were made, if, in the income return of the said financial year, the taxpayer undertakes to reinvest in fixed assets in their companies in Côte d'Ivoire, before the expiration of the three year period from the end of the financial year, a sum equal to the amount of these capital gains added to the cost price of items sold.

For the application of the preceding provisions, the securities constituting the portfolio are considered as part of the fixed assets when they entered the assets of the company at least five years before the date of sale.

Business Incentives & Tax Credits in Côte d'Ivoire

It follows from the aforementioned provisions that in order to benefit from the deferred taxation of capital gains with regard to the disposal of equity securities, the following conditions must be met:

- the securities sold have been held for at least five years;
- the company undertakes to reinvest an amount equal to the amount of the realized capital gain added to the cost price of the shares, within three years from the end of the financial year in which said capital gain was realized.

These provisions are cumulative.

It should be noted that to benefit from the tax deferral, the company must send by mail to the Director General of Tax Administration the commitment to reinvest within a maximum period of three years the capital gain realized by attaching the income statement as an appendix.

If the re-use is carried out within the required deadlines, the capital gains deducted from the taxable income are deducted from the cost price of the new fixed assets, either for the calculation of depreciation in the case of depreciable assets, or for the calculation of capital gains realized subsequently in the case of non-depreciable goods.

Otherwise, they are reported against taxable profit for the financial year during which the above period has expired.

For reinvestment, acquisitions of shares or units having the effect of ensuring the operator full ownership of at least 30% of the capital of a third party are assimilated to fixed assets,

The companies have the possibility of calculating and deducting the normal depreciation of the new asset on condition of proceeding to the reintegrating in the final result of the part of the gain corresponding to the excess depreciation thus released.

The exemption instituted under Article 28 of the General Tax Code ultimately constitutes a deferral of the taxation of capital gains.

In fact, capital gains previously deducted from taxable income are deducted for the calculation of depreciation relating to new fixed assets if they are depreciable assets.

The taxation of the capital gain thus realized is spread over the depreciation period of the newly acquired goods, or deferred to the disposal of said goods when they are not depreciable.

Ultimately, the benefit granted is a cash saving over the year in which the capital gain was realized.

Business Incentives & Tax Credits in Côte d'Ivoire

Specific Tax regime for holding companies (Article 29 General Tax Code and service note n°. 2350 / SEPMBPE / DGI-DLCD of June 20, 2018)

In the event of setting up in Côte d'Ivoire, if the company created meets the definition of a holding company, it will benefit (apart from the parent company regime) from the following tax advantages

- reduced capital gains tax rate: capital gains from the sale of equity securities are taxed at 12% BIC tax instead of 25%;
- capital gains exemption: the same capital gains are totally exempted if, at the time of the disposal, the portfolio of the holding company is composed of at least 60% of equity securities in companies whose registered office is located in one of the WAEMU member countries;
- reduction in the rate of IRC on interest on loans: interest on loans taken out with foreign financial institutions or paid to the company's shareholders and intended to finance the acquisition or subscription of equity securities are subject to IRC at a rate of 8.25% instead of 16.5%.
- Holding companies are Ivorian capital companies of which at least two-thirds of the fixed assets are made up of holdings ensuring the company at least 10% of the capital of a capital company

Capital gain at the end of the Business (Article 33 General Tax Code)

Capital gains from the sale of fixed assets at the end of the business or in the case of a partial sale of the business are subject to reduced taxation.

Capital gains are taxable on one third or one half of their amount depending on the date of acquisition or creation of the business to which the assets sold were attached:

- funds acquired or created more than five years ago on the date of sale: one-third of the capital gains are taxable;
- funds acquired less than five years before the date of transfer or cessation: half of the capital gains are taxable.

Business Incentives & Tax Credits in Côte d'Ivoire

Special merger regime (Article 32 General Tax Code)

Contribution duty reduced on the value of the net assets contributed, namely:

- from 0 to 10,000,000: 0
- from 10,000,001 to 5 billion: 0.15%
- above 5 billion: 0.05%

Assumption of a liability: fixed fee of XOF 18,000 ;

The buildings and real estate rights appearing in the transferred assets are liable to land conservation rights when the publicity formality is completed. However, the general service contribution at the rate of 0.8% is not due. Only the salaries of the curator are due, ie a duty of 0.4%;

Exemption from BIC tax on capital gains other than those realized on goods, resulting from the allocation of shares ;

Exemption from IRVM of free allocations of shares or shares.

The special regime provided for in Article 32 of the General Tax Code is reserved for mergers of public limited companies or limited liability companies. The acquiring company must have its head office in the Ivory Coast.

Exemption from sales of holding company shares (Article 764 Bis General Tax Code)

In principle, the transfer of all or part of the social rights of a company, when it does not lead to the disappearance of the said company or the creation of a new legal person, is subject to a duty of 1%.

However, transfers of social rights of other companies carried out by companies whose activity consists of the acquisition, management or transfer of such rights are exempt.

Companies whose activity consists of the acquisition, management or transfer of social rights are holding companies

Business Incentives & Tax Credits in Côte d'Ivoire

Exemption of transfers of shares from foreigners to locals (Article 764 General Tax Code)

Transfers of shares made by foreign natural or legal persons to Ivorian natural or legal persons, relating to the corporate rights they hold in companies operating in Côte d'Ivoire, are exempt.

When the conditions for the application of the exemption are met, the transfer deed is in principle registered free of charge. However, in practice, the registration services systematically charge a fixed fee of XOF 18,000 on this type of deed.

Business Incentives & Tax Credits in Rwanda

Rwanda is a country located within Central and Eastern Africa and is the world's 148th largest country. With the purpose of improving Rwanda's competitiveness as an investment destination, the Law on Investment Promotion and Facilitation recently gazetted, provides incentives available to registered investors meeting the necessary requirements.

Preferential corporate income tax rate of zero per cent (0%)

A preferential CIT rate of zero per cent (0%) is granted to the following registered investors:

1. An international company, which has its headquarters or regional office in Rwanda, if it fulfils the following requirements:
 - i. to invest the equivalent of at least ten million United States Dollars (USD 10,000,000) in both tangible or intangible assets in Rwanda;
 - ii. to provide employment and training to Rwandans;
 - iii. to conduct international financial transactions equivalent to at least five million United States Dollars (USD 5,000,000) a year for commercial operations through a licensed commercial bank in Rwanda;
 - iv. to be well experienced in the sector within which it operates;
 - v. to spend the equivalent of at least two million United States Dollars (USD 2,000,000) per year in Rwanda;
 - vi. to set up actual and effective administration and coordination of operations in Rwanda

2. An entity registered in Rwanda by a philanthropic investor, upon approval by the Private Investment Committee.

Preferential corporate income tax rate of three per cent (3%)

A preferential CIT rate of 3% is granted to the following persons if they fulfill requirements set by the law;

- i. A registered investor licensed to operate as a pure holding company;
- ii. A special purpose vehicle registered for investment purpose;
- iii. A registered investor licensed as a Collective Investment Scheme;
- iv. Foreign sourced trading income granted to a registered investor operating as a global trading or paper trading
- v. Foreign sourced royalties granted to a registered investor operating as an intellectual property company

Business Incentives & Tax Credits in Rwanda

Preferential corporate income tax rate of fifteen per cent (15%)

A preferential CIT rate of 15% is granted to the following investors:

1. A registered investor undertaking one of the following operations: energy generation, transmission and distribution from peat, solar, geothermal, hydro, biomass, methane and wind. This incentive excludes an investor having an engineering procurement contract executed on behalf of the Government of Rwanda;
2. A registered investor in the sector of transport of goods and related activities whose business is operating a fleet of at least five (5) trucks registered in the investor's name, each with a capacity of at least twenty (20) tons;
3. A registered investor operating in mass transportation of passengers and goods with a fleet of at least ten (10) buses registered in the investor's name, each with a capacity of at least twenty-five (25) seats;
4. A registered investor involved in manufacturing within the sub-sectors of textiles and apparels, electronics information, and communication technology equipment, large scale agricultural operations, processing in wood, glass and ceramics, value addition and professional operations in mining and agricultural equipment;
5. A registered investor in the information and communication technology sector with an investment involving one of the following activities: information and communication technology and knowledge-based services, manufacturing or assembly. This incentive excludes information and communication technology retail and wholesale trade and information and communication technology repair industries and telecommunications;
6. A registered investor that establishes an innovation research and development facility, information and communication technology training centre, software build and test lab, information and communication technology and innovation specialized institution of higher learning, business incubation centre and related activities in the area of information and communication technology and innovation sector;
7. A registered investor licensed to operate as a fund management entity, collective investment scheme, wealth management services, financial advisory commercial entity, family office services, fund administrator, financial technology commercial entity, Captive Insurance Schemes, private bank, mortgage finance institution, finance lease commercial entity, Asset Backed Securities, reinsurance company, trust and corporate service providers;

Business Incentives & Tax Credits in Rwanda

8. A registered investor involved in the construction of affordable houses and upon fulfilling the criteria provided for by relevant laws;
9. A registered investor with an investment involved in electric mobility and upon fulfilling the criteria provided for by relevant laws;
10. A registered investor with an investment project involved in adventure tourism and agriculture tourism and upon fulfilling the criteria provided for by relevant laws;
11. An investor registered in another priority sector as may be determined by an Order of the Minister.

