



Mauritania

Fiscal Guide 2015/2016

Tax





INTRODUCTION

Mauritania
Fiscal Guide
2015/2016

Income tax

Business income

Resident companies or companies effectively controlled in Mauritania are subject to tax on their worldwide income. Non-resident companies are taxed only with respect to Mauritanian-source income. Only profits realised by cooperative corporations and agencies approved in accordance with the law number 67-171 of 18 July 1967 are exempted from income tax. Businesses in Mauritania are either taxed based on an Actual Profit System (APS) or Flat Rate Tax System (FRS). Taxpayers who have a turnover of MRO30 million or higher are taxed under the APS. Those who have turnover less than MRO30 million are taxed under the FRS.

APS

The tax rate is 25% of taxable profit.

FRS

The tax rate is 3% of turnover. Companies with a turnover equal to or more than UM300 million will have to have their accounting records certified by a chartered accountant (CA) in Mauritania.

Minimum tax

Companies liable to APS are expected to pay a minimum tax when there is no taxable profit. The rate is 2.5% of the turnover of the previous year, with a minimum payment of UM750 000. This amount is payable before 31 March of the year following a taxable year.

Companies liable to APS are also expected to pay a minimum tax to customs, based on the value of goods imported along with other customs duties. The rate is between 2.5% and 3% of the value of goods and other duties. The minimum tax paid to customs during the course of the year is deductible from the annual minimum tax payable by the company. Where there is overpayment of minimum tax, the credit will be carried forward to the next tax year.

Tax rates

Resident companies	
Corporation tax	
- standard	25%
- rate for hydrocarbon activities	25%
Capital gains tax	25%
Dividends	10%

Resident individuals	
Income tax	between 15% – 40%.
Capital gains	25%
Dividends	10%
Interest	10%
Royalties	3%
Fees	3%



Non-resident Individuals

Corporation tax	15%*
Capital gains	same as residents
Dividends	10%
Interest	10%
Royalties	15%*
Fees	15%*

Non-resident Companies

Corporation tax	15%*
Capital gains	same as residents
Dividends	10%
Interest	10%
Royalties	15%*
Fees	15%*

* According to the 2013 Financial Law in Mauritania, companies that do not have a business incorporated in Mauritania, but are temporarily present in Mauritania for a period not exceeding six (6) months and have a signed contract for the provision of services or delivery of goods with legal persons or individuals resident in Mauritania, are eligible for only withholding tax ("WHT") at the rate of 15%.

The benefit of this regime is granted by the tax authorities on request of the company, at least 20 days before the commencement of the activities of foreign companies and non-resident individuals.

The withholding tax on the income of the foreign company and non-resident individuals, will be made by the debtor established in Mauritania.

Once the approval of the tax authorities is obtained, the company is not liable for the other taxes except the tax on salaries (if the company has any employees), which fall under the common law.

Further, once the company is subject to corporate tax, the WHT of 15% paid, will constitute a tax credit that the company can deduct from the corporate tax it will be liable for.

Should the foreign companies and non-resident individuals choose to continue their business activities in Mauritania at the end of the six (6) month period, they will be subject to the rules of the common law.

Individual income tax

Individuals are subject to income tax on wages. Mauritians are subject to tax on all personal income, including foreign-sourced income, while non-resident individuals are subject to income tax on the income attributable to their employment in Mauritania.

The individual income tax rate is between 15% and 40%:

Monthly taxable income	Rate
Less than or equal to UM90 000	15%
More than UM90 000 and less than or equal to UM210 000	25%
Exceeding UM210 000	40%

The tax rates for non-resident individuals is the same as for residents mentioned above.

Land contribution on built estates

There is an annual tax on built properties. Built properties refer to all constructions of masonry, iron, wood and other materials which are permanently fixed to the ground, (so that it is impossible to move them without destroying them). The tax is based on the value after abatement of 20% for building and 14% for equipment tools and installations. The rate is between 3% and 10%.

Transfer pricing and thin capitalisation rules

There are no special transfer pricing rules in Mauritania. However, the tax authority is allowed to levy tax on any enterprise in Mauritania that has carried out artificial transactions or appeared to have transferred profit to a related entity located abroad. A transaction may be considered artificial where it does not appear to have been carried out at arm's length.

In practice, the transactions between a company and other related entities, must be justified and substantiated with relevant supporting documents to ensure they are not fictitious transactions. The tax authority may also require a demonstration that the services are necessary for the Mauritanian company's operations.

Mauritania has also no thin capitalisation rules. However, the tax authority will only allow interest payments made at the Central Bank of Mauritania rate plus 2%, as deductions under corporate tax.

Value added tax (VAT)

VAT is levied at a rate of 16 % on all economic activities which constitute importation, delivery of goods and provision of services carried out in Mauritania for consideration, except those specifically listed as exempt items in the code.

The standard rate has been increased to 20 % for telecommunication services.

