



Session code:
4181

Regional Updates

2023 KPMG Africa Tax Summit
Tax amid disruption and uncertainties

Cape Town, South Africa

—
4-5 April 2023



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Regional Updates [North Africa]



Today's presenter



Insaf Haitof
Partner and Head of Tax
KPMG in Morocco

Key legislative changes



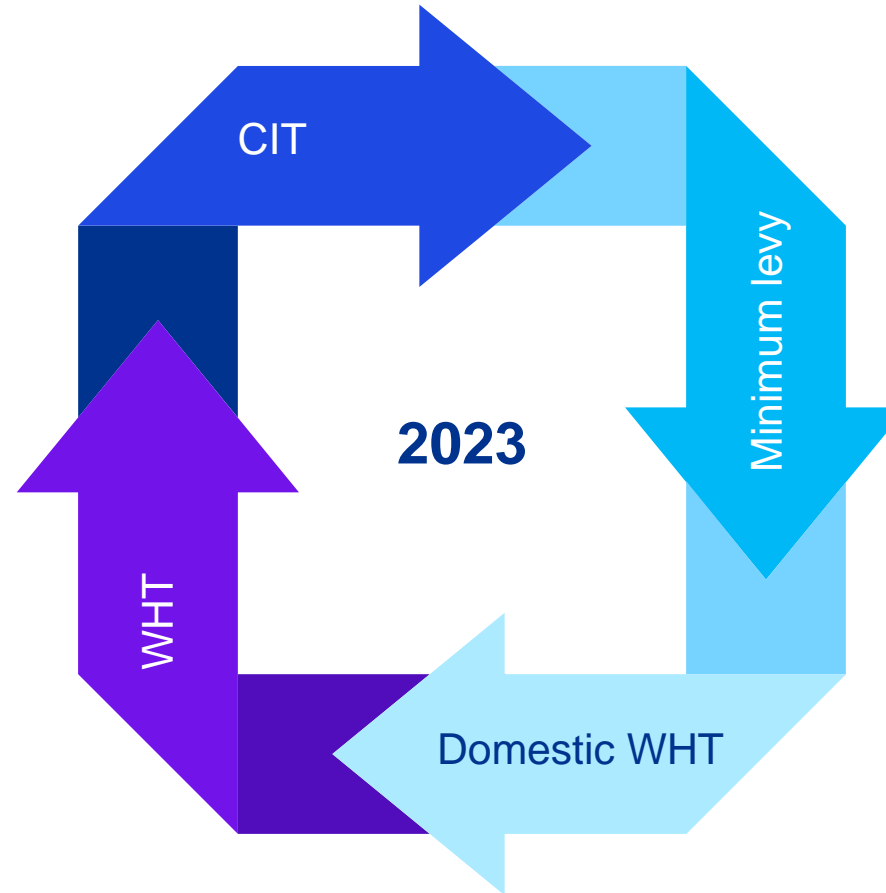
CIT rates

Comprehensive reform of CIT rates for a gradual convergence towards unified rates.



Profit. Repat WHT rates

Gradual reduction of WHT due on dividends and similar income



Minimum levy

Reduction of minimum levy rates by 50% with an aim to eliminate this levy in the future.



Domestic WHT

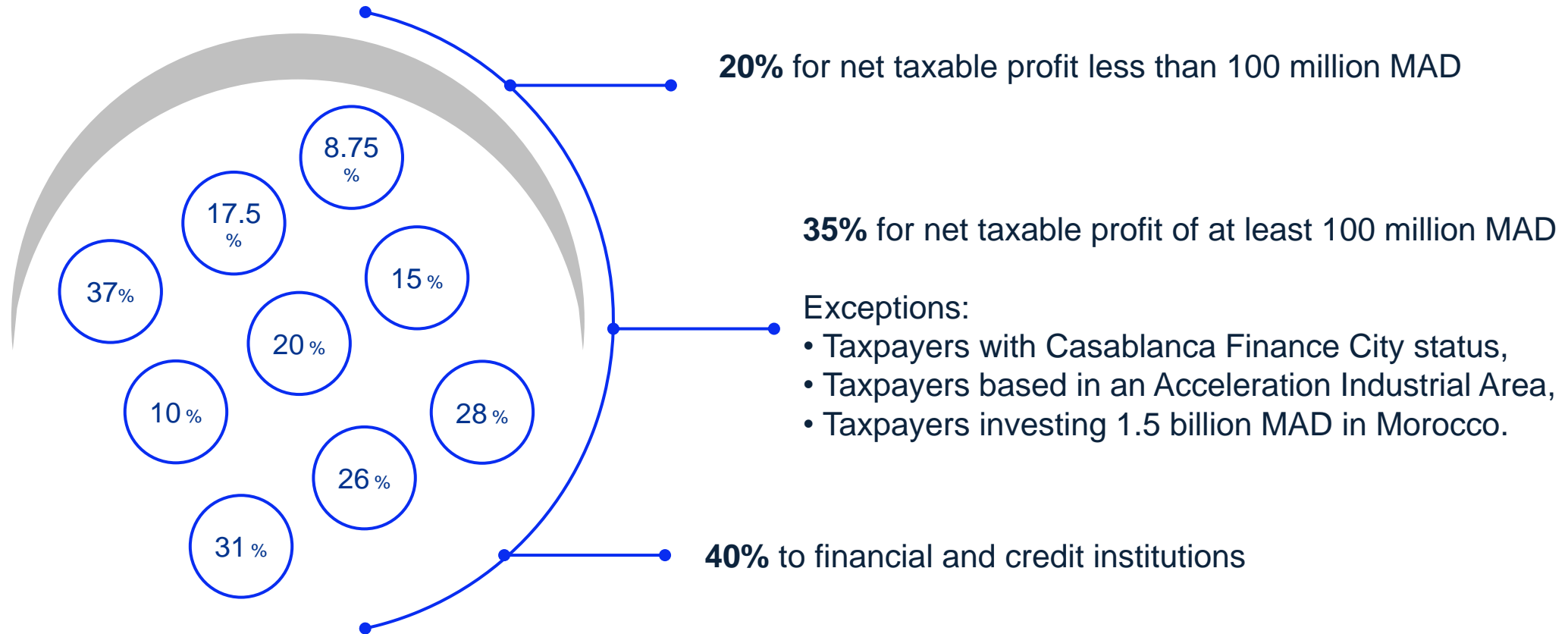
Introduction of withholding tax on remuneration allocated to third parties.

