INTRODUCTION

About LEX Africa

Doing business in Africa is associated with diverse challenges and risks and must accordingly be founded on a strong legal base.

LEX Africa is an alliance of leading law firms in over 20 African countries which was founded in 1993 and was the first legal alliance focusing solely on Africa. Only African law firms join the Alliance subject to strict performance and selection criteria to ensure world class standards of legal practice.

Each member is an independent law firm whose key specialist focus is on general, corporate and commercial law as well as litigation and dispute resolution.

LEX Africa effectively covers the entire African continent and provides a valuable resource for businessmen and investors in Africa. LEX Africa has a more than 20 year track record of assisting and advising clients on their African business activities. Each member is a full service business law firm with expert knowledge and experience in both local law and the local business, political, cultural and economic environment. LEX Africa accordingly provides a “one stop shop” and Pan African legal team for cross border and domestic African legal solutions to clients wherever they wish to do business in Africa.

Member firms share similar values and commit to the highest professional, ethical and service delivery standards. A lawyer exchange program and specialist LEX Africa practice and industry sector groups have been established.

Our Mission

To collaborate with member firms to drive business growth in Africa through best legal practice by attracting, developing and promoting world-class professional skills for the continuing success of our network and the broader African continent.

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In its effort to attract foreign investors, Algeria has set up a decentralized “one-stop shop” which aims to facilitate and promote foreign investments with a number of subsidies. Despite its relatively cheap labour and electricity and water, however, regulatory hurdles (including the requirement of at least 51 percent Algerian ownership of foreign investments), tight foreign exchange controls, insufficient judicial protections, customs delays, and a large informal sector are among ongoing commercial challenges for Algeria.

Although foreign investors can sometimes face difficulties, Algeria constitutes a potentially very lucrative market. The hydrocarbons industry is dominant, accounting for 98% of Algeria’s GDP. Although foreign investors can sometimes face difficulties, Algeria constitutes a potentially very lucrative market. The hydrocarbons industry is dominant, accounting for 98% of GDP. Algeria’s political system is characterized by a constitutional Republic, the President is head of State and the Prime Minister is head of government. Executive power is exercised by the government. Legislative power is vested in the government and the two chambers of Parliament, the People’s National Assembly and the Council of the Nation. Algeria’s economic indicators are robust, with a GDP growth rate of 4.1% (2014) and an inflation rate of 2.9% (2014). Algeria’s investment climate is conducive to investment, with economic growth and a stable political environment.

In practice, the rules regarding the import of services are more stringent than those relating to the import of goods. Commercial banks adopt a cautious approach towards imports of services and sometimes request the opinion of the Central Bank in order to obtain the confirmation that the relevant services fall within the definition of a “current transaction”.

There are opportunities in numerous other sectors including agriculture, infrastructure, housing, alternative energy, and tourism. Algeria has a stringent exchange control regime which is enforced by the Central Bank. Companies incorporated in Algeria or conducting business in Algeria are subject to the following taxes:

- Corporate income tax: the profits or revenues generated in Algeria are subject to an annual corporate income tax. The rate is set at 19% for companies producing goods, 26% for companies active in the construction, medical, tourism and thermal sectors and 26% for other activities.
- Tax on professional activities or “TAP”: the TAP is set at 1% for companies producing goods and 2% for the other activities. The amount of tax is declared monthly and the TAP is paid upon presentation of the declaration in each of the cities where the taxpayer possesses facilities or units.
- Tax on dividends: dividends transferred to non-resident natural or legal persons are subject to a tax of 15%.
- Value-added taxes or “VAT”: the general VAT rate in Algeria is set at 17%.

Hydrocarbons are subject to a specific tax regime. Algeria has entered into a double-taxation treaty with many OECD countries.

Algeria has a taxing authority which is empowered to grant certain benefits. In practice, the rules regarding the import of services are more stringent that those relating to the import of goods. Commercial banks adopt a cautious approach towards imports of services and sometimes request the opinion of the Central Bank in order to obtain the confirmation that the relevant services fall within the definition of a “current transaction”.

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Hydrocarbons are subject to a specific tax regime. Algeria has entered into a double-taxation treaty with many OECD countries.
The stock exchange in Algeria is regulated by the Commission d’Organisation et de Surveillance Des Opérations de Bourse (COSOB). Only four companies are currently listed: an insurance company, a fruit juice manufacturer, a hotel and a pharmaceuticals firm. The market capitalisation of Algeria’s stock exchange remains extremely low, and trading is negligible compared with more developed stock exchanges in the region.

The National Competition Council (Conseil National de la Concurrence) is an independent administrative authority empowered with the enforcement of the competition policy in Algeria. The National Competition Council deals with merger control, restrictive business practices and abuse of dominant positions. The National Competition Council can deliver certificates to companies wishing to obtain a written and final comfort on potential abuse of dominant position or business practices potentially restrictive of competition. The National Competition Council may also issue merger clearance to companies that have given prior notice thereof. The National Competition Council has so far dealt with very few cases relating to business practices hindering competition.

In 2006 Algeria adopted strict anti-corruption legislation in line with the United Nation Convention on Corruption. The legislation is aimed at combating both in the public and private sectors. Both the corrupted party and the corruptor are subject to criminal sanction under the Algerian legislation. The National Agency for the prevention and fight against corruption (Organisation national de prévention et de lutte contre la corruption) is in charge of implementing anti-corruption law in Algeria.

INTELLECTUAL PROPERTY

Copyright and related rights, trademarks and patents are protected by Algerian law. The National Institute on Industrial Property is the body in charge of trademarks and patents whereas the Office for Copyrights and Related Rights deals with copyrights and related rights.

Algeria is committed to IPR protections and regularly organizes the destruction of counterfeit or pirated fashion, music, and film that had been seized by Algerian customs and border police. However, Algeria’s vast informal economy remains a major source of counterfeit goods, especially in sportswear and consumer goods.

Algeria is a member of the World Intellectual Property Organisation (WIPO).

TRADE AND TARIFFS

The European Union and China are Algeria’s largest trading partners.

Algeria mainly exports crude petroleum, gas, refined petroleum, coal tar oil and ammonia. Its chief imports comprise cars, refined petroleum, delivery trucks, raw iron bars and wheat.

Algeria applies import duties. Although the accession process is ongoing, Algeria is not yet a member of the World Trade Organisation. Algeria has however, signed numerous bilateral investment treaties with many countries.

In 2004 Algeria ratified the Convention on the Arab Zone of Free Trade. Algeria has also ratified an association agreement with the European Union in 2005 setting out a framework for the EU-Algeria relationship in all areas, including trade.

INVESTMENT INCENTIVES

Investment projects carried out in Algeria may benefit from tax exemptions or tax cuts. The incentives vary according to the location and the impact of the projects on the economic and social development. Investments in strategic sectors are also incentivized through additional subsidies.

There are two investment incentive regimes:

Under the general regime, ANDI automatically grant incentives to any investment carried out in Algeria. The incentives are granted during the implementation of the investment phase of the project and consist of:

• Exemptions from customs duties on non-excluded imported equipment, directly related to the investment project;
• Exemption from VAT on non-excluded goods and services, whether imported or purchased locally and which are directly involved in the investment realization;
• Exemption from property transfer tax in return for all property acquisitions, realized within the framework of the investment concerned and;
• With regard to concessions, exemption from registration and publication fees as well as from the fees normally due for the occupation of property.

Incentives are also granted during the operational phase of the project. These include exemptions from companies’ (i) tax on profits and (ii) tax on turnover, which may be granted for a period of three years. The period may be extended to five years for investments projects creating more than 100 employment positions or in sectors which are deemed strategic for Algeria.

There is also a special regime governing incentives. In order to be eligible for the special regime, investment projects must either be implemented in zones to be developed or in sectors of particular interest for the national economy, particularly where the investment projects use an environmental-friendly technology to protect the environment and the natural resources, to save energy and thus contribute to a sustainable development.

The incentives are similar to those granted within the framework of the general regime. However, additional advantages are available such as the partial or total payment of expenses relating to infrastructure works which are necessary for the completion of a project and the application of a fixed reduced registration fee of 0.002% for all incorporation deed and share capital increases. Further, the advantages are granted for a longer period, i.e. 10 years starting from the commencement of activity.

Furthermore, industrial companies setting up an R&D department also benefit from a full tax and customs exemption for the acquisition of equipment related to the R&D.

In order to be eligible to benefit from incentives, the investors must provide the Algerian State with a written commitment, pursuant to which they will give preference to Algerian products and services in the framework of the performance and completion of the project.

In addition, any investor benefiting from advantages is required to reinvest a part of its profits, in an amount equivalent to the tax incentives granted (either tax exonerations or tax reductions), within four years starting from the year during which the investor’s profits were subject the preferential regime.

Non compliance with such requirement triggers (i) the obligation for the investor to reimburse the equivalent to the tax incentives granted to it, (ii) the application of a penalty of 30% and the removal of all incentives. However, investors may be exempted from such obligation to reinvest part of the profits by the National Investment Council.

LEGAL SYSTEM

The legal and judicial system is essentially based on French law, although Islamic principles have influenced some areas of civil law.

Within each Wilaya, there is a court of first instance in charge of civil cases. An appeal can be lodged before a court of appeal. Criminal cases are handled by a special court.

At the head of the system is the Supreme Court.

In addition to general courts, there is a separate system of administrative courts specialized in disputes concerning the exercise of public power. Accordingly, there is a local administrative court of first instance and a Supreme Administrative Court (Conseil d’Etat) which is separate from the Supreme Court.

The Constitution guarantees independence of the judiciary.

Algeria has ratified the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Algeria is a member of the United Nations, the African Union, the Arab League, the Arab Maghreb Union, the Arab Zone of Free Trade, the Organisation of the Islamic Conference and the Organisation of Petroleum Exporting Countries.

LABOUR RELATIONS

Algeria has a 40 hour week, arranged according to the employer’s needs.

The guaranteed minimum wage is 18,000 DZD per month (circa USD200).
COUNTRY INFORMATION

In 2014 Angola carried out the first census since independence in 1975. The first results indicate that the country has a population of approximately 24.6 million. 51.6% of the population are women and 48.4% are men. The average annual population growth is 2.8% and life expectancy is 50 years. The population is mainly concentrated in the capital, Luanda (6.5 million). The seven most populated provinces have a population of more than 1 million each (Luanda, Huila, Benguela, Huambo, Cuanza Sul, Uige e Bie). The majority of the population lives in urban areas. The official language is Portuguese, although some national languages such as Umbundu, Kimbundu, Kikongo and Tchokwé are also spoken. The official currency is the Kwanza (AOA).

POLITICAL SYSTEM

Angola is a constitutional democracy. Parliament comprises 220 members, elected by direct universal suffrage and secret ballot. The first two candidates on the list of the party with the most votes are elected president and vice-president respectively. Following the last elections held in August 2012, the Popular Movement for the Liberation of Angola (MPLA) obtained the majority of the seats in parliament. The next parliamentary elections will be held in 2017.

ECONOMIC INDICATORS

The sources of the indicators include Angola’s National Bank, the Angolan National Agency for Private Investment, the Ministry of Finance of the Republic of Angola, the International Monetary Fund and the World Bank.

Angola has one of the highest GDP per capita. In 2014 the GDP per capita was USD 5,181.3. The GDP growth anticipated for 2015 was of approximately 7.3%. However, due to the recent oil price drop the State budget revision and the inherent economic consequences linked to the decrease in the oil price, an inflation rate of between 13% and 14% has been reported by the experts.

The inflation rate was estimated at between 7% and 9% for 2015. After the State budget revision and the inherent economic consequences linked to the decrease in the oil price, an inflation rate of between 13% and 14% has been reported by the experts.

Despite the world economic crisis, and the recent drop in the oil price, Angola is still seen as a high-growth economy offering attractive investment opportunities. Angola continues to encourage direct private investment.

INVESTMENT CLIMATE

The government promotes small private investment by national and foreign investors and strongly encourages investments in areas that will contribute to the diversification of the Angolan economy (investment outside the oil sector).

The following sectors deemed strategic for the development of the country’s economy:
- Agriculture and livestock
- Construction and related services
- Energy and water
- Infrastructure development and management
- Manufacturing
- Health and education

A law requiring a minimum amount of investment for foreign investors has been repealed. The new Private Investment Law stipulates that it is mandatory to have an Angolan partner detaining at least 35% of the share capital of a company under an investment project within the following areas:
- Electricity and water
- Tourism and hospitality
- Heavy passenger transport and logistics
- Civil construction
- Telecoms and Information and Technology
- Media
- Oil, gold and diamond exploration by private entities is subject to specific legislation.

Regardless of their nationality, investors who wish to undertake investment projects in Angola using foreign financial resources, are subject to specific legislation. They must register their company and declare their activities to the Angolan National Bank (BNA) is required for any remittance. The repatriation of dividends is subject to Angola’s foreign exchange laws.

Certain investments may be eligible for tax and customs incentives and benefits. Tax incentives are granted separately under Industrial Tax (Corporate Income Tax), Investment Income Tax and SISA Tax. Incentives are dependent on the following factors: creation of employment for Angolan nationals, the size of the investment, region where the project will be implemented, sector of the economy where the investment is made, production aimed at being exported, Angolan citizens’ participation in the project and value added to the country. The period for which exemption and benefits are granted depends on a number of points scored by the investor taking into account the above factors.

The Angolan government is deeply committed to the promotion of Angolan companies and entrepreneurs and prefers Angolan companies in public tender processes. Companies operating in Angola are required to maintain a work force ratio of 30% foreign workers and 70% Angolan workers and to invest in the training of Angolan workers.

Foreigners wishing to carry out industrial or commercial operations in Angola may:
- Establish a Representative Office
- Establish a branch of the foreign company
- Incorporate a new Angolan company
- Acquire shares in an existing Angolan company
- Execute a consortium or an association agreement with an Angolan company

A Representative Office cannot conduct independent business transactions in its own name. Its purpose is to act as a vehicle to promote the foreign parent company in Angola and as such:
- May hire a maximum of 6 workers (or 8, in exceptional circumstances)
- Must deposit a guarantee of USD 60 000, which is returned when the representation office closes

The establishment of a Representative Office requires the approval of the Angolan National Bank. The establishment of a branch company, a new company, the acquisition of shares in an existing company or the execution of a consortium/association agreement will require approval, depending on the size of the investment.

A new surtax on capital investment varying between 15% and 50% is levied on dividends and distributed profits.

INCORPORATION OF AN ANGOLAN COMPANY

In order to incorporate a company, it is necessary to execute a public deed of incorporation, to publish the articles of association in the Angolan official gazette and to apply for its commercial, tax and statistic registration.

Notary and registration fees for the incorporation of a company were significantly reduced in 2014.

EXCHANGE CONTROLS

The Angolan National Bank has implemented several regulations in order to protect foreign reserves and to stabilize the Angolan currency. Foreign exchange regulations apply to all payments and transfers between residents and non-residents concerning:
- Goods
- Current accounts
- Capital transactions

Exportation of capital to foreign countries of amounts of USD 1 000 000 or higher must be approved by the Angolan National Bank. Oil and gas companies are entitled to transfer amounts of up to USD 3 000 000 abroad without the Angolan National Bank’s prior approval for most types of transactions.
**TAXATION**

Several taxes are levied by the Angolan Tax Authority (Autoridade Geral Tributária), AGT.

The following taxes are levied under Angolan Law:

- Personal income tax
- Industrial Tax (Corporate Income tax)
- Capital income tax
- Real State tax
- Consumption tax
- Stamp duty
- Inheritance and gift Tax

Resident companies are taxed on their worldwide income at a rate of 30%.

The branch of a non-resident company is taxed only on its Angolan revenues at 30%. The supply of services by foreign entities is taxed at a rate of 6.5%, and is required to be withheld by the Angolan contracting party upon the payment of the service.

A Special Contribution on Foreign Technical Assistance and Management Agreements (Regime Jurídico da Contribuição Especial sobre as Operações Cambiais de Invisíveis Correentes) was promulgated in 2015. The rate of the Special Contribution is 10% of the value of the international transfer under contracts for the provision of technical assistance management services entered into between resident and non-resident entities.

A special tax regime applies to companies in the petroleum and mining sectors.

Personal Income Tax is payable on a sliding scale of up to 17% by individuals on their Angolan income regardless of their residence or nationality. Self-employed individuals are taxed at a flat rate of between 6.5% and 30% depending on turnover.

A tax amnesty for tax transgressors has been granted in respect of corporate personal tax, stamp duty, capital gains tax and property tax, which was introduced in March 2015. Angola has concluded any double taxation agreements with any country to date.

**IMPORT/EXPORT**

Oil remains by far Angola’s single major export. The government has implemented significant measures in order to diversify the economy and the range of its exports. It has been reported that the agricultural sector is Angola’s fastest growing sector outside of the mining sector.

The Customs Tariff of Import and Export Duties was approved in 2013 and increased customs duty on locally produced goods. Customs duties exemptions may be granted on equipment imported as part of foreign investment. The Customs Tariff lists certain types of equipment which are exempt or subject to reduced tax rates.

**LEGAL SYSTEM**

Angola has a codified legal system which guarantees equal treatment of Angolan and foreign individuals and companies. The Angola judicial system comprises the Supreme Court and Provincial Courts in Angolan provinces. The Constitutional Court was established in 2008.

Foreign judgments and arbitral awards may be enforced in Angola once recognised by the Supreme Court.

Angola’s Arbitration Law is strongly influenced by the United Nations Commission on International Trade Law (UNCITRAL) model law Angola is not yet party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. An Agreement on Legal and Judicial Cooperation has been concluded with Portugal.

An Arbitration Centre, the C.R.E.L has been created under the umbrella of the Ministry of Justice and has been a reliable centre for extrajudicial dispute’s resolution since 2014.

**INTELLECTUAL PROPERTY**

As a member of the World Intellectual Property Organization (WIPO), Angola is committed to the protection of intellectual property and has adopted the Paris Convention for the Protection of Intellectual Property.

The Angolan Industrial Property Institute promotes the registration of patents, trademarks, names, badges, industrial designs, utility models, rewards and provenance indications.

**FINANCIAL SERVICES/ INSURANCE**

The Financial Institutions Law regulates banking and non-banking activities, such as insurance. The Angola National Bank supervises banking institutions. Other financial institutions are supervised by the Capital Markets Commission or the Angola insurance Supervision and Regulation Agency. In March 2014, the Angolan stock exchange, or “Bolsa de Valores de Angola” (BODIVA), was established. BODIVA has a management board which is responsible for ensuring the transparency, efficiency and security of transactions, encouraging the participation of small investors and competition between operators.

BODIVA began trading Government bonds in May 2015 and has announced that it will launch corporate debt sales in 2016. Counter trading on the equity market of the BODIVA is expected to commence by the end of the first quarter of 2016 with the full exchange commencing operations by the end of 2017.

**KEY STRATEGIC GROWTH INITIATIVES BY GOVERNMENT/PRIVATE SECTOR**

Angola aims to shift the focus of its economy away from the oil sector by expanding other economic sectors, such as agriculture, financial services and mining, and is currently planning a number of economic and fiscal measures to implement this strategy further.

Angola is also investing in the rehabilitation and construction of its infrastructure, roads and highways. Water and electricity production and distribution projects are part of the government’s policy to improve the wellbeing of the population. For this reason the government has recently announced that management and distribution of water will be privatized.

The government supports and provides incentives to private projects in the agriculture, cattle raising and forestry sectors as well as associated industrial projects.

**TREATIES AND BILATERAL AGREEMENTS**

Angola is a member of the Multilateral Investment Guarantee Agency (MIGA), which provides dispute settlement assistance and guarantees for private investors.

Angola has signed bilateral investment treaties with Portugal, South Africa, the United Kingdom, Italy and Germany, which have not yet been ratified. A bilateral investment treaty with Cape Verde has been executed and ratified.

Angola has adopted the Southern African Development Community (SADC) Free Trade Protocol, which harmonizes trade and customs regimes and reduces tariffs among SADC countries. Angola has also signed customs cooperation agreements with Portugal and São Tomé and Príncipe. Treaties have been signed with South Africa, the Community of Portuguese language Countries (CPLP), Namibia and the Democratic Republic of Congo.

**MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANIZATIONS**

Angola is a member of the United Nations (UN) and all of its key agencies, the Southern Africa Development Community (SADC), the Community of Portuguese language Countries (CPLP), the International Monetary Fund (IMF), the African Union (AU), World Trade Organization (WTO), World Bank, Organization of Petroleum Exporting Countries (OPEC), African Development Bank (ADB), among others. Angola has strict cooperation with all members of the international community to promote social and economic progress and sustainable development in Angola.

**LABOUR RELATIONS**

The new General Labour Law, Law no. 7/2015 was approved on 15th June 2015. This law is a more employer-friendly than its predecessor. Parties are now given the right to decide on the duration of the contract in question. Large companies are allowed to renew limited duration contracts for a period of 5 years. Micro, small and medium-sized companies are allowed to renew these contracts for a period of 10 years.

The average working week is 44 hours. In special circumstances, working hours may be extended to 54 hours per week. In each calendar year, workers are entitled to 22 working days of paid vacation leave. Women are entitled to a minimum of 3 months maternity leave.

Angolan law provides for dismissal for justified reasons after the employer has undertaken disciplinary proceedings. Angolan law allows for dismissal for justified reason without compensation.

In the case of an unjustified dismissal, the worker has the right to receive compensation.

Foreigners who wish to work in Angola need to execute an employment contract (or a promissory employment contract) in order to obtain a valid working visa.

Under the new Labour Law labour disputes may be referred to arbitration.

**ISSUES FOR INVESTORS TO CONSIDER**

Private investors are guaranteed protection under Angolan law:

In the case of expropriation, investors are entitled to fair compensation. Any change in the economic or political system which results in nationalization of private assets will entitle investors to receive immediate monetary compensation.

Protection of intellectual property rights, licenses, banking, commercial and trade secrets is guaranteed. Parties also have access to the courts in order to obtain relief.

Foreign citizens travelling to Angola must obtain a valid visa enabling, which are available at Angola’s Consular Services.

Foreign investors are granted visas under a facilitated regime depending on the level of the investment.

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COUNTRY INFORMATION

Botswana is a landlocked country with a population of about 2 million. The urban population accounts for about 50% of the total population.

TYPE OF GOVERNMENT

Botswana is a stable multi-party democracy.

LATEST GDP FIGURES

Real Gross Domestic Product (GDP) grew by 2.6% in 2015. The overall fiscal balance for the 2014/15 financial year was a budget surplus of P5.34 billion, compared to a surplus of P7.22 billion in 2013/14.

INFLATION RATE

The 2015 domestic inflation rate continued to fall within the Bank of Botswana’s target of 3–6%, with monthly inflation ranging from 2.8% and 3.6% during the first half of the year.

INVESTMENT CLIMATE

Botswana is a stable democracy with an open economy. Implementation of the Southern African Customs Union (SACU) Agreement and the Southern African Development Community (SADC) Free Trade Area will continue to be pursued, including the establishment of the necessary institutions and harmonization of industrial and trade policies.

The SADC Free Trade Area involves zero tariff levels for 85% of all goods traded among member states. Liberalisation of tariffs on the remaining 15% of goods (considered to be sensitive products) was completed in 2013. The government is making substantial efforts to create a favourable climate for private and foreign investment by imposing minimal restrictions on foreign investors and the privatisation of state entities.

The Botswana Export Development and Investment Authority (BEDIA) and the International Financial Service Centre (IFSC) were merged into one entity; the Botswana Investment Trade Centre which was established to operate as a one-stop investor service centre for both entities.

FORMS OF BUSINESS

- Private or public limited liability company
- External company (branch of foreign company)
- Company limited by guarantee
- Partnership
- Common law trust
- Sole proprietorship
- Societies being associations of persons.

The Companies Act provides a simplified framework for the incorporation of companies and other legal entities (like close corporations) and imposes strict obligations on corporate governance.

FORMATION OF A COMPANY

Non-residents may hold shares in a Botswana company. One resident director is required for a private company and two resident directors for a public company. The registered office must be in Botswana. Auditors are required who must be certified public accountants practising in Botswana. Company secretarial duties are performed by secretarial services companies, most of which are attached to accounting firms. Companies are usually registered within 4 weeks.

EXCHANGE CONTROLS

Botswana has abolished all exchange control regulations and foreign investment is welcomed. Dividends and capital gains on equity investments received from a foreign source are subject to tax being paid, freely remittable out of Botswana in foreign currency. Interest on and the capital of foreign loans are freely remittable in foreign currency. Upon disinvestment a non-resident may remit capital in foreign currency. Foreign currency can be held and earn interest with a bank in Botswana.

Botswana securities denominated in a foreign currency may be purchased using foreign currency without converting the foreign currency into Botswana Pula. The proceeds of such Botswana securities may be paid in foreign currency and freely remitted anywhere in the world without notification to the Central Bank.

TAXATION

Tax is levied on income that is actually derived or deemed to be derived from Botswana sources.

Foreign source dividends and interest are deemed to be from a Botswana source and are taxable on accrual.

There is a single corporate tax rate of 22%. The corporate tax rate for non-resident companies is 30%.

The tax rate for manufacturing and International Financial Services Centre (IFSC) companies is 15% in respect of approved activities. These rates do not apply automatically and must be applied for and approved by the relevant authorities.

WITHOLDING TAX

Withholding tax is 7.5% on all dividends paid. Payments of rent to a resident or non-resident for the use of any land or building or both are subject to withholding tax at the rate of 5% unless:
- The rent is paid by an individual and it is not claimed or will not be claimed as a business expense by such person
- The payment of rent is less than P36 000 during any tax year
- The rent is paid in respect of accommodation in a hotel, motel, guest house or lodge
- The recipient of the rent is a person exempt from taxation.

Any surplus amount paid by a mine rehabilitation fund to a person who contributed to the fund is subject to withholding tax of 10%. Such withholding tax will represent a final charge to tax and the amount paid by the mine rehabilitation fund will not form part of the recipient's assessable income.

Payment of commission or brokerage for or in connection with the procurement of goods or services is subject to withholding tax at the rate of 10%. Such withholding tax will only apply to payments in excess of P36 000 in any tax year.

The exemption from withholding tax on commercial royalty payments made to non-residents in respect of the leasing of aircraft has now been withdrawn.

CAPITAL GAINS TAX

Tax is payable on capital gains at the income tax rate of the particular tax payer in respect of immovable property on 100% of the gain. The gain is calculated by deducting from the sale price the cost of acquisition and the cost of any improvements. A prescribed escalation factor is applied to other movable property, including shares in a company, on 75% of the gain which is calculated by deducting from the sale price the cost of acquisition of the property sold.

Capital gains tax is not payable on the sale of shares in a public company, as defined in the Income Tax Act, if the shares, units or debentures were held by the tax payer for a period of at least one year prior to the date of disposal.

DOUBLE TAXATION AGREEMENTS

Botswana has double taxation agreements with Barbados, France, Namibia, Russia, Seychelles, South Africa, United Kingdom and Northern Ireland, Zimbabwe, India, Mozambique, Ireland, China, Swaziland, Lesotho, Zambia and is currently negotiating with Belgium, Malawi, Tanzania, China, Luxembourg, Kenya, Angola, Nigeria, Uganda and Japan.

VAT

Value Added Tax (VAT) is levied at 12%.

IMPORT/EXPORT INCENTIVES/SUPPORT

The Botswana Investment Trade Centre facilitates the establishment of export-oriented enterprises and selected services.

MONETARY POLICY

Implementation of monetary policy is entrusted to the Central Bank of Botswana. Price stability is the main goal of monetary policy using indirect policy instruments and a framework for forecasting inflation.

LEGAL SYSTEM

The legal system of Botswana is a mixture of Roman-Dutch and
Botswana has a natural advantage (for example tourism).

The government continues to implement programmes that enhance legal participation in economic activities and business ventures. A large share of government expenditure goes towards education, training and health.

The Botswana Development Corporation (BDC) continues to be a leading investor and lender. The BDC has a diverse portfolio covering industry, agribusiness, services, property development and management. Through its subsidiaries, affiliates and associate companies, the BDC has been active in the local production of products which were previously imported.

Botswana’s Industrial Development Policy aims to promote highly productive and efficient export industries integrated with foreign markets and technology, develop competitive manufacturing and service sectors able to compete internationally, grow supporting services and component manufacturers, create links between small and medium enterprises with foreign firms and develop small and medium enterprises for the domestic market.

TREATIES AND BILATERAL AGREEMENTS

Botswana is a signatory to the Lome Convention with the European Union and has duty free or preferential access to the US market under the General System of Preferences with no quota restrictions.

There are bilateral agreements with China and regional countries (through SACU and SADC) allowing preferential or limited duty free trade.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Botswana is a member of the World Bank, the United Nations (UN), SACU, SADC, the International Monetary Fund (IMF), the African Union and the AU’s New Partnership for Africa’s Development (NEPAD). Botswana is a member of the World Trade Organization (WTO) and a signatory to the Multilateral Investment Guarantee Agency (MIGA), which protects investments from nationalisation or expropriation. Botswana continues to play an active and influential role in shaping the global agenda in line with its national priorities and international norms. Botswana further remains committed to the International Criminal Court (ICC) and international Criminal Justice System.

The domestication of the Rome Statute is at an advanced stage and was recently brought before Parliament.

ROAD AND TRANSPORT

Government continues to maintain and rehabilitate 18,000 km of road network, comprising 6,400 km tarmacked roads, 7,600 gravel roads and 4,000 earth-track roads. As part of ESP, there will be an increase in funding in the coming year for projects to decongest the A1 road, while building by-passes in Francistown, Molepolole and Lobatse.

The Road Levy Collection Fund is being used to implement labour intensive road related maintenance projects such as bush clearing, grass cutting, cleaning of drainage structures, pothole filling and road signs repairs. Botswana’s delivery is re-introducing the Passenger Train Service to run between Lobatse and Francistown.

With respect to aviation, the construction of the Kasane Terminal Building, which commenced on 3rd November 2014, is scheduled for completion in August 2016, while the construction of a new air traffic control tower and technical block is scheduled to commence in January 2015, with completion scheduled for January 2016. Works at the Sir Seretse Khama International Airport (SSKIA) Terminal Building have been completed.

WATER

The efforts to maintain water supply security are challenged by recurring drought. The government continues to undertake measures, including the development of water infrastructure such as dams and water pipelines and exploit alternative water sources.

Government has availed a budget for emergency projects, network extensions, groundwater investigations and the expansion/instalation of water treatment plant capacity. Altogether, more than P1 billion worth of projects are at various stages of implementation. With the completion of the Dikgahle, Lobtane and Tshane dams our efforts have shifted to the construction of infrastructure. The Dikgahle pipeline was commissioned in October 2014, while Lobtane infrastructure is complete and supplies water to 22 villages.

The extension of the North South Carrier from Morupule to Palapye is ongoing and is now scheduled for completion in June 2016. An additional pump station is to be constructed near Serowe Valley to improve delivery and efficiency of the NSC-1 downstream of Maun to Gaborone.

The Mmamashia–Kanye NSC Connection project commenced in August 2014 and will be completed in February 2017. This project will supply the villages of Tshama, Moshupa and Kanye with water from Mmamashia Water Treatment Works. Additional Government initiatives to improve water supply and sanitation include projects such as Mauw Water Supply and Sanitation Phase II, Kanye and Molepolole Sanitation, Seronga/Gudwana water supply, Shakawe Water Treatment Plant, Mogodi Hill – Pitsane Pipeline and Boteti Northern Cluster Water Project.

Tapping into shared watercourses will be critical to securing the nation’s long-term water needs. Botswana continues to prioritise trans-boundary cooperation under the auspices of the SACD Protocol on shared watercourses. The Chobe - Zambezi Water Transfer Scheme is ongoing, while the Lesotho Highlands Feasibility Study has also been completed and its findings are under evaluation. In addition, the Limpopo Watercourse Commission (JUMCOM) has been launched. This river basin is in fact the home to all our dams that we currently rely on for water supply.

ENERGY

The government strives to maintain adequate power supply in the country, despite the relatively high cost of providing it. Morupule B Power Station continues to undergo remedial works. The energy supply is, therefore, supplemented by the Orapa and Matlhalagabedi Diesel Peaking Plants. To ensure long term security of power supply, the Government is in the process of procuring Independent Power Producers for the development of an additional 300 MW by extending Morupule B with unit 5 & 6 (each of 150 MW) as well as a further 300MW plant at a coalfield to be determined.

In light of the recent frustration with the poor delivery of the Morupule B and other projects, Government is in the process of establishing a Project Management Office (PMO) to oversee the implementation of major energy and water projects. This will be done through appropriate project management methodologies.

With respect to the petroleum sub-sector, a quality monitoring program of petroleum products to protect consumers and the environment is in place. Government will ultimately increase its strategic stock of petroleum products once the construction of 149 million litres facility at Thebe Hill is completed. Once completed, it will give Government additional 40 days’ worth of stocks as part of extending the security of supply for the country.

The National Energy Policy has been submitted for Cabinet approval and tentatively for forward submission to Parliament. This policy document will guide the energy sector going forward.

TELECOMMUNICATION

A fixed line service is provided by Botswana Telecommunications Corporation (STC) which is in the process of implementing an international connectivity project accessing submarine fibre systems and building national transmission rings to facilitate the promotion of Botswana as a telecommunications hub in the region to satisfy demand for information based services, web hosting, data centres, call centres, global financial services, and software research and development. The Botswana Communications Regulatory Authority (BOCRA) has adopted a very liberal licensing strategy.

BOTSWANA STOCK EXCHANGE

The Botswana Bond Market Association is due to begin formal implementation of its mandate in collaboration with the Botswana Stock Exchange to resolve structural issues with impending bond market development, with a view to promote efficiency and liquidity of the bond market.

Furthermore the Botswana Stock Exchange Listing Requirements are still being considered with the introduction of the new Securities Act, there will be clearer transparent
rules, under which securities exchanges and other players may operate.

TRADE AND INDUSTRY

Efforts by agencies such as Botswana Investment Trade Centres (BITC) continue to promote domestic and foreign direct investment into the sector and provide targeted fiscal incentives to major manufacturing projects to enhance the value addition and competitiveness of their products.

INFORMATION AND COMMUNICATIONS TECHNOLOGY

Government continues to leverage Information and Communication Technology (ICT) to improve the quality of life in Botswana, while positioning the country as a regional ICT hub.

BOCRA continues to monitor the performance of the telecommunications networks and the concerns raised by the general public relating to the unsatisfactory quality of service of some of the networks. Operators have, however, put in place mitigation strategies to address the noted challenges. Overall operators have committed over P150 million this year to improve infrastructure in order to accommodate new technology leading to improvements in quality of service. For its part, BOCRA is procuring a fixed and mobile quality of service monitoring tool in order to independently assess the quality of service of the telecommunications networks.

MINING

Botswana is renowned for its diamonds but also has deposits of copper, nickel, coal, gold and soda ash which are currently being mined or developed. While the minerals sector remains a principal source of revenue and primary for economic growth and diversification, it is currently challenged by depressed markets. As of the end of August 2015 the benchmark global price of 1-carat and 0.30-carat diamonds had declined by 12.9% and 29% respectively over the past 12 months, due largely to weakened Asian demand.

The ownership of minerals in Botswana vests in the government and all mineral concessions can only be acquired in accordance with the licence regime under the Mines and Minerals Act. There are three main mineral concessions that may be issued in terms of the Act, namely prospecting licences, retention licences and mining licences.

Mining licences (except in respect of diamonds) are granted for periods of up to 25 years. The government has the right to acquire an equity interest of up to 15% in a company that applies for a mining licence.

A 5% state royalty is payable in respect of precious metal production, 3% for base metals and 10% for precious stones (including diamonds).

A special economic zone for Kasane-Kazangula will, for example, cater for the expanded tourism, construction, transport services and market access for local agriculture that will result from the construction of the road and Rail Bridge at Kazangula and the water pipeline to Pandamatenga, along with associated infrastructure. The Botswana International Trade Centre (BITC) continues to promote our country as a competitive location for investment. Business start-ups will also continue to receive critical support from the Citizen Entrepreneur Development Agency (CEDA), which since 2008 has funded 2,288 enterprises with a total value of nearly P2.1 billion, in the process creating over 11 thousand jobs. During the 2014/15 financial year, CEDA assisted 329 new enterprises with a total monetary value of P328 million, collectively generating 1,971 new jobs. The Local Enterprise Authority (LEA) is also playing its role in nurturing a culture of entrepreneurship.

AGRICULTURE

The 2014/15 cropping season experienced drought conditions, which resulted in complete crop failure in many areas. However, the government continues to assist this sector. The Diamond Cutting and Precious and Semi-Precious Stones Cutting and Polishing (DCPSPC) Board and the Diamond Valuation Authority (DVA) are continuing to assist the domestic diamond processors to upgrade and modernise their facilities.

Botswana's beef industry continues to grow as a mainstay of our agriculture. Turnover at Botswana Meat Commission (BMC) for the 2014 year reached P1.16 billion (from slaughter of 144,083 cattle) which is an increase of P80 million over the 2013 revenue. In order to meet the demands of local and regional market, the BMC abattoir in Maun was upgraded and automated to increase production. This will assist in the marketing of cattle from Nkaganelo.

The Dairy Development Strategy adopted last year is beginning to bear fruits as Sunnyside farm near Lobatse has been leased to a dairy company. Further investment into dairy sub-sector is being processed for Milk Afric and Semitwe Dairy.

To further improve our arable sector as a revenue earner and source of employment, Government is conducting research in areas such as crop breeding, soil and water management, farm mechanisation in the context of different farming systems and agro-ecological conditions. A project co-funded with International Fund for Agricultural Development (IFAD) further includes training in conservation and the use of low cost mechanization options, combined with improved crop agronomy.

The National Agricultural Research and Development Institute (NARDI) was launched in June 2015 following the decision to merge the Department of Agricultural Research with the National Veterinary Laboratory and the National Food Technology Research Centre (NFTRC). This establishment will focus in areas of promoting research, innovation and training.

LABOUR RELATIONS

Botswana has a reputation for stability on all levels, including labour relations. The government has a low level of ratification of International Labour Organisation (ILO) treaties which indicates a reluctance to commit to or adopt a pro labour movement agenda. Government emphasises productivity, wage increase restraint, the concept of reward for productivity and the need for harmonious industrial relations (and the role trade unions can play in this).

To further stimulate job creation Government has adopted an accelerated programme for job creation focused on key areas that have a high potential for labour intensive economic growth. In addition to EDD and the ESP targeted areas of Agriculture, Tourism and Infrastructure our efforts to stimulate the economy will be given additional impetus through the establishment of Special Economic Zones (SEZs) as geographically defined economic areas providing investor friendly business environments.

Government is also in the process of reviewing the Building Control Act and its Regulations, as well as finalizing the Regulatory Impact Assessment Strategy. This latter initiative is meant to ensure that all new laws enacted in the future do not form a bottleneck and interfere with the ease of doing business. As a step in this direction in April 2015 a Doing Business Reforms Roadmap and Action Plan was approved. In this context Botswana is undertaking additional reforms to address impediments to doing business within the existing legal and regulatory framework and institutional and governance structures, including better turnaround times for visas and work and resident permits.
and parliament were elected on November 29, 2015 through 
and parliament) have been set up to lead the country to free 
Thereafter, new transitional institutions (president, government 
The former power of the president to modify the constitution 
swords, field, brush, and scattered trees. The largest river is the Mouhoun (Black Volta), which is partially navigable by small craft.
Its size is 274 200 square kilometres with an estimated population of 17,429 million (2014 - IMF), 28.2 % of 
There is a Chamber of Commerce which conducts feasibility 
There are also commercial banks with correspondent 
• a société à responsabilité Limitée (SARL), which is 
• a société anonyme (SA), which is a limited liability company 
The Organisation pour l'Harmonisation en Afrique du Droit des 
The mining sector in Burkina Faso is of great interest to investors. 
INVESTMENT CLIMATE
The mining sector in Burkina Faso is of great interest to investors. American, Australian and South African corporations have recently been granted mining permits. Tax exemptions applying to investments in addition to the enactment of the investment code offer an attractive climate to foreign businesses. Moreover, fully-owned foreign ownership of companies is allowed except in the mining sector. The state is entitled to ownership of at least 10 per cent of the share capital of exploitation companies. There is a Chamber of Commerce which conducts feasibility studies and helps develop business links. There are also commercial banks with correspondent relationships with American and European banks.
FORMS OF BUSINESS
The Organisation pour l' Harmonisation de l' Afrique des Affaires (OHADA) has a Uniform Act on Companies which sets out various forms of business vehicles available to domestic and foreign investors such as: a société en nom collectif (general partnership), a société en commande (limited partnership), a groupement d'intérêt économique (economic interest grouping), a société à responsabilité limitée (limited liability company) and a société anonyme (Public limited company). However the following business vehicles are the most attractive for investors: a société anonyme (SA), which is a limited liability company with either a board of directors or a unique shareholder. The minimum share capital required is CFA10,000,000 (approx. US$20,000). Share transfers to third parties are unrestricted unless otherwise stated by the company’s statutes which may require either the consent of the board of directors or the general assembly of shareholders a société à responsabilité limitée (SARL), which is 
administered by one or more directors called “gérants”. The minimum share capital required is CFA1,000,000 (approx. US$2,000). Share transfers are regulated by the company’s statutes and may be performed freely between shareholders but transfers to third parties require the prior consent of the majority of shareholders. Joint ventures are often formed in the mining and the agricultural sectors.
FORMATION OF A COMPANY
Below are the processes and estimated times (where applicable) to incorporate a company:
• Deposit subscribed capital in a bank (2 days);
• Conduct a formal criminal check of manager (1 day);
• Notarise the declaration of capital subscription and deposit the two acts at the notary office within three days;
• Register at the Centre des Formalités de Entreprise (CEFORE) for a company registration, tax number (FUI), and social security number
A single application form must be submitted to complete the company registration with the Trade Register and Personal Credit Bureau (BCEAO) to obtain the fiscal and the professional license at the Ministry of Commerce
Once the form is submitted, CEFORE organizes the registration with the court and other authorities. Companies are assigned a unique company identification number for company registration, fiscal identification and social security affiliation.
The official time for the completion of the registration process is 7 working days. However it takes longer in practice because CEFORE forwards the documents to the relevant authorities. Publication can be made directly on the CEFORE website (www.me.nb) for a fee of CFA 10 000 (approx. US$21). Costs for completing the formalities for the incorporation are CFA 47 500 (approx. US$96). (Note however that the CFA 47 500 is paid to the CEFORE and does not include all the incorporation fees, which may be higher and depend on the amount of the share capital).
EXCHANGE CONTROLS
Foreign investors are entitled to transfer all funds from the business, dividends, receipts from liquidation, assets and wages, however transfers must be completed before certified intermediates. Exchange controls are primarily regulated by the rules of the West African Economic and Monetary Union. Transfers are authorized in the original currency of the investment.
TAXATION
Mandatory taxes to be paid by a company per annum are as follows:
• Corporate Income Tax (30% of net profit)
• Social security contributions (16% of gross salary)
• Business license (8%) + fixed amount
• Payroll and Apprentice Tax (3% of gross salary)
• Capital Gains Tax (10%)
• Mortmam Property Tax (10%)
• Tax on insurance contracts if any (20%)
• Stamp duty on contracts (CFA200 - (approx. US$0.50) per page)
• Value Added Tax (18%)
• Motor Vehicle Tax if any (CFA 50 000 - (approx. US$104) based on the weight of truck)
Burkina Faso’s customs fees are based on goods ad valorem and include a 5% customs fee, an import fiscal duty and a value added tax based on the type of equipment.
IMPORT / EXPORT
Imports account for US$ 3.674 billion (2012) of the economy and consist mainly of machinery, agricultural products, electrical goods and petroleum. Exports account for US$ 2.948 billion (2012) and consist mainly of agricultural goods, cotton, livestock and shea butter. Gold is also an important export.
MONETARY POLICY
Burkina Faso’s monetary policy is largely based upon liberalisation. It is determined by the Central Bank of West African States (BCEAO) whose priority is to control inflation. Its monetary policy remains influenced by the European Central Bank as the CFA Franc is pegged to the Euro. Burkina Faso’s
LEGAL SYSTEM

The legal system is based on the French Civil Law system. The judicial system is made up of two branches: the judicial branch and the administrative branch. At the top of the judicial branch is the Cour de cassation. Beneath it are courts of appeal at Ouagadougou and Bobo-Dioulasso and 24 Tribunals (Tribunal de Grande Instance), the most important being in Ouagadougou, Bobo-Dioulasso, Ouagouanga and Fada N’Gourma which deal with cases involving civil and criminal law. At the same level are the Tribunal de Commerce (Tribunal of commerce) at Ouagadougou and Bobo-Dioulasso dealing with commercial law and Tribunal du Travail (Labour court) at Ouagadougou, Bobo-Dioulasso and Koudougou. At the top of the administrative branch is the Conseil d’Etat. Beneath it are 24 administrative tribunals which deal with cases involving administrative law. Following the 1983 coup, tribunals were created to try former government officials for corruption and mismanagement. There is also a High Court of Justice to try the President and ministers for treason or other serious crimes.

The constitution provides for a number of safeguards including a right to public trial, right of access to counsel and a right to appeal.

In 1995 an Office of Ombudsman “Mediateur du Faso” was created for resolving disputes between the state and its citizens. During the transition, the Conseil National de la Transition (CNT) created for resolving disputes between the state and its citizens. Following the 1983 coup, tribunals were created to try former government officials for corruption and mismanagement. There is also a High Court of Justice to try the President and ministers for treason or other serious crimes.

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INTELLECTUAL PROPERTY

Burkina Faso is part of both the African Intellectual Property Organization (APIO) and the World Intellectual Property Organization (WIPO). The APIO amended the Bangui Protocol of 1977 which sets out common procedures based on a uniform system of protection (in addition to provisions included in international conventions to which member states have acceded).

Available protections are:
- Patents: protected for a period of 20 years without provision for renewal.
- Trademarks: protected for an initial 20-year period with a provision for renewal.

FINANCIAL SERVICES / INSURANCE

The insurance market was liberalised in 1978. Fourteen insurance companies are now operating in Burkina Faso which handle both life and non-life insurance. The non-life sector is dominated by motor vehicles (50%), the remainder is mainly fire, other property damage and personal accident insurance.

The insurance sector in Burkina Faso is regulated by the Inter-African Conference on Insurance Markets (CIMA). CIMA has been charged with the approval, withdrawal and the supervision of insurance companies.

KEY STRATEGIC GROWTH INITIATIVES BY GOVERNMENT

The government has carried out substantial reforms in the banking, financial and private sectors which has enhanced economic growth. This led Burkina Faso to benefit from US$700 million in debt relief under the Highly Indebted Poor Countries initiative (HIPC) and an education grant awarded by the Millennium Challenge Account. For example 42 state-owned companies have been restructured including 19 major corporations in banking, brewing, mining, medicine and manufacturing. Privatization of the state-owned electricity and telecommunications utilities is in process.

TREATIES AND BILATERAL AGREEMENTS


MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Burkina Faso is a member of the Economic Community of West African States (ECOWAS), West African Economic and Monetary Union (WAEMU) and several other organisations including the Multilateral Investment Guarantee Agency (MIGA), the African Union (AU) and its New Partnership for Africa’s Development (NEPAD) programme. It acceded to the World Trade Organization (WTO) in June 1995 and is part of the African, Caribbean and Pacific group of states.

ECONOMIC DEVELOPMENTS

Many trade restrictions have been removed and tariffs reduced in order to generate investment. Burkina Faso is eligible for direct loans from the World Bank, the European Union and the African Development Bank. A structural adjustment programme has been implemented in cooperation with the World Bank and the International Monetary Fund.

The country’s economic policy since 2011, “La Stratégie de Croissance Accéléré et de Développement Durable (SCADD)” (Accelerated growth and sustainable development strategy) is aimed at poverty reduction through production based on public-private partnership.

ROAD AND TRANSPORT

There are 13 200 kilometres of classified roads in Burkina Faso of which 2 300 kilometres are paved. The state-owned bus companies has been privatized and operates 5 main routes throughout the country. The 1 360 kilometre Akinou-Nigé railway is the main transport axis although the line has not recently operated efficiently and rail traffic is in decline. Burkina Faso’s other 622 kilometres of railways are scheduled for restructuring. In 1995 a French company took control of the railroad and the line is anticipated to be rehabilitated with a US$31 million World Bank loan. The country has 24 airports with paved runways.

WATER

According to the 2012 report of the water agency, potable water and sanitation coverage is 56%.

In rural parts of the country only 0.01% percent of the population has access to water through private taps, only 2% through public standpipes, 46.1% through public wells, 41.2% through boreholes and 6% through sources such as rivers, streams, and ponds. Burkina Faso’s urban water sector is not performing much better. Only 25% of city-dwellers have access to water through private taps, 47.7% access through public standpipes, 20.9% access through wells or boreholes and 5.7% buy water from vendors.

Since May 2005 Ouagadougou has been in the midst of a water supply crisis. Four dams located around the city can only produce an estimated 80,000 cubic meters of water amount which constitutes an estimated 70% of demand. Widespread damming of rivers heavily taxes the region’s extremely limited water resources through evaporation and seepage and leaves the supply susceptible to microbiological threat, including enteritis.

ENERGY

Burkina Faso is predominantly dependent on thermally generated energy. Sonabel, the national electric company, produced 730, 77 million kilowatt hours (kWh) in 2013 of which 86.5 5% was thermally produced and 14. 5 km hydro-electrically produced. Construction has begun on a new dam but the cost of electricity production is still significantly higher in Burkina Faso than in neighbouring countries. Although the government is not planning Sonabel’s privatization of the market will be liberalized and companies will be able to compete for production and distribution with Sonabel.

Consumption of petrol products is low and wood fuel provides over 90% of domestic energy. The government is trying to promote busfare in order to slow deforestation.

TELECOMMUNICATIONS

Communications in Burkina Faso are limited due to the low penetration of electricity even in major cities. Use of telecommunications is extremely low.


In 2006 the government sold a 51% stake in the national telephone company and ultimately plans to retain only a 23% stake in the company.

The fixed line and mobile Internet subscriptions number 1 541 422 with an annual growth rate of 180.25% at as 31 December 2013. The sector has improved following the installation of a 22 MHz fibre optic international link, a vast improvement over the previous 128 kbit/s link. Secondary access nodes are beginning to appear in the major cities and cyber cafés are providing internet access to a broader spectrum of end users.

TRADE AND INVESTMENT

Imports of most consumer and other manufactured goods and equipment. The largest exporter to Burkina Faso is still France but imports from other countries are growing. China has become a major buyer of goods from Burkina Faso. Cotton, livestock and gold are important exports. Albinah’s harbour in the Ivory Coast is used for bulk imports and exports. Other major trading partners are Singapore, Togo, Thailand and Ghana.

Small-scale manufacturing consists of flour milling, sugar refining, the manufacture of cotton yarn and textiles and the production of consumer goods.

MINING

Mining activities are confined to gold, manganese, phosphates, marble and antimony. There are also viable deposits of zinc, silver, limestone, bauxite, nickel and lead. Special customs and tax advantages are awarded through the Mining Code during exploration and production stages.

AGRICULTURE

Main food crops are sorghum, millet, yams, maize, rice and beans. Cotton is grown for export.

TRADE AND INVESTMENT

Tax exemptions apply to investments in mining and other sectors and foreign investors may transfer any funds associated with an investment, including dividends, receipts from liquidation, assets, and salaries (see Exchange Control above). Gold mining and diamond exploration are priority areas. Foreign and domestic investors are treated equally. The Ministry of Industry and Commerce and the Ministry of Energy and Mines approve all new investments on the recommendation of the National Investment Commission. A local agent/distributor is not required by law for trade but can be helpful. Most trade restrictions have been removed and tariffs have been steadily reduced.

LABOUR RELATIONS

Employees’ rights are guaranteed by both the New Labour Code enacted in 2008 and the Labour Court. There is a well-organized trade union movement and employers are required to give employees prior notice of termination except in cases of gross misconduct such as theft or obvious neglect. The duration of the notice is fixed by the law based on the grade of employee.
The Democratic Republic of the Congo (DRC) is located in Central Africa. To the north it borders the Republic of Congo, the Central African Republic and South Sudan. To the east it borders Uganda, Rwanda, Burundi and Tanzania. To the south it borders Zambia and Angola and the Atlantic Ocean to the west. The DRC is the second largest country in Africa and the eleventh largest in the world. With a population of over 76 million people, the DRC is the most populous Francophone country, the fourth most populous nation in Africa and the nineteenth most populous country in the world.

GENERAL INFORMATION

The Constitution, promulgated on 18 February 2006, established the institutions of the Third Republic and introduced a democratic and semi-presidential system with a bicameral parliament.

LEGAL SYSTEM

The main provisions of private law can be traced back to the 1861 Napoleonic Civil Code. The Congolese legal system, however, is predominantly based on Belgian law. The Constitution endorses the separation of powers doctrine, emphasising the independence of the judiciary, legislature and executive. The judiciary comprises the Constitutional Court, the ‘Cour de Cassation’, the Council of State, the Supreme Military Court, as well as the civil and military prosecutor’s offices attached to these courts. Specialised courts may also be established. The DRC is a party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention).

INFLATION RATE

The inflation rate was 1.3% in December 2015.

GROSS DOMESTIC PRODUCT

The Gross Domestic Product (GDP) grew by 10.1% in 2015. GDP annual growth rate in the DRC averaged 0.83% from 1960 until 2015 reaching an all-time high of 9.5% in 1970.

ACCESSION TO OHADA TREATY

The DRC’s accession to the Treaty of the Organisation pour l’Harmonisation en Afrique du Droit des Affaires (Organisation for the Harmonization of Business Law in Africa) (OHADA) presents both opportunities and challenges to companies doing business in the DRC, as well as in other OHADA Treaty countries (Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Congo Brazzaville, Ivory Coast, Equatorial Guinea, Gabon, Guinea Conakry, Guinea Bissau, Mali, Niger, Senegal and Togo).

GENERAL CORPORATE LAW

Investors will consider the implementation of the OHADA Uniform Act on Commercial Companies and Economic Interest Groupings (the “AUSGIE” from the acronym formed by its French name) a welcome development. The DRC’s current legal framework relating to commercial companies stems from disparate legislation dating back to the colonial era (in some respects going as far back as 1887). This legislation contains historical anomalies ill-suited to modern business practices. Even though the DRC decree-law of 22 June 1926 has been amended, it still requires specific Presidential approval for the formation of and changes to the shareholdings in joint stock limited liability companies known as “SARLs”. This legislation limits the voting rights attached to shares in SARLs so that no shareholder may exceed 20% of the total voting rights notwithstanding the number of shares they hold. Despite this, the AUSGIE remains a modern piece of legislation which, at the time of its promulgation in 1997, reflected the most recent trends in continental European (particularly French) company law. Today, the AUSGIE’s reach is expanding to better suit the business needs of OHADA Members States and their potential investors, with amendments having been implemented from 30 January 2014. The new AUSGIE came into force on 5 May 2014. Commercial companies and economic interest groups formed prior to this date are required to update their articles of association in accordance with the new AUSGIE before 5 May 2016. The articles of association of any company which have not been updated by this date will be deemed to be void. One of the major innovations of the revised AUSGIE is the introduction of a new corporate entity, namely the simplified joint stock company (société par actions simplifiée or SAS). Any company formed prior to the revised AUSGIE can be transformed into a SAS.

JOINT VENTURES

Significant foreign investment in the mining sector has traditionally taken the form of joint ventures concluded with either foreign investors or DRC entities (often public sector entities). The management and administration of these joint ventures frequently requires negotiations between shareholders in order to ensure that a proper balance is achieved between control of management and strategy, voting rights and rights to dividends. The DRC has already adopted a series of progressive and modern codes relating to various industrial sectors (a Mining Code, Forestry Code and Investments Code) which has made these sectors attractive to foreign investors. New laws have been promulgated recently such as the law No 15/005 of 17 March 2015 on insurances code and the law No 15/012 of 1 August 2015 on hydrocarbon general regime. However, existing company law prevents controls from being implemented (particularly shareholder control over management) to protect the interests of parties to these joint ventures. Parties to joint ventures have had, therefore, to introduce controls themselves through private joint venture agreements, which do not always fit into the current legislative framework and are difficult to enforce. The implementation of AUSGIE, however, will make it easier for joint venture parties to conclude these agreements in a manner that is both consistent with the applicable legislation and enforceable. In future these arrangements may be incorporated in the joint ventures statutes or articles of association which are filed with the local commercial registry and are a matter of public record.

MAIN FORMS OF COMMERCIAL COMPANIES

AUSGIE creates 5 types of companies:

- Société en Nom Collectif (SNC)
- Société en Commandite Simplice (SCS)
- Société par Action Simplifiée (SAS)
- Société à Responsabilité Limitée (SARL) - limited liability companies, formerly private limited liability companies known as SPRL’s
- Société Anonyme (SA) - formerly known as SARL’s (public limited liability company’s), which are the equivalent of continental European companies.

These companies will enable joint venture parties to negotiate arrangements within a familiar framework. Subject to certain limitations, parties are free to create different categories of shares with diverse voting and dividend rights and enjoy a certain measure of freedom in determining how the company in question should be managed. SARLs and SAS have proved to be the two most popular types of company.

The OHADA SARL does not have a board of directors and the management is exercised by one or several managing directors (gérants). However, certain decisions may only be made by the shareholders. The challenge for investors, when dealing with this type of company, is ensuring that strategic decisions are not decided by the gérants without the input of the shareholders. The difficulty is that, according to the applicable law, the gérant is fully entitled to represent the company in its dealings with third parties, unless the third party has been specifically notified that shareholder approval is a requirement.

The OHADA SA by contrast usually has both a board of directors (conseil d’administration) and management consisting either of a Chairman and Chief Executive Officer (Président-Directeur Général) or, at the option of the shareholders, a separate Chairman of the Board (Président) and Chief Executive Officer (Directeur Général), appointed by the Board. This allows for a balance of power and control, particularly well-suited to joint ventures between foreign investors concerned with long-
term strategic decisions and local parties whose focus is on the day-to-day management of the company. Alternatively, for companies with less than three shareholders, it is possible to appoint a single management director (administrateur général) similar to the OHADA SARL. This form of management can be particularly useful for wholly-owned subsidiaries. The single shareholder SARL is an improvement on the seven-shareholder SARL currently used in the DRC.

In order to avoid the burdensome regime for SARLs formed under current DRC law, most companies in the DRC were incorporated as a société privée à responsabilité limitée (or SPRIL) notwithstanding that the SPRIL was initially intended for privately held or closed companies (such as family-owned businesses). As a result of the OHADA Treaty, DRC companies will be required to bring their constitutional documents (statutes) in line with the rules governing the relevant corresponding OHADA type of company. This implies that a company established as a SPRIL may opt for the OHADA SARL form, which is the most simple one. It may be advisable for certain businesses that are incorporated “by default” as SPRILs to convert to an OHADA SA (the typical open capital company), which is in practice likely to be the most suitable form in which to conduct their business.

SAS is a new form of companies. It presents a significant improvement for investors. With the sole requirement that the SAS be represented by a chairman, the Reformed Uniform Act on companies allows the shareholders to organise their governance as they see fit, and therefore to tailor the SAS’s articles of association to their precise needs 9 such as the structure of governance bodies, the rules applying to such bodies and the powers of the shareholders. SAS must have a Chairman (Président), who may be a corporate entity (legal person or individual), or an individual, vested with full powers of management. Such powers may be restricted by the articles of association, but as in an SA, such restrictions are not binding vis-à-vis third parties. The articles of association may also determine alternative forms of management, such as a board, committees, general manager or deputy general manager, although in all cases the Chairman remains the legal representative with full powers to bind the company, notwithstanding any other provisions in the articles of association.

IMPROVED CORPORATE GOVERNANCE

AUSGIE and the other OHADA Uniform Acts which came into force on 12 September 2012, also bring about challenges for foreign investors. It is possible that limitations on the number of offices that directors or officers may hold in different companies, might make it difficult to obtain local talent for such positions. The revised AUSGIE, however, is far reaching in terms of improved corporate governance. It has reinforced the application of good governance principles by:

• Prohibiting directors from participating in any vote on their own remuneration
• Specifying the types of contracts that require the prior approval of an SA or SA’s board of directors
• Introducing the concept of “abuse of equality”
• Introducing new offences relating to the management of companies, such as the failure by directors to submit the company’s financial statements within a month of their being approved by the shareholders.

These developments provide additional comfort for private equity investors, particularly those owning minority stakes, as they make portfolio company management more accountable. Under the revised AUSGIE, a competent court can appoint a provisional administrator when the operation of a company is deadlocked as a result of action or inaction by its shareholders or another corporate body. In addition, AUSGIE takes the practical constraints on investors into account by providing for meetings and votes to take place via video conference and by permitting decisions taken at the shareholder and board level to take place via written resolution.