Preferential corporate income tax rate for export investments

The following preferential CIT rates for export investments apply to registered investors exporting goods and services:

- i. 25% CIT to a registered investor whose total turnover arising from export of goods and services is at least 30% and less than 50%;
- ii. 15% CIT to a registered investor with at least 50% of total turnover coming from export of goods and services.

Exemption from customs taxes and duties for products used in export processing zones

- A registered investor investing in products used in export processing zones is exempted from customs taxes and duties in accordance with provisions of the East African Community Customs Management Act.

Incentives for internationalization

- A small and medium investor or emerging investor registered as an investor with an investment project involved in export is entitled to a one hundred and fifty percent (150%) tax deduction of all qualifying expenditures relating to internationalization.

Corporate income tax holiday of up to seven (7) years

- A registered investor, except for investors in private equity and venture capital, investing an equivalent of at least USD 50,000,000 and contributing at least 30% of this investment amount in form of equity in the sectors specified below is granted to a maximum of 7 year corporate income tax holiday. The USD 50,000,000 are fully invested within a maximum period of 7 years. The corporate income tax holiday commences from the first year following the year in which the USD 50,000,000 has been fully invested.

Business Incentives & Tax Credits in Rwanda

Corporate income tax holiday of up to five (5) years

- A specialized innovation park developer or a specialized industrial park developer is entitled to a corporate income tax holiday of a period of five (5) years maximum from the first year that the project makes a positive net income. Licensed microfinance institutions are entitled to a corporate income tax holiday of a period of five (5) years from the date of their license. However, this period may be renewed upon fulfilling conditions prescribed in the Order of the Minister.

Withholding tax of zero per cent (0%)

- A preferential withholding tax of zero per cent (0%) is applicable to dividends, interest and royalties paid by investors benefiting from preferential corporate income tax of fifteen per cent (15%) and three per cent (3%).

Preferential withholding tax of five per cent (5%)

- A preferential withholding tax of five per cent (5%) is applicable to dividends and interest income paid to an investor investing in a company listed on the Rwanda Stock Exchange.

Preferential withholding tax of ten per cent (10%)

- A preferential withholding tax of ten per cent (10%) is applicable to specialised innovation park developers or specialised industrial park developers on interest

on foreign loans, dividends, royalties, and a service fees, including management and technical service fees.

Incentives for specialized innovation park developers and specialized industrial park developers

- i. Exemption from paying property tax for a period of five (5) years from the date of issuance of the construction permit;
- ii. Allowed to carry forward accumulated tax losses in the event of a change of ownership of share capital or voting rights amounting to more than twenty-five per cent (25%) in a given year;
- iii. Entitled to carry forward losses for a period of seven (7) years from the first year of making the loss, by deducting losses in the order in which they incurred;
- iv. Eligible for accelerated depreciation of fifty per cent (50%) in respect of capital expenditures incurred for a period of one (1) year from the date on which construction works were started;
- v. Value added tax is zero-rated (0%) for construction materials and finished goods at investment for construction projects;
- vi. Exempted from paying domestic taxes including withholding tax and excise duty, if applicable, on importation of construction materials and finished goods.

Business Incentives & Tax Credits in Rwanda

Incentives for Start-ups

With the exception of private equity and venture capital funds, angel investors investing a maximum of USD 500,000 in a start-up is eligible for:

- i. Exemption from capital gains tax upon the sale of shares, provided the shares were initially purchased as a primary equity issuance by the start-up;
- ii. Exemption from withholding tax applicable to dividends paid for five (5) dividend issuances by the start-up.

Incentives for the mining sector

- Registered investors holding a valid exploration license are entitled to carry forward losses for a period of ten (10) years from the first year of making the loss, by deducting losses in the order in which they incurred.
- This incentive is applicable if the mineral exploration expenditure has accounted for at least fifty per cent (50%) of the investor's total expenditure during the years in which losses were made.

Preferential tax incentives for film industry investors

A registered film investor involved in the following activities is entitled to the following incentives:

- i. value added tax is zero-rated (0%) for goods and services procured locally by the investor;
- ii. A preferential withholding tax zero per cent (0%) is applicable to foreign specialized services procured by the investor. A list of the qualifying foreign specialized services is jointly approved by the Rwanda Film Office and the Rwanda Revenue Authority.

Exemption from capital gains tax

A registered investor does not pay capital gains tax. However, income derived from the sale of a commercial immovable property is included in the taxable income of the investor.

Value added tax refund

The refund of the value added tax paid by investors is made within a period not exceeding fifteen (15) days upon receipt of the relevant documents by the Tax Administration. However, this does not reply to any registered investors who are in value added tax exempted sectors of business.

Accelerated depreciation

A registered investor is entitled to a flat accelerated depreciation rate of fifty per cent (50%) for the first year for new or used assets.

Business Incentives & Tax Credits in Senegal

Senegal, located in Western Africa, is bordered by Mauritania to the north, Mali to the east, Guinea and Guinea-Bissau to the south, and the Atlantic Ocean to the west. The key investment incentives available in Senegal are identified below:

Investment tax credit

Investment tax credit is available for companies that invest in the following sectors:

- primary sector and related activities: agriculture, fisheries, livestock and activities of storage, packaging and processing of local products of plant, animal or fishery origin, food processing industry;
- social sectors: health, education, training;
- services: assembly, maintenance of industrial equipment and remote services;
- manufacturing activities of production or transformation;
- mineral or petroleum processing activities;
- tourism, tourist facilities and industries, hotels, industrial parks, education, health, teleservices, assembly and maintenance of industrial equipment, transport, construction of port, airport and railway infrastructures.

Export Discount and other Exemptions

Industrial, agricultural or teleservice companies that export at least 80% of their production are entitled to:

- deduction equal to 50% of the taxable profit for the calculation of the income tax;
- exemption from Local Economic Contribution (LEC);
- exemption from Flat-rate contribution payable by employers;
- exemption from stamp duties;
- exemption from payment of registration fees.

Exemption from Flat-rate contribution payable by employers.

- Companies that create a minimum of 50 additional stable jobs on permanent contracts and new businesses that are not part of the Large Business Directorate are entitled to 3-year exemption from Flat-rate contribution payable by employers;
- 5-year exemption for new companies where the jobs created are greater than 200 or if at least 90% of the jobs created are located outside Dakar, exemption is extended to 8 years when the additional jobs are greater than 100 or if at least 90% of the jobs created are located outside Dakar, exemption is extended to 8 years.

Business Incentives & Tax Credits in Senegal

Exemption from Minimum flat rate tax

The following are exempted from Minimum flat rate tax:

Businesses whose exclusive purpose is the publishing, printing or selling of periodical publications

Holders of mining or petroleum research permits (for the validity of the research title and 3 years following that of the first production)

New companies not under the jurisdiction of the Direction des Grandes Entreprises (for their first 3 years)".

Exemption from Property tax on built properties

Holders of exploration permits for mineral substances, prospecting or hydrocarbon exploration authorization are exempted from Property tax on built properties for the duration of the validity of research permits or authorizations and their renewals for the first 3 years of the exploitation phase.

Companies are entitled to exemption of 5 years following their completion for new constructions, reconstructions and additions of constructions. However, the exemption does not apply to land used for industrial or commercial purposes.