Key legislative changes



CIT rates

Comprehensive reform of CIT rates for a progressive convergence towards unified rates in FY 2026

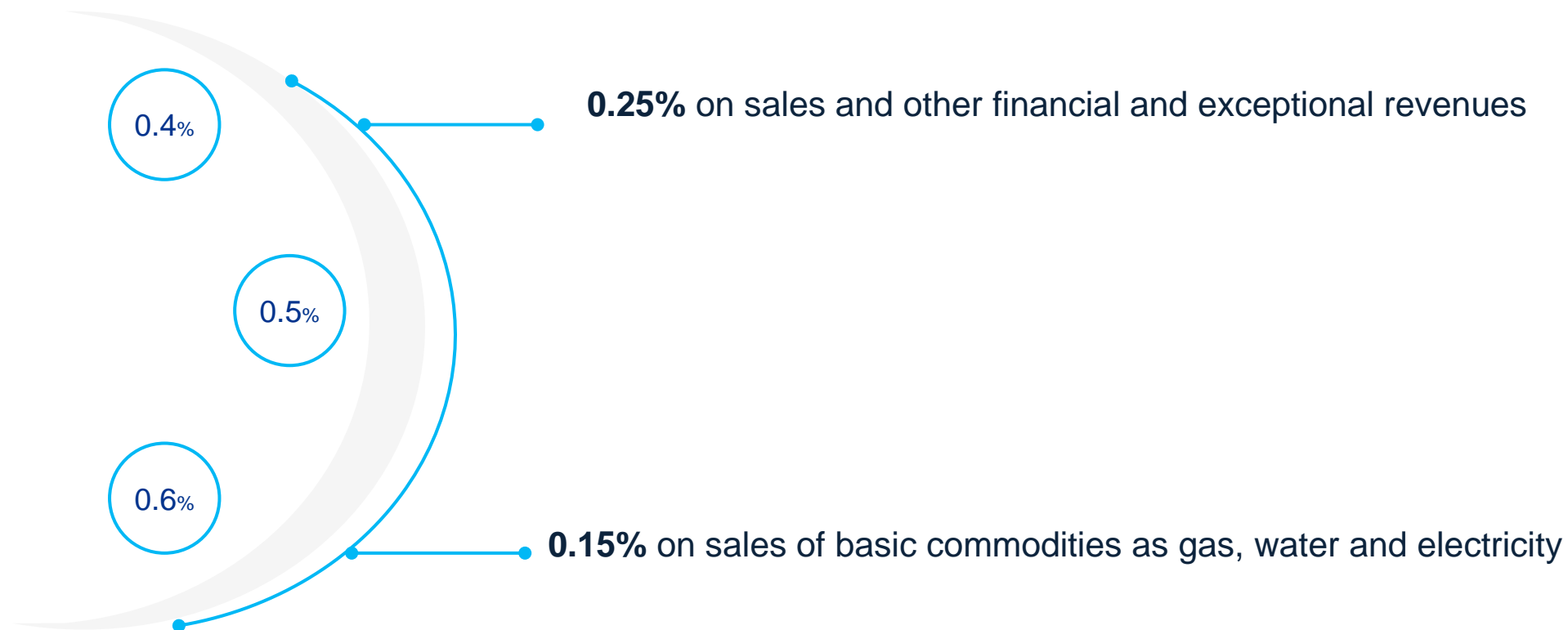


Key legislative changes



Minimum levy

Reduction of minimum levy rates by 50% with an aim to eliminate this levy in the future.