For petroleum products, the applicable rate is 16%, however, petroleum companies are not subject to the General tax code, but to the special petroleum law (033-2010).

VAT is levied on exported goods and services at 0%.

Input VAT incurred on a taxable operation is deductible from the VAT applicable to such an operation. The taxpayer has the right to deduct the input VAT when they become liable for the tax payment.

The VAT credit is refunded to exporters, imports of goods under investment and businesses that lose quality indebted.

Registration and stamp duty

Stamp duty is levied on most legal instruments and levied on all signing parties, lenders, borrowers and ministerial officers who have prepared an unstamped act. Instruments exempted from stamp duty are specifically stated in the act. The rates of stamp duty on paper documents are set according to the size of the paper.

	Height	Width	Rate (UM)
Registration paper	0.42	0.59	1 000
Standard paper	0.29	0.42	500
Half size standard paper	0.29	0.21	1 200

Registration fees are either fixed or proportional, depending on the nature of transaction and deeds concerned. Stamp duty is levied at a nominal rate on the transfer of shares or stocks. Instruments on which duty would be payable by the government are exempt from duty.

Double tax treaties (DTT)

Mauritania currently has a double tax agreement with Senegal, France and Arab Maghreb Union countries. The members of Arab Maghreb Union are Algeria, Libya, Morocco, Mauritania and Tunisia. It also has bilateral agreements with investment treaties with Belgium, Burkina Faso, Cameroon, France, Ghana, Guinea, Italy, Luxemburg, Mauritius, Morocco, Romania and Tunisia.

Double tax treaties and reduced rates

Country	Dividends	Dividends	Interest	Royalties
	Individuals, companies	Qualifying companies		
	(%)	(%)	(%)	(%)
France	**	**	*	*
Senegal	**	**	*	*
AMU members ***	*	*	**	**

* dividends, interests and royalties paid by a company which is resident of a Contracting State to a resident of the other Contracting State are only taxable in that other State according to the laws of that State.

**dividends, interests and royalties paid by a company which is resident of a Contracting State to a resident of the other Contracting State are only taxable in that first State according to the laws of that State.

***AMU means Arab Maghreb Union Treaty

Other taxes applicable in Mauritania

Residence tax

Residence tax is paid on the premises used by companies, associations, groups and other private organisations that are not liable for the tax on licenses. The amount payable is usually determined by the Municipal Council and is dependent on the category into which the premises falls. Tax rates are set annually by the Municipal Council, with a maximum limit of UM15 000.

Motor vehicle tax

This tax is charged on vehicles registered in Mauritania, except for:

- vehicles belonging to the state and to territorial communities
- vehicles specially made to be used by the injured and the disabled
- heavy vehicles or machines considered to be public work tools except trucks
- new vehicles intended for sale and imported by licensed automobile dealers
- vehicles owned by diplomats.

The tax rate depends on what the vehicle is used for as well as its engine capacity, this is detailed below:

Two categories:

Vehicles used for personal use

- The tax ranges from UM16 200 to UM70 200 depending on the engine capacity of the personal vehicles.

Vehicles used for the transport of public passengers or goods

- The tax ranges from UM13 800 to UM36 000, depending on the engine capacity of the vehicles.

Apprenticeship tax

This tax is payable by employers at the rate of 0.6% of the remuneration it pays to its employed staff. It is payable each year on the total amount of wages, salaries, allowances and remuneration and benefits in kind paid by the employer.

Patent tax

A business license tax is required every year by any individual or legal entity carrying out a professional activity in Mauritania. It is payable at a fixed rate depending on the turnover of the company and varies from UM300 000 to UM5 million per year.

Investment information

Investment rules

Investment in Mauritania is regulated under the Direction de la Promotion des Investissements Privés.

Foreigners are able to invest and participate in any enterprise in Mauritania – a few products are prohibited for religious or security reasons (e.g. alcohol, arms and pork).

Investment rules (continued)

A foreign investor is required to first visit the Office of Private Sector Development to submit a proposal for his or her investment project and to enquire about the necessary documents to file and steps to be undertaken in order to be legally established. The investor should also contact the ministry relevant to their business as well as the Ministries of Economy and Finance, Interior, and Justice to submit and finalise all documents. They should also contact the Central Bank to submit documents related to tax registration.

Foreign economic operators wishing to invest in Mauritania must create their company or a partnership with established firms in Mauritania.

Usually, registered parties wishing to invest in Mauritania use a simplified form, attaching duly certified supporting documents as well as a file containing the following:

- Articles of association;
- Copies of the memorandum and a complete list of associates and their share of registered capital;
- Corporate and trade register; and
- Declaration of existence issued and certified by the appropriate tax authorities in the Direction Générale des Impôts.

