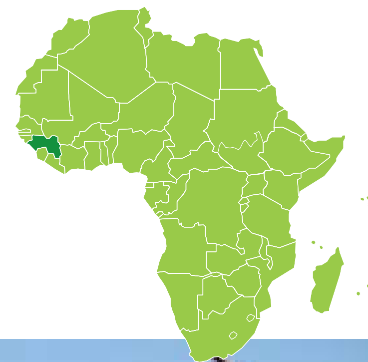
Guinea Conakry



+225 07 009 316	Marc Wabi	mwabi@deloitte.fr
+225 20 250 283	Charles Gogoua	cgogoua@deloitte.fr
+33 1 40 88 28 12	Bruno Messerschmitt*	bmesserschmitt@deloitte.fr

* Head of Tax – French Africa Cluster

Guinea Conakry

Income Tax

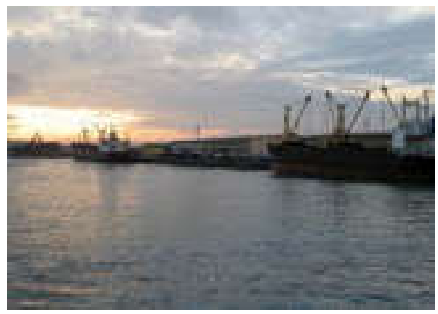
Residents

Residents are subject to general income tax. General income tax is levied on taxable income at the following rates:

National Contribution Rates for Resident Individuals (monthly basis)		
Taxable Income as exceeds	But does not exceed	Rate
GNF	GNF	%
0	100 000	0%
100 000	1 000 000	10%
1 000 001	1 500 000	15%
1 500 001	3 000 000	15.7%
3 000 001	6 000 000	25%
6 000 001	10 000 000	30%
10 000 001	20 000 000	35%
	20 000 000 +	40%

Notes:

1. Basis – Habitual residents are taxable on worldwide income. Non-residents are subject to tax on Guinea-source income only.
2. Residence – Habitual residents are individuals with a permanent home available for their use in the Guinea Coast, or who are employed by a resident corporation.
3. Rates – The general income tax is imposed at scheduler rates ranging from 0% to 40%. Non-commercial profits (fees) are generally subject to a withholding tax (WHT), applied at an effective rate of 15%. The WHT applies to individuals that are active and have no professional establishment in Guinea. An individual in business may opt to be taxed at a flat rate of 15% and become exempt from the general income tax.
4. Taxable income – Individuals are taxable on the same schedules of income as companies, and on employment income. All income is pooled and subject to a general income tax.



5. Deductions and allowances – Expenses deductible from general income include: life insurance premiums (subject to certain limits and conditions), loan interest, and subsistence allowances paid to dependent parents or a spouse, and the general income tax itself.
6. Filing status – Spouses are generally taxed separately. Children are usually taxed with one of their parents but may be taxed separately if they have employment income.
7. Relief from double taxation is available through tax treaties (DTAs) to which Guinea is a signatory.

Non-Residents

Non-residents are subject to tax on Guinea-source income only.

Companies

Income Tax Rates for Companies	
	Rate of Tax
Standard corporate tax rate	35%

Notes:

1. Residence – An entity incorporated in Guinea is resident for tax purposes.
2. Basis – A resident corporation is subject to tax on income from movable capital on a worldwide basis. Other types of taxable income are taxed at source.
3. Rate – The corporate tax rate is 35%. However, in the case of losses, taxpayers must pay a minimum tax of 3% of the year's turnover instead of Corporate Income Tax (CIT). The minimum tax must fall between GNF15 million and GNF60 million.