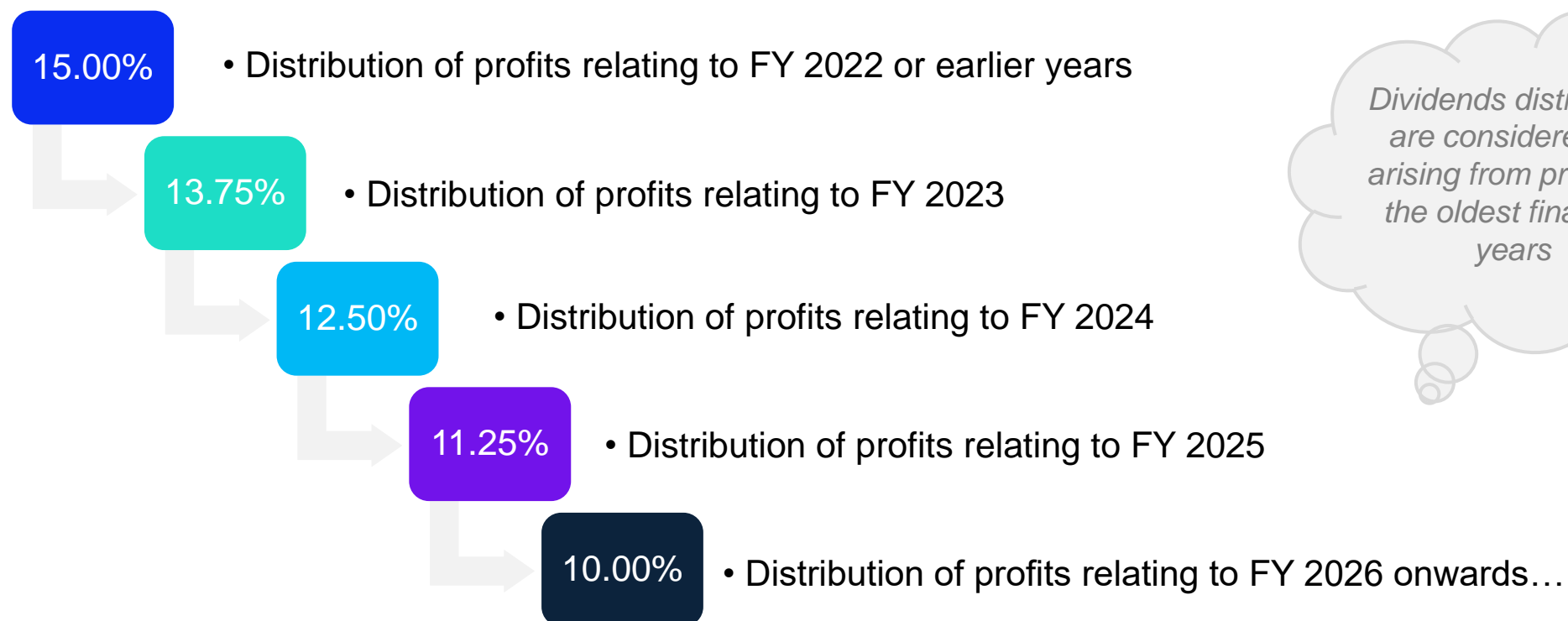


Key legislative changes



WHT on dividends

Gradual reduction of WHT due on dividends and similar income

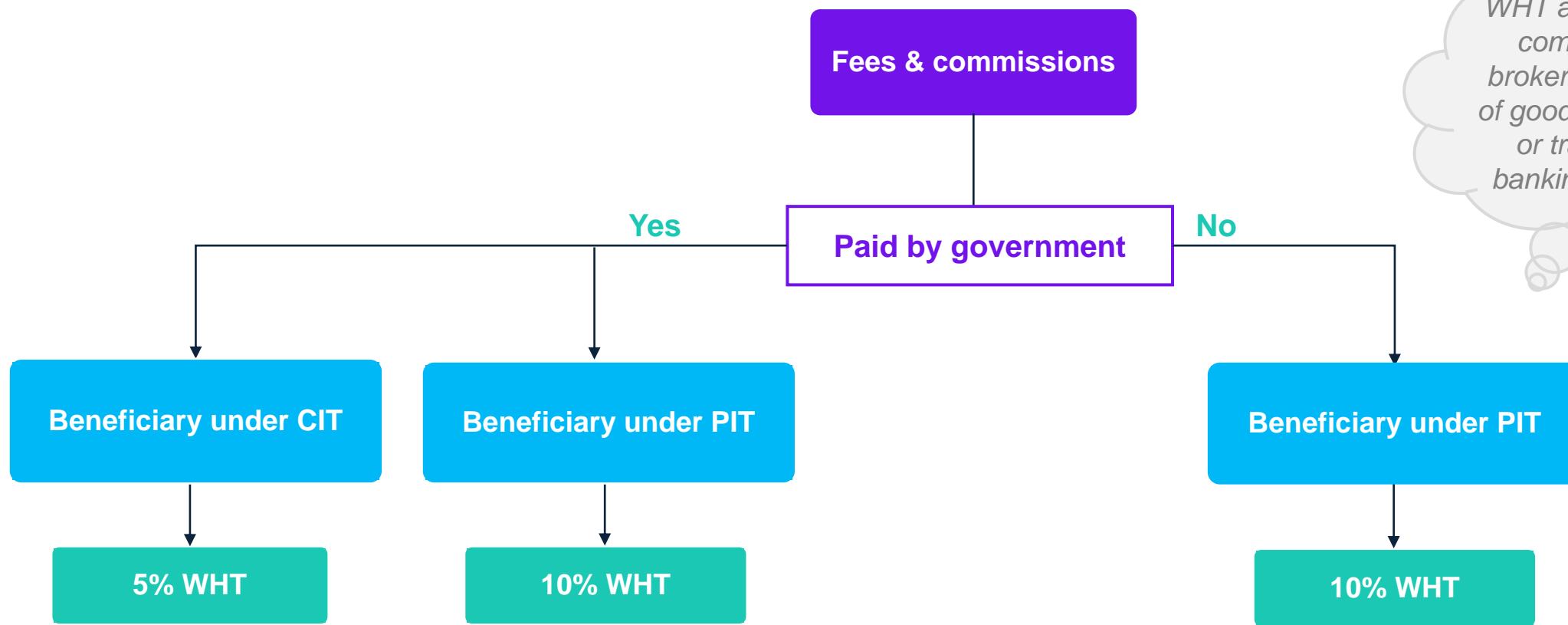


Key legislative changes



WHT on some domestic transactions

Introduction of withholding tax on some payments to third parties



WHT applies to fees, commissions or brokerages; not sale of goods and services or transport and banking operations.

Actions on the digital economy

Tax challenges of the digital economy are not addressed

Morocco does not levy unilateral taxes on digital services

The legislation allows capture of VAT on digital services

Tax Authority monitors inbound money flowing e.g. Ads

Morocco signed the October 2021 Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalization of the Economy

Current and emerging tax authority areas of focus

Tax Authorities invested in sophisticated software to scrutinize consistency of tax data and financial information

Tax Authorities maintain their growing trend towards transfer pricing audits with focus on cross-border transactions

Tax Authorities ensure taxpayers eligible to tax incentives benefit from such incentives in a proportionate and compliant manner

Introduction of provisions to fight tax fraud



Regional Updates [West Africa]



Today's presenter



Adewale Ajayi
Partner and Head of Tax
KPMG in Nigeria

Macroeconomic Landscape

	Nigeria	Ghana
Population	+200 million	+30 million
2021 GDP	US\$445 billion	US\$77.59 billion
2022 GDP growth rate (year-on-year)	3.1%	3.3%
Inflation rate	21.91%	52.8%
Interest rate as at February 2023	17.5%	28%
Major exports	Crude oil	Cocoa, gold and oil

01

Key Legislative Changes



Key Legislative Changes - Nigeria

Nigeria implemented Finance Act in 2019, 2020 and 2021 as a tool to introduce incremental fiscal and legislative changes to its tax laws, improve the ease of doing business in the country and harmonise the relevant laws to conform with international best practices. Some key changes introduced by the Finance Acts include:



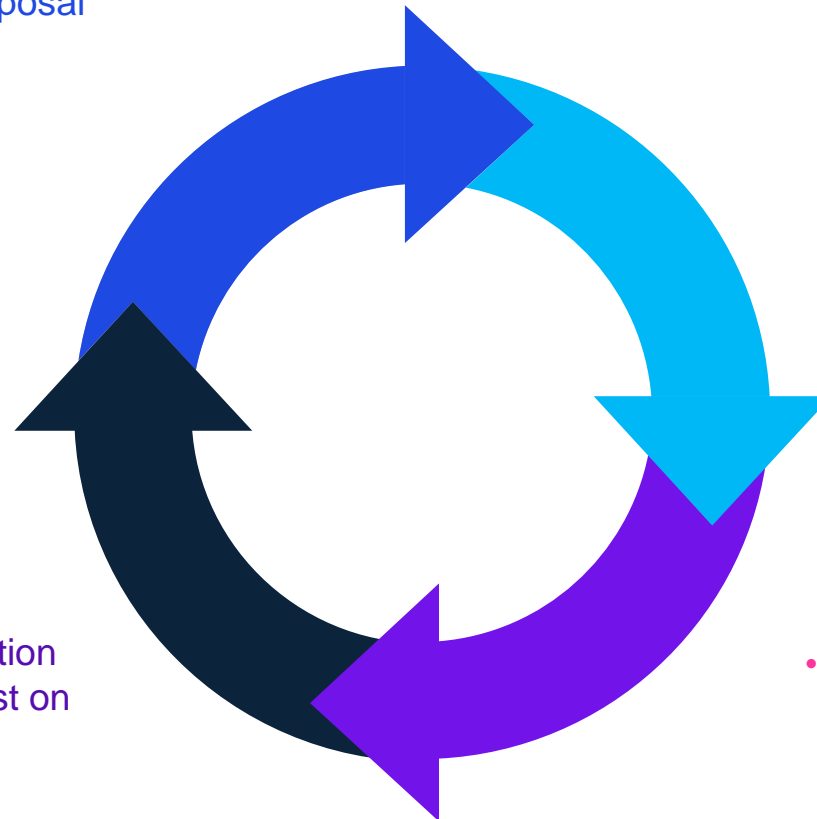
- Taxation of gains from disposal of shares in Nigerian companies



- Changes to the VAT principle on place and time of supply for Nigeria VAT purposes



- Introduction of thin capitalisation rule for deductibility of interest on related party and connected persons loans



- Provision that empowers the FIRS to deploy third party and proprietary technology to enhance tax administration



- Classification of companies into small, medium and large companies with different income tax rates



- Definition of goods and services to resolve areas of conflicts regarding the application of VAT.



Key Legislative Changes – The Startup Act

The Startup Act addresses the following four (4) key areas that technology entrepreneurs contend with:

“

Nigeria currently has the highest number of Unicorns (startups valued at \$1bn or more) in Africa.

”

Capital

- Startup Investment Seed Fund
- Credit Guarantee Scheme.