Exemption from Tax on Financial Activities

Companies producing industrial, agricultural, fishing or tourism goods are entitled to exemption from tax on interest and commissions on loans with a term of at least five years

Tax Exemptions

- Individuals that invest in the underlisted sectors are entitled to certain tax deductions and reductions for in their personal income tax computation:
- Investments of taxable profits in the form of creation or expansion of establishments of the industrial, commercial, tourism, mining, breeding, agricultural, forestry, fishing sectors
- Investments in facilities designed to use solar or wind energy: water heaters, pumping stations, electrical generators and associated receivers
- Investments of taxable profits in the form of creation or expansion of establishments of the industrial, commercial, tourism, mining, breeding, agricultural, forestry, fishing sectors
- Investment in facilities designed to use solar or wind energy: water heaters, pumping stations, electrical generators and associated receivers

Business Incentives & Tax Credits in Senegal

Double taxation agreements

Senegal has double taxation agreements with the following countries:

- Belgium
- Canada
- China (Taiwan)
- France
- Italy
- Lebanon
- Luxembourg
- Mauritania
- Morocco
- Norway
- Portugal
- Qatar
- Spain
- Tunisia
- Turkey
- United Kingdom

Business Incentives & Tax Credits in Sierra Leone

Sierra Leone is a country in West Africa, on the Atlantic Ocean. Sierra Leone has a largely traditional economy in which the majority of the population engages in subsistence agriculture. The key investment incentives available in Sierra Leone are highlighted below:

Tax-Exempt Income

- The income of a company incorporated in Sierra Leone derived from any agricultural activity involving rice farming and tree crop farming such as cocoa. Coffee, oil-palm, poultry, livestock and ruminants, cashew, ginger, chili, vegetable and tubers, for a period of ten years from the commencement of that activity and 50% of any dividend paid in that period provided the company maintains full records of all transactions relevant to the agricultural activity is exempt from income tax. This exemption is subject to certain requirements, which differ depending on whether the investor is foreign or local.
- Fish farms comprising of at least ten fish ponds and measuring at least 200 square meters shall, of the 1st January 2015, be exempted from income tax on
 - Income derived from any fish farming activity
 - 50% of any dividend paid as a result of these activities, for a period of five years
- The income derived from investment in poultry business shall be exempt from income tax for a period of five years. However, the investment has to be at least \$50,000 for a citizen of Sierra Leone and at least \$500,000 for a non-citizen.
- The income of any Sierra Leone company that provides commercial passenger flights is exempt from tax for the year of assessment ending 31st December 2016 and the subsequent years of assessment.
- A new business investing a minimum of \$2,000,000 and employing at least twenty citizens of Sierra Leone shall be eligible for a corporate tax relief not exceeding five years.

Import Duty-Free Importation

- Entities engaged in agricultural production shall be entitled to duty-free import of agricultural production shall be entitled to duty-free import of agricultural inputs for a period of five years from the date of first registration.
- The import of feed, vaccines and veterinary drugs for poultry and livestock shall attract duty-free import for a period of five years from the date of commencement of business.

Business Incentives & Tax Credits in Sierra Leone

Interest on Loans for Agriculture

- Interest payable on any loan granted by a bank for the purposes of an agricultural investment shall be exempted from withholding tax, provided that the rate of interest on the loan is not more than the base lending rate at the time the loan was obtained.

Interest on Loans for Investment into the Manufacturing Sector

- Interest on any loan granted as working capital by a bank to any legally registered company engaged in the manufacturing sector and for the sole use of such business shall be exempted from withholding tax. This is subject to certain requirements.

Duty Free Importation

- A new business investing a minimum of \$2,000,000 and employing twenty Sierra Leone citizens shall be eligible for importing duty free equipment and machinery for establishing a new business for a period of five years.
- For raw materials (for any manufacturing), each under their substantive HS codes, the import duty rate is 5%.
- For packaging materials, each under their substantive HS codes, the import duty rate is 5%.

Oil and Gas

- Expenses incurred to acquire mineral and petroleum exploration and production rights and in respect of mineral and petroleum development are treated as if they were incurred for a depreciable asset.
- The rate of capital allowances on expenditure under section 43 of the ITA 2000 (start-up costs) on mineral and petroleum prospecting and exploration shall be 100%.
- The rate of capital allowances on production rights and other expenditure incurred on mineral and petroleum development shall be:
 - An initial allowance of 40% of cost in the year of expenditure and
 - An annual allowance of 20% of cost for each of the three years succeeding the year of expenditure
- Accumulated losses can be carried forward up to a maximum of ten years from the date of commencement of commercial production.
- A petroleum refinery investing a minimum of \$20,000,000 and employing at least fifty Sierra Leone citizens shall be eligible for a corporate tax relief not exceeding five years.
- A petroleum refinery investing a minimum of \$20,000,000 and employing at least fifty Sierra Leone citizens shall be eligible for importing duty free equipment and machinery for establishing the refinery for a period of five years.

Business Incentives & Tax Credits in Sierra Leone

General Incentives

- Any business registered in Sierra Leone and having at least 20% Sierra Leonean ownership as of 1st January, 2015 and beyond shall be entitled to corporate tax exemption for 5 to 10 years, depending on its workforce and minimum investment.
- For the purpose of income tax, there shall be deducted from the taxable profits of any business or establishment, 200% of the actual cost of remuneration payable to any physically or mentally disabled employees, up to the extent of the profits of the year in which the expenditure is made, but any unclaimed amount shall not be available for future deductions. This is subject to certain requirements.
- New and existing businesses importing plants and machinery, excluding spare parts and general purpose vehicles, exclusively for their business operations (and not for resale), shall be entitled to duty free import for three years from the date of their first registration. This is subject to certain requirements.
- For the purposes of income tax, any investor who makes a donation into the Skills Development Fund shall be eligible for 100% deduction of the donation from profits for the same year that the donation is made, but any unclaimed amount shall not be available for future deductions.
- For the purpose of ascertaining the chargeable income derived by a taxpayer during a year of assessment, there shall be deducted at the rate of 125% any expenses on social services such as the construction of schools and hospitals and any investments outside the scope of the original investment that would also be available to the general public for use free of charge.

Business Incentives & Tax Credits in Sierra Leone

Export Incentives

- 5% of business income derived from export sales calculated as necessary, in the proportion that export sales bear to total sales, are exempt from income tax.
- For the purpose of ascertaining the chargeable income derived by a taxpayer during a year of assessment, there shall be deducted at the rate of 125% expenses which are aimed at promoting exports and the supply of goods overseas.
- For the purpose of ascertaining the chargeable income derived by a taxpayer during a year of assessment, there shall be deducted at the rate of 125% expenditure incurred promoting an export quality standard Sierra Leonean owned product.
- A deduction is allowed for meal, refreshments and entertainment expenses in respect of hospitality to export customers.
- Any expenses which are aimed at promoting exports and the supply of good overseas shall, for the purpose of income tax, be eligible for deduction from profits of 100% of the cost incurred up to the extent of profits of 100% of the cost incurred up to the extent of profits of the same year the expenditure is made.
- Any expenses incurred on promoting an export quality standard Sierra Leonean owned product shall be eligible for deduction from profits 100% of the cost incurred up to the extent of profits of the same year the expenditure is made.
- Expenses shall be eligible only if made in promoting a brand name by making such a name internationally known, including expenditure on bill-board advertisements in international airports and highways.

Double Tax Agreement

Sierra Leone has ratified Double Tax Agreement with the following countries:

- United Kingdom
- Norway
- India
- Denmark

Business Incentives & Tax Credits in Seychelles

The Seychelles is an archipelago of 115 islands in the Indian Ocean, off East Africa. It's home to numerous beaches, coral reefs and nature reserves. The key investment incentives available in Seychelles are identified below:

Business tax

Business tax is levied on the taxable income; that is, assessable income less any allowable deductions, except for those exempted in the Second Schedule, as per the Business Tax Act – Amendment 2012.

Business Tax is levied at different rates depending on whether it is a Sole Trader, Company or Partnership as well as other activities.

Company (An entity, government body or a trustee)

- **25%** on the first SCR 1,000,000 of taxable income
- **30%** on SCR 1,000,001 and above of taxable income

Sole Trader (Any person other than an entity or a government body)

- **0%** on SCR 0 to SCR 150,000 of taxable income
- **15%** on SCR 150,001 to SCR 1,000,000 of taxable income
- **30%** on SCR 1,000,001 and above of taxable income

Telecommunications service providers, banks, insurance companies, alcohol and tobacco manufacturers

- **25%** on the first SCR 1,000,000 of taxable income
- **33%** on SCR 1,000,001 and above of taxable income

Business Tax Concessions

Businesses engaged in the Tourism Sector

0% on SCR 0 to SCR 250,000 of taxable income

15% on SCR 250,001 and above of taxable income

Businesses engaged in the Fisheries Sector

0% on SCR 0 to SCR 250,000 of taxable income

15% on SCR 250,001 and above of taxable income

Businesses engaged in the Agricultural Sector

0% on SCR 0 to SCR 250,000 of taxable income

15% on SCR 250,001 and above of taxable income

Businesses engaged in the Health Sector

15% of taxable income

Businesses engaged in the Education Sector

15% of taxable income

Business Incentives & Tax Credits in Seychelles

Exemptions and Concessions

A. Fisheries

1) *Import Tax Exemption and Reduction*

- There shall be a concession of 12.5% on the Excise Tax (S.I 54 of 2018 – Item 3(1) of the Excise Tax (Concessions) Regulations, 2018) payable on importation of commercial motor vehicles by persons registered as a fisherman with the Ministry responsible for Fisheries.
- Value Added Tax (VAT) refunds on locally purchased goods (excluding all motor vehicles except specialized motor vehicles) for registered fishermen and supporting activities. Receipts should be no less than SCR 1,000 and should be endorsed by SFA.

Value Added Tax (VAT) exemptions on specific imported products for registered fishing businesses.

Note that while supplies are exempted, registration for VAT is necessary in the instance of multiple business activities. E.g. VAT is exempted on specific imported products for fisheries businesses, but applied on activities within a retail outlet and other products being sold therein.

- Customs duty is exempted on goods imported as capital equipment, bait, protective and safety equipment to be used by persons engaged in fisheries recognized by the Ministry responsible for Fisheries as endorsed by the Ministry responsible for Finance, as per the S.I. 118 of 2014.

Rebate of 5% of the applicable rate of the Customs Duty on importation of inputs and minor operating equipment by persons recognised by the Ministry responsible for Fisheries.

Business Incentives & Tax Credits in Seychelles

2) Fuel

Type of Entity and Purpose of Reduction	Reduced Rate
Boat owners (Fuel for the exclusive purpose of fueling vessels undertaking commercial fishing activities)	100% of the applicable rate
SFA (Fuel bought for resale for the exclusive purpose of fueling vessels undertaking commercial fishing activities, excluding shark fishing)	100% of the applicable rate

3) Special Deductions on Taxable Income (Marketing and Promotion)

A further deduction, in addition to all other allowable deductions, of the expenditure incurred for marketing and promotion to the extent of 5% of the taxable income or the actual expenditure incurred, whichever is lower. This is applicable to registered boat owners, fishery processors and exporters

4) Accelerated Depreciation

Rates of depreciation allowable on capital investments for registered boat owners, fishery processors and exporters, other than buildings, are at the following rates:

Year	1	2	3	4	5
Percentage (%)	45	40	30	20	10

B. Agriculture

1) Import tax exemption and reduction for registered farmers

- There shall be a concession of 12.5% on the Excise Tax (S.I 54 of 2018 – Item 3(1) of the Excise Tax (Concessions) Regulations, 2018) payable on importation of commercial motor vehicles by persons registered as a farmer with the Ministry responsible for Agriculture.
- Value Added Tax (VAT) refunds on locally purchased goods (excluding all motor vehicles except specialized motor vehicles) for registered farmers and supporting activities such as abattoirs, animal feed factories, hatcheries and agricultural processors. Receipts should be no less than SCR1,000 and should be endorsed by the Seychelles Agricultural Agency (SAA).

Business Incentives & Tax Credits in Seychelles

Note that while supplies are exempted, registration for VAT is necessary in the instance of multiple business activities. E.g. VAT is exempted on specific imported products for farming businesses, but applied on activities within a retail outlet and other products being sold therein.

- Customs duty is exempted on goods imported as capital equipment, protective and safety equipment to be used by persons engaged in agriculture recognized by the Ministry responsible for Agriculture as endorsed by the Ministry responsible for Finance, as per S.I. 118 of 2014.
Rebate of 5% of the applicable rate of the Customs Duty on importation of inputs and minor operating equipment by persons recognised by the Ministry responsible for Agriculture.

2) *Special Deductions on Taxable Income (Marketing and Promotion)*

A further deduction, in addition to all other allowable deductions of the expenditure incurred for marketing and promotion to the extent of 5% of the taxable income or the actual expenditure incurred, whichever is lower. This is relevant to registered farming entities, agricultural processors and agricultural exporters as per the S.I.44 of 2016.

3) *Accelerated Depreciation*

Rates of depreciation allowable on capital investments for registered farming entities, agricultural processors and agricultural exporters, other than buildings are at the following rates:

Year	1	2	3	4	5
Percentage (%)	45	40	30	20	10

TAX INCENTIVES

TOURISM

1) *Main contractors and subcontractors*

Applicable to approved Tourism/Hotel Projects of SCR 25 million or greater

- Main contractors
Royalties paid to non-resident shall be exempt from withholding tax

Business Incentives & Tax Credits in Seychelles

- Subcontractors

Concessions granted only for the following activities:

Electrical, Plumbing, Pest Control, Air Conditioning and Refrigeration, Blasters

2) Marketing and Promotion Expenditure

A further deduction, in addition to all other allowable deductions, of the expenditure incurred for marketing and promotion to the extent of 5% of the taxable income or the actual expenditure incurred, whichever is lower.

3) Training Certified by the Department of Tourism

The total amount of deductions allowable for training certified by the Department of Tourism is 150% of the actual expenditure incurred.

4) Emoluments Paid to Graduates

Subject to Income Tax being paid, the total amount of deductions allowed from taxable income for the applicable businesses shall be 200% on emoluments paid by an employer to qualified graduate of Seychelles Institute of Technology (SIT), Farmers Training Centers (FTC), Maritime Training Centre (MTC), and Seychelles Tourism Academy (STA) in respect of 12 months full-time employment.

5) Emoluments Paid to Part-Time Students

Subject to Income Tax being paid, the total amount of deductions allowed from taxable income for the applicable businesses shall be 150% on emoluments paid by an employer to a qualified part-time students of Seychelles Institute of Technology (SIT), Farmers Training Center (FTC), Maritime Training Centre (MTC), and Seychelles Tourism Academy (STA) in respect of 12 months full-time employment.

6) Special Rates for Accelerated Depreciation

Rates of depreciation allowable on capital investments are at the following rates:

Year	1	2	3	4	5
Percentage (%)	45	40	30	20	10

7) Emoluments paid to a Musician by a Licensed Accommodation

The total amount of deductions allowed from the taxable income of a licensed accommodation in respect of a musician under a contract of service is 125% of the actual amount paid to the musician.

Business Incentives & Tax Credits in Seychelles

8) *Excise Tax Concession on Fuel [on refund basis]*

- **50%** For the licensed accommodation operator whose electricity cannot be adequately supplied by PUC. The concessionary rate is applied on fuel used for the exclusive purpose of electricity generation for operational purposes of the licensed accommodation.
- **50%** For licensed ferry services operator (cargo). The concessionary rate is applied on fuel for the exclusive purpose of fueling vessels for the transportation of goods by sea between islands in relation to an approved project.

HEALTH

The Government of Seychelles is committed to providing quality health care to the people and as such provides incentives to support the continuous growth of the sector.

VAT exemption

i) Imports

On medical, surgical, dental, pharmaceutical and veterinary goods, instruments and appliances.

ii) Supplies

- Life insurance premiums, health insurance premiums, marine cargo insurance premiums, insurance premiums under the agriculture disaster and fisheries insurance schemes or a reinsurance contract by a person carrying on the business of a licensed insurer or reinsurer
- Hospital, medical and dental services including ancillary services as approved by the public health authority.

Business Tax

The rate payable by a private medical service provider is 15% on its taxable income.

EDUCATION

To support the growing demand for quality education, the Government introduced tax incentive measures to attract the private sector in providing more educational services alongside the existing institutions put in place by the government.

Business Incentives & Tax Credits in Seychelles

VAT Exemption

i) Imports

Educational material and equipment (excluding motor vehicles), construction materials and reference books (not for resale) as authorized by the Ministry of Education, imported into Seychelles by a person carrying on the business as a licensed educational institution (excluding government schools).

ii) Suppliers

Education services, including any textbooks or stationery supplied in relation to such services.

Business Tax

The rate payable by a private educational institution is 15% on its taxable income.

Exemptions

The income of a business conducting religious functions in an institution, scientific research, charitable activities or education institutions.

Business Incentives & Tax Credits in Uganda

Uganda is a landlocked country in East Africa, is bordered on the east by Kenya, on the north by South Sudan, on the west by the Democratic Republic of the Congo, on the southwest by Rwanda, and on the south by Tanzania and Lake Victoria. Agriculture is the predominant sector of the economy, employing over 80% of the work force. The key investment incentives available in Uganda are identified below:

Beneficiary	Incentives	Period of Incentives	Conditions
Income Tax Act (These are provided for under the Income Tax Act Cap. 340)			
Developer of an industrial park/free zone	Exemption of income derived from renting out or leasing facilities established in an industrial park or free zone.	10 years from date of commencement of project	<ul style="list-style-type: none"> • Must invest a minimum of USD 50 M for foreign investors or USD 10M for citizens, Incentive takes effect from the date of commencement of construction. • Also applies to an existing investor making an additional investment of the same value.
Operator in an Industrial Park or Free Zone who invests in processing agricultural products; manufacturing or assembling medical appliances, medical sundries or pharmaceuticals, building materials, automobiles and house hold appliances;	Income derived by a person from undertaking any of the listed business activities in the Industrial Park or Free Zone.	10 years	<ul style="list-style-type: none"> • Must invest a minimum of USD 10M for foreign investors and USD 300,000 for citizens, USD 150,000 for a citizen whose investment is upcountry. • The incentive takes effect from the date of commencement of the specified business, same incentives apply to an existing operator in an Industrial Park or Free Zone.

Business Incentives & Tax Credits in Uganda

Beneficiary	Incentives	Period of Incentives	Conditions
Income Tax Act (These are provided for under the Income Tax Act Cap. 340)			
<p>Manufacturing furniture, pulp, paper, printing and publishing of instructional materials; establishing or operating vocational or technical institutes; or carrying on business in logistics and warehousing, information technology or commercial farming; and</p> <p>Manufacturing tyres, foot wear, mattress or toothpaste; manufactures chemicals for agricultural use, industrial, textiles, glassware, leather products, industrial machinery, electrical equipment, sanitary pads and for diapers</p>	<p>Income derived by a person from undertaking any of the listed business activities in the Industrial Park or Free Zone.</p>	<p>10 years</p>	<ul style="list-style-type: none"> • Must invest a minimum of USD 10M for foreign investors and USD 300,000 for citizens, USD 150,000 for a citizen whose investment is upcountry. • The incentive takes effect from the date of commencement of the specified business, same incentives apply to an existing operator in an Industrial Park or Free Zone.

Business Incentives & Tax Credits in Uganda

Beneficiary	Incentives	Period of Incentives	Conditions
Income Tax Act (These are provided for under the Income Tax Act Cap. 340)			
Investor outside an industrial park or free zone carrying	Income derived by a person from undertaking any of the specified business activities.	10 years	<ul style="list-style-type: none"> The investor must invest a minimum of USD 10M for foreign investors, USD 300,000 for citizens and USD 150,000 for citizen whose investment is place upcountry, use at least 70% of locally sourced raw materials and employ at least 70% of citizens.
Collective Investment Schemes to the extent of distribution	Income tax exemption for Collective Investment Schemes	Indefinite	<ul style="list-style-type: none"> Must be licensed to operate as a collective investment scheme Participants in the scheme should not have day to day control over the management of the property Participants contributions and ultimate income/profits must be pooled Property must be managed as a whole by the operator of the scheme

Business Incentives & Tax Credits in Uganda

Beneficiary	Incentives	Period of Incentives	Conditions
Income Tax Act (These are provided for under the Income Tax Act Cap. 340)			
Mining and petroleum operators	<p>Special income tax deductions allowed and exemptions:</p> <p>Carry forward losses, 100% depreciation rate for depreciable assets acquired for mining exploration, deduction for contribution made by a licensee to a rehabilitation fund in accordance with an approved rehabilitation plan, deductions for recovery of costs for work programs, exemption of income tax on amounts withdrawn from a rehabilitation fund to meet expenditure incurred under an approved rehabilitation plan, 10% withholding tax on payments made to sub-contractors as a final tax as opposed to 15%, deduction of social infrastructure costs incurred in accordance with the mining lease.</p>	Indefinite	<ul style="list-style-type: none"> • Mining and petroleum operators.

Business Incentives & Tax Credits in Uganda

Beneficiary	Incentives	Period of Incentives	Conditions
Income Tax Act (These are provided for under the Income Tax Act Cap. 340)			
Aircraft Operators	Income Tax exemption for Aircraft Operators	Indefinite	<ul style="list-style-type: none"> Applies to persons engaged in air transport for domestic and international traffic or aircraft leasing.
Private employers of persons with disabilities (PWDs)	Deduction of 2% Income tax for employers that employ PWDs	Indefinite	<ul style="list-style-type: none"> 5% of the employees must be PWDs
Non-profit making Organisations	Income tax exemption	Indefinite	<ul style="list-style-type: none"> Where the Commissioner has issued a written ruling stating that it is exempt.
Compliant taxpayers	6% Withholding Tax Exemption	6 months renewable	<ul style="list-style-type: none"> Where the Commissioner is satisfied that the taxpayer has regularly complied with the obligations under the tax laws.
All taxpayers	100% deduction of Scientific research expenditure	Indefinite	<ul style="list-style-type: none"> A person who incurs expenditure for scientific research
All taxpayers	100% deduction of training expenditure	Indefinite	<ul style="list-style-type: none"> Employers who train permanent residents or provide tertiary education not exceeding in the aggregate 5 years.

Business Incentives & Tax Credits in Uganda

Beneficiary	Incentives	Period of Incentives	Conditions
Income Tax Act (These are provided for under the Income Tax Act Cap. 340)			
All taxpayers	<p>Initial allowance and Depreciation allowance: Initial Allowance –capital deduction of 50% of qualifying Plant & machinery and 20% on Industrial building placed in the radius of 50Km outside the boundaries of Kampala.</p> <p>Person who places depreciable assets in service e.g. computers, automobiles, specialised trucks, tractors, plant and machinery used in farming, manufacturing or mining operations, trailers and trailer mounted containers; and Industrial building deduction of 5% on cost of construction straight line method for 20 years.</p>	Indefinite	<ul style="list-style-type: none"> All taxpayers with depreciable assets

Business Incentives & Tax Credits in Uganda

Beneficiary	Incentives	Period of Incentives	Conditions
Income Tax Act (These are provided for under the Income Tax Act Cap. 340)			
All taxpayers	Carry forward losses: Assessed loss is carried forward as a deduction in the following year of income.	Duration of the loss	<ul style="list-style-type: none"> All taxpayers
Investor established in a country with which Uganda has a DTA	Double Taxation Agreements (DTA): Investors from countries with active DTA's with Uganda i.e. United Kingdom, Denmark, Norway, South Africa, India, Italy, Netherlands and Mauritius. Withholding tax rates applicable to dividends, interests, management fees and royalties are 10% except UK at 15%	Duration of the DTA	<ul style="list-style-type: none"> Beneficial owner of investment established with economic substance in a country with which Uganda has a DTA.

Business Incentives & Tax Credits in Uganda

Beneficiary	Incentives	Period of Incentives	Conditions
Value Added Tax (These are provided for under the Value Added Tax Act Cap. 349)			
<p>Investment in processing agricultural products; manufacturing or assembling medical appliances, medical sundries or pharmaceuticals, building materials, automobiles and house hold appliances; manufacturing furniture, pulp, paper, printing and publishing of instructional materials; establishing or operating vocational or technical institutes; or carrying on business in logistics and warehousing, information technology or commercial farming.</p>	<p>No VAT payable on the supply of feasibility study, design services and on the supply of locally produced raw materials and inputs</p>	<p>Duration of the development</p>	<ul style="list-style-type: none"> • Must invest USD 10m for foreign investors or USD 1m for citizens. • The feasibility and design, or materials must be supplied for the construction of a factory or warehouse. • Must use at least 70% of locally sourced raw materials and employ at least 60% citizens.

Business Incentives & Tax Credits in Uganda

Beneficiary	Incentives	Period of Incentives	Conditions
Value Added Tax (These are provided for under the Value Added Tax Act Cap. 349)			
Developer of a hotel or tourism or meeting or conference facility.	No VAT payable on the supply of feasibility study, design and construction services; or the supply of locally produced materials; or the supply of machinery and equipment or furnishings and fittings	Duration of the development	<ul style="list-style-type: none"> • The investor must invest at least USD 10M or USD 300,000 for a developer of a meeting, exhibition, conference, incentives facility. • The feasibility studies must be for the development of a hotel or tourism facility or the supply of machinery and equipment furnishings or fittings (not available on the market). • The hotel or tourism facility must have a room capacity exceeding 100 guests.

Business Incentives & Tax Credits in Uganda

Beneficiary	Incentives	Period of Incentives	Conditions
Value Added Tax (These are provided for under the Value Added Tax Act Cap. 349)			
Developer of a Hospital facility	No VAT on supply of feasibility study, design and construction services; or the supply of locally produced materials; or the supply of machinery and equipment or furnishings and fittings	Duration of the development	<ul style="list-style-type: none"> • Must invest at least USD 5 M. • The feasibility study must be for the development of a hospital facility; or the construction of hospital premises and other infrastructure; or supply of the machinery, equipment, furnishings and fittings for use in the hospital facility. • The investment must be for a hospital at the level of a national referral hospital with capacity to provide specialised medical care.
Agriculture	VAT Exemption on agricultural supplies: animal feeds and premixes, crop extension services, irrigation works and sprinklers, supply of agriculture insurance, etc.	Indefinite	<ul style="list-style-type: none"> • Taxpayers in agricultural sector.

Business Incentives & Tax Credits in Uganda

Beneficiary	Incentives	Period of Incentives	Conditions
Value Added Tax (These are provided for under the Value Added Tax Act Cap. 349)			
VAT Registered taxpayers	VAT registered persons claim all the VAT incurred.	Indefinite	<ul style="list-style-type: none"> • Turnover of UGX 150m in any 12 month period for first time registration, ability to keep proper books of accounts and making taxable supplies.
Contractors to licensees undertaking mining/ petroleum operations	Deemed VAT: Tax payable on supply by a contractor to a licensee undertaking mining or petroleum operations is deemed to have been paid by the licensee to the contractor provided the supply is for use and exclusively for mining or petroleum operations	Duration of the investment	<ul style="list-style-type: none"> • Contractors to licensees undertaking mining/ petroleum operations
Contractors executing aid-funded projects	Deemed VAT: Tax payable on a taxable supply made by a supplier to a contractor executing an aid-funded project is deemed to have been paid by the contractor provided the supply is for use by the contractor solely and exclusively for the aid funded project.	Duration of the project	<ul style="list-style-type: none"> • Contractors executing aid-funded projects

Business Incentives & Tax Credits in Uganda

Beneficiary	Incentives	Period of Incentives	Conditions
Value Added Tax (These are provided for under the Value Added Tax Act Cap. 349)			
Insurance Industry	Life, medical, micro, aircraft and reinsurance services is exempt from VAT	Indefinite	<ul style="list-style-type: none"> Insurance services
Manufacturers of medicines	The supply of drugs, medicines and medical sundries manufactured in Uganda are zero-rated	Indefinite	<ul style="list-style-type: none"> Manufacturers of medicine and medical sundries in Uganda
Importers of medicines	VAT exemption at importation	Indefinite	<ul style="list-style-type: none"> Importers of medicines made in Uganda
Exporters	Zero rating of exports	Indefinite	<ul style="list-style-type: none"> All Exporters
Supply of services to conduct a feasibility study or undertake design and construction to other manufacturers other than those in agro processing, IT, warehousing, building materials etc (paragraph (pp) of the second schedule of the VAT Act) within or outside of an industrial park or free zone			<ul style="list-style-type: none"> Other manufacturers other than those mentioned in paragraph (pp) operating within or outside the industrial park or free Zone with a minimum investment capital of USD 30M for foreign investors or USD 5M for local citizens

Business Incentives & Tax Credits in Uganda

Beneficiary	Incentives	Period of Incentives	Conditions
Excise Duty (These are provided for under the Excise Duty Act, 2014)			
Developer of an industrial Park or Free Zone	Nil duty on construction materials for development of industrial parks or free zones by a developer	Duration of the development	<ul style="list-style-type: none"> • Must invest a minimum of USD 50M for foreign investors & USD 10m for EAC citizens. • The incentive takes effect from the date of commencement of construction.
Operator within the industrial park, free zone or other business outside the industrial park or free zone who invests in processing agricultural goods; manufactures or assembles medical appliances, medical sundries or pharmaceuticals, building materials, automobiles, household appliances or manufactures furniture, pulp, paper, printing and publishing of instructional materials; carries on business in logistics and warehousing, information technology or commercial farming and technical or vocational institutes.	Nil duty on construction materials of a factory or warehouse exclusive of those available on the local market, locally produced raw materials and inputs.	Indefinite	<ul style="list-style-type: none"> • The investor must invest a minimum of USD 10M for foreigners and USD 2M for citizens. • The incentive takes effect from the date of commencement of the specified business. • Must use at least 70% percent of locally sourced raw materials. • Must directly employ a minimum of 100 Ugandans.

Business Incentives & Tax Credits in Uganda

Beneficiary	Incentives	Period of Incentives	Conditions
Stamp Duty Act (These are provided for under the Stamp Duty Act, 2014)			
Developer of an industrial park/free zone	No Stamp duty on debentures, lease of land, Increase of share capital, transfer of land.	Duration of the development	<ul style="list-style-type: none"> Must invest a minimum of USD 50M and incentive takes effect from the date of commencement of construction.
Operator within an industrial park or free zone or an operator of a single factory or other business outside the industrial park who invests in agro processing, food processing, medical appliances, building materials, light industry, automobile manufacturing and assembly, household appliances, furniture, logistics and warehousing, information technology or commercial farming, operating vocational or technical institutes.	No Stamp duty on debentures, lease of land, Increase of share capital, transfer of land.	Duration of activity	<ul style="list-style-type: none"> The investor must invest USD 10M for foreign investors or USD 2M for citizens.

Business Incentives & Tax Credits in Uganda

Beneficiary	Incentives	Period of Incentives	Conditions
Stamp Duty Act (These are provided for under the Stamp Duty Act, 2014)			
Developer of Hotel or Tourism facility	Nil Stamp Duty on debenture, further charge, lease of land, increase of share capital, transfer of land and agreement to provide services on conducting a feasibility study or developing a design for construction.	Duration of the development	<ul style="list-style-type: none"> • Must invest at least USD 15M. • Hotel or tourism facility should have room capacity exceeding one hundred guests.
Developer of a Hospital facility	Nil Stamp Duty on debenture, further charge, lease of land, increase of share capital, transfer of land and agreement to provide services on conducting a feasibility study or developing a design for construction.	Duration of the development	<ul style="list-style-type: none"> • Must invest at least USD 10M. • Develop a hospital at the level of a national referral hospital with capacity to provide specialised medical care.

Business Incentives & Tax Credits in Zambia

Zambia, in southern Africa, is a landlocked country of rugged terrain and diverse wildlife, with many parks and safari areas. On its border with Zimbabwe. Zambia's largest economic sector is mining. Other significant sectors include agriculture and tourism. The key investment incentives available in Zambia are identified below:

Fiscal Incentives

- In order to be able to take advantage of benefits provided by the Zambia Development Agency Act No 11 of 2006 ("ZDA Act"), a foreign investor has to obtain an investment certificate under the ZDA Act.
- A foreign investor may transfer out of Zambia in foreign currency and after payment of the relevant Withholding taxes-
 - (a) dividends or after-tax income;
 - (b) the principal and interest of any foreign loan;
 - (c) management fees, royalties and other charges in respect of any agreement; or
 - (d) the net proceeds of sale or liquidation of a business enterprise.
- Investors who invest not less than US\$500,000 in the Multi Facility Economic Zones or a priority sector or product under the ZDA Act, are entitled to the following fiscal incentives:
 - i. Zero percent (0%) import duty rate on capital equipment and machinery including trucks and specialised motor vehicles for five (5) years.
 - ii. Accelerated depreciation on capital equipment and machinery including trucks and specialized motor vehicles for five years.

Non -Fiscal Incentives

- Investments of not less than US\$250,000 in a Multi Facility Economic Zone, an Industrial Park, a Priority Sector and investment in a Rural Enterprise under the ZDA Act, are entitled to the following non-fiscal incentives:
 - i. Investment guarantees and protection against state nationalization;
 - ii. Free facilitation for application of immigration permits, secondary licenses, land acquisition and utilities.

Business Incentives & Tax Credits in Zambia

General deductions

- In ascertaining the income of a taxpayer, a deduction will be allowed for expenditure incurred wholly and exclusively in the production of the income. The expenditure must have a very close connection with the income against which it is claimed and must not be capital in nature.
- The deduction will not be allowed on a gross interest expense that exceeds thirty percent (30%) of the tax earnings before interest, tax, depreciation and amortization. The 30% limitation is on gross interest and applies on the tax Earnings Before Interest, Tax, Depreciation and Amortisation. In addition to the foregoing, the 30% limitation applies to all sectors (except those regulated under the Banking and Financial Services Act, Pension Scheme Regulation Act or the Insurance Act) and to all borrowings, irrespective of whether the parties are related or not.

Deduction of foreign exchange losses

- Foreign exchange losses are deductible to the extent that they are revenue in nature and realised. By exception, foreign exchange losses of a capital nature incurred on borrowings used for the building and construction of an industrial or commercial building are deductible.