ACCOUNTING AND AUDITING

Other modifications to the legislative framework will also present both incentives and challenges for SA and SARL management, and certain SARL companies meeting specified thresholds of share capital, total annual turnover or levels of employment, are required to designate official statutory auditors (commissaires aux comptes) to review and certify the company’s accounts. This provides a safeguard against irregularities in the accounts (every major international accounting firm maintains offices in a number of OHADA member states) and grants auditors the power to trigger “alert proceedings”, which require management to respond to queries in the event of financial difficulties. The OHADA Uniform Act on Accounting Law (AUL) creates a comprehensive framework for accounting rules and procedures which may differ from the international accounting standards used by major international companies. The AUL rules require a company’s financial year to coincide with the calendar year and impose an obligation on companies to close their annual accounts on 31 December.

INSOLVENCY

The OHADA Uniform Act on Insolvency Proceedings also provides a comprehensive framework both for companies encountering financial difficulties and seeking relief from the demands of creditors, as well as for creditors filing their claims.

TAXATION

The general system of taxation in the DRC is based on the principle of territoriality and tax is accordingly levied on all income derived from the DRC. The following are the main taxes:

• Corporate tax at 40%
• Corporate tax for mining companies at 30%
• Withholding tax on income from movables at 20% and for mining activities at 10%
• Personal income tax rate is based on a sliding scale with a maximum of 100%
• Property tax is levied from US$0.30 to US$1.50 per square metre of the built property
• Tax on rental income at 22%
• Value Added Tax (VAT) at the uniform rate of 16% on the local sale, import and provision of services. The law introducing VAT was promulgated in 2010 but its effective enforcement began on 12 September 2012.

INVESTMENT CLIMATE AND EXCHANGE CONTROLS

DRC welcomes all foreign investment. The exchange control regulations are flexible and very liberal and commercial banks are authorized, subject to certain tax being paid, to freely transfer dividends, capital gains, interest and capital on foreign loans out of the country. Upon disinvestment, investors may freely remit capital without any restriction. Residents of the DRC are authorized to hold foreign currency accounts with local commercial banks. The following fees and restrictions apply to remittances: the Central Bank of Congo ("BCC") levies a royalty of 2% on any payment to or from abroad regardless of the status of the transferor and transference cross-border transfers to and from the DRC, with a value equal to or greater than U.S. $10,000 (including, entry of capital as direct investment, portfolio and other investments, excluding pre-existing credits such as profits, dividends, leasehold interests) can only be received or transferred through an approved bank.

INTELLECTUAL PROPERTY

Patents, trademarks, designs, and commercial names are protected by the provisions of the Intellectual Property Law. There is a general registry located at the Ministry of Economy, where trademarks, patents and designs may be registered. The DRC is a member of the World Intellectual Property Organization (WIPO).

FOREIGN INVESTMENTS AND INCENTIVES

The DRC has promulgated an Investment Code to encourage the investment of local and foreign capital in activities which contribute to the economic and social development of the country. The Code provides for one general regime under which incentives may be granted. For a project to benefit from the provisions of the Code, the investment must be at least US$100,000 for small and medium sized businesses and US$200,000 for other enterprises.

The Investment Code provides certain advantages for foreign investments. It sets the conditions, benefits and rules for direct investment, both domestic and foreign, in areas contributing to mining, oil, manufacturing, infrastructure and tourism sectors in the eastern part of the country. There are opportunities for investments in the mining, petroleum, agricultural production, forestry exploitation, local manufacturing, infrastructure and tourism sectors in the eastern part of the country.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

The DRC is a member of the International Monetary Fund (IMF), World Bank, United Nations (UN), African Union (AU) and African Development Bank (ADB). The DRC’s accession to OHADA is viewed as a promotion of the rule of law, as the OHADA Common Court of Justice and Arbitration has been established as the highest court of appeal with the power to overturn decisions by local DRC courts. The DRC is a member of the Washington Convention establishing the International Center for Settlement of Investment disputes (ICSID) which applies to disputes between the DRC and nationals of other ICSID contracting States. The DRC is also party to several bilateral investment treaties that provide for arbitration in the case of disputes between the DRC and a national of a bilateral investment treaty contracting state.

Currently, foreign arbitral awards from outside of the OHADA member States are recognized and enforced in the DRC, after a Tribunal of High instance of competent authority has granted enforcement. However, this will change after the DRC’s recent accession to the New York convention. The DRC is the 153rd State to become a party to the New York Convention.

• Duty-free imports of all new plant, machinery and equipment associated with the project in question, as well as spare parts up to 10% of the Cost, Insurance and Freight (CIF) value of the equipment
• Duty-free exports of local semi-finished or finished products
• Exemption from corporate tax and tax on share capital
• Exemption from real estate or property taxes.

The duration of these exemptions depends on the location of the investment and may vary from three to five years.

BUSINESS OPPORTUNITIES

There are opportunities for investments in the mining, petroleum, agricultural production, forestry exploitation, local manufacturing, infrastructure and tourism sectors in the eastern part of the country.
ETIOPIA
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COUNTRY INFORMATION
Ethiopia covers a total of 1.14 million square kilometres. Ethiopia has 74.3 million hectares of land suitable for agriculture out of which only 18 million is currently utilized. The population is estimated to be 96.96 Million (2014). There are nine autonomous regional state governments and two city administrations. The city administrations are accountable to the federal government. There are two major seasons in Ethiopia: dry and wet. The dry season reigns from October through May and the wet season lasts from June to September. Ethiopia has high and low elevations. Ethiopia has plateaus that vary from 2,000 to 3,000 meters above sea level. The country is gifted with some twenty five mountains whose peaks reach over 4,000 meters. With altitudes ranging from 148 meters below sea level to 4,620 meters above sea level, the country has 18 major and 49 sub agro-ecological zones, each with its own agricultural and biological potential.

POLITICAL SYSTEM
The Country has a federal government structure with multi-party system. The head of the State is the President and the Head of the Government is the Prime Minister.

ECONOMIC INDICATORS
• GDP: US$ 55.61 Billion (2014) with GDP growth of 10.3 % (2014)
• Interest Rates: The minimum bank deposit rate is 5%, bank lending rate is 14% bond yield of 5.5%, treasury bills yield of less than 2%.
• Prevaling Exchange Rate: No fixed currency exchange rate. A floating system is utilized in Ethiopia.
• Inflation Rate: 7.4 % (2014)
• Foreign Exchange Reserves: US$ 3.785 billion (2014.)
• Budgets: US$ 11 Billion for 2015/16 fiscal year.

INVESTMENT CLIMATE
Ethiopia has made considerable progress in economic and social development since 1992, as the result of the implementation of favourable policies and strategies that are instrumental in improving the national economy. The Ethiopian government acknowledges the vital roles the private sector can play in the economy and has revised the investment proclamation more than five times over the last twenty three years in order to make it a more attractive, transparent and competitive one.

Ethiopia remains an untapped and unexploited market for investors. The major sources of Foreign Direct Investment for Ethiopia are China, India, Sudan, Germany, Italy, Turkey, Saudi Arabia, Yemen, the United Kingdom, Israel, Canada and the United States of America.

Some of the main reasons foreign investors choose Ethiopia as their place of destinations are: the booming economy, the infrastructure development, the incentive packages, abundant and inexpensive labour, the high population, the climate and the fast growing local demand for products and services.

The government of Ethiopia has opened its doors to foreign investors and is offering different attractive investment incentives in different sectors of investment. Although all businesses or investment opportunities are not open to foreign investors, the government has exhaustively listed investment areas that are allowed for foreign investors and those that are exclusively restricted to local investors. Incentive packages differ based on the type of investment and the place of investment. The government has also introduced an industrial development zone that can be established by the private sector, the government or jointly by the government and the private sector. The industrial development zone offers better incentives packages. Due to the wide market access Ethiopia has created with the rest of the world e.g. African Growth and Opportunity Act (AGOA) and Everything But Arms (EBA) initiative that allowed Ethiopian products to have duty free and quota free access to the US and EU market respectively, Ethiopia is benefiting from preferential trade access.

The privatization system of the country offers a good opportunity for both domestic and foreign investors, especially in agriculture, manufacturing and the hotel and tourism sectors. An investor who wishes to acquire state-owned enterprises is invited to participate in competitive bidding. To facilitate the privatization system the government has established an autonomous government organ called the Ethiopian Privatisation and Public Enterprise Supervising Agency.

A foreign investor who has invested foreign capital in Ethiopia or a foreign investor who has re-invested his profits or dividends derived from foreign investment in Ethiopia can remit the following in convertible currency: Profits and dividends, principal and interest payments on external loan as approved by the National Bank of Ethiopia, payments related to technology transfer agreements, collaboration agreements and or proceeds from the sale or liquidation of an enterprise.

LARGEST COMPANIES
Local: Metal Engineering Corporation, Commercial Bank of Ethiopia, Midroc Group, Ethiopian Airlines, Ethiopian Chipping Lines S.C.
Multinationals: Total Red Sea, Liby Oil Limited, Heineken, Diages, Danfote, H&M etc.

FORMS OF BUSINESS
Ethiopian law provides for the following forms of business organisations: Sole Proprietorship, General Partnership, Ordinary Partnership, Limited Partnership, Joint Venture, Private Limited Company, Share Company, Cooperative Societies, Commercial Representative Office and Branch of Foreign Business Organisation.

FORMATION OF A COMPANY
There are two types of Companies under Ethiopian law: Private Limited Company and Share Company. Private Limited companies require a minimum of two and a maximum of fifty persons and a fully paid capital of 15,000 Birr (Ethiopian Currency) for their establishment. The minimum number of persons required to establish Share Companies is five, and this entity has to have board members whose number may range from three to twelve. The capital of companies engaged in mining and petroleum operations will be determined by the Ministry of Mines based on the project and the operation which is intended to be executed.

The minimum capital requirement for foreign investment is US$ 200,000 for an investor who invests on his/ its own and US$ 150,000 for a foreign investor investing jointly with a domestic investor. Similarly, the minimum capital required of a foreign investor investing in architectural or engineering works or related technical consultancy services, technical testing and analysis or in publishing work is US$ 100,000 if the investment is made wholly on his own; or US$ 50,000 if the investment is made jointly with a domestic investor.

REGULATORY FRAMEWORK
EXCHANGE CONTROL
Foreign Exchange is controlled by the National Bank of Ethiopia. Only banks and authorized dealers in foreign currency or those who have obtained a permit from NBE can engage in foreign exchange transactions.

TAXATION
There are three main types of taxes in Ethiopia: direct taxes, indirect taxes and stamp duty. Direct taxes include Tax on Income from employment/personal income tax, Business Profit Tax, tax on income from rental of buildings, tax on interest income deposits, Dividend Income Tax, tax on income from royalties, tax from tax on income from games of chance, tax on gain of transfer of certain investment property, tax on income from rental of property, tax from rendering of technical service outside Ethiopia, agricultural tax and land use tax. Indirect taxes include: Turn over tax, excise tax, value added tax and customs duty. And every person deriving income from dividends from a share company or withdrawals of profits from a private limited company shall be subject to tax at the rate of 10%.

IMPORT/EXPORT
The Ethiopian government supports export business as it is a source of hard currency for the country. And rather than importing products the government normally encourages use of local products either for consumption or as raw material for production of goods, one very example of this is the preferential treatment that is being awarded to local bidders in time of international procurement.

The Investment Law restricts export business to domestic investors. Foreign investors engaged in the agribusiness sector
are entitled to export their own produce and those engaged in manufacturing or agricultural processing are allowed to export their own produce or products. Import business is almost exclusively reserved for domestic investors.

MONEY POLICY
The Monetary policy of Ethiopia is implemented by the National Bank of Ethiopia. The principal objective of the monetary policy of Ethiopia is to maintain price and exchange rate stability and support sustainable economic growth of Ethiopia.

JUDICIAL ENVIRONMENT
The Ethiopian Legal system is a mixture of common law and civil law legal systems. The Supreme law of the country is the Constitution. In Ethiopia, State and Federal Judicial power is vested in the courts. The Federal Supreme Court has the highest and final judicial power over federal matters and State Supreme Courts have the highest and final judicial power over state matters. Nevertheless, the Federal Supreme Court has power of cessation over any final court decision containing a basic error of law.

INTELLECTUAL PROPERTY
Ethiopia has different legislations that govern Intellectual Property Rights. These laws are divided into three categories: Trademark, Copyright and Neighbouring Rights and Inventions, Minor Invention and Industrial Design laws. The organization responsible for regulating Intellectual Property Rights is the Ethiopian Intellectual Property Office.

FINANCIAL SERVICES/INSURANCE
Engaging in business activities in the financial sector such as banking, insurance and micro finance transactions is reserved for Ethiopian nationals only. All these financial sectors are licensed and regulated by the National Bank of Ethiopia. Different legislations are put in place to regulate the financial sector of the country such as the Banking Business Proclamation No. 552/2008, Insurance Business Proclamation No.746/2012 and Micro-finance Business Proclamation No. 626/2009.

KEY STRATEGIC GROWTH INITIATIVES BY GOVERNMENT/PRIVATE SECTOR
The Ethiopian government has designed a Growth and Transformation Plan “GTP” to facilitate the country’s economy and the livelihood of the people. Currently the first GTP is executed and the second one is about to commence starting from the year 2016. During the first GTP the government achieved tremendous results in the social, economic and cultural development of the country. The country is now one of the fastest growing countries in Africa and even in the world. The government follows the developmental state policy and to implement the GTP and participated in development activities by making huge investments via public enterprises and encourages the participation of the private sector by inviting foreign investors and encouraging and promoting local entrepreneurs.

TREATIES & BILATERAL AGREEMENTS
Ethiopia has concluded a number of bilateral investment treaties and double taxation avoidance treaties with different countries around the world. Ethiopia is a beneficiary of the African Growth and Opportunity Act (AGOA) and Everything But Arms (EBA) initiatives that allow Ethiopian products to have duty free and quota free access to the US and EU markets respectively.

MEMBERSHIP OF INTERNATIONAL & REGIONAL ORGANISATIONS
Ethiopia is a member of the Common Market for Easter and Southern Africa (COMESA), AU, UN, World Bank, NBI (Nile Basin Initiative), African Development Bank, FAO, IBRD, IDA, IFC, IDA, IDA, IMF, ISO, ITU, IGA, UNCITAD, UNIDO, WIPO and other international organisations.

ECONOMIC DEVELOPMENTS
CURRENT; SHORT-TERM; MEDIUM-TERM
The second Growth and Transformation Plan “GTP II” that will be implemented over the next five years is intended to serve as a strategy tool to make Ethiopia one of the middle income countries by 2025. Over the past few years Ethiopia has shown a tremendous growth in its economy. Economic growth statistics show that since 2010 the economy has been growing on an average of 10%, which, the World Bank in its 2013 report has ranked Ethiopia as the 12th fastest growing economy in the World.

INFRASTRUCTURE

ROAD AND TRANSPORT INFRASTRUCTURE
In 2010/2011, the total road network, excluding the community road network, had reached 53,142 km of which 42.2% are federal government funded roads and the remaining 57.8% are rural roads. The national capital class road rate of roads is 10.7%. The Railway line that connects Ethiopia with the Djibouti Port has become operational. Construction of railways to connect the various towns and regions in the country is underway. Recently, a light railway transport service became operational in Addis Ababa, the capital of Ethiopia. In addition to road and railway transport the government is also enhancing its sea transport and air transport sectors.

WATER
Ethiopia has an abundance of water resources. The Ethiopian government is using the water resources of the country to develop irrigation and to generate big hydro-electric power generating dams.

ENERGY
The main source of energy in Ethiopia is hydroelectric power. The government is also attempting to explore petroleum, minerals and wind farm technology as an alternative sources of energy. Over the past twenty years the government in Ethiopia has constructed nine energy source projects in hydro power and wind technology. The Gilgel Gibe III Hydroelectric Project, which was completed in 2014, is generating some 1870 MW of hydroelectric power. The Great Ethiopian Renaissance Dam “GERD”, which is expected to be completed in 2017 should generate 6000 MW when it reaches full capacity. Ethiopia is exporting electricity to neighbouring countries like Kenya, Sudan and Djibouti.

TELECOMMUNICATIONS
The sole telecom provider, Ethio Telecom, which is a state owned enterprise offers a wide range of telecommunication services in Ethiopia. The enterprise provides basic and non-basic telecom services. The enterprise provides international and national telecom services using satellite, micro-wave Digital Radio Multi access System, VSAT, VHFs, UHF Long Line and HF Radios.

KEY INDUSTRY SECTORS
TRADE AND INDUSTRY
The major manufacturing sectors in Ethiopia are textile and clothing; food and beverage products; tannery and leather goods; glass and ceramics; chemicals and chemical products; drugs and pharmaceuticals; paper and paper products; plastic products and building materials.

INFORMATION AND COMMUNICATIONS TECHNOLOGY
In Ethiopia investors are encouraged to participate in information and communication technology developments.

MINING
Ethiopia has an extensive amount of gold, tantalum, platinum, nickel, potash and soda ash. Ethiopia has also marble, granite, limestone, clay, gypsum, gemstone, iron ore, coal copper, silica etc. The Ministry of Mines is the federal government organ in charge of regulating the mining activities in Ethiopia.

AGRICULTURAL
Ethiopia’s economy is based mainly on agriculture. Ethiopia has 74.3 million hectares of land, almost half of the total area of the country, which is suitable for agriculture out of which only 18 million is currently utilized. With altitudes ranging from 148 meters below sea level to 4,620 meters above it, the country has 18 major and 49 sub agro- ecological zones, each with its own agricultural and biological potential. Ethiopia has the soil and the climate required for a variety of food crops. The main crops grown are cereals, pulses and oil seeds. A broad range of fruits and vegetables and cut flowers are fast growing exports. Coffee, cotton, tobacco, sugar cane, tea and spices are the main commercial cash crops grown in the country. Apart from these, the country has great potential for large scale plantations to produce jatropha and castor bean. Ethiopia is ranked first in Africa for its livestock population. In commercial forestry, Ethiopia has a very broad market and is open for foreign investors for the production and manufacturing of gum and incense.

TRADE AND INVESTMENT
The Ethiopian government has invited investors and delegates to see the potential for investment in Ethiopia and has promised great after care service for companies that invest. Some of the government organizations that facilitate trade and investment in Ethiopia are the Investment Commission, the investment board which is headed by the prime minister of the country, Ethiopian Commodity Exchange, Ethiopian Revenue and Customs Authority, Ministry of Trade, Ministry of Industry, National Bank of Ethiopia, Ministry of Labour and Social Affairs and the Commercial Bank of Ethiopia.

INDUSTRIAL RELATIONS
One of the reasons investors choose to invest in Ethiopia is the dynamic, abundant and cheap labour force. The labour force ranges from daily construction workers to high level educated workers. In order to regulate labour relations, the country has adopted different legislations. The employment relations are governed by the 1960 Civil Code, the Labour Proclamation No. 377/2003, Labour (Amendment) Proclamation 466/2005 and Labour (Amendment) Proclamation 494/2006.

SIGNIFICANT COUNTRY ISSUES FOR INVESTORS TO CONSIDER
Ethiopia is opening its door to the international market more than ever. The infrastructural development and rich energy resource that is thriving, the fertility of the soil, the diverse topographic and geographical locations it has, the peace and security prevailing in the country, the low corruption rate and the tax incentive packages are some of the reasons many foreign investors are investing in Ethiopia. In its second GTP plan, the government is planning to boost the economy by introducing very attractive trade and investment opportunities to any investor that needs to generate lucrative amount of money by investing in Ethiopia.

When considering doing business in Ethiopia, foreign investors should be aware that they may encounter shortage of foreign currency to import raw material or to repatriate profits. However, such shortages are usually temporary and the government is providing incentives to manufacturers and traders to export their products and generate foreign currency with the view to make Ethiopian foreign trade balance stable.
ECONOMIC INDICATORS

- Ghana's legal system is based on the common law.
- Ghana has a constitutional government under a multiparty democracy.
- Ghana's legal system is based on the common law.
- Ghana operates a common law legal system based on judicial precedent. Customary law remains an important source of law in relation to land and succession. Legislation is the source of most new law.

INVESTMENT CLIMATE

- The Minerals and Mining Act provides for a 10% carried interest for the government in mineral rights (reconnaissance, prospecting or mining). The government is not precluded from further participation in mining operations, provided this is agreed between the parties.
- The holder of a mineral right which includes a reconnaissance licence, a prospecting licence, a mining lease or a related qualification.

IMPORT/EXPORT

- Companies that export more than 70% of their products may benefit from incentives under the Free Zone Act including:
  - Exemption from duties on importation of goods or exports
  - A 10-year tax holiday
  - Exemption from payment of customs import duty in respect of plant, machinery, equipment and accessories imported
  - Exemption for staff from the payment of income tax on furnished accommodation at the mine site
  - Immigration quota in respect of the approved number of expatriate personnel
  - Personal remittance quota for expatriate personnel free from tax imposed by an enactment regulating the transfer of money out of the country.

LEGAL SYSTEM

- Ghana operates a common law legal system based on judicial precedent. Customary law remains an important source of law in relation to land and succession. Legislation is the source of most new law.
- The Ghanaian court structure comprises:
  - Supreme Court
  - Appeal Court
  - High Court (fast track, commercial, human rights, labour, land, and financial crimes divisions)
  - Circuit Court
  - District Courts.

A judgment obtained from a foreign country can be enforced in Ghana against a Ghanaian resident only where there is an agreement for the reciprocal enforcement of judgments between Ghana and the country in which the judgment was obtained. In every other case foreign judgments are enforced by way of a re-trial/re-hearing and the judgment may only serve as evidence of the liability of the other party.
Arbitral awards are enforceable under the Alternative Dispute Resolution Act if the award is made in a country which is party to the New York Convention or if there exists a reciprocal arrangement between Ghana and the country where the award was made.

WORK PERMITS

A work and residence permit are required for a foreign national to obtain or gainful employment. Permits are obtainable from the Ghana Immigration Service. Assistance is provided by regulatory bodies relevant to a particular investment.

CUSTOMS DUTIES AND EXCISE DUTIES

Customs Duties and Excise Duties are levied on goods imported into Ghana. Special concessionary rates apply to Economic Community of West African States (ECOWAS) member states.

TAXATION

Value Added Tax (VAT) of 17.5% which includes a National Health Insurance Levy of 2.5% is levied on the supply of goods and services in Ghana, the importation of goods and the supply of any imported service other than certain exempt goods and services.

Income Tax in Ghana is payable on income accruing in or deriving from Ghana. For non-residents, tax is levied on income which has a source in Ghana. For non-residents with permanent establishments, tax is levied on income that is connected with the permanent establishment. Effective 1st January 2016, taxation in Ghana will be regulated by the Income Tax Act.

STAMP DUTY

Under the Stamp Duty Act no instrument that is subject to stamp duty is enforceable or admissible in court as evidence if not stamped. The Act sets out various rates applicable to specific matters or instruments.

EXCHANGE CONTROLS

Ghana operates a floating exchange rate system. The Foreign Exchange Act has abolished exchange controls at the transactional level. Banks have to report foreign currency transactions to the central bank. The liberalised law and the well-developed banking system and privately owned forex bureaux as well as money transfer organisations make for easy conversion and transfer of foreign currency in and out of Ghana.

An individual may operate a foreign currency account with banks in Ghana. Investments to which the GFC Act applies are assessed on the free transferability of personal remittances of wages through authorised dealer banks and the free transferability of dividends and profits.

SECURITIES

The Securities and Exchange Commission (SEC) is the statutory regulator of the securities industry in Ghana. The SEC was set up under the Securities Industry Act (SIA). Under the SIA the SEC is mandated to:
• Advise the government on all matters relating to the securities industry
• Maintain a register over activities in securities to ensure orderly, fair and equitable dealings in securities
• Register, license, authorise or regulate in accordance with the Act or any regulations made under it, stock exchanges, investment advisers, unit trust schemes, no issues or classes, mutualised shares where this is allowed in their regulations. The passing of the law paved the way for the Exchange to achieve several milestones in its development. These milestones include the incorporation and operation of the GSE Securities Depository Company Limited from its own resources together with a Clearing and Settlement System. Additionally the GSE has completed the automation of its trading system with the support of the government of Ghana’s Economic Management and Capacity Building Project.

In 2011 the GSE introduced a new Exchange Traded Funds scheme to minimize risk. In November 2011 the GSE announced the introduction of Rules for Exchange Traded Funds (ETFs). In 2012 NewGold ETF was admitted to listing on the GSE as the first Exchange Traded Fund. Ghana’s current exchange control regime allows non-residents to invest freely in the capital markets without restriction. Non-residents are also guaranteed free transferability of their capital and income. However, in relation to government of Ghana Notes, non-residents are only allowed to invest in Notes with a tenor of 3 years and above.

INTELLECTUAL PROPERTY

Ghana is a party to the Berne Convention for the Protection of Literary and Artistic Works, the Paris Convention for the Protection of Industrial Property, the Patent Cooperation Treaty (PCT), the World Trade Organisation (WTO) TRIPS agreement, the Locarno Agreement establishing an International Classification for Industrial Designs and the Harar Protocol. Ghana is a member of the World Intellectual Property Organisation (WIPO). Under the Berne Convention, Ghana has signed but has not ratified the WIPO Performances and Phonograms Treaty and the WIPO Copyright Treaty.

Ghana has within the last ten years passed six intellectual property statutes namely the Trademarks Act, Patents Act, Industrial Designs Act, Layouts - Designs (Topographies) of Integrated Circuits Act, Geographical Indications Act, and the Copyright Act.

The Trademarks Act is a comprehensive modification of the repealed Trademarks Act 1965 (Act 270) Act to keep pace with developments in trading and commercial practices and to modernize the legislation of trademarks to comply with international obligations under the TRIPS Agreement. To achieve this purpose the Trademarks Act has incorporated the following changes:
• Registration of service marks
• A single register instead of the previously existing marks in classes and sub-classes
• Extending the period of renewal of trademark registration from seven to ten years
• Action in respect oflished goods.

The registration of a trademark is valid for ten years from the date of filing the application and is renewable for a further term. A patent has a term of twenty years from the date of filing of the application. The annual fees are paid on an annual basis. Where an annual fee is not paid the application will be deemed to have been withdrawn or the patent will lapse.

The new Copyright Act expressly provides for protection of copyright without the requirement of registration. The term of protection of copyright has been increased from fifty years to seventy years. The rights of the author if he is an individual are protected during the author’s lifetime and seventy years after his death. Public corporations and other corporate entities also have their registered works protected for seventy years. Copyright protection extends to computer programs.

Ghana follows the International Classification for the registration of Industrial Designs according to the Locarno Agreement establishing an international classification for Industrial Designs. The registration of an industrial design is valid for a period of five years from the filing date of the application and may be renewed for two further consecutive periods of five years. There is no protection for industrial designs after the lapse of ten years.

Protection for layout-designs is granted if the layout-design is original and if it is the creator’s own intellectual effort (and is not common-place among creators of layout designs and manufacturers of integrated circuits at the time of its creation). A layout design consisting of a combination of elements and interconnections that is part of a product is protected only if the combination taken as a whole is original. Protection of a layout-design is valid for a period of ten years from the date of commencement of protection.

Geographical indications are governed in Ghana by the Geographical Indications Act which affords protection for homonyms geographic indications for wines or other products. It also allows a person or group of persons carrying on an activity as a producer in a geographical area and a competent authority to file an application. Protection for a geographical indication is available regardless of whether it is registered.

Any interested person may institute proceedings in the High Court to prevent the use of a geographical indication or to prevent any person from passing off its product as being of origin under the Protection Against Unfair Competition Act. The High Court in addition to granting injunctions and awarding damages has the power to grant any other remedy deems fit.

LABOUR RELATIONS

Employer-employee relationships are regulated by the 1956 Constitution and the Labour Act. The engagement of an employee beyond six months requires a contract of employment. A contract of employment may be terminated on any of the following grounds:
• By mutual agreement between employer and employee
• On grounds of ill health or sexual harassment where the employee is found to be unfit on medical grounds
Remuneration is based on the principle of equal work for equal pay. The statutory deductions are social security as required by the Social Security Law and income tax under the Income Tax Act. Workers are obliged to work forty hours each week and are entitled to rest periods. Nursing mothers are entitled to one hour each day for nursing a child under one year old. Any form of child labour or forced labour is prohibited. Employees have a right to join unions. Employers and employees may enter into collective bargaining agreements. In the event of disputes the first steps should be mediation and arbitration, and then lockouts and picketing. Every strike action organized outside the Act is illegal. Any arrangement or amalgamation that results in the severance of the relationship between the worker and the employer or a diminution in the worker’s status, prior to the arrangement or amalgamation, entitles the worker to compensation known as redundancy pay.

Inability to work on grounds of proven misconduct, incompetence of worker, and sickness or accident.

Form of child labour or forced labour is prohibited. Employees one hour each day for nursing a child under one-year old. Any form of child labour or forced labour is prohibited. Employees have a right to join unions. Employers and employees may enter into collective bargaining agreements. In the event of disputes the first steps should be mediation and arbitration, and then lockouts and picketing. Every strike action organized outside the Act is illegal. Any arrangement or amalgamation that results in the severance of the relationship between the worker and the employer or a diminution in the worker’s status, prior to the arrangement or amalgamation, entitles the worker to compensation known as redundancy pay.

Kenya covers a total area of approximately 582,650 square kilometres. The population is approximately 43 million.

Multi-party democracy.

The Investment Promotion Act encourages foreign investment and facilitates the issue of general and industry specific licences.

There are limited foreign investment incentives available in Kenya. The main area of growth has been in light assembly manufacturing in export processing zones where 10-year tax holidays are available to approved enterprises.

A new law has been passed to provide for the promotion and facilitation of both global and local investors in Special Economic Zones which is expected to come into force within the course of 2016. Enterprises licensed under the Act will be exempted from all taxes and duties that are payable under all domestic tax laws including the East African Customs Management Act in addition to receiving other significant incentives.

There are no restrictions on investments by foreigners in private companies incorporated in Kenya and foreigners can be directors of companies. There is however a new Companies Law that requires 30% of shareholding in all new foreign companies that are to be registered in Kenya to be ceded to Kenyan citizens by birth. This provision has been widely criticized for being untenable and irrational and has not yet come into force. Proposals have been put in by stakeholders to amend this provision before the relevant section comes into force. Minimum Kenyan co-ownership in insurance companies, banks, telecommunications companies, engineering firms, financial sector advisers (non-statutory government policy restrictions), airlines (air services providers) and maritime services providers is mandatory. At least 25% of the shares of companies listed on the Nairobi Securities Exchange must be held by Kenyans. Mining companies are required to have local equity participation of at least 35% of the mining right, although this is currently not being implemented. Deals in agricultural land involving non-citizens are prohibited unless special exemption from the restriction is obtained. Otherwise foreigners are free to hold land but only on the basis of leasehold tenure not exceeding ninety nine years.

Kenya’s membership of the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA) presents opportunities for manufacturing operations to exploit the benefits of those markets. The East African Community Common Market Protocol, which provides for the free movement of goods, services, persons, labour and capital, commenced on 1 July 2010. Member states have not however put in place the necessary institutional framework for enforcement. The promulgation of the new Kenyan Constitution and continued government investment in infrastructure continues to enhance Kenya’s business environment. The country however continues to grapple with challenges related to devolution of Government which has raised a number of teething issues that have affected the private sector. Construction, infrastructure and real estate industries have been very active in the past year and the first Real Estate Investment Trust in Kenya was issued in 2015. The legal framework governing companies in Kenya has been significantly overhauled with the passing of the Companies Act 2015, the Insolvency Act 2015 and the Business Registration Service Act 2015. Only certain parts of the Companies Act 2015 and the Insolvency Act 2015 have been brought into force and it is expected that all these laws will become operational in the course of 2016. One of the significant changes introduced by the new Act is permitting formation of single shareholder companies.

Forms of Business

- Close corporations
- Company limited by guarantee
- Co-operatives
- External companies (i.e. a branch of a foreign company)
- Joint venture companies
- Limited liability partnerships
- Multinational companies
- Non-Governmental Organisations (soon to be known as Public Benefit Organisations)
- Partnerships
- Private or public limited liability companies
Companies and external companies (branches of foreign companies) must be registered with the authorities in Nairobi. Businesses such as banks, telecommunications and insurance companies require special licenses. Transition to the new legislative framework under the recently enacted Companies Act 2015 is ongoing after the relevant provisions of the new law relating to formation of companies were brought into operation in November 2015. Some delays in company formation are expected in the course of the transition.

**REGULATORY FRAMEWORK**

There is an active Capital Markets Authority. The statutory Capital Markets Authority and Nairobi Securities Exchange regulations govern issues of and dealings in securities listed on the Nairobi Securities Exchange.

The Competition Authority regulates the creation or increase in share capital. Various capital deductions are available on industrial buildings, hotels, plant and machinery and mining investment. Capital allowances are provided on the basis of cost on a reducing balance basis.

**LEGAL SYSTEM**

Kenya has a well developed legal system, partially inherited from its colonial past, with English common law forming the basis but combining traditional customary law and elements of Islamic law with regard to marriage and succession. Kenya adopted a new Constitution on 27 August 2010 which sets a reform agenda for better governance and a path to democratic stability.

Kenya has a four tier court system, namely Magistrates Courts, High Court, Court of Appeal and Supreme Court. There is provision for enforcement in Kenya of certain foreign judgments and arbitral awards. Kenya is a signatory to and has adopted the 1960 Protocol on Arbitration Causes of the League of Nations and the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. The Arbitration Act is now operative and embodies most of the provisions of the UNCITRAL Model Law.

**INTELLECTUAL PROPERTY**

Protection is provided by statute. Kenya is a signatory to the Paris and Berne Conventions, the TRIPS Agreement, the African Regional Intellectual Property Organisation (ARIPO), Harare Protocol and the Madrid Agreement and Protocol. There are public registries for trade and service marks, designs and patents.

**FINANCIAL SERVICES / INSURANCE**

Kenya has the most sophisticated financial and capital markets in the East African region. The Central Bank of Kenya is responsible for the management of Kenya’s financial and banking system with the Treasury. Bank supervision is of a high standard. The Capital Markets Authority is responsible for the regulation and supervision of the capital markets, including the Nairobi Securities Exchange. The Insurance Regulatory Authority is responsible for the regulation of the insurance sector.

**MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS**

Kenya is a member of the EAC, COMESA, African Union (AU), United Nations (UN), African Caribbean and Pacific Group of States (ACP) and the British Commonwealth.

**TRANSPORT**

The Government is currently injecting large amounts of money to improve infrastructure including major ring roads around Nairobi. Nairobi has a commuter rail service system which was introduced to ease traffic congestion. There are a number of huge transport infrastructure projects underway including a new standard gauge railway already being constructed from the coastal city of Mombasa to Nairobi and is expected to considerably reduce the time and cost expended for both cargo and passenger transport. This is the biggest infrastructure project in Kenya since independence and eventually, the new railway is envisaged to connect Kenya, Uganda, Rwanda and South Sudan.

**WATER**

Water is regulated under the Water Act 2002 and by the Water Resource Management Authority. Water Boards have also been established throughout the country.

**ENERGY**

The Energy Regulatory Commission (ERC) regulates the energy sector including petroleum prices based on a price capping formula.

**TELECOMMUNICATIONS**

The Communications Authority of Kenya regulates the telecommunications sector which is fully liberalised.

**INDUSTRY**

There is historically no substantive industrial manufacturing carried on in Kenya.

**INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)**

This is a fast expanding sector and good opportunities for investment continue to exist in this sector. The Kenya ICT Board has the mandate to promote development and investment opportunities in ICT.

**OIL**

With the recent discovery of profitable oil and gas deposits in Kenya, there is increased focus on petroleum and gas exploration. The slump in global petroleum prices in 2015 however, has caused activity around oil exploration and development ventures in the region to have been slower than in the previous year. Exploration is however not expected to come to a halt and investment in the sector is still ongoing.

**MINING**

Mining in Kenya is regulated by the Mines and Geology Department under the Ministry of Environment and Mineral Resources. Whereas mining does not contribute considerably to Kenya’s economy, certain mining projects in the recent past may result in significant impact on Kenya’s exports. A new Mining Act was passed by the National Assembly in 2014 and reviewed by the Senate and is currently undergoing a final review of changes proposed by the two houses of Parliament. If the Act is passed in its current form, it will overhaul the legal framework for mining which has been criticised as being outdated and ineffective.

**TOURISM**

There was a significant decline in earnings from tourism in the year 2014 and this trend continued into 2015. This is attributed to the risk of terrorist activity as a result of Kenya’s war with the Al Shabaab in Somalia.

**AGRICULTURE**

This is one of the main income earners for the country especially in recent years with the expansion of the floriculture and horticulture sectors. Tea and coffee are major crops.

**LABOUR RELATIONS**

The terms and conditions of employment are regulated by the Employment Act, the Labour Institutions Act and the Labour and Employment Relations Court Act. The Labour Institutions Act governs the functions, powers and composition of various labour related bodies, such as the National Labour Board as well as the appointment, functions and powers of officers responsible for labour matters. The Labour Relations Act governs the establishment, registration, dissolution and operation of trade unions, federations of trade unions, employers’ organisations and federations of employers. The Occupational Safety and Health Act regulates safety, health and welfare in the workplace.

**ORGANISATIONS**

-**INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)**
-**ENERGY**
-**TRANSIT**
-**MINING**
-**AGRICULTURE**
-**LABOUR RELATIONS**
-**MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS**
-**LEGAL SYSTEM**
-**TELECOMMUNICATIONS**
-**INTELLECTUAL PROPERTY**
-**TAXATION**
-**EXCHANGE CONTROLS**
-**REGULATORY FRAMEWORK**
-**EXCHANGE CONTROLS**
-**INTELLECTUAL PROPERTY**
-**TAXATION**
-**LEGAL SYSTEM**
-**REGULATORY FRAMEWORK**

**PRIVATE UNLIMITED LIABILITY COMPANIES**

-**PRIVATE UNLIMITED LIABILITY COMPANIES**
-**SOLE PROPRIETORSHIP**
-**SOLE TRADERS**
-**TRUSTS.**
COUNTRY INFORMATION

The Kingdom of Lesotho is a landlocked country entirely surrounded by the Republic of South Africa. It is just over 30,000 square kilometres in size with a population of approximately two million. It is the only independent state in the world that lies entirely above 1,400 metres in elevation. Its capital and largest city is Maseru.

LATEST GDP FIGURES

Real gross domestic product (GDP) was 4% growth in 2012 (est.). Diamond mining in Lesotho has grown in recent years and may contribute 8.5% to GDP by 2015, according to current forecasts.

POLITICAL SYSTEM AND INVESTMENT ENVIRONMENT

Lesotho has a parliamentary system and constitutional monarchy. The Prime Minister is head of government and has executive authority. The King largely serves a ceremonial function. The Constitution provides for an independent judicial system and protects civil liberties such as freedom of speech, freedom of association, freedom of the press, freedom of assembly and freedom of religion. Lesotho has a dual legal system consisting of customary and general laws.

In May 2012, after competitive elections, Prime Minister Thomas Thabane formed a coalition government, the first in Lesotho’s history.

Lesotho’s economy is based on the export of diamonds, water sold to South Africa, manufacturing, agriculture, livestock and to some extent the earnings of labourers employed in South Africa. Lesotho also exports wool, mohair, clothing and footwear. A new Companies Act came into force in May 2012 and introduced major changes to the corporate environment.

FORMS OF BUSINESS

- Private or public limited liability companies
- Single Shareholding Companies
- Non-profit Companies
- External companies (being branches of foreign corporate bodies)
- Partnerships (which include consortium and joint ventures)
- Sole proprietorships
- Co-operatives
- Statutory corporations
- Business trusts.

COMPANIES

The private limited liability company is the most common entity used in practice. There is no longer a minimum share capital for companies.

The Companies Act allows a private limited liability company to be registered with only one shareholder (with a maximum of 50 shareholders). A new set of filing forms have replaced those used under the old Companies Act and a new regulatory filing regime has been introduced. The Companies Act also provides for the electronic filing of documents. This process is still in its development phase. Under the Companies Act directors now face personal liability for breaches of duties owed to shareholders and shareholders are required to approve any major transaction by special resolution.

At least 51% of the shares in a company must be held by Lesotho citizens if specific trading licences are needed or where it is intended to acquire title to land by lease from the State (under the leasehold land tenure system which applies in Lesotho).

The financial accounts of the company must be audited by an auditor registered to practice in Lesotho although the Income Tax Department accepts without query financial statements from South African external auditors.

It is envisaged that after the final implementation of the Companies Act, the company registration process will take a few days at a cost of approximately 7500 Maloti which includes all fees payable to the Registrar of Companies but does not cover Value Added Tax, licensing and related procedures.

The Registrar is currently embarking on a clean-up exercise requiring all companies registered before May 2012 to re-register in order to update their records and to avoid being struck off the register.

EXTERNAL COMPANIES

A foreign company may register as an “external company” in terms of the Companies Act and must do so within 10 days after establishing a place of business in Lesotho. This will require filing (with the Lesotho Registrar of Companies) the foreign company’s statutes of incorporation, the full names and addresses of one or more persons resident in Lesotho, who are authorised to accept service of documents in Lesotho, as well as the address of the place of business of the external company in Lesotho.

PARTNERSHIPS

Partnership agreements must be reduced to writing and signed by all the partners before a Notary Public. These agreements may be registered in the Deeds Registry under the Partnerships Proclamation of 1957. A partnership agreement must also be cancelled in writing. Partnerships are restricted to twenty persons. The Proclamation essentially records the common law applicable to partnerships.

BANKS

The issue of banking licences is governed by the provisions of the Financial Institutions Act. A minimum paid-up capital of ten million Maloti is required.

INSURANCE COMPANIES

The establishment and operation of insurance companies is governed by the provisions of the newly enacted Insurance Act, 2014. The regulations under the new Act are in the process of being finalised. The forms to be used, fees payable and capital requirements are expected to be published in the regulations. There are also requirements for the amount of working capital as well as margins of solvency. These will also be included in the regulations.

TAXATION

This is regulated by the Income Tax Act together with regulations promulgated under the Act. The tax rates are:

- Residents: the first 48 744 Maloti at 25%, this excess at 30%
- Non-residents: 25%
- Withholding tax must be deducted at source at the standard rate on dividends, interest, royalties, natural resource payments and charges for a management or administrative service. Withholding tax is levied at 10% of the gross amount of any payment to a non-resident under a Lesotho-source services contract
- Capital Gains Tax applies subject to certain exemptions
- Value Added Tax is payable on most goods sold and services rendered at the rate of 14%. Basic foodstuffs are zero-rated. The registration threshold is turnover in excess of 850,000 Maloti per year.

DOUBLE TAXATION AGREEMENTS

Lesotho has signed bilateral treaties relating to double taxation with the United Kingdom, South Africa and Mauritius. It is negotiating tax treaties with Botswana and the Seychelles. The government has also approved negotiations with Namibia, Swaziland, India, China, United States of America and Australia.

EXCHANGE CONTROLS, TREATIES, BILATERAL AGREEMENTS AND MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Lesotho is part of the Rand Common Monetary Area. Exchange controls apply and are subject to the provisions of the Exchange Control Order and Exchange Control Regulations administered by the Central Bank of Lesotho, which functions in conjunction with the South African Reserve Bank. The commercial banks in Lesotho are appointed as authorised dealers in foreign exchange subject to certain limits. Lesotho is also a member of the Preferential Trade Area (PTA), the Southern African Development Community (SADC), the British Commonwealth, the United Nations (UN) and the Southern African Customs Union (SACU).

MONETARY POLICY

Implementation of monetary policy is entrusted to the Central Bank of Lesotho. Price stability is the main goal of monetary policy using indirect policy instruments and a framework for forecasting inflation.
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TRADING LICENSES

The issue of licences is governed by the Trading Enterprises Order and the Trading Enterprises Regulations. Certain licences are restricted to local citizens or companies controlled by local citizens.

INTELLECTUAL PROPERTY

Protection is provided by statute (there is a public registry in Maseru) for patents, trademarks, designs and copyright.

LEGAL SYSTEM

The legal system of Lesotho is a mixture of common law principles and statutory law. There are also local systems of tribal law and custom in rural districts which govern everyday disputes and property relations but are subordinate to statutory law. The superior courts in Lesotho are the Court of Appeal, the High Court and the Commercial Court.

INFRASTRUCTURE

The road network is estimated at 7,091 km with only 1,404 km of tarred roads. Several projects are under way to upgrade roads and other infrastructure including water purification plants. The country’s only international airport in Maseru has two asphalt runways and offers a direct link to South Africa’s main airports.

TELECOMMUNICATIONS

The telecommunications sector is regulated in terms of the Communications Act 2012 and like other African countries, Lesotho is experiencing rapid growth in the mobile telephone market.

MINING

Lesotho is world renowned for its diamonds and the diamonds from some of its mines are of exceptional quality. Mining is also a major contributor of direct foreign investment. The mining sector is regulated by the Mines and Minerals Act, 2005.

AGRICULTURE

Agriculture is undeveloped and consists largely of subsistence crops (mainly maize and wheat). It contributes 7.8% of Lesotho’s GDP. Lesotho is not self-sufficient in terms of food production and relies on food imports.

LABOUR RELATIONS

The labour force is estimated at 854,600, the majority of which is employed in the agriculture sector. Lesotho has a very high unemployment rate. Labour relations are governed by the Labour Code Order of 1992 and foreign workers require a work permit before taking up employment in Lesotho.

Lesotho has unparalleled natural beauty and the tourism sector offers growth opportunities in setting up accommodation, tour operating and high altitude adventure businesses.

TOURISM

ECONOMIC SYSTEM

- Latest gross domestic product (GDP) Figures: US $11,254 billion
- Real GDP Growth: 5.3 %
- GDP/Capita: US $8911
- Inflation Rate: 1.5 %

Mauritius

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COUNTRY INFORMATION

Mauritius is a small island measuring 720 square miles. It is located some 2,500 km off the coast of Africa. It has a multi-racial population of more than one million comprising Hindus, Muslims, Creoles, Chinese and Franco-Mauritians.

The Dutch, who were the first settlers, arrived in 1598. The French arrived in 1723 and occupied the island until 1810. It was the French who introduced a legal system based on the French civil and criminal law. In 1810, the British captured Mauritius from the French after winning the battle of Grand-Port. Britain governed Mauritius until 12 March 1968 when the island was granted its independence and became a republic.

Mauritian territory incorporates the island of Rodrigues (some 600 kilometres to the east) which is 119 square kilometres in area. Two tiny dependencies to the north of Mauritius (the Agalega Islands and the Cargados Carajos Shoals also known as the St. Brandon Rocks) are unpopulated. Nonetheless, their location permits the nation’s exclusive economic zone (EEZ) to cover about 1.9 million square kilometres of the Indian Ocean. The population of Mauritius is estimated to be 1,200,000 with a population density of 631.4 per square kilometre. Mauritius has transformed its economy from a mono-crop economy. The main pillars of the economy now are tourism, textiles, manufacturing, agriculture and financial services.

POLITICAL SYSTEM

Mauritius is a multi-party democracy. The government is elected every five years. The last general elections took place on 10 December 2014.

LEGAL SYSTEM

Substantive Mauritian law consists of both statutory law, i.e. Acts of Parliament, and the common law which comprises the Civil Code and English common law and case law.

Company law, trust law, constitutional and administrative law, maritime law and employment law have been imported from the English legal system. Private international law, however, is based on French private international law.

COURT STRUCTURE

The Supreme Court has a Chief Justice and seventeen puisne Judges who also serve on the Court of Criminal Appeal and the Court of Civil Appeal. Magistrates serve on the Intermediate Court, the Industrial Court and ten District Courts. There is a right of appeal to the Judicial Committee of the Privy Council in London (the Privy Council also sits in Mauritius from time to time). The President of the Republic in consultation with the Prime Minister nominates the Chief Justice. The President nominates other Judges on the advice of the Chief Justice and the Judicial and Legal Service Commissions. Defendants have the right to counsel, including court-appointed counsel in case of indigence.
FORMS OF BUSINESS
- Limited or unlimited liability company
- Private or public company
- Partnership ("Sociétés Civiles" and "Sociétés Commerciales")
- Foreign company (branch)
- Company holding a category 1 business licence (private, public, limited life or partnership)
- Protected cell company
- Limited life company
- Investment company/Funds
- Limited partnerships
- Foundations
- Private Pension Schemes
- Trusts
- Sole trader.

FORMATION OF A COMPANY
An application for incorporation of a company must be submitted to the Registrar of Companies. The following structures are available:
- Domestic companies (as opposed to global business companies)
- A category 1 Global Business Company (GBC 1) or category 2 Global Business Company (GBC2)
- Domestic companies (as opposed to global business companies)
- Limited or unlimited liability company
- Private or public company
- Partnership ("Sociétés Civiles" and "Sociétés Commerciales")
- Foreign company (branch)
- Company holding a category 1 business licence (private, public, limited life or partnership)
- Protected cell company
- Limited life company
- Investment company/Funds
- Limited partnerships
- Foundations
- Private Pension Schemes
- Trusts
- Sole trader.

Companies holding Category 1 global business licences (GBC1 companies) are one of the most popular offshore products in Mauritius. The Companies Act 2001 and the Financial Services Act 2007 now govern the registration and incorporation of GBC1 companies. At present more than 10 000 GBC1 companies have been incorporated in Mauritius. Most of them have been incorporated to take advantage of the Mauritian network of double tax treaties. An application for incorporation of GBC1 companies must be channelled through the FSC through a management company. A GBC1 company may be set up by direct incorporation either with or without a constitution, or by registration of a branch of a foreign company or by way of continuation if the law in the country of origin allows continuation following de-registration. An application for a GBC1 company should be accompanied by:
- A business plan of the proposed activities to be carried out by the applicant
- The application processing fee
- A legal certificate signed by a law practitioner in Mauritius
- Supporting certified copies of Customer Due Diligence documentation
- Incorporation documents including
  - Copy of constitution (where adopted) and of the legal certificate required under the Companies Act 2001
  - Certified copies of relevant statutory forms required under the Companies Act 2001 for the incorporation of a company.

The application is submitted to the FSC. The FSC will process the application for the licence for the GBC1 and submit the application to the Registrar of Companies for incorporation of the company as a GBC1 company.

A GBC1 company incorporated in Mauritius may elect to be resident in Mauritius and may take advantage of its wide network of double tax treaties. A GBC1 company which elects to be resident in Mauritius for tax treaty purposes may apply for a tax residence certificate if the following conditions are satisfied:
- Two directors must be resident in Mauritius, of sufficient calibre to exercise independence of mind and judgement
- The corporation’s constitution contains a clause whereby all disputes arising out of the constitution will be resolved by way of arbitration in Mauritius
- The corporation holds or is expected to hold within the next 12 months, assets (excluding cash held in bank accounts or shares in a company) which are worth at least US $100 000
- The corporation’s shares are listed on a securities exchange licensed by the Commission
- It has or is expected to have a yearly expenditure in Mauritius which can be reasonably expected from any similar corporation which is controlled and managed from Mauritius.

A GBC1 company may be registered by way of direct incorporation, with or without a constitution, by way of continuation from its country of origin or by way of conversion from a GBC1 company status into a GBC2 status.

A GBC2 must have a registered agent, who may be a management company or person appointed by the FSC and a registered office in Mauritius, where all statutory books and records must be kept. Registered agents must submit an application for registration to the Registrar of Companies together with the forms completed and signed and the constitution if the company is to have one.

Shareholders’ or directors’ meetings may be held in or outside Mauritius as may be determined by the constitution of the company. Meetings may also be held by telephone and shareholders may be represented by proxy. The management of the company must be carried out by the board of directors consisting of at least one director who may be an individual or a body corporate. A GBC2 is not resident in Mauritius, and therefore there is no need for directors to be ordinarily resident in Mauritius.

From now on, as long as GBC2 companies demonstrate that management, control and ownership are maintained outside Mauritius, Mauritian participation will be considered a GBC2. However, where a Mauritian resident proposes to hold shares in a GBC2 company, the latter is required to demonstrate to the FSC through the Mauritian resident that "management and control" in that company. In addition, the FSC may also have regard to whether the group structure of the GBC2 company is creating "economic substance" in Mauritius.

A GBC2 company can be held by a GBC1 company provided that, at any point the shareholders of the GBC1 do not include a Mauritian resident which has "management and control" in the GBC1.

A GBC2 company will be considered as being managed and controlled in Mauritius if decision-making takes place in Mauritius and the majority of the ownership (at least 50% of the share capital) of the GBC2 is held by a "controller" in relation to the corporation.

A Mauritian resident may hold shares in a GBC2 if it can demonstrate that the overall group structure has strong economic impact in Mauritius. For instance, the FSC Mauritian resident will consider whether the proposal will generate revenue in Mauritius, whether the proposal is likely to create employment in Mauritius, or the impact of the proposal on the development of the country.

COMPANIES HOLDING CATEGORY 2 GLOBAL BUSINESS LICENCES (GBC2 COMPANIES)
A company holding a Category 2 global business licence (GBC2) provides for greater confidentiality and is suited for holding and managing private assets. A GBC2 is a non-resident company and therefore is exempt from tax in Mauritius. It cannot take advantage of tax treaties or operate in the free-port sector. A GBC2 may be registered by way of direct incorporation, with or without a constitution, by way of conversion from its country of origin or by way of conversion from a GBC1 company status into a GBC2 status.

GBC2 companies are not required to have a home office in Mauritius. GBC2 companies are registered by the FSC through a management company or person approved by the FSC and a registered office in Mauritius, where all statutory books and records must be kept. Registered agents must submit an application for registration to the Registrar of Companies together with the forms completed and signed and the constitution if the company is to have one.

A Mauritian resident may hold shares in a GBC2 if it can demonstrate that the overall group structure has strong economic impact in Mauritius. For instance, the FSC Mauritian resident will consider whether the proposal will generate revenue in Mauritius, whether the proposal is likely to create employment in Mauritius, or the impact of the proposal on the development of the country.

TRUSTS
Mauritius has introduced trust law for the benefit of both residents and offshore settlers. Prior to 2001, the Trust Act 1989 allowed the creation of domestic trusts based on the traditional English model, and the Offshore Trusts Act 1992 allowed the creation of offshore trusts. The Trust Act 1989 and the Offshore Trusts Act 1992 have been repealed by the...
immovable property in Mauritius under the IRS and RES may
Non-citizens of Mauritius wishing to avail themselves of
Residential Schemes (IRS) and the Real Estate Scheme (RES)
immovable property in Mauritius solely under the Integrated
resident settlers or non-resident beneficiaries of a trust to own
The Investment Promotion Act has been amended to allow non-
management company or a bank authorised by the FSC to
trustee who is a person residing in Mauritius or a Mauritian
trading trust.
accumulation trust, interest in possession trust, discretionary
of trust: protective trust or spendthrift trust, maintenance and
Under TA 2001, the settler may set up any of the following types
of Mauritius from acquiring and holding property in Mauritius
Citizen (Property Restriction) Act which prohibits non-citizens
This restriction on foreign owners is consistent with the Non-
such terms and conditions as the Prime Minister may specify.
Mauritius except with the authority of the Prime Minister and on
Any property may be held by or vested in a trustee on trust. The
property may consist of movable or immovable property and any interest in such property including, in the case of a charitable
trust, such donations as the trustees may receive.
There are, however, a number of restrictions.
A major restriction under TA 2001 relates to non-citizens of
Mauritius. Section 22 of TA 2001 provides that no person shall
create a trust of immovable property located in Mauritius for
the benefit of a non-citizen or a person who is a non-resident of
Mauritius except with the authority of the Prime Minister and on
such terms and conditions as the Prime Minister may specify.
This restriction on foreign owners is consistent with the Non-
Citizen (Property Restriction) Act which prohibits non-citizens
of Mauritius from acquiring and holding property in Mauritius
without the express authorisation of the Prime Minister's Office.
TA 2001 further provides that the appointment of a non-citizen as
beneficiary of a trust the trust property of which includes
immovable property situated in Mauritius, shall be void and of
no effect.
Under TA 2001, the settler may set up any of the following types of trust: protective trust or spendthrift trust, maintenance and
accumulation trust, interest in possession trust, discretionary
trust, charitable trust, property trust and commercial and
trading trust.
The settler of an offshore trust may not be a resident of
Mauritius, and the trust must have at least one qualified
trustee who is a person residing in Mauritius or a Mauritian
management company or a bank authorised by the FSC to
provide trusteeship services (a "qualified trustee").
The Investment Promotion Act has been amended to allow non-
resident settler or non-resident beneficiaries of a trust to own
immovable property in Mauritius solely under the Integrated
Residential Schemes (IRS) and the Real Estate Scheme (RES) under the
Non-citizens of Mauritius wishing to avail themselves of
immovable property in Mauritius under the IRS and RES may
use trust or domestic company to do subject to registration
duty applicable to IRS and RES.

FOUNDATIONS
In 2012, the Parliament of Mauritius enacted the Foundations
Act whose aim is to allow the incorporation of foundations in Mauritius.
A foundation is a wealth management vehicle that is of particular
appeal to countries not very familiar with the concept of trusts. It
has some hybrid features of both a trust and a company. A
foundation can be incorporated in Mauritius for such purposes
as may be provided in its charter and can be established through
a will. Furthermore, it may be charitable or non-charitable (or
both) to benefit a person or a class of persons. It is attractive to
high net worth individuals from civil law jurisdictions because
their assets can be held in an ideal platform for succession planning and private
wealth management. It can elect to have a legal personality
through registration with the Registrar of Companies (acting also as Registrar of Foundations) and can accordingly have full
capacity to transact and institute legal proceedings in its
own name. The latter feature is one of the main characteristics
that distinguish a foundation from a trust. In a foundation,
ownership of the assets is transferred to the foundation itself
by the founder in order to achieve the purposes and objects of
the foundation.

EXCHANGE CONTROLS
Exchange controls have been suspended.

TAXATION
Taxation in Mauritius is regulated by the Income Tax Act and
the Inland Revenue Act (IRA). The President of Mauritius
is the regulator. Mauritius offers both a low tax jurisdiction and
competitively priced business costs. The Mauritius tax regime
is one of the lowest in the world.
The following tax incentives are available to domestic and foreign investors:
• Income tax: Under the Income Tax Act, domestic companies and companies holding a GBC1 benefit from an
income tax rate of 15%. In the case of a GBC2 the income
tax rate may be reduced to 3% after application of deemed
group relief. Corporation tax is also on a special category 2
Global Business Licence are exempt from tax but are not
considered as residents for tax purposes
• No capital gains tax
• Royalties, interest and services fees payable to foreign affiliates are allowed as expenses provided they are
reasonable and correspond to actual expenses incurred
• Interest paid on deposits in a bank holding category 2
banking licences are tax exempt
• Dividends are tax exempt
• No withholding tax on interest and royalties paid by a GBC
1 or GBC 2 to non-residents
• No estate duty or inheritance tax is payable on the inheritance of shares in an entity holding a Global Business
License (GBL).

FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)
On 27 December 2013, Mauritius and the US signed a
Tax Information Exchange Agreement (TIEA) and a Model
1 Intergovernmental Agreement (IGA) in relation to FATCA.
The Agreement for the Exchange of Information Relating to Taxes (United States of America - FATCA Implementation)
Regulations was published in the Government Gazette of 5 July 2014 and was made under section 76 of the Income Tax
Act to facilitate the implementation of the IGA by the Mauritius Revenue Authority.
Although FATCA is a US statute it imposes on foreign financial institutions (FFI) established outside the US certain obligations
to withhold tax on behalf of, and report and disclose information to, the US Internal Revenue Service. FFIs are non-US entities
that take deposits in the ordinary course of banking or other similar business, hold financial assets for the account of others,
engage primarily in the business of investing, reinvesting, or trading in securities, partnership interests or commodities, or
conduct certain business as insurance companies.
The type of IGA signed is of utmost importance because it
will determine whether FFIs will be required either to report
information directly to local revenue services, which will in turn
supply the information received to the US Internal Revenue Service (Model 1 IGA), or to report the information directly to
the US Internal Revenue Service (Model 2 IGA).

FFIs within the scope of FATCA are required to report directly
to the Mauritius Revenue Authority which will then transmit
the information to the US Internal Revenue Service.

Banks, management companies and global business
companies are now required to undergo a due diligence. The
TIEA also provides for some exempt products, including
certain retirement and pension accounts, term life insurance
contracts, accounts held by an estate, certain escrow accounts
in connection with a court order or judgment.

INTELLECTUAL PROPERTY
Protection is provided by statute, more specifically by the Patents, Industrial Designs and Trademarks Act, the Copyright
Act and the Customs Act.

FINANCIAL SERVICES/INSURANCE
The Financial Services Commission (FSC) was established as the regulator for the non-financial services sector
under the Financial Services Act. The FSC is the integrated
regulator for the industry and its remit encompasses those of the
Bank of Mauritius, the Financial Services Commission, the Stock Exchange of Mauritius, (FSC), the Financial Services
Commission, (Insurance Division of the Ministry of Economic Development, Financial Services and Corporate
Affairs) and global business (Mauritius Offshore Business
Activities Authority). The Commission thus licenses, regulates
and supervises non-bank financial institutions in Mauritius.

INVESTMENT CLIMATE AND INCENTIVES
The government has ensured that doing business in and from Mauritius is easy and efficient and complies with best
techniques in terms of transparency, good governance and other international standards. Mauritius has not been listed
in the grey list or list of non-cooperative jurisdictions for money
laundering and anti-terrorist financing legislation while the business framework itself has been made simpler. Mauritius has never been blacklisted and is not on the black list for revenues are set for the
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specific purpose of promoting economic development.
DOUBLE TAXATION AVOIDANCE TREATIES (DTA)
Mauritius has concluded 43 double tax treaties and several treaties are under negotiation. The treaties currently in force include: Australia (partial), Barbados, Belgium, Botswana, Congo, Croatia, Cyprus, Democratic Socialist Republic of Sri Lanka, Egypt, France, Germany, Guernsey, India, Italy, Kuwait, Lesotho, Luxembourg, Madagascar, Malaysia, Malta, Monaco, Mozambique, Namibia, Nepal, Oman, Pakistan, People’s Republic of Bangladesh, People’s Republic of China, Rwanda, Senegal, Seychelles, Singapore, South Africa, State of Qatar, Swaziland, Sweden, Thailand, Tunisia, United Arab Emirates, United Kingdom, Zambia and Zimbabwe.

Five treaties with Gabon, Russia, Morocco, Kenya and Nigeria await ratification and treaties await signature with Burkina Faso, Cape Verde and Ghana.

Treaties are being negotiated with Algeria, Canadas, Czech Republic, Greece, Hong Kong, Lesotho, Malawi, Montenegro, North Sudan, Portugal, Republic of Iran, Saudi Arabia, Spain, St Kitts & Nevis, Tanzania, Vietnam and Yemen.

A Tax Information Exchange Agreement has been signed with India to promote international co-operation and effective exchange of information between the Mauritius Revenue Authority and the Securities and Exchange Board of India while preserving and protecting taxpayer’s confidentiality. Other Tax Information Exchange Agreements are in force with Australia, Denmark, Finland, Norway, States of Guernsey, Iceland and the US.

INVESTMENT PROMOTION AND PROTECTION AGREEMENTS
Investment Promotion and Protection Agreements (IPPA) have been signed and are in force with the following countries: Barbados, Belgium/Luxembourg Economic Union, Burundi, China, Czech Republic, Finland, France, Germany, India, Indonesia, Madagascar, Mozambique, Pakistan, Portugal, Republic of Korea, Romania, Senegal, Singapore, South Africa, Sweden, Switzerland and UK and Northern Ireland.

Investment Promotion and Protection Agreements with the following countries are awaiting ratification: Benin, Botswana, Cameroon, Comoros, Ghana, Guinea Republic, Mauritania, Nepal, Republic of Congo, Rwanda, Swaziland, Chad, Tanzania and Zimbabwe.

BILATERAL TREATIES - PREFERENTIAL TRADE AGREEMENT
There is a Preferential Trade Agreement (PTA) between Mauritius and Pakistan and an Inter-Economic Partnership Agreement (EPA) between the Eastern and Southern African region and the European Union.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS
Mauritius has secured preferential access to markets with the European Union through the Cotonou agreement; with the US under the Africa Growth and Opportunity Act and with Eastern and Southern Africa through the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC).

AGRICULTURE AND AQUACULTURE
Industrial Crops comprising sugar-cane, tea and tobacco constitute 37% of Mauritian agriculture while food-crops account for 22%, livestock 23% and flowers, fruits and forestry account for 4%. The government supports the agricultural sector through food security strategies that are already bearing fruit. An innovative step is the local cultivation of rice with the aim of supplying the local market and for export. Furthermore, development of the agribusiness sector is high on the agenda of the Mauritius Board of Investment. It plans to attract further foreign investment in areas such as large-scale hydroponic farming, animal feed production, cattle breeding and high value added food processing for export.

The government has implemented a plan to develop Mauritius as a world-class seafood hub. This sector has enormous business potential due to the wide exclusive economic zone of 1.9 million km², port facilities and an attractive business environment. The further development of the Mauritian seafood industry focuses on: (i) maximising value from the landings of catches in the region, namely through the development of further processing activities for high-graded products such as Sashimi tuna; and (ii) developing sustainable eco-friendly aquaculture following new legislation authorising fishing farming in the seas. Aquaculture in Mauritius has significant potential and a study has identified sites suitable for fish farming. Situated in one of the world’s cleanest oceans, Mauritius offers opportunity in:
- Lagoon cage culture with a production range of 300 to 500 tonnes per production unit,
- Offshore cage culture with an approximate production capacity of 2,000 tonnes per production unit,
- Land culture, China, Vietnam,
- Tuna ranching & fattening in cages and
- High-tech production techniques such as aqua pods.

Mauritius has preferential market access for its seafood products to the European market through a partial EPA, the US market under the AGOA as well as COMESA and SADC countries.

HOSPITALITY & PROPERTY DEVELOPMENT
The property development sector, or real estate, is a market that attracts a range of international investors, lenders, occupiers and developers seeking cross-border opportunities. The sub-sectors include the Integrated Resort Scheme (IRS), the Real Estate Partnership Scheme (RES), the Invest Hotel Scheme (IHS), business and industrial parks, shopping malls, office buildings and marina development.

One of the measures announced in the 2015/2016 budget was the restructuring of the Integrated Resort Scheme (IRS), Real Estate Partnership Scheme (RES), the Invest Hotel Scheme (IHS), business and industrial parks, shopping malls, office buildings and marina development. As a result, the Investment Promotion Act has been amended through the Finance (Miscellaneous Provisions) Act 2015.

The Investment Promotion Act makes provision for the introduction of a Smart City Scheme (SCS) and a Property Development Scheme (PDS). The two new schemes will be administered by the Mauritius Board of Investment (BOI) under a set of Regulations. Government will come up with a clear roadmap and guidelines for the development of these projects that will be prescribed shortly.

The Smart City Scheme (SCS) will promote targeted economic activities while at the same time consolidating the industrial and service base and an economic diversification path the promotion and uphold ecological sustainable development.

The Property Development Scheme (PDS) will attract investment from abroad by allowing non-citizens to acquire residential properties under the Scheme.

Letter of approvals or certificates issued to companies to develop an IRS or RES project will continue to remain in force. Non-citizens acquiring immovable property under IRS or RES, for more than USD 500,000 or its equivalent, will still be eligible to apply for a residence permit.

BOI shall however continue to consider applications made under the provisions of the Invest Hotel Scheme (IHS).

SMART CITIES
The Smart City Scheme is an ambitious economic development program aimed at consolidating the Mauritian investment business and financial hub by creating ideal conditions for working, living and spurring investment through the development of smart cities across the island. There are a number of fiscal and non-fiscal incentives for investors to develop smart cities.

The smart city project is a new initiative to stimulate innovative scientific and technological activities, provide technology-driven facilities to the business community and create a vibrant city lifestyle.

The smart-city concept is about providing investors, nationals and foreigners, with options for living in sustainable, convenient and enjoyable urban surroundings.

These new cities will be built around the world-live-play lifestyle in a vibrant environment with technology and innovation at their core. The concept paves the way for investors to develop and invest in:
- A mix of commercial, leisure and residential uses that, as a whole, achieves physical and functional integration and creates a pedestrian-oriented urban environment
- A combination of office, light industrial, education, medical and tourism clusters
- High technology and innovation cluster
- Infrastructure to service green-field sites with roads and inspiring landscaping
- Cleantech technology aimed at carbon and waste reduction, efficient transport
- Low-energy-consumption buildings
- Digital solutions, urban sensing technologies and big data analytics
- Energy production and water management and utilities
- High-end residential estate
- Real estate investment management

Incentives
A company investing in the development of a smart city and/or its components is exempted from payment of:
- Income Tax for a period of 8 years from the issue of the SCS Certificate provided that the income is derived from an activity pertaining to the development and sale, rental or management of immovable property other than an activity in respect of the supply of goods and services.
- Value Added Tax paid on capital goods (building, structure, plant, machinery or equipment).
- Customs duty on import or purchase of any dutiable goods, other than for consumption, to be used in infrastructure works and construction of building within the Scheme
- Land Transfer Tax and Registration Duty on transfer of land to a SPV provided that the transferor holds shares in the SPV equivalent to at least the value of the land transferred
- Land Conversion Tax in respect of the land earmarked for the development of non-residential components (office and business parks, ICT and innovation clusters, tourist, leisure and entertainment facilities including hotels and golf courses, renewable energy and green initiatives)
- Monecellement Tax for the subdivision of land.

Other tax incentives
First-time Mauritian buyers and buyers under the Mauritian Diaspora Scheme acquiring a residential unit will be exempted from registration duty
- Full recovery of VAT in terms of input tax allowable in terms of capital goods (building structure), plant, machinery and equipment
- Accelerated annual allowance granted at a rate of 50% of the costs in respect of capital expenditure incurred by any company operating within the Smart City Scheme on energy-efficient equipment and green technology.

Land purchase
A smart city will be developed over an area exceeding 21,105 hectares (50 arpent). Foreign companies can acquire land under the Smart City Scheme to develop projects and their key components.

Residency
- Any person or entity including foreign companies and trusts can acquire residential units in a smart city
- Any non-citizen acquiring a residential unit above US$ 500,000 under the scheme is eligible to a residence permit for himself and his family
- No restriction on rental or resale of residential units
- Possibility for a retired person to acquire life rights under the Smart City Scheme.

Mauritian Citizenship
A non-citizen having held a residence permit for a minimum period of 2 years and having made an investment over US$ 5 million in Mauritius may apply for Mauritian citizenship.

- Sale of serviced land to third-party developers
- The master developer may sell serviced land to another company to develop a component of a smart city project.
TOURISM
Tourism contributes significantly to economic growth and has been a key factor in the overall development of Mauritius. The sector contributes approximately 18% to the country's GDP. In the past two decades tourist arrivals increased at an average annual rate of 9% with a corresponding increase of about 21% in tourism receipts.

MANUFACTURING SECTOR
Since the establishment of the Export Processing Zone (EPZ) the manufacturing sector has attracted substantial foreign direct investment (FDI) from various parts of the world including Europe, USA, India, Hong Kong, Taiwan, China, Japan, Australia and South Africa. More than 800 manufacturing companies, of which some 500 are export-oriented, produce a wide variety of quality products such as textiles and apparel, light engineering products, precision plastics, electronics and electrical components, jewellery and horology items, printed materials, toys, and miniature ship models, amongst others. Manufacturing is one of the main pillars of the economy and remains a major foreign exchange earner for Mauritius. The manufacturing sector is now moving up the value chain with new players, both local and foreign, in new activities, with more job opportunities for graduates and skilled labour. Activities requiring specialised skills are developing in Mauritius, such activities include high precision engineering and production processes on CNC machines.

TEXTILES
The textile industry, forming a substantial part of the manufacturing sector, is one of the main pillars of the Mauritian economy. It has undergone many changes in its almost thirty years of existence. Equipped with a highly skilled labour force and efficient management practices Mauritius manufactures products of excellence like Boss and other branded clothing withafia to the European Union and United States of America. Great emphasis is laid on quality control. To face the present economic situation, investments are being made in new technology with the aim of making Mauritius a centre for high value-added textiles such as spinning, weaving, design, marketing and logistics.

FINANCIAL SECTOR
The Mauritian financial sector has become, over recent years, a major contributor to the Mauritian economy with significant contributions to the country's GDP. The financial sector contributes approximately 18% to the country's GDP. In the past two decades tourist arrivals increased at an average annual rate of 9% with a corresponding increase of about 21% in tourism receipts.

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COUNTRY INFORMATION

Mozambique has a 2 470 kilometre coastline and a total land area of 801,590 square kilometres. It is a tropical country with effectively two seasons, a hot and wet season from October to March, and a dry season from April to September. The country’s official language is Portuguese. It has an estimated population of about 26.5 million with a growth rate of 2.8%. The official currency is the Metical. The use of U.S. Dollar, the South African Rand and the Euro in business transactions will be subject to restrictions from January 2016.

POLITICAL SYSTEM

Multiparty Democracy.

LATEST GDP FIGURES

The nominal GDP in 2014 was about USD 17.02 million (this number is still provisional). The real growth rate in 2014 was 7.2%. In 2015 it is expected to be between 6% to 7% the government’s objective for 2016 is 7.0%.

INFLATION RATE

4.21% in 2013, (predicted 4.9%).

In 2014 the inflation rate was 2.29% and the government’s objective for 2015 was 5.0%.

INVESTMENT CLIMATE

Mozambique strongly encourages foreign direct investment and has enormous investment opportunities in sectors such as agriculture, fisheries and aquaculture, industry, tourism, public infrastructure, mineral resources and energy.

The Constitution of the Republic of Mozambique guarantees foreign investment undertaken in terms of its economic policy. Foreign investment is allowed in all economic sectors. The State guarantees the right to property. Expropriation may only occur if the public interest and if fair compensation is paid.

The law, its regulations and the Code of Fiscal Benefits constitute the general regulatory framework for national and foreign investments that are eligible for government guarantees and financial incentives. The guarantees comprise:

- Legal protection of private property and rights, including intellectual property rights;
- The right to transfer dividends and funds out of Mozambique which are connected with: (i) profits from investments eligible for export in terms of the Investment Laws; (ii) royalties or other remuneration for indirect investment relating to the transfer of technology; (iii) amortization of loans and payment of interest on loans granted in the international financial market for investment projects in the country; (iv) any compensation paid by the government; and (v) invested and re-exportable foreign capital;
- Dispute resolution by the International Centre for the Settlement of Investment Disputes (ICSID) or the International Chamber of Commerce (ICC);
- Investment risk insurance from the World Bank’s Multilateral Investment Guarantee Agency (MIGA) and the Overseas Private Investment Corporation (OPIC) (an independent agent of the United States’ Government);
- Revenue protection of ownership rights; (ii) guarantee of the transfer of funds (profits or dividends, royalties, amortizations and interest from loans and foreign capital invested and re-exportable)
- Grant of tax benefits.

Investment projects approved under the legislation applicable to investment in Mozambique, are eligible for the following benefits, based on their location and/or activity; (i) guarantee of protection of ownership rights; (ii) guarantee of the transfer of funds (profits or dividends, royalties, amortizations and interest from loans and foreign capital invested and re-exportable) abroad; (iii) grant of tax benefits.

Tax benefits include: (i) exemption from custom duties and Value Added Tax on the import of capital goods in class “K” of the Custom Tariff; (ii) tax credit for investment; (iii) accelerated depreciation and amortization; (iv) deductions from taxable income for investments in modernization and launching of new technology; and (v) deductions from taxable income for investments in vocational training.

Tax benefits are categorized as generic or specific. Most investments fall under the generic category.

The following are subject to specific tax benefits: (i) the creation of basic infrastructures; (ii) commerce and industry in rural areas; (iii) manufacturing and assembly industries; (iv) agriculture and fisheries; (vi) hotel and tourism activity; (vii) science and technological parks; (viii) large-scale projects (representing an investment of more than 12 500 000 000 Meticais); (ix) projects carried out in Industrial Free Zones; and (x) projects carried out in Special Economic Zones.

Other reforms include the revision of labour laws and the Commercial Code, comprehensive judicial reform and the creation of a commercial court to facilitate the settlement of commercial disputes, the liberalization of the financial sector (including the creation of an independent central bank, the Bank of Mozambique), civil service reform and improved government budget making and auditing.

Although most sectors of Mozambique’s economy are open to foreign investment, and foreign investors generally receive the same treatment as domestic investors, some restrictions remain.

The private ownership of land is restricted and mining and management contracts are subject to specific performance requirements. Foreign ownership of public companies is however not restricted.

The government’s Investment Promotion Centre (CPI) assists investors to obtain approvals from applicable government authorities. A comprehensive investment guide is available on the internet at www.cpi.co.mz. Investments within the ZEEs are regulated by another government agency, GAZEDA.

It should be noted that the mining and oil & gas sectors are each subject to a specific investment regime which allows for tax benefits.

It is also important to note that undertakings covered by the Mega-Project Law (public-private partnerships, large scale projects and business concessions) currently in force are subject to specific investment, operating and financial requirements.

FORMS OF BUSINESS

Private or limited liability company

Close corporation

Joint venture

- Government owned companies
- Individual trader
- External company (i.e. a foreign commercial branch or representative office of a foreign company)

FORMATION OF A COMPANY

Companies must:
- Reserve the company’s name at the Legal Entities Registrar Offices
- Prepare a standard draft of the articles of the company
- Open a bank account with a local bank to deposit the share capital
- Execute a public deed or a private document of incorporation and the articles of the company
- Formalise the company registration at the Legal Entities Registrar Offices
- Publish the incorporation of the company and its articles on the Official Gazette
- Register the company with the relevant Tax Department to obtain a tax number (NUIT)
- Obtain licenses from the relevant authorities for the intended area of business activity

EXCHANGE CONTROLS

Importation and exportation of goods and services, and certain foreign payments are permitted provided that payments are not deferred for more than two years and that the transaction is registered.

Most other forms of importation or exportation of capital, as well as other transactions between residents and non-residents, or between non-residents, regarding assets situated in Mozambique require the prior authorization from the Bank of Mozambique and must also be registered.

Failure to comply with the exchange control provisions and regulations will prevent any outflow of funds from Mozambique and may result in penalties and fines varying from ten thousand Meticais to one million Meticais as well as forfeiture of the assets or values involved in the illegal transaction.
TAXATION

Corporate income tax (CIT) is a direct tax levied on income obtained by legal persons during the relevant tax period usually the calendar year. The tax rate is 24%, with an additional 2% surcharge for companies. The maximum CIT for a non-resident is 15%, while the minimum CIT for a resident is 10%.

Mining companies are required to pay CIT on their taxable income. CIT is calculated on the basis of the taxable profit, which is determined by applying the allowable deductions to the income from the sale of taxable goods.

Value Added Tax (VAT) is levied at a fixed rate of 17% on the sale of goods and services in Mozambique. Exports and certain goods such as medical supplies are exempt. Imports of capital goods for refurbishment, barometric inverse, and other specific purposes are subject to reduced VAT rates.

The contribution to social security must be deducted at the rate of 3% of the social security contribution.

LABOUR RELATIONS

There are laws which regulate employment relations and the management of foreign workers. In 2007, the new labour law was passed which made significant reforms (although some difficulties still exist, in particular in relation to dismissal procedures). The registration of employees and their employers with the National Security System is mandatory. The contributions for social security must be made by the employer from the employees’ remuneration. The employees are entitled to a minimum wage of 3% and the employer 4% of the social security contribution.

TRADE AND INVESTMENT

Mozambique has signed numerous bilateral and multilateral agreements, including free trade agreements with the European Union, the United States, and South Africa. In 2009, the country was granted a GSP+ status by the EU, which allows accessing the EU market with reduced customs duties.

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contributions. Registration for the social security system is not required for foreign employees resident and rendering services in the Republic provided they can prove that they are covered by another country’s social security system. The Commission for Mediation and Arbitration deals with labour disputes.

COUNTRY INFORMATION

Namibia is a vast but sparsely populated country with a total population of about 2.2 million spread over an area of approximately 824,292 square kilometres. Most of the population resides in the central and northern regions of the country which are cradled by the Namib Desert stretching along the cold Atlantic Ocean in the west and the Kalahari semi-desert along the eastern border with Botswana. The southern areas bordering on South Africa are also arid. The capital city is Windhoek which has an estimated population of about 300,000.

POLITICAL SYSTEM

Multi-party democracy.

LATEST GDP FIGURES

GDP: US $17.79 billion
GDP real growth rate: 4.4 %
GDP per capita (PPP): US $8,200.

INFLATION RATE

3.37% (November 2015).

INVESTMENT CLIMATE

The government has stakes (often 100% ownership) in companies in the following sectors: telecommunications (fixed and mobile voice and data services), energy, water, transport (air, rail and road), postal services, fishing, mining, petroleum and tourism. Namibia welcomes foreign investment however and virtually all business activities are open to foreign investors. Namibia introduced the Foreign Investment Act in 1990 which affords protection to foreign investment and introduced an Investment Centre within the Ministry of Trade and Industry to streamline and encourage foreign investment. Foreign nationals are protected by this legislation which guarantees the repatriation of funds and interest invested in Namibia.

New enterprises that export to countries outside the Southern African Customs Union (SACU) can apply for Export Processing Zone (EPZ) status. The benefits of an EPZ enterprise are:

- Relief from corporate income tax, import duties, VAT and stamp duties (but not on tax on employees’ income and withholding tax on dividends)
- Training grants of 75% of training costs
- Foreign currency bank accounts free of exchange control
- Relief from certain Labour Act provisions.