Talent

- Digital technology acquisition centres
- Partnership with the Industrial Training Fund (ITF)

Infrastructure

- Protection of intellectual property rights
- Establishment of the National Council for Digital Innovation and Entrepreneurship

Regulation

- Establishment of the Technology Development Zone
- Collaboration with agencies of government

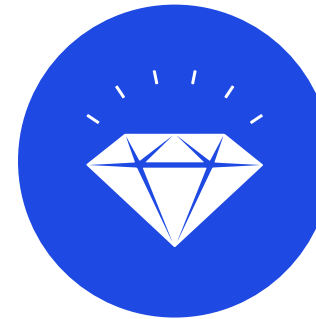


Key Legislative Changes – The Business Facilitation Act (“the Omnibus Act”)

The Omnibus Act is a legislative intervention by the Presidential Enabling Business Environment Council (PEBEC) which amends 21 business-related laws. The Act is aimed at removing bureaucratic barriers to conducting business in Nigeria with the following key provisions:

Service Level Agreements (SLAs)

Requires government Ministries, Departments, and Agencies (MDAs) to publish SLA that provides guidelines to the public on their functions and operational procedures.

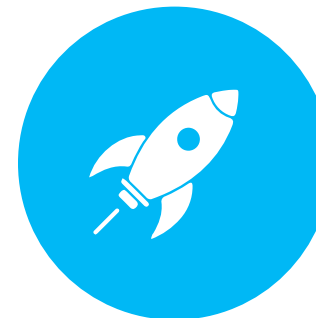


Promote Transparency and Efficiency

Mandates MDAs to publish a complete and current list of requirements for obtaining any products and services they offer, including timelines for approvals.

Automation of Corporate Administration Processes

The Act mandates the Registrar-General of the Corporate Affairs Commission (CAC) to ensure that all application processes at the CAC are fully automated, from start to completion, within 14 days of the commencement of the Act.



Amendment to the key Corporate Administration Laws

Including Companies and Allied Matters Act, 2020, Industrial Training Fund (ITF) Act, Nigerian Investment Promotion Commission (NIPC) Act, National Housing Fund Act, Immigration Act, Industrial Inspectorate Act, Pension Reform Act, etc.

Key Legislative Changes in 2023 – Ghana

Revenue monitoring mechanism

- Act 1086 empowers the Commissioner-General to setup a monitoring mechanism to verify actual revenues collected by a Taxpayer.
- Taxpayers are required to give access to their physical network node or system to the Revenue Authority
- Penalty of 5% on gross revenue for non-compliance



Electronic transfer levy

- Reduction of the rate of Electronic Transfer Levy from 1.5% to 1% on electronic transfers effective 11 January 2023



Value Added Tax Act

- Increase in VAT rate from 12.5% to 15%
- Exemption of the acceptance of a wager or stake in any form of betting or gaming including lotteries and gaming machines from VAT
- Imported textbooks and other printed materials are now subject to VAT at the standard rate



02

Digital Economy



Key Regulations: Nigeria



The Companies Income Tax (Significant Economic Presence) Order, 2020 (“the SEP Order”)

Based on the SEP Order, a non-resident digital service provider will meet the SEP threshold in Nigeria if:

- it derives gross turnover or income in excess of ₦25million (about US\$65k) in a given year, or
- it uses a Nigerian domain name (.ng) or registers a website in Nigeria; or
- it has a purposeful and sustained interaction with persons in Nigeria



Value Added Tax (VAT) On Digital Services

Non-resident companies and Multinational Enterprises who meet the SEP threshold are liable to VAT in Nigeria.



The Organization for Economic Cooperation and Development (OECD) Inclusive Framework

Nigeria has not signed the joint political statement on the agreed components of the 2-pillar approach to global I tax reform.

New Tax Developments and Trends - Ghana

Implementation of E-Filing/ Payment

The GRA has implemented e-filing and e-payment through the Taxpayers portal and Ghana.gov



Introduction of Electronic Tax Clearance Certificate

An online tool introduced to simplify the acquisition of tax clearance certificates



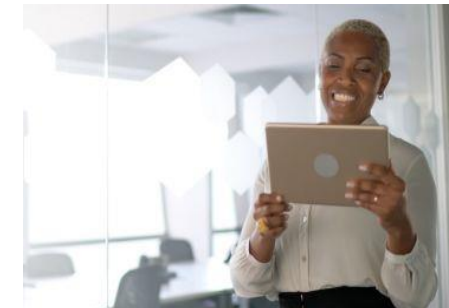
Introduction of E- VAT Invoicing System

A system introduced to monitor revenues collected by taxpayers




Introduction of E- Tax Credit Certificates

An online system of crediting taxpayer's account with withholding tax payments made on their behalf.



03

Current & Emerging Tax Authority Focus Areas

An aerial photograph of Cape Town, South Africa, showing the city built on a hillside with the iconic flat-topped Table Mountain in the background. The foreground shows a large stadium and surrounding urban development. The image is overlaid with a blue gradient and white text.

Current and Emerging Tax Authority Areas of Focus - Nigeria

1

Automation of the tax administration system

- Electronic-filing platform
- Electronic channels for tax assessment, compliance and other related correspondence
- Deployment of Automated Tax Administration Solutions for tax administration and compliance

2

Increased tax collection drive

- Increase in back duty taxes audits and assessments
- Enforcement of provisions of WHT rate specified in treaties
- Appointment of NRCs as VAT collection agents for Business-to-Customer (B2C)

3

Taxation of the Digital Economy and Non-Resident Companies (NRC)

- Real-time direct collection of taxes on local and international online gaming transactions
- Filing of tax returns and audited accounts by NRCs

Current and Emerging Tax Authority Areas of Focus - Ghana

1

Introduction of the Independent Tax Appeals Board (ITAB)

- The Finance Minister, Hon. Ken Ofori-Atta on 22 January 2023 inaugurated into office eleven (11) persons onto the ITAB.
- Changes to the tax decision objection process

2

Automation and Taxing of the Digital Economy

- Implementation of E-Filing/ Payment, Electronic Tax Clearance Certificate, E- VAT Invoicing System and E- Tax Credit Certificates
- Since there are no specific taxes on digital services, the general provision is that income earned from the provision of services, either by residents or non- residents, should be taxed accordingly.
- Non-resident person who provides telecommunication services or electronic commerce to persons for use or enjoyment in the country, other than through a VAT registered agent must register and account for VAT if they meet or exceed the VAT registration threshold.

3

Tax Audits

- Increased Ghana Revenue Authority Audits
- Increase In Transfer Pricing Audits

4

Framework for Double Taxation Agreement (DTA)

- The Ghana Revenue Authority (GRA) is developing manuals to guide the negotiations and the administration of DTAs in Ghana.
- Review of the terms of existing DTAs to ensure alignment with UN Model and Africa Tax Administration Forum frameworks.



Regional Updates [Francophone Africa]

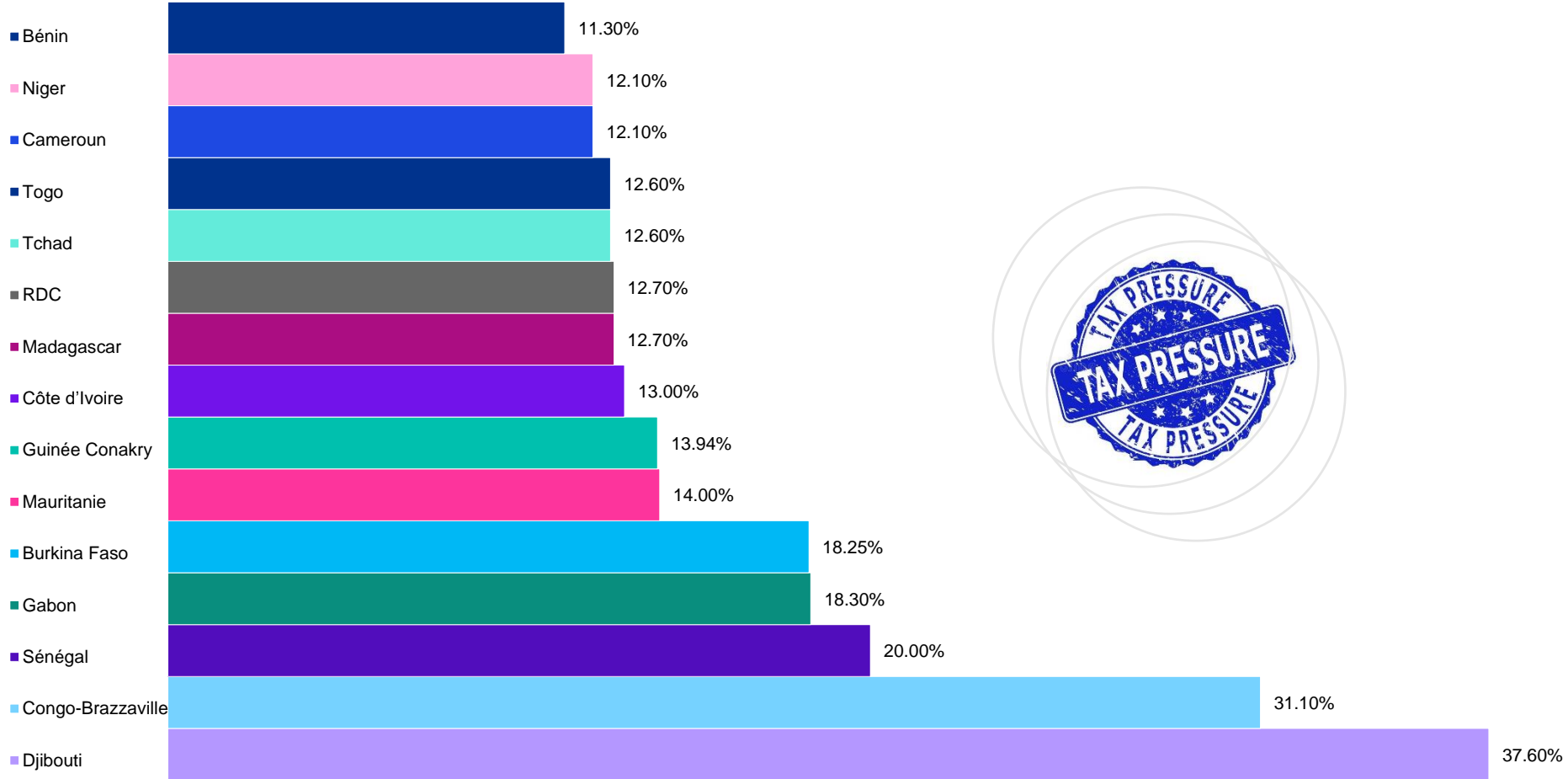


Today's presenter



Diarra Ndeye
Partner and Head of Tax
KPMG in Côte d'Ivoire

Tax Pressure Rate in Francophone Africa



Note : In some countries, the tax pressure is quite high, however this fact does not impact investment and consumption.

01

Key Legislative Changes



Intensification of the transfer pricing control system

SENEGAL

Deposit of instrument of ratification of the Multilateral Convention on the Implementation of Tax Treaty).

BEPS Convention into force in Senegal since September 1, 2022. All the already signed DTT/DTA are covered by the multilateral instrument;

Ongoing Strong transfer policy : mandatory TP declaration and the country-by-country declaration since 2018; Transposition of the arm's length set by UN and OECD conventions. Penalties in case of violation of transfer pricing rules (up to 25 millions XOF equivalent of 42K USD).



Obligation to set a "country-by-country" and a declaration called "statement of intra-group transactions" which details the transactions made by the local entity with all other related entities(capital link) since 2016.

IVORY COAST

More documentations are required

Since 2023 production of the master file and local file is mandatory during a Tax audit .

Penalties in case of non respect (fine= 0.5% of the amount of the transactions and can not be under 10 millions XOF equivalent of 16K USD.

BURKINA FASO

New provision reinforces the documentary production in the field of transfer pricing

Country-by-country declaration, annual declaration of transfer prices, reinforcement of the treatment of prices of intra-group transaction.



The 2023 Financial Law introduces a procedure for **prior agreement on the transfer pricing method** to be used in groups of companies and other related entities.

Agreement should be set for a maximum of 4 years.

CAMEROON

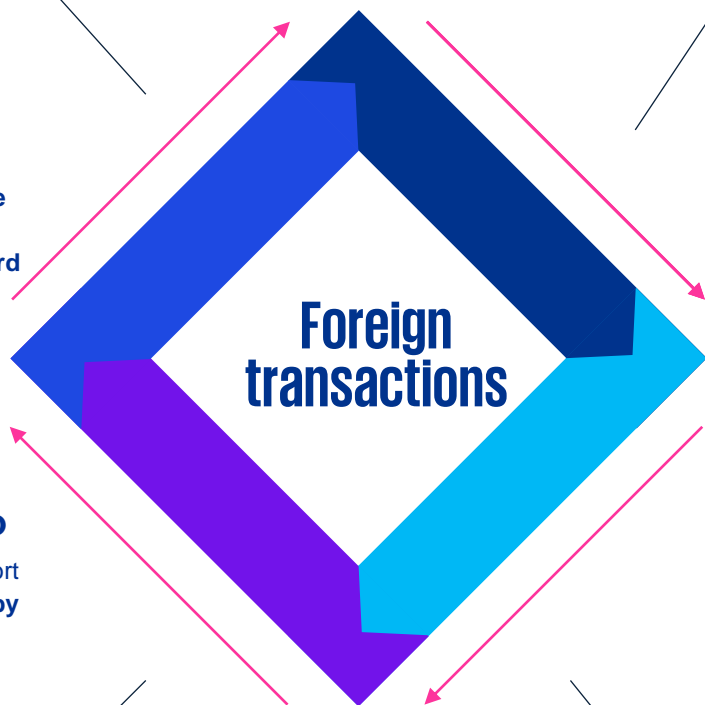
Obligation to file online TP declaration for companies of Large Group.


Large group is defined under the article 19 of the new code. Failure to file within lead to penalties of 5 millions XOF equivalent of 8K USD (*MINFI Decision n° 0005 of January 4th, 2023*).


Increased taxation of foreign transactions


 **Côte d'Ivoire**
Withholding tax and reverse VAT apply to non resident companies as soon as the revenues earned **locally are entered in an expense account or credited to a third party** account. (Financial law FY23).

 **Republic Of Democratic Congo**
VAT exemption for the import of **foreign currency by commercial banks.**



 **Burkina Faso**
As from January 1st, 2023, the revenues from foreign entities will be **subject to a flat rate withholding tax of 20% reduced to 10% according to the rules provided.**
This new rules confirm the obligation to appoint a tax representative.

 **Cameroon** : reduction in the corporate tax rate: **from 28% to 25%.**
Introduction of a special IRCM at the rate of 30% for income from movable capital paid to an individual or legal entity domiciled in a tax haven.
Introduction of the declaration of the beneficial owners of shares and other rights generating income with the obligation to keep a register of beneficial owners subject to penalties.
Introduction of principle of solidarity of payment in case of indirect transfer of shares, bonds and other capital shares of a company under Cameroonian law, including rights relating to natural resources.

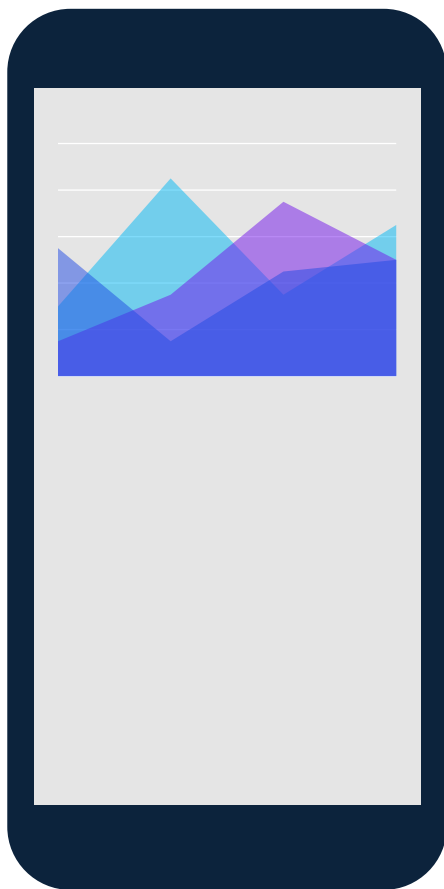
 **Congo**
Before the new financial law the foreign companies having special authorization of activities (ATE) could benefit from a preferential WHT rate of 7,70%. **Now whether ATE or not foreign companies will be subject to a WHT of 20%.**
Application of WHT (rate 10%) to the marketing and trading fees paid by oil and gas companies.

02

Digital Economy



Measures related to the digitalization of the economy 1/2



Senegal

- **Finance Law FY23 institutes 18% VAT on goods and intangible services provided to a non-taxable individual in Senegal from abroad by means of a computer or electronic network.** This provision allows the tax authorities to better trace the activities of those engaged in digital activities.
- For filling and payment of taxes, the e-tax platform is set since 2017. But tax audit are still done on paper file.

Côte d'Ivoire

For e-commerce (sales of goods and services) Financial Law 2022 clearly specify **the territoriality rules for VAT applicable to these transactions and to the commissions received by digital intermediation platforms** . A **simplified online registration and declaration procedure** is also set .

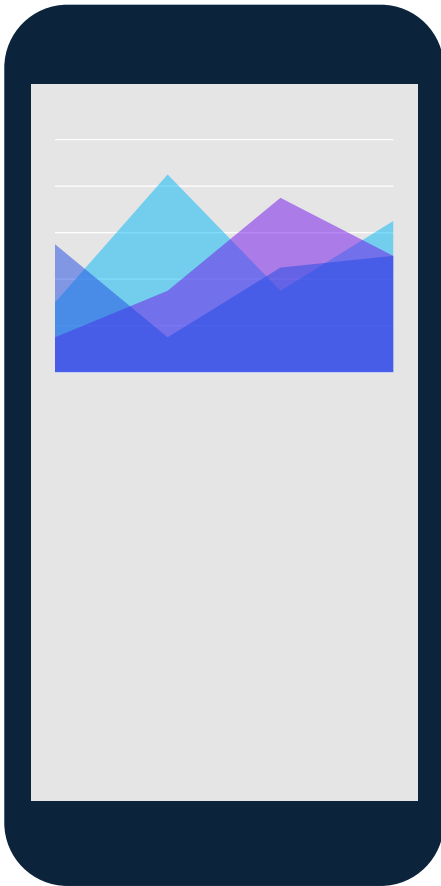
- For filling and payment of taxes , the e-impot platform is set since 2017. **2023 Financial Law impose now an online communication for all the tax audits process (first notification to confirmation)** .
- **Obligation of electronic invoices for all the business.**

Cameroon

- **Obligation of payment of customs duties and taxes for all goods acquired via electronic commerce whatever the mode of delivery (financial Law 2023)** .
- Possibility of signing a MOU for E-commerce professionals in order to carry out directly the formalities of customs clearance on behalf of third parties during the import of goods acquired electronically (financial Law 2023).
- **Obligation of collection of VAT on e-commerce operations since 2020 on:**
 - Sales of goods and services made on Cameroonian territory or through foreign or local e-commerce platforms;
 - Commissions received by the operators of e-commerce platforms on the occasion of operations.

Obligation to appoint a tax representative responsible for declaring and paying the VAT collected on online sales transactions.

Measures related to the digitalization of the economy 2/2



Burkina Faso

- Obligation to **register online** in a format established by the tax administration for all companies.
- Obligation of e-file of the returns by **tax payers**.



Guinea

- Financial law FY22, revenues **generated by digital services via foreign or local e-commerce platforms are taxable at the rate of 5%**.
- Companies under the real tax regime are subject to electronic invoicing of transactions for VAT purposes.




Democratic Republic of Congo

- Application of a **system of standardized invoicing produced by electronic fiscal devices** or a document in lieu thereof (since the new Financial Law).
- Obligation of taxpayers to register with the Tax Administration **as users of electronic fiscal devices** under penalty of financial and penal sanctions.

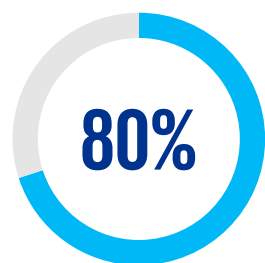
03

Current & Emerging Tax Authority Focus Areas

An aerial photograph of Cape Town, South Africa, showing the city built on a peninsula with the sea on three sides. In the background, the iconic flat-topped Table Mountain rises above the city. In the foreground, a large, modern stadium with a white, bowl-like roof is visible, surrounded by other sports-related buildings and green spaces. The sky is clear and blue, and the overall scene is bathed in a soft, golden light, suggesting either early morning or late afternoon.

Measures of tax authority focus 1/2

TP Transfer Pricing Focus



Of AFS countries have published reforms and additional measures regarding transfer pricing provisions.

It is clear that administrations are increasingly focusing on this issue.

Côte d'Ivoire

Intensification of transfer pricing documentation with the production of the master file and local file.



USD 16k at least

Penalties in case of non respect.

Rate : 0.5% of the amount of the transactions.

Cameroon

Focus on reinforcing the TP regulation.

4 Years

Procedure for prior agreement on the transfer pricing method to be used in groups of companies and other related entities.

Senegal



Senegal has deposited its instrument of ratification of the Multilateral Convention (BEPS Convention).-

More digitalization of the tax system (e-filing and e-payment are reinforced).



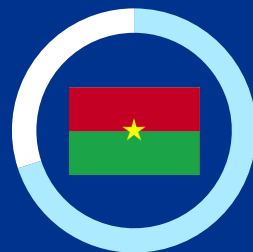
Democratic Republic of Congo

The process of Digitalization of the tax system is one of the main focus of the tax administration and the reinforcement of the TP regulation.