Investment incentives

Exchanging and remitting funds

There is a free exchange regime in Mauritania. Any investor can purchase foreign currency in a bank or exchange office. The freedom to transfer capital is guaranteed under the investment code to persons or companies that have invested foreign or joint capital. The transfer of convertible currency applies only to funds relating to:

- The investment or its products;
- Dividends, capital inflow in the event of assignment or final disposal (the professional income of foreign employees); and
- Compensation in the event of nationalisation, expropriation, requisition or in the form of exemption from duties, taxes or income tax.

In practice, the transfer of capital is handled by the primary banks. Since the sector was liberalised, banks do not need authorisation from the central bank to transfer funds abroad. There are no exceptions to this freedom.

Social security

Investors are allowed to recruit up to four expatriates without having to apply for authorisation or a work permit, which are usually mandatory when hiring foreigners in Mauritania.

In some cases, foreign workers are covered by a foreign social security plan, which exempts the employer from paying social security charges in Mauritania.

Others

The different investment incentives depend on the status of the company. The following are the possible incentives available to entities, depending on their particular situation:

- a) Exemption for a certain period (depending on the category of the company) from import duties and taxes (custom duties, fiscal duties, turnover tax and statistical tax) on material and capital equipment indispensable to the setting up of the enterprise;
- b) Possibility of benefitting in certain cases from special and temporary administrative or statutory waivers;
- c) Certain priority enterprises may benefit from total or partial stabilisation of their tax burden for a maximum of seven years from commencement of operations;
- d) Possibility of benefitting from measures of exoneration and tax relief as will be determined in each individual case;
- e) Certain priority enterprises may be approved for long-term fiscal status which is designed to guarantee stability for a whole or part of the tax burden imposed upon them, over a maximum period of twenty years, extended if necessary for a further maximum period of five years; and
- f) Enterprises approved for long-term fiscal status may, subject to the approval of the National Assembly, enter into an agreement with government which lays down and guarantees the conditions for the establishment and operation of the approval enterprise.

Exchange control

The Central Bank of Mauritania (CBM) is responsible for defining, implementing and monitoring the exchange regulations with regards to foreign currency transfers to or from abroad relating to:

- Current operations defined by the Governor of the CBM; and
- Capital transactions on net real proceeds of the sale or liquidation of investments made by importing foreign currency.

Any export of capital or operations other than those mentioned above, the import and export of gold and other precious materials and any offsetting of debt with foreign countries are subject to prior authorisation of the CBM.

Any person may open, maintain and operate a foreign currency account with an authorised dealer.

Residence and work permits

All foreign citizens are required to obtain a work permit, which is generally mandatory when hiring foreigners in Mauritania. Recruitment of foreigners requires the approval of the Minister of Labour.

Economic statistics

Prime interest rate	23.5%
US\$ exchange rate (February 2014)	MRO 286.284
Inflation rate (December 2013)	4.10%
GDP (2013)	6.7%

Travel Information

Visa requirements	Visas are required by all foreign passport holders, other than the following countries: Algeria, Barbados, Benin, Bermuda, Burkina Faso, Cape Verde, Chad, Cook Islands, Ivory Coast, Dominica, Ecuador, El Salvador, Gambia, Guinea, Guinea Bissau, Haiti, Kosovo, Liberia, Libya, Malaysia, Mali, Micronesia, Niue, Philippines, Saint Kitts and Nevis, Senegal, Sierra Leone, Singapore, Syria, Togo and Tunisia.
Flights	A number of international carriers such as Air France, Tunisair, Royal Air Maroc, Air Algerie and Etihad fly into Mauritania.

Currency

The Ouguiya (MRO).

Languages

Arabic is the official and national language of Mauritania. Official documents are written in French. French is also majorly spoken by the media and among educated classes. The other local languages are Pulaar, Soninke, Imraguen and Wolof.

Official holidays

- 1 January (New Year's Day)
- 1 May (May Day)
- 25 May (African Liberation Day)
- 10 July (Armed Forces' Day)
- 28 November (Independence Day).

Religious holidays

- End of Ramadan (2 days)
- Feast of the Sacrifice
- Birthday of the Prophet (2 days)
- Islamic New Year.





Contact us

Ndiaga Sarr
Partner

T: +221 338492705

E: ndsarr@kpmg.sn

Marie BA
Partner

T: +221 3384922727

E: mba@kpmg.sn

Mamadou Sarr
Tax and Legal Senior Manager

T: +221 338492474

E: msarr@kpmg.sn

www.kpmg.com

Notice: Whilst reasonable steps have been taken to ensure the accuracy and integrity of information contained in this document, we accept no liability or responsibility whatsoever if any information is, for whatever reason, incorrect. We further accept no responsibility for any loss or damage that may arise from reliance on information contained in this document. This document is based on our interpretation of the current income tax law and international tax principles. These principles are subject to change occasioned by future legislative amendments and court decisions. You are therefore cautioned to keep abreast of such developments and are most welcome to consult us for this purpose.

© 2016 KPMG Africa Limited, a Cayman Islands company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved

