



Ivory Coast

Fiscal Guide 2015/2016

Tax



INTRODUCTION

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Income tax

Business income

The income tax in Ivory Coast, which is imposed under the General Tax Code (GTC) and applies to both resident and non-resident companies, is divided into a series of scheduler taxes, with each particular category of income (or schedule) being computed and taxed according to different rules. The main categories comprise industrial and commercial profits, non-commercial profits, wages and salaries, income from transferable securities (i.e. dividends, interest), income from land and agricultural income.

The standard corporate tax rate is 25%. Companies are also subject to the minimum lump-sum tax (even if it is a loss making company).

Rates

| Resident companies | |
|--|-------------------------|
| Corporation tax | |
| - Resident company | 25% |
| - Resident telecommunication company | 30% * |
| Non-commercial income | 25% |
| Capital gains | Part of business income |
| Dividends | 2%,10%, 12%,15% |
| Interest | Between 1% and 18% |
| Royalties | 20% |
| Management fees | 20% |
| Withholding tax (local transactions) | 7,5% |
| Tax on salaries for local employees | 2,8% |
| Tax on salaries for expatriate employees | 12% |

*From 1st January 2014

| Resident individuals | |
|-----------------------------|--|
| Personal Income tax | Progressive: between 9.5% and 37.5%. 20% for business income |
| Non-commercial income | 20% |
| Capital gains | Part of personal income |
| Dividends | 2%,10%,15% |
| Interest | 1%,10%,13,5%,16,5%, 18% |
| Employment income | 1.5% |
| National contribution | Between 1,5% and 10% |



Non-residents

| | |
|---|----------------------------------|
| Income tax (individuals) | 20% |
| Corporation tax (companies) | 25%, 30% |
| Capital gains (individuals and companies) | Part of personal/business income |
| Dividends | 15% ** |
| Interest | 18% ** |
| Non-commercial income | 25% ** |
| Management or consultancy fees | 20% ** |
| Leasing equipment from non-residents | 20% ** |

*Final tax withheld at source (rate may vary based on the tax treaty)

Capital gains tax

Capital gains are not taxed separately as such, but are included in ordinary income and subject to corporate income tax.

Capital gains arising from the disposal of fixed assets and shares are normally included in taxable income. Rollover relief for gains is granted where the taxpayer invests a sum equal to the amount of the gain in the acquisition of a similar asset within 3 years of the sale. For shares, the relief applies only to significant long-term holdings.

Subject to certain conditions, capital gains arising from a merger or partial business transfer are exempt.

Transfer pricing and thin capitalisation rules

There is no specific transfer pricing rules but there is an anti-avoidance notion based on the principle of abuse of law (abus de droit).

Intercompany transactions must be made at arm's length, otherwise the tax administration is empowered to make reassessments and collect taxes on profit indirectly transferred abroad.

There is no specific thin capitalization rule. However, interest paid by a company to its shareholders is deductible only where the following conditions are met: the loan is to be reimbursed within 5 years and the company is not under a liquidation procedure during the same period; and the interest rate does not exceed the Central Bank interest rate by more than 3 percentage points.

Other taxes

| | |
|---|---|
| Business license duty | Any company, whether domestic or foreign, which carries on a trade, business or profession not included in the list of exemptions set out in the GTC is liable to business license duty on each of its premises. Reduced rates are provided in specific cases. |
| Real estate tax on developed properties and on undeveloped properties | Tax levied on rental value of various types of properties. Rate is 12% (Article 156 and 158 of GTC; Article 10 2016 Ivorian Financial Law). Reduced rate in specific cases. |

Double tax relief and tax treaties

No unilateral double taxation relief is granted under domestic tax law in respect of foreign taxes paid. Bilateral relief is provided under Ivorian tax treaties.

Withholding tax on payments to countries with which Ivory Coast has a DTA:

| Type of income | France | Italy | Switzerland | UK | Germany | Belgium | Canada | Norway | WAEMU* |
|----------------|--------|-------|-------------|-----|---------|---------|--------|--------|--------|
| Dividends | 12% | 12% | 12% | 12% | 12% | 12% | 12% | 12% | 10% |
| Interest | 15% | 15% | 15% | 15% | 15% | 16% | 15% | 16% | 15% |
| Royalties | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 15% |

*WAEMU: West African Economic and Monetary Union (Benin, Burkina Faso, Guinea-Bissau, Mali, Niger, Senegal, Togo)

Transaction taxes

Value added tax (VAT) is levied on transactions carried out in Ivory Coast by individuals or companies who, either regularly or occasionally, purchase goods for resale or render services, other than as employees or farming workers.

VAT is levied only in respect of business activities that are carried on Ivory Coast territory at a standard rate of 18%. Different rates apply to milk, petroleum products or tobacco. Certain specified supplies are exempt from tax.

Customs duty

As a member state of the West African Economic and Monetary Union (WAEMU), Ivory Coast applies the customs rates specified in the community regulations. New rates came in force in 2015 related to the Common External Tariff (TEC). Customs duties are levied on the customs value of most imported goods at rates of 0%, 5%, 10%, 20% and 35%, depending on their classification.

Stamp and transfer duty

Stamp duties are levied on documents drawn up in Ivory Coast and on those drawn up abroad where they might be produced as evidence in legal proceedings in Ivory Coast. Fixed fees apply for paper documents and a percentage rate for negotiable and non-negotiable instruments.

Transfer duty applies to the sale of immovable property located in Ivory Coast at a rate of 6% of the price indicated in the transfer deed. The transfer of shares and other securities is exempt from registration fees if certain conditions are met, in particular if the transfer is executed in the form of a deed.

Accounting rules

From an accounting perspective, like other OHADA member countries, Ivory Coast has adopted, since January 2001, the OHADA accounting system (SYSCOA) provided for by the OHADA Uniform Act Relating to Accounting. Under the Act, companies operating in Ivory Coast are required to keep their local accounts and to prepare their domestic corporate income tax returns according to the OHADA Generally Admitted Accounting Principles (GAAP).

The revised SYSCOA was put in place since 2014 to include certain notions of IFRS rules. The new system was intended to apply from 2015. However, the Ivorian government decided to suspend the application of the revised SYSCOA (Circular No. 017/01-16). Therefore, the financial statements for the fiscal year ended 31 December 2015 must be submitted in accordance with the rules of the OHADA accounting system.

Investment information

At the start of the previous decade, Ivory Coast was among the richest and most developed economies in Africa. However, political turmoil hampered economic development throughout the 2000s and in particular in 2011, when the economy contracted by 4.7%.

Investment information

Ivory Coast has an agricultural-based economy, with roughly two-thirds of the population dependent on this sector for employment. Ivory Coast is the world's top cocoa producer and is also Africa's leading grower of natural rubber. In addition to agriculture, the Ivory Coast government is planning significant expansion in the energy and mining sectors.

The National Development Plan (2012-15) aims to reduce poverty significantly and to transform Ivory Coast into an emerging economy by 2020.

Investment incentives

Tax incentives

The new Investment Code of 2012 grants investment incentives for companies, whether domestic or foreign, resident or non-resident, in respect of their business activities carried on in the Ivory Coast.

The Code provides for the exemption of eligible companies from corporate income tax or the tax on non-commercial profits (as the case may be), business license duty and trading license duty. There is also exemption from VAT and reduction on custom duties.

The exemptions are granted for 5 years in the Abidjan area and for 8 years in the rest of the country.

These exemptions are for 5 to 15 years depending on the place of the investment.

Certain tax incentives are available to investments that must amount to at least F.CFA 500 million.

Oil & Gas

Tax incentives are granted under the Petroleum Code and the Mining Code for enterprises involved in mining and petroleum activities. These Codes provide exemption from VAT and additional taxes on imports and purchases to companies involved in exploration or production of oil, gas or minerals through the means of an agreement with the Government.

Housing sector

Finance Law 2004 introduced a special regime for companies approved as major investors in the construction sector. The benefits under this regime are granted to enable the production of inputs necessary for the construction of housing units or industrial facilities. Lot of exemptions are also granted such as corporate income tax, business license duty, VAT, etc.

Currency Exchange controls and rates

The XOF is linked to the euro (€) at a current fixed exchange rate of 1€ / 655.957 FCFA. Transfers within the CFA zone are not restricted. Dividends out of revenue and capital on disinvestment may be remitted.

Communauté Financière Africaine Franc (XOF) is currently used in 8 West African States (CFA).

Residence and work permits

A visa is required to work in Côte d'Ivoire and is valid for a maximum of three months. An extension is required to stay longer. To get a visa, a company letter (stating a specific mission), and a confirmation of itinerary from a travel agent, must be provided. For expatriates, a visa in the local employment contract is also required.

Natives from an ECOWAS member state do not need a visa to work in the country.

Languages

The official and commercial language is French.

Official holidays

- New year's Day – 1 January
- Easter Monday – (variable)
- Labour day – 1 may
- Ascencion – (Variable)
- Whit Monday – (variable)
- National holiday – 7 August
- Festival of the Assumption – 15 August
- All Saints' Day – 1 November
- National Peace Day – 15 November
- Christmas Day – 25 December
- Laïlatoul Kadr – Day after the Night of Destiny
- Aïd el Fitr – End of Ramadan
- Tabaski – Feast of sacrifice
- Maouloud – Birth of the Prophet





Contact us

Jean Luc Ruelle
Senior Partners
Africa Francophone Subsaharienne
T: +225 20 22 57 53
E: jruelle@kpmg.ci

Nadia Hamilton
Senior Manager
Tax & legal
T: +225 20 22 57 53
E: nadiahamilton@kpmg.ci

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