TAX DIGITALIZATION

Measures of tax authority focus 2/2

Others Focus point



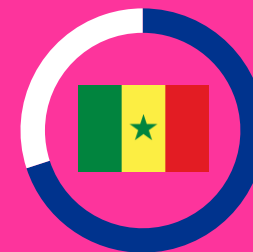
Burkina Faso

in order to bring the tax system in line with the Syscoahada standard, Introduction of a special visa procedure for financial statements. From 1st January 2023, financial statements must be certified before any filling with the tax authorities.



Côte d'Ivoire

More digitalization of the tax system (e-filing and e-payment and online treatment of all the tax audits now).



Senegal

The country is focus on **oil and gas tax and accounting issue.**
The production is planned from **2024.**



Regional Updates [East Africa]



Today's presenter



Peter Kinuthia
Partner and Head of Tax
KPMG East Africa

01

Key Legislative Changes



Kenya



Income Tax Act

- Non-resident persons with a permanent establishment in Kenya are excluded from paying Digital Service Tax.
- Donations paid to any tax-exempt charitable organization are tax-deductible.
- Realized forex losses now in line with the new thin cap rule (30% of EBITDA).
- Additional persons excluded from thin cap rules include: licensed microfinance institutions and non-deposit taking microfinance institutions, non-deposit taking institutions involved in lending and leasing business, companies undertaking the manufacture of human vaccines, financial institutions.
- CGT increase from 5% to 15%
- Lower rate of tax for companies operating a carbon market

Transfer pricing (TP) Documentation and filing

- Effective 1st July 2022, Finance Act 2022 introduced filing of three-tiered TP documentation which consists of country by country (CbC) report, master file and local file in line with BEPS Action 13.
- This applies to resident entities (either an ultimate parent entity (UPE) or constituent entity of multinational enterprise group (MNE)) with a gross turnover (including extraordinary or investment income) of KES 95B (approximately EUR 750M).

TP implications for entities operating in a preferential tax regime

- The Finance Act 2022 widens the scope of transactions falling within the ambit of transfer pricing by including non-resident persons operating within the preferential tax regime. This became active on 1 January 2023.

Common Reporting Standards (CRS)

- On 7 February 2023, the CS National Treasury vide Legal Notice No. 8 of 2023, gazetted the CRS regulations with an effective date of 1 January 2023. Under the Regulations, reporting financial institution (RFIs) are required to file with the Kenya Revenue Authority.

Value Added Tax

- Exportation of services (excluding business process outsourcing) is now taxable at 16%. The exportation of taxable services in respect of business process outsourcing is zero-rated.
- Inputs or raw materials locally purchased or imported by manufacturers of fertilizer as approved by the Cabinet Secretary responsible for Agriculture now zero-rated (previously 16%).
- VAT inputs and raw materials used in the manufacture of passenger vehicles and locally manufactured passenger motor vehicles now exempt from VAT.
- Exemption of plant and machinery for manufacture of pharmaceutical products; medical oxygen supply to registered hospitals.
- Exemption of all inputs and raw materials imported by companies incorporated to manufacture human vaccines whose investment is at least KES 10B.

Tax Procedures Act

- Scope of property that the Commissioner can use as security for unpaid tax has been widened to include aircraft, ship, motor vehicle or any other property that the Commissioner may deem sufficient as security - previously, only land and buildings.
- Taxpayers can now apply for offset of overpaid tax against future tax liabilities.
- Additionally, the Commissioner has 90 days to determine the application for refund and ascertain whether or not there was overpayment of tax, failure to which the application is deemed approved.
- TIMS –VAT compliance tool –effective use of the device is 1 Aug 2022.

Tanzania



Income Tax Act

- **Electronic “management and control” of foreign** -bring within the tax net a company not incorporated in Tanzania but with effective management from Tanzania electronically.
- **Presumptive/simplified income tax exclusions**-Not applicable to individuals who are engaged in professional, technical, management, construction and training services.
- **Presumptive tax on Individuals** -long distance transport -Finance Act provides for a range of presumptive tax based on tonnage TZS 180K-TZS2.8M per annum per individual.

Withholding Tax:

- Removal of withholding tax exemption on rental payments made by individuals.
- Introduction of withholding tax on supply of power by a non resident entity.
- Reduction of withholding tax rate from 15% to 10% on payments made to non-resident persons by persons in the film industry.

Value Added Tax

- Extension of capital goods definition (to include tractors-others and trailers, semi trailers and parts).

VAT Exemptions:

- Minister to be conferred with power to grant exemptions to strategic investors.
- Abolishment of exemptions on specified data devices and air charter services.
- Local supply of double refined edible oil and fertilizer.

Excise Duty

- Pay-to-view services now subject to excise duty at 5% that was applicable to services supplied by cable and satellite.

Customs Duty

- New maximum EAC CET at 35%.
- Various measures to promote domestic manufacturers:
 - a) duty on imported finished goods; and
 - b) relief on raw materials/ inputs.

Tax Administration

Extension of the due date for maintaining a primary data server in Tanzania for one year to 1 July 2023.

Uganda



Income Tax Act

- Broadening definition of beneficial owner to include third party control (customer) and a person who exercises ultimate control over a legal person.
- No WHT to apply to non-resident transporters on carriage of passengers, cargo, or mail that is not embarked in Uganda.

Value Added Tax

- Repealing the VAT exemption for imported services. This means that imported services will only be considered to be exempt if they are specifically listed as such in the Second Schedule of the VAT Act.
- The ability to account for VAT on a cash basis has been extended to suppliers making supplies of goods or services to the Government.

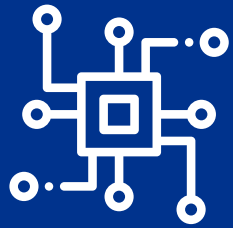
Tax Administration

- Penalty for making false or misleading statements increased from Ushs4,000,000 to Ushs110,000,000.
- Disclosure of information by persons in the construction or extractive industry-names of persons contracted in the course of performance of their business.
- Failure to comply with the requirements of electronic receipting and invoicing and tax stamps could result in temporary closure of business.
- Expiration date for a certificate of registration for a tax agent - 31 December of every calendar year as opposed to the previous position where it was valid for 12 months from the date of registration.
- Introduction of penalty for failure to activate tax stamp-double the tax due on the goods or Uganda Shillings fifty million (Ushs 50,000,000), whichever is higher.

Rwanda



Rwanda



Tax Administration

- CIT return pre-population by the RRA - EBM based.



Income Tax

- Revision of the PAYE bands. These have remained static since 2005.



Value Added Tax

- Taxation of digital supply for VAT. Provision to be introduced but with a transitional period.

02

Actions on the Digital Economy


An aerial photograph of Cape Town, South Africa, showing the city built on a peninsula. In the background, the iconic flat-topped Table Mountain rises above the city. The foreground shows a large stadium with a white, bowl-like roof, surrounded by green fields and some buildings. The ocean is visible on the right side of the image. The entire scene is overlaid with a semi-transparent blue gradient that fades into a solid blue background on the left side where the text is located.

	Kenya	Tanzania
Digital services tax (DST)	<p>Effective 1 January 2021, DST is charged at 1.5% of the gross transaction value:</p> <p>a) In the case of the provision of digital services, the payment received as consideration for the services; and</p> <p>b) In the case of a digital marketplace, the commission or fee paid to the digital marketplace provider for the use of the platform 1.5% of the gross transaction value.</p>	<p>Effective 1 July 2022, DST is charged at 2% of gross payment to a non-resident person who receives payment with a source in the United Republic of Tanzania from an individual.</p>

	Kenya	Tanzania	Uganda
Value added tax (VAT)	<p>Effective 1 January 2021, VAT on digital services is charged at 16%.</p>	<p>Effective 1 July 2022, VAT on digital service is charged at 18%.</p>	<p>Effective 1 July 2022, VAT is charged on digital services at 18%</p>

03

Current & Emerging Tax Authority Focus Areas

An aerial photograph of Cape Town, South Africa, showing the city built on a peninsula with the sea on three sides. In the background, the iconic flat-topped Table Mountain and other rugged peaks are visible under a clear sky. In the foreground, a large, modern stadium with a distinctive white, bowl-like roof is prominent. The city's buildings and infrastructure are spread across the slopes of the mountains.

Kenya

1

TAT System Automation

- Introduction of online filing
- Generation of invoices for TAT filing fees
- Virtual mentions and virtual hearings

2

Process Enhancement

- Issuance of objection decision within 60 days from the day of receiving an objection.
- Proactive dispute resolution
- Integrated systems for tax reporting

3

Taxpayer Relations

- Training
- Devolved KRA stations
- Taxpayer relationship managers
- KRA Social media presence
- Press Releases & Public Notices

Tanzania/Zanzibar

1

Removal of the requirement for companies in mainland Tanzania to incorporate subsidiaries in Zanzibar

- Zanzibar reversed its Companies Act requirement for companies that are resident in Mainland Tanzania with operations in Zanzibar to incorporate local subsidiaries in Zanzibar as well.

2

Transfer pricing highlights

- Filing of TP documentation when the transactions value is TSHS 10 Billion and above.
- TP audits to assess compliance to TP Rules.

3

Amicable Settlement of Tax Disputes in Tanzania

- Effective 1 July 2022, a party to an appeal either at the Tax Revenue Appeals Board or the Tribunal may apply for an amicable settlement at any stage before the final judgment is delivered.

Rwanda

1

New law under income tax no. 027/2022

- Rwanda enacted a new law relating to income tax establishing taxes on 20 October 2022 which introduced the option of advance pricing agreement (APA) for taxpayers

2

New directives on declaration and payment of PAYE and VAT on a quarterly basis

- A taxpayer whose annual turnover is equal to or less than RWF 200 million (approx. USD 186,000) is required to remit PAYE and VAT on a quarterly basis. The new quarterly deadlines for remittance are; 15th of April, July, October and January.

3

Transfer pricing highlights

- TP audits to assess compliance to TP Rules.
- Filing of related party transactions.
- Increased scrutiny for Bank of Rwanda regulated entities.

Uganda

1

Fixed or Ascertainable Remuneration for PAYE purposes

- In January 2022, the Ugandan Tax Appeals Tribunal ruled that a person who receives remuneration for less than 2 months will not be subject to PAYE because such amounts received cannot be considered as “fixed or ascertainable, for employment tax purposes.

2

Filing of quarterly VAT returns by a Non Resident

- The Uganda Revenue Authority issued a public notice directing non-resident suppliers of electronic services to register for value added tax (VAT) by 1 July 2022. The non-resident service providers are required to file the first quarterly value added tax (VAT) return by **15 October 2022**.

3

Transfer pricing highlights

- TP audits to assess compliance to TP Rules.



Regional Updates [Southern Africa]

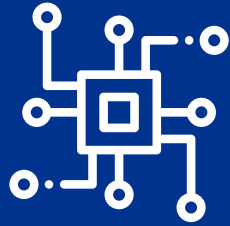


Today's presenter



Yacoob Jaffar
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Southern Africa



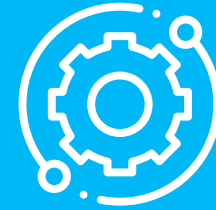
Key legislative changes

1. Tax collection
2. Green energy
3. Financial services



Digital economy

1. VAT on digital services
2. Base Erosion and Profit Shifting (“**BEPS**”) and International arrangements
3. Digitalisation



Current & emerging Tax Authority focus areas

1. Anti-avoidance
2. Transfer pricing
3. Tax audits

01

Key legislative changes



Key legislative changes

1

Tax collection

- Tax amnesty programs being extended waiving interest and penalties (e.g. Namibia)
- Thin capitalisation rules: 3:1 debt to equity ratio Namibia, EBITDA in Zambia.
- Health and education private services are no longer VAT exempt (Mozambique).
- Interest limitation rules introduced in Zambia and to be further clarified in South Africa

2

Green energy

- Tax refund of 25% on acquisition cost of solar panels in South Africa
- Tax reduction of 20% of investment in renewable energy in Madagascar
- No registration duty on hybrid and electric cars, double deduction for expenditure on electric car fast charger, allowances for electric car and solar energy in Mauritius

3

Financial services

- Legislation to ensure consistency with IFRS17 Insurance Contracts (e.g. refinement of legislation in South Africa).
- VAT exemption on financial and insurance activities is now more limited, only those liable to Stamp Duty can be exempt from VAT (Mozambique).

02

Digital Economy



Digital Economy

- VAT on electronic services introduced in Mauritius, Zambia and Seychelles. Mechanism still being developed.
- Tax of 5% on revenue from Zimbabwean residents for electronic commerce operators
- Intermittent Income tax of 10% and VAT of 20% in Madagascar



- South Africa will not be first mover but will await implementation by trade partners first. Draft proposition for Pillar 2 will be published for public comment in 2023.
- Local top-up tax in Mauritius – awaiting regulations

- E-invoicing system in Mauritius and Botswana
- Digital Marking and tracking solutions for excisable goods to be introduced in Botswana

03

Current & emerging Tax Authority focus areas

An aerial photograph of Cape Town, South Africa, showing the city built on a hillside with the iconic flat-topped Table Mountain in the background. The foreground shows a large stadium and surrounding urban development. The image is overlaid with a blue gradient and white text.

Current & emerging Tax Authority focus areas

1

Anti-avoidance

- CFC rules in South Africa: For a CFC to be qualified as a foreign establishment, important functions of the CFC should be carried out by the CFC itself or another company of the same residence.
- VAT fraud in Namibia on cross-border transactions.
- Submissions of returns based on income generated by a taxpayer (Zimbabwe).

2

Transfer Pricing

- Country By Country reporting introduced in several countries (e.g. South Africa and Madagascar)
- Tax Authorities in Seychelles and Zambia will be working with “Tax Inspectors Without Borders”
- Zambia Tax Authority to challenge benchmarks and shareholder loans to be interest bearing.

3

Tax Audits

- Tax Authorities very active in conducting tax audits (Botswana)
- Mozambique: High amounts assessed and financial and insurance business particularly impacted
- Mauritius: tax deduction at source, partial exemption and economic substance

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