Deduction of losses

- In ascertaining the income of a taxpayer (other than a mining operation), a deduction will be allowed for a loss incurred in the charge year from the same source on which the loss was incurred. For a taxpayer carrying on a mining operation, the loss will be deducted from fifty percent (50%) of the income of the taxpayer.
- A loss incurred by a taxpayer (other than a mining operation) shall not be carried forward beyond five (5) subsequent years after the charge year in which the loss was incurred. A loss incurred by a taxpayer carrying on a mining operation or electricity generation, will not be carried forward beyond ten (10) subsequent charge years after the charge year in which the loss is incurred.

Business Incentives & Tax Credits in Zambia

Transfer of losses

- If a company (“Old Co”) has incurred a loss on a source and Old Co:
 - was incorporated outside Zambia;
 - carried on its principal business within Zambia; and
 - is about to be wound up voluntarily in its country of incorporation for the purposes of transferring the whole of its business and property, wherever situate, to a company which has been or will be incorporated in Zambia (“New Co”) for the purposes of acquiring that trade and property and the only consideration for the transfer will be the issue to the shareholders of Old Co, of shares in New Co in proportion to their shareholdings in Old Co.
- New Co after the transfer will be allowed Old Co’s loss as a deduction from income from the same source as that in which Old Co’s loss was incurred to the extent that the loss has not been allowed as a deduction for any charge year. Provided that the combined period of loss carried forward for both Old Co and New Co shall not exceed five (5) years

Capital Allowance

- Capital allowances are deductions that businesses can claim for wear and tear of qualifying fixed assets bought and used in a trade or business. Qualifying fixed assets include:
 - (a) buildings;
 - (b) implements;
 - (c) plant and machinery;
 - (d) fixtures and fittings; and
 - (e) motor vehicles and several other capital assets used in the production of income.

Investment allowance

- Where a taxpayer incurs capital expenditure on the construction of, addition to, or alteration of any industrial building to be used by for the purposes of the business as a manufacturer, an investment allowance of ten per centum (10%) of such expenditure will be deducted in ascertaining the income of that business for the year in which the said building, addition or alteration is first used for the said purposes.

Business Incentives & Tax Credits in Zambia

Development Allowance

- Where a taxpayer incurs expenditure on the growing of, rose flowers, tea, coffee, or banana plant or citrus fruit trees or other similar plants or trees a development allowance of ten per centum (10%) of such expenditure will be deducted in ascertaining the income for the charge year.

Local content allowance

- Where a taxpayer carrying on agro-processing or manufacturing incurs in a charge year, expenditure, other than expenditure of a capital nature on the growing or purchase of a prescribed agricultural product grown in Zambia, a local content allowance of two percent (2%) of the expenditure shall be deducted from the income for the charge year.
- The local content allowance shall be claimed in each year that the expenditure is incurred but not exceeding three charge years.

Deduction for preliminary business expenses

- In ascertaining the income of a taxpayer in the charge year in which a business commences, a deduction will be allowed in respect of any expenditure that was incurred within eighteen (18) months before the commencement of the business and would have been allowed as a deduction after its commencement.

Deduction for amounts paid after cessation of business

- In ascertaining the income of a taxpayer, a deduction will be allowed for any amount paid by any person after the cessation of a business which, if it had been paid prior to the cessation, would have been deductible.

Approved fund deductions

- In ascertaining the income of a taxpayer, a deduction will be allowed for any amount paid during that charge year by the employer by way of contribution to an approved fund established for the benefit of employees if the fund to which the contribution is made continues to be an approved fund for that charge year.
- An "approved fund" is an approved pension fund, an approved annuity contract or any superannuation, pension, provident, widow's or orphan's fund established by law in Zambia

Business Incentives & Tax Credits in Zambia

Deduction for share option scheme

- In ascertaining the income of a taxpayer, a deduction will be allowed for any amount incurred by the employer in the establishment or in the administration of an approved share option scheme for that charge year.

Deduction for technical education

- In ascertaining the income of a taxpayer, a deduction will be allowed for any payment made for the purposes of technical education relating to that business or for the purposes of obtaining further experience, training or qualifications relating to that business.

Deduction for subscription paid

- In ascertaining the income of a taxpayer, a deduction will be allowed for any subscription paid by a person in respect of membership of a trade, technical or professional association which is related to the business, employment or office.

Deduction for payments to public benefit organisations

- In ascertaining the income of a taxpayer, a deduction will be allowed for an amount paid by any person during a charge year to a public benefit organization (“PBO”) if;
 - (a) the payment is in money or money’s worth;
 - (b) the payment is made for no consideration;
 - (c) the Minister of Finance approves the PBO to which the payment is made (approval by the Minister may be given retrospectively); or
 - (d) the payment is made to a PBO that is owned by the Government (approval by the Minister is not required where the PBO is owned by the Government).

Deduction for research

- In ascertaining the income of a taxpayer from any source, a deduction will be allowed for business expenditure on experiments or research relating to the business, where the expenditure is of a capital nature.

Business Incentives & Tax Credits in Zambia

Deduction for bad and doubtful debts

- In ascertaining the income of a taxpayer from any source, a deduction will be allowed for debts to the extent that the debts have been included in the income from that source and to the extent that they are proved to the satisfaction of the Commissioner-General to be bad or likely to become bad. Where there is no income from that source for the charge year for which such deduction is due that deduction shall be deemed to be a loss.

Deduction for employing a person with disability

- In ascertaining the income of a taxpayer, a deduction of ZMW 2000 will be allowed in respect of each person with disability who has been employed full time by such business for the whole or substantial part of the charge year for which the deduction is claimed.

Deduction for Skills Development Levy Deduction

- A deduction for skills development levy is allowed in ascertaining the income of a taxpayer. To be eligible to claim the deduction, a taxpayer must be an employer who has actually paid the levy in that charge year. Where the employer has accrued the expenditure without making any payment, the deduction will not be allowed.

Deferment of customs duty

- A registered taxpayer may be authorized by the Commissioner General to remove dutiable goods from an entry port to an inland port without payment of duties. In this case the duties due will be deferred for a period not exceeding twelve (12) months. At the inland port the goods may be finally cleared or warehoused in a bonded warehouse.

Manufacturing under bond

- An operator of a bonded warehouse is able to import dutiable goods into a licensed bonded warehouse and may carry out various activities pursuant to the nature of their business without payment of duties. For an operator to operate as such, the operator needs to obtain a guarantee from a recognised guarantor as prescribed in the law to secure revenue on the uncustomed goods.

Business Incentives & Tax Credits in Zambia

Customs duty rebate for business enterprises that create employment

- Business enterprises that create employment pursuant to section 69 of the ZDA Act, are entitled to a rebate, refund or remission of customs duty paid or payable on goods such as machinery and equipment used for the business enterprise.

Customs duty rebate for motor vehicle and trailer assembly

- Business enterprises registered by the Zambia Development Agency (“ZDA”) to assemble motor vehicles or trailers are entitled to a customs duty rebate, refund or remission of the whole or any part of the customs duty paid or payable in respect to the machinery and equipment they use in the assembly, or for the component parts used for assembly.

Customs duty rebate for the manufacture of roofing sheets

- Inputs used in the manufacture of roofing sheets and roofing tiles are entitled to a rebate, refund or remission of the whole or any part of the customs duty paid or payable.

Customs duty rebate for manufacturing activities located in a multi-facility economic zones, an industrial park or rural area

- A customs duty rebate, refund or remission of the whole or any part of the customs duty paid or payable will be granted in respect of machinery and equipment used for manufacturing that is located in a Multi-Facility Economic Zone, or in an Industrial Park, or in a Rural area.

Duty Drawback Scheme

- This regulation provides for the drawback of duty whereby any duties paid on inputs that go into the production of exports are refunded so that the export is not rendered uncompetitive as a result of these duties.
- This scheme promotes exports by reducing the cost of production through refund of duties (local & import) incurred on inputs used in production of export products.

Business Incentives & Tax Credits in Zambia

Customs duty rebate for multi sector industries under the ZDA Act

A customs duty rebate, refund or remission will be granted to machinery and equipment used by different industries from multiple sectors as listed in the Second Schedule of the ZDA Act, these being;

- (a) Floriculture: Fresh flowers and dried flowers
- (b) Horticulture : Fresh and dried vegetables
- (c) Processed foods, Wheat flour/Other processed foods
- (d) Beverages and stimulants
 - (i) tea and tea products
 - (ii) Coffee and coffee products
- (e) Production and the processing of the following products
 - (i) Cotton
 - (ii) Cotton yarn
 - (iii) Fabric
 - (iv) Garments
- (f) Manufacturing of the following engineering products
 - (i) Copper products
 - (i) Iron ore and steel
 - (ii) Cobalt
 - (iii) Other engineering products

- (g) Beneficiation of phosphates and any other related material into fertilizer
- (h) Beneficiation of rock materials into cement
- (i) Production and processing of raw timber into wood products
- (j) Production and processing of the following products in the leather sector
 - (i) cattle hides
 - (ii) crust leather
 - (iii) leather products
- (k) Building of Mini-hydro power station
- (l) Education and skills training

Customs duty rebate for machinery and equipment and other specified goods for the development of the multi-facility economic zone or an industrial park

- A customs duty rebate, refund or remission will be granted on the whole or any part of the customs duty paid or payable in respect to machinery and equipment and other goods specified in the bills of quantities submitted with an application for an approval, to be used for development of a Multi-Facility Economic Zone, or an Industrial Park.

Business Incentives & Tax Credits in Zimbabwe

Zimbabwe, a landlocked country in Southern Africa, is bordered by Zambia to the northwest, Mozambique to the east, South Africa to the south, and Botswana to the southwest. Various tax incentives have been introduced by the Zimbabwean government in an attempt to grow foreign direct investment some of which are identified below:

Foreign tax credit

- Where foreign income is taxed in Zimbabwe, a tax credit (limited to the amount of local tax suffered) will be set off against the local tax liability.

Special Economic Zones (SEZs)

- Tax incentives have been announced for investors locating their business in SEZs. The businesses in these SEZs will be exempt from duty on goods and equipment that are consumed in establishing the business, will be tax exempt for the first five years, and will have a 15% tax rate thereafter.

Business Incentives & Tax Credits in Zimbabwe

Other incentives

- Note that this is a high-level summary, and certain conditions should be met in order to utilise these incentives.

Person for whom incentive is available and duration of incentive	Tax incentive	Tax treatment for normal taxpayers
For all taxpayers in build, own, operate, and transfer (BOOT) or build, operate, and transfer (BOT) arrangements.	First five years: Taxed at 0%. Second five years: Taxed at 15%. Thereafter: Taxed at normal rate.	Taxed at 24.72%.
Exporting taxpayers.	An additional allowance of 100% of cost incurred in an export country in order to export Zimbabwean goods to such country may be deducted.	Export expenditure incurred is deductible for tax purposes.
For all manufacturing taxpayers exporting (by volume).	30% to 40% at 20.6%. 41% to 50% at 18.025% Over 51% at 15.45%	Taxed at 24.72%.
special mining lease holder	Taxed at a reduced rate of 15%.	Taxed at 24.72%.
Operator of a tourist facility in a tourist development zone.	First five years: Taxed at 0%. Thereafter: Taxed at normal rate.	Taxed at 24.72%.
Industrial park developer.	First five years: Taxed at 0%. Thereafter: Taxed at normal rate.	Taxed at 24.72%.

Business Incentives & Tax Credits in Zimbabwe

Individual - Other tax credits and incentives

Foreign tax relief

As a result of the source rules, few items subject to foreign tax are liable to Zimbabwean taxation. There is, however, a general unilateral provision for relief from double taxation.

Relief in the form of a tax credit from Zimbabwean tax is allowed for taxes paid on foreign income. The aggregate credit allowed may not exceed an amount that bears to the total tax payable in Zimbabwe the same ratio as the foreign income taxable in Zimbabwe bears to the total taxable income.

Individual Incentives- Local taxes

Elderly persons and blind persons, as well as mentally or physically disabled persons, may receive credits of ZWL 72,000 per annum. 50% of medical aid contributions and medical expense shortfalls are also allowed as a credit.

Zimbabwe fiscal incentives for investors

The Zimbabwe Revenue Authority administers various tax incentives aimed at promoting investment while the Ministry of Industry and International Trade, the Industrial Development Corporation and the Zimbabwe Investment Authority are the main administrators of non-tax incentives. Revenue incentives in Zimbabwe apply equally to both domestic and foreign investors and the major goals of incentives in place are: -

- Income generation
- Export promotion
- Employment creation and skills transfer
- Small business development
- Industrial development
- Revenue inflows

Business Incentives & Tax Credits in Zimbabwe

Like many other developing countries, Zimbabwe offers a number of tax and customs incentives in the form of tax holidays, reduced tax rates, and accelerated depreciation. The incentives are given by sector, type of activity, form of organization, and geographical location of investment as follows:-

Income tax

i. Build Own Operate and Transfer (BOOT) and BOT Arrangements

- Contractors may enter into contracts with state or Statutory Corporation under which he undertakes to construct infrastructure for the state or statutory corporation
- This will be in consideration for the right to operate or control for a specified period after which the contractor will transfer ownership or control of the item to the state or statutory corporation
- Enjoys tax holiday for first 5 years
- Taxed at 15% for the second five years

ii. Manufacturing Companies

With effect from 1 January 2015 the rate of tax for manufacturing or processing companies which exports :-

- more than 30% or more of its output but less than 41%-----20%
- more than 41% or more of its output but less than 51%-----17.5%
- more than 51% or more -----15%

iii. Mining Companies

- All capital expenditure on exploration, development, and operating incurred wholly and exclusively for mining operations is allowed in full.
- There is no restriction on carryover of tax losses; these can be carried forward for an indefinite period.
- Taxable income of a holder of special mining lease is taxed at a special rate of 15%.

Business Incentives & Tax Credits in Zimbabwe

iv. Special Initial Allowance (SIA)

- This is a capital allowance, which ranks as a deduction.
- Allowed on expenditure incurred on construction of new industrial buildings, farm improvements, railway lines, staff housing and tobacco barns. Also allowed on additions or alterations to existing items as already mentioned
- SIA is also allowed on articles, implements, machinery and utensils purchased for purposes of trade.
- The definition of articles , implements, machinery and utensils now include tangible or intangible property in the form of computer software that is acquired, developed or used by the taxpayer
- Allowance is optional and once claimed this replaces wear and tear
- Allowed at the rate of 25% of cost from year one and the next three years
- The rate of SIA for Small to Medium Enterprises (SMEs) is 100% which 50% is allowed in first year of use the balance over two years @ 25% as accelerated wear and tear. w.e.f 1/01/2011.
- The rate of SIA for licenced investor is 100% which 50% is allowed in first year of use the balance over two years @ 25% as accelerated wear and tear. w.e.f 1/01/2017.

v. Farmers Special Deductions

- Farmers are allowed special deductions over and above the normal deductions.
- Examples include expenditure on fencing, clearing and stamping land, sinking boreholes, wells, aerial and geophysical surveys.

Business Incentives & Tax Credits in Zimbabwe

Value Added Tax

i. Services supplied by designated tourist facility operator [Section 10(2)q]

- Tourist facility operators conducting business in approved tourism development zones or an operator of a hunting safari is required to charge VAT at 0% for services offered to persons who are not residents of Zimbabwe and who are required under the exchange control Act to pay for such services in foreign currency. Such operators end up in a refund position for goods and services acquired locally.

ii. Farming inputs and equipment are subject to VAT at 0% [Section 10 a. r. w. 2nd schedule of the Regulations]

- Most farm inputs such as animal feed, animal remedy, fertiliser, plants, seeds and pesticides and equipment or machinery used for agricultural purposes are zero-rated.

ii. Deferment of collection of VAT on the importation of capital goods [Section 12A]

- Value added tax could be deferred on some capital equipment for the exclusive use in mining, manufacturing, agricultural and aviation industries whose investment generally relies on imported capital. Any person who produces proof to the satisfaction of the Commissioner General of ZIMRA that he or she has imported goods of a capital nature for his or her own use can qualify for this incentive. Below is a table showing deferment period and the value of the equipment.
- **Deferment thresholds and period :**

VALUE OF EQUIPMENT (US\$)	DEFERMENT PERIOD (Days)
100,000 to 1,000,000	90
1,000,001 to 10,000,000	120
10,000,001 and above	180

Business Incentives & Tax Credits in Zimbabwe

iv. VAT Relief to certain Diplomats and Diplomatic and Consular Missions.

- VAT refund may be granted to:
 - Any person who is not a citizen or permanent resident of Zimbabwe, and enjoys full or limited rights or privileges, in terms of the Privilege and Immunities Act or,
 - Any diplomatic or consular mission of a foreign country, established in Zimbabwe for official supplies. The refund shall not be payable to a citizen or permanent resident of Zimbabwe.

v. Double Taxation Agreements

- Zimbabwe has signed several Double Taxation Agreements
- These are meant to avoid or mitigate double taxation of the same income in the two countries to the agreement, that is, where a business entity operates in the two territories.
- The agreements restrict some withholding taxes to the amounts specified.
- The DTAs offer reduced rates of withholding taxes on dividends, interest, royalties and technical fees.
- As an example, almost all the DTA's signed limit the rate of tax on Technical Fees to 10% or less.