4. Taxable income – Income is taxed under separate schedules for industrial and commercial profits, non-commercial profits and income from movable capital, land and agriculture. A non-commercial schedule is mainly used for professional income, royalties and know-how and for non-resident corporations. Business costs and expenses are deductible if they are strictly related to the business. Management fees, royalties and similar payments to parents companies, are deductible if they are reasonable and in total do not exceed 5% of turnover, or 20% of general expenses.
5. Losses – Losses generally may be carried forward five years. Losses may be carried forward indefinitely to the extent they arise from capital allowances. The carryback of losses is not permitted.
6. Dividends – Dividends received are subject to the CIT rate, but only on 50% of the total amount received if tax has been previously withheld on the dividends. However, subject to certain conditions, dividends received by a parent company are taxed at a rate of 5%.
7. Foreign tax credit – None, unless a tax treaty provides otherwise.
8. Holding company regime – Subject to certain conditions, dividends received by a parent company are taxed at a rate of 5% and reduced rates apply to capital gains derived from the disposal of shares and for WHT on interest.

Withholding Taxes (WHTs)

The WHTs are set out below. For non-residents the WHT is a final tax:

WHT Rates	Note	Residents	Non-Residents
Dividends	1	10%	10%
Interest	2	10%	10%
Royalties	3	none	15%

Notes:
1. Dividends – Dividends paid to residents and non-residents are taxed at a rate of 10% for distributions paid by listed companies, and 15% on distributions that are exempt from the tax on industrial and commercial profits; otherwise, the rate is 15%.
2. Interest – Interest paid to residents and non-residents is taxed at 10%.
3. Royalties – Royalties paid to a non-resident are subject to a 15% WHT. Royalties paid to a resident are not subject to a WHT. The revenue concerned must be taxed to CIT (for companies) or general income tax (for individuals).

Capital Gains Tax (CGT)

Companies

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 three 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.

Individuals

Capital gains from the disposal of assets are exempt from tax. Capital gains from the disposal of shares are taxable only where the individual had a long-term significant shareholding and was employed in the business.

Anti-avoidance

Transfer Pricing

Profit transfers included in payments between resident corporations and non-resident affiliates may be adjusted so that arm's length conditions apply for tax purposes. A "tax privileged jurisdiction" refers to companies established in a location where the CIT amount is less than half Guinean CIT. There is a transfer pricing documentation introduced by the Finance Law 2014.

Thin Capitalisation

A company subject to CIT is undercapitalised when advances from related companies to the company exceed, at any time of the year, one and half (1.5) times the amount of its equity valued at the end of that year. The interest fraction paid that exceeds the sum of: the amount of the interest received from related companies;

and 25% of its taxable income plus deductions of the interests paid to related companies; shall be reinstated to the taxable income of the undercapitalised company.

Value Added Tax (VAT)

VAT	Rate
Standard rate	18%

Notes:
1. VAT is imposed on production activities, the distribution of goods and the rendering of services in the Guinea. VAT is also applied to imported goods and services.
2. The standard rate is 18% and a zero rate (0%) is applicable for exports and international carriage.
3. Taxpayers must register with the local tax authorities.
4. VAT returns and payments are due monthly by the 15th of the following month.

Miscellaneous Taxes

Stamp Duty

Stamp duty is required for by administrative acts. The stamp duty amount depends on the nature of the acts and a fixed rate or a prorated fee may apply.

Transfer Tax

Transfer Tax does not apply in Guinea. Instead, a registration duty is due on the sale of shares, tradable obligations, and profit shares. The registration duty rate is 10%.

Capital Duty

Capital contributions, capital increased by acquisitions, incorporation of profits or reserves, and mergers, are subject to registration fees that vary according to the following amounts:
- From GNF1 to GNF100 000 000: 1%.
- From GNF100 000 001 to GNF500 000 000: 0.5%.
- Over GNF500 000 000: 0.25%.

Real Property Tax

Real Property Tax in Guinea is called *Contribution Foncière Unique* (CFU). It is due by the owner of land on 1 January of the taxation year. The rate is set as follows:
- 10% of the annual rental value for building used by the owners.
- 15% of the annual rental value for rented buildings.

Payroll Tax

Payroll tax is equal to 6% of the global amount (i.e. salary plus benefits in kind) of the salaries paid to employees.

Other

A company, or individual, carrying on a trade in Guinea must also pay a business licence duty, subject to certain exemptions. A fixed rate of duty applies.

Social Security

Employers are required to make social security contributions based on an employee's gross wages (family allowances (6%), work injuries (4%), medical expenses (4%) and benefits (4%)). Contributions payable by an employee are withheld by the employer at rate of 5% of gross salary.

Tax Administration

Corporations
- Tax year – Calendar year.
- Consolidated returns – Consolidated returns are not permitted. Each company must file a separate tax return.
- Filing requirements – The tax return is due by the 30th of April, together with the balance of tax for companies with an annual turnover. The tax is payable after the end of the year in two equal parts on the 15th of June and 30th of September, based on the realised profits.
- Penalties – Penalties are charged at rate of 10% for late tax returns, failure to pay tax due and for errors and mistakes.
- Rulings – A taxpayer may seek clarification from the tax authorities on the interpretation of provisions in the tax legislation.

Individuals

- Tax year – Calendar year.
- Filing and payment – Personal income tax returns are due by the 30th of April. An individual receiving employment income from only one employer is not required to file a return, unless he/she is eligible for a refund. Payments of tax relating to a business are due as described above for companies. Tax is normally withheld at source for other sources of income.
- Penalties – Penalties are charged at rate of 10% of tax, with a minimum of GNF10 000 for late tax returns, failure to pay tax due and for errors and mistakes, and 50% with a minimum of GNF100 000 when the taxpayer does not reply to a request from the tax authorities.

General Investment Information

Investment Incentives

General Incentives

- Guinea has considerable potential for growth especially in the agricultural, fishing and mining sectors.
- Laws for specific sectors (like mining and oil) provide certain incentives and there is also an Investment Code in Guinea.
- Guinea applies a rule of reciprocity so that all foreigners from countries which allow Guineans to carry on business activities may undertake business activities in Guinea.
- The OPIP (*Office de Promotion des Investissements Privés*) promotes private investment and the CFE (*Centre de Formation des Enterprises*) assists investors with formalities to incorporate companies.
- Guinea has signed the OHADA treaty between 17 West and Central African countries to harmonise business laws and is a member state of the OAPI, the central intellectual property registration system for 16 African countries.

Tax Incentives

- Anyone doing business in Guinea to start a business, or to expand an existing business, can benefit from the tax advantages associated with one or more of the privileged regimes, provided the business activity, or expansion, contributes to the achievement of one or more of the priority objectives of Economic Development. To benefit from one or more of the privileged regimes, at least 20% of the total cost for small and medium-sized enterprises, and 33% for other companies proposed for approval, must be financed by a capital investment.
- Tax incentives include, amongst others, a five to eight year exemption from the tax on industrial or commercial profits, business licence duty, property tax and import tax (depending on the location of the investment).

Expatriates and Work Permits

The employment contract with a foreign worker must be the subject of written stipulations. It is subject to approval by the National Office of Employment and Labour. The visa application rests with the employer and is granted when the competent authority to attest the contract does not tacitly express its opinion within 30 days from the date of filing of the application. In the absence of a visa, or tacitly explicitly granted, the contract of employment may receive a beginning execution. Natives from an ECOWAS (Economic Community of West African States) member state do not need a visa to work in the country.

Guinea Conakry

Trade Relations

- Memberships – United Nations, WTO, ECOWAS, West African Economic and Monetary Union (WAEMU), the International Monetary Fund (IMF), World Bank, the African Union and the Mano River Union (MRU) with Liberia and Sierra Leone.
- Treaties – Guinea has only one tax treaty signed with France. This treaty was signed on 15 February 1999 and entered into force on 1 October 2004. It is based on the OECD Model.

Interest and Currency Exchange Rates

Benchmark Interest Rate* * Rates are reported by the Central Bank of Republic of Guinea.
13.000% (last reported 2014) (source: Trading Economics)
Currency: Guinean Franc (GNF)* * The GNF has value only on Guinean territory.
R1 = 591.564 GNF (December 2014) (source: Oanda)
US$1 = 6 909.41 GNF (December 2014) (source: Oanda)

Key Economic Statistics

GDP (approx.)
US$6.770 billion (2014 estimate) (source: IMF)
US$7.455 billion (2015 forecast) (source: IMF)
Market Capitalisation
Not applicable.
Rate of Inflation
11.887% (2013 average) (source: IMF)
10.069% (2014 average) (source: IMF)
9.357% (December 2014) (source: IMF)