Foreign ownership of agricultural land is regulated. The government’s land reform policy is shaped by two key pieces of legislation: the Agricultural (Commercial) Land Reform Act 6 and the Communal Land Reform Act 5. Recently a Land Bill was published which attempts to consolidate the two existing acts. The Land Bill (when passed as legislation) will have a major effect on foreigners investing in agricultural land in Namibia.

There is currently no legislation on Black Economic Empowerment (BEE) in Namibia. In July 2004 the Office of the Prime Minister announced that it was consulting on the content of a BEE policy and its legislative framework for the country. It was stated that once consultations had been finalised the draft policy document would be presented to the Cabinet for approval and thereafter a Bill would be presented to Parliament. A Transformational Economic and Social Empowerment Framework (TESEF) was prepared in May 2006. The goals of the TESEF were aimed at empowering previously disadvantaged Namibians and “Namibianising” the economy. The TESEF however never came into operation. In 2011 Cabinet adopted the New Equitable Economic Empowerment Framework (“NEEEF”) to replace TESEF. The objectives of NEEEF are aimed at redressing past inequalities and providing measures for empowerment. Empowerment in terms of NEEEF revolves around five pillars of empowerment which is measured using a scorecard-approach. These are ownership; management control and employment equity; human resources and skills development; entrepreneurship development; and community investment. The proposed options are: grants and incentives; state-facilitated lending; project financing; venture capital; and targeted investment.

The Development Bank of Namibia (DBN) provides finance for private sector start-ups and expansions, equity deals, bridging
finance, enterprise development finance, trade finance, small and medium enterprises, public private partnerships, public sector infrastructure, local authorities, and bulk finance to responsible microfinance providers. The DBN only finances Namibian participation in projects.

**FORMS OF BUSINESS**
- Private or public limited liability company
- Close corporation
- External company (branch of foreign company)
- Partnership
- Trading trust
- Sole trading
- Co-operatives

**FORMATION OF A COMPANY**
Companies, close corporations and external companies (branches of foreign companies) must be registered with the Register of Companies in Windhoek. Trustees of business trusts do not need any authorisation before they can commence their duties. The regulation of trusts is minimal. A trust deed must however be approved by the Master of the High Court who must also approve the trustees. A business generally has to register for various tax purposes such as Value Added Tax (VAT), and the VAT Act 59 of 1994 imposes women's compensation as well as with the Social Security Commission. Trading licences are not required.

**EXCHANGE CONTROLS**
After independence Namibia remained part of the South African Rand Common Monetary Area which includes South Africa, Lesotho, Swaziland, and Namibia. Although the Namibian Dollar was introduced as the country's official currency in 1993, the South African Rand remains legal tender for an indefinite period. The currencies are freely exchangeable on a one for one basis in Namibia. For as long as Namibia remains part of the Common Monetary Area its foreign exchange transactions must be conducted in accordance with South African exchange control policies and regulations. If Namibia withdraws from the Common Monetary Area it is likely that exchange control provisions similar to those in South Africa will be introduced. Exchange control in Namibia is administered by the Bank of Namibia (the central bank of Namibia) in conjunction with the South African Reserve Bank and through authorised dealers, commercial and merchant banks.

Exchange control approval is required for all transactions by Namibian residents (whether natural or juristic persons) which involve the transfer of assets to countries outside the Common Monetary Area. Residents are not allowed to transact business in foreign currencies. Transactions may be invoiced in foreign currencies but payments must be made in local currency. There are also certain limitations on the amount of local currency available for residents each year in respect of foreign travel and visits. With regard to non-residents:
- No restrictions apply when foreign funds are introduced into Namibia as share capital
- Share certificates must be endorsed “Non-Resident”

**COMPANIES OWNED BY NON-RESIDENTS**
Companies owned by non-residents should observe a ratio of share capital to fixed assets of 1:1

**THE INTRODUCTION OF LOAN FUNDS FROM ABROAD**
The introduction of loan funds from abroad is subject to specific exchange approval.

**TAXATION**
Normal tax is levied on the taxable income accruing to companies, trusts and individuals from sources within or deemed to be within Namibia. The standard corporate tax rate is a flat rate of 32%. Individuals are taxed on a sliding scale. The maximum tax rate for individuals is 37%. Insurance companies are effectively taxed at 12.8% of investment income and mining companies at 37.5% (although diamond mines are effectively taxed at 55%). There is no capital gains tax or estate duty. These taxes are administered by the South African Reserve Bank and through authorised dealers, with the South African Financial Services Authority being the regulatory body.

**TRADEMARKS**
Trading licences are not required.

**LEGAL SYSTEM**
Namibian law is based on Roman and Roman-Dutch law and is, because of the country’s history, influenced by South African law and to a certain extent by German and English law. Because the Namibian legal system shares its roots with the South African legal system and has developed in close connection to the South African legal system much use is made of South African case law and authorities when interpreting and applying Namibian law. Namibian law adheres to the principles of rule of law, the supremacy of the Constitution and the independence of the judiciary.

**TELECOMMUNICATIONS**
The telecommunications industry in Namibia is regulated by the Ministry of Works, Transport and Telecommunications. Overall Namibia has a good telephone and radio frequency spectrum and makes use of local broadcasting channels and wired and wireless internet connections. Telecom Namibia was awarded the first ever national telecommunications operator established in August 1992 and wholly owned by the government but functioning as a commercialised company. 

**TOURISM**
Namibia generally attracts eco-tourists with the majority visiting the Caprivi Strip, Fish River Canyon, Sossusvlei, the Skeleton Coast, and the Caprivi Strip. Namibia has modern civil aviation facilities, an extensive well- maintained road transportation network and an important seaport at Walvis Bay. Construction continues to expand two major road arteries, the Trans-Caprivi and Trans-Kalahari Highways which will further open up the region’s access to Walvis Bay.
Coast Park, Sesriem, Etosha Pan and the coastal towns of Swakopmund, Walvis Bay and Lüderitz. There are many lodges and reserves to accommodate eco-tourists.

MINING

Mining accounts for 8% of the GDP but provides more than 50% of foreign exchange earnings. Rich alluvial diamond deposits make Namibia a primary source for gem-quality diamonds. Namibia is the fourth-largest exporter of non-fuel minerals in Africa, is one of the world's largest uranium producers and the producer of large quantities of lead, zinc, tin, silver, and tungsten. The mining sector employs only about 3% of the population.

AGRICULTURE

Although Namibian agriculture (excluding fishing) contributed between 5% and 6% of Namibia's GDP for the past five years about 35-40% of the population depends on subsistence agriculture for its livelihood. Animal products, live animals and crop exports constitute about 10.7% of total Namibian exports. The government encourages local sourcing of agriculture products. Retailers of fruits, vegetables, and other crop products must purchase 27.5% of their stock from local farmers.

LABOUR RELATIONS

Employment relationships are regulated by the Labour Act (which applies to all employees, including foreign employees). Namibia has subscribed to various International Labour Organisation (ILO) conventions. In terms of the Namibian Constitution all persons have the right of freedom of association, which includes the freedom to form and join associations or unions. No employee may be dismissed without a valid and fair reason and without following a fair procedure. It is unfair to dismiss an employee because of the employee's sex, race, colour, ethnic origin, religion, creed or social or economic status, political opinion or marital status. Foreign employees require a work visa if they intend to stay for a short while in Namibia (about three to six months). It is usually valid for three months and can be renewed a maximum of three times.

COUNTRY INFORMATION

Nigeria covers 923 768 square kilometres. It has Africa's largest population of over 185 million with a growth rate of 2.82% per annum.

POLITICAL SYSTEM

The 1999 Constitution provides for a multi-party democracy and a Presidential system of government which includes the Executive, Legislature and Judiciary.

The Executive branch is headed by the President and is divided into Federal Ministries each headed by a Minister appointed by the President and confirmed by the Senate.

The Legislative arm consist of the Senate and the House of Representatives while the Judicial arm consists mainly of the Supreme Court of Nigeria, the Court of Appeal, the High Courts and other trial courts. Each arm acts as a check and balance on the powers of the other arms.

The Constitution provides for the operation of three tiers of government at the Federal, State and Local levels. Each State has its own Executive, Legislature and Judiciary. The State Government makes Laws in accordance with the powers vested on it by the Constitution.

LATEST GDP FIGURES (2015 ESTIMATES)

At the third quarter of 2015 the nominal Gross Domestic Product (GDP) in real terms stood at 17,976.23 billion Naira with a growth rate of 2.84% compared to the growth rate of 2.35% and 6.23% in the 2nd quarter of 2015 and corresponding quarter of 2014 respectively.

INFLATION RATE

The inflation rate as at September 2015 was 9.4% (Consumer Price Index).

INVESTMENT CLIMATE IN NIGERIA

Nigeria has attracted both local and foreign investors. In 2013 Nigeria attracted US$ 5.5 billion in Foreign Direct Investment (FDI).

The minimum share capital for foreign companies is 10,000,000 Naira. The investment may be in the form of working capital or equipment which it has procured for its operations in Nigeria. The company may also obtain a loan from its parent company to boost its working capital.

Regarding its political stability, the Nigeria Government is keen on creating a suitable and stable political system. The Boko Haram insurgency which had threatened to destroy the political stability of the country is being tackled and the activities of this group has reduced drastically.

Nigeria is a land with a robust deposit of natural resources. The Nigerian market is huge due to its large population, creating opportunities for investors to market their goods and services. Other attractive factors exist to making the environment viable for business. These include a free market, tax incentives, bank refinements, the rule of law and a stable legal and regulatory framework for conducting business. Foreign investors are allowed to own 100% of their investment, except in some restricted areas where indigenous participation is encouraged. Repatriation of capital and profits is allowed and the process has been made easier.

Nigeria has a growing and stable financial sector and a strong private sector. Policies and regulations in operation are favourable to ensure protection of investments in the country.

FORMS OF BUSINESS

Joint ventures

A joint venture is formed in terms of an agreement concluded between two or more parties for the purpose of executing a particular business undertaking. All parties agree to share in the profits and losses of the enterprise.

Partnerships

A partnership is usually established between joint owners of a business who are personally liable for the obligations and debts of the partnership.

Incorporated companies

A company may be incorporated with unlimited liability,
limited by shares or limited by guarantee. Where it is limited by shares, it may be a private or a public limited company. Foreign companies intending to do business in Nigeria must incorporate a local entity.

The time frame for incorporating a company is approximately one week from the date of the submission of all the required documents and payment of all fees.

Registration with other bodies (ie regulators and government agencies) may be required depending on the area of business of the foreign investor.

Non-governmental organisations (NGOs) may be registered as a company limited by guarantee or as incorporated trustees (whereby trustees of the NGO, rather than the NGO itself, obtain the status of a body corporate). A company limited by guarantee cannot have a share capital and cannot have the objective of carrying on business for the purpose of making profits for distribution to members. The memorandum of a company limited by guarantee cannot be registered without the authority of the Attorney General of the Federation.

EXCHANGE CONTROLS

There are comprehensive Exchange Control Measures in place to guarantee a parallel market/internal balance for foreign exchange. Exchange control regulations however have been liberalised to ensure the free flow of international finance. There is now unrestricted movement of investment capital. Under the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act an individual or corporate body wishing to invest in any Nigerian enterprise with capital imported into Nigeria is required to do so through an authorised dealer.

Subject to the prior submission of prescribed documentation, the authorised bank issues a “Certificate of Capital Importation” (CCI) within 24 hours of receipt of the funds of a foreign investor. This certificate enables foreign companies to transfer dividends and profits from investments out of Nigeria. It also enables the settlement of foreign loan obligations and in the event of a sale or liquidation of the company it allows the investor to transfer the proceeds of the sale/liquidation out of Nigeria.

Registration with the Nigerian Investment Promotion Commission (NIPC). The Nigerian Investment Promotion Commission (NIPC) is an agency of the Federal Government set up primarily to promote and encourage foreign investments in Nigeria. It serves as a regulatory agency for foreign investors operating in Nigeria and requires that all foreign investors register with it before commencing business operations.

BUSINESS PERMITS

The Nigerian Investment Promotion Commission (NIPC) Act requires the consent of the Minister of the Interior for any foreigner to practise any profession or establish or take over any trade or business. Such consent takes the form of a “Business Permit”.

EXPATRIATE QUOTA POSITIONS

Any company wishing to employ an expatriate in Nigeria is required to apply to the Federal Ministry of Interior for “Expatriate Quota” positions. This is an official permit authorising the employment of individual expatriates in specifically approved job designations. An application for an expatriate quota must be accompanied by evidence that the expertise required is not available in Nigeria. Expatriate Quota positions are usually granted for 2-3 years and subject to renewal.

COMBINED EXPATRIATE RESIDENCE PERMIT AND ALIEN’S CARD (CERPAC)

CERPAC is required for all foreigners’ residents in Nigeria. The Federal Ministry of Interior issues the card on application. The card permits foreigners to reside in and move within Nigeria unhindered.

TAXATION

The Federal Government is responsible for the collection of companies’ income tax, withholding tax, Value Added Tax, education tax, capital gains tax and stamp duties from corporate bodies and personal income tax from individuals resident in the Federal Capital Territory and persons resident outside Nigeria who derive income from Nigeria.

All companies in Nigeria are required to pay companies’ income tax on all profits accruing in, derived from, brought into or received in Nigeria. The rate of company income tax in Nigeria is 30% of the assessable profit. A 30% advance Corporate Income Tax on interim dividends has been introduced.

Education tax is also charged (but only on Nigerian companies) at the rate of 2%.

Stamp duty is charged on written agreements and other transactions by a rate which may not be fixed or based on the nature and the value of the transaction.

Value Added Tax is payable on the supply of all taxable goods and services at a flat rate of 5%.

Withholding tax is deductible at a rate between 5% and 10% (depending on the nature of services rendered or transaction carried out) from payments due to a taxable person/entities.

Capital gains tax is payable at the rate of 10% on gains accruing from the disposal of assets.

Companies engaged in petroleum operations are subject to petroleum profits tax at the rate of 85% of their assessable income.

There are also taxes at the State/local government levels such as stamp duties, development levies, land charges, tenement rates and shops and kiosks’ rates.

There is a comprehensive package of tax incentives to attract investment. This includes a 3 to 5 year tax holiday for companies that fall within sectors defined as priority areas/pioneer industries by the Government. The Federal Government has recently introduced a list of 44 industries and products eligible for pioneer status. Other incentives are available in the mining sector, liquefied natural gas projects and export oriented enterprises.

Nigeria has double taxation agreements with the United Kingdom, France, Belgium, Pakistan, Canada, Romania, Netherlands, Czech Republic, Slovakia, Poland, Philippines, Japan, China, South Africa, United Arab Emirates and Italy (shipping and air transportation only). In 2015, Nigeria ratified the OECD Convention on Mutual Administrative Assistance in Tax Matters. This will facilitate administrative co-operation between countries in the assessment and collection of taxes. It will also help combat tax avoidance and evasion particularly with multinationals operating in Nigeria.

Withholding tax for rents, dividends, commissions, directors’ salaries, rates or any other income derived by a company (which is normally calculated at the rate of 10%) may be reduced to 7.5% in terms of an applicable double taxation treaty. The double taxation agreements generally cover personal income tax, companies’ income tax, petroleum profits tax and capital gains tax.

THE NIGERIAN LEGAL SYSTEM

Nigeria is made up of 36 states and a Federal Capital Territory (FCT), located in Abuja. These states are as a matter of convenience generally grouped into 6 geopolitical zones of North East, North West, North Central, South East, South West and South.

The Nigerian legal system is based on the English common law and legal tradition. English law has a strong influence and forms a substantial part of Nigerian law.

THE CONSTITUTION

The Nigerian Constitution is a federal one which provides for the division of powers between the constituents of the Federal Government. It is the supreme law and is binding on all authorities and persons throughout the country.

LEGISLATION

The Constitution regulates the distribution of legislative powers between the National Assembly (which has power to make laws for the Federation) and the House of Assembly of each State of the Federation.

JUDICIAL PRECEDENT

The doctrine of precedent is founded on the principle of law that like cases be decided alike and its operation is tied to the hierarchy of the courts. A court is bound by the decisions of any court above it in the hierarchy and (usually) by a court of co-ordinate or equivalent jurisdiction.

CUSTOMARY LAW

Customary law can apply but is disallowed when its effect or its content is repugnant to the principles of natural justice, equity and good conscience.

SHARIA LAW

The Koran is the principal source of Sharia law and in Nigeria, Sharia has been instituted as a main body of civil and criminal law in about 9 Muslim-majority areas and in some parts of Muslim-plurality states.

ENGLISH LAW

This consists of:
• English common law, the doctrine of equity, statutes of general application in force in England on 1 January 1900 and Statutes and subsidiary legislation on specified matters, and
• English statutes made before 1 October 1960 and extending to Nigeria which have not been repealed. Laws made by the Nigerian colonial legislature are treated as part of Nigerian legislation.

INTERNATIONAL LAW

Nigeria is a member of the United Nations, the Commonwealth of Nations, African Union and many other international organisations. Although Nigeria is a signatory to various international conventions and treaties, they are not enforceable in Nigeria unless they are enacted into law by the National Assembly.

THE NIGERIAN COURT SYSTEM

The Nigerian court system consists of the Supreme Court, the Court of Appeal, the Federal High Court, the State High Courts, the Magistrate Courts and the Customary Courts. There is also the National Industrial Court which has original jurisdiction in civil labour matters, as well as jurisdiction to determine appeals from decisions of arbitral tribunals. Appeals also lie from this Court to the Court of Appeal. The Magistrate Courts are essentially courts of summary judgment having original jurisdiction in both civil and criminal matters.

The State High Courts have jurisdiction in both civil and criminal proceedings and hear appeals from the Magistrate Courts. The Federal High Court has co-ordinate jurisdiction with the State High Courts but is only bound by the decisions of the Supreme Court and the Court of Appeal. The Supreme Court is the highest court in the Nigerian judicial system.

Disputes between corporate bodies are usually heard by the civil courts. The Federal High Court however has jurisdiction over revenue matters, banking, fiscal matters, aviation matters, admiralty, foreign exchange and matters involving the Federal Government or its agencies.
Due to the activities of the CBN, banks have mandatorily charged an all-inclusive interest rate of 9% with a spread of 7%. To access the Fund at 2% from CBN and lend at an all-inclusive rate of 6%, banks are adequately capitalised and enhancing its risk management system.

Charges on bank deposits were removed and a customer protection scheme introduced geared towards the resolution of consumer complaints. The CBN set up a Consumer Complaint Management System with all banks having a presence on this platform. About 4.01 Billion Naira was refunded to bank customers as at 2015. The CBN is focusing on creating a safe and stable financial system in Nigeria as well as ensuring that Nigerian banks are fit to compete in the international financial market. Nigerian banks are currently key players in global financial markets with a number of banks ranking within the top 20 banks in Africa and among the top 1000 in the world.

Strong need to reduce the poverty rate in Nigeria and is willing to provide the necessary infrastructure as well as introduce new policies to boost its economic growth. Considering the repetitive decline in oil prices, the government's main focus is on the diversification of the nation's economy as an alternative to its revenue from oil.

The CBN has introduced a 'Cashless Policy' as a means of addressing the currency management challenges in Nigeria. Due to the heavy presence of cash in the economy, the operational cost of the banking sector was high and was being passed on to customers in the form of higher service charges and lending rates. It is expected that the Cashless Policy will help to enhance the effectiveness of monetary policy operations and economic stabilisation measures. The Cashless Policy will also help to curb corrupt practices such as money laundering and high incident of theft.

The CBN has also embarked on the regulation of the operations of Bureaux De Change in order to check activities such as rent seeking among operators, depletion of the nation's foreign reserves, unauthorised financial transactions and the destabilisation of the economy. The CBN also took measures to strengthen the foreign exchange market by closing the diASP/ diDAS foreign exchange window. This step helped to check further pressure on (and preserve) the country's dwindling foreign exchange reserves and avert the emergence of multiple exchange rate regimes.

The CBN has also introduced the Development Bank of Nigeria in partnership with the Federal Government in order to address the issue of high interest rates and long term funding for Micro, Small and Medium Enterprises. In 2016, the CBN commenced the disbursement of funds under the Micro, Small and Medium Enterprises Development Program. So far about 43.57 billion Naira has been disbursed.

The CBN also embarked on the introduction of additional development financing initiatives and the review of existing ones. For example, the 300 billion Naira Real Sector Support Fund was established to help unlock the potential of the real sector as well as create more job opportunities to reduce the high unemployment rate. The 213 billion Naira Nigerian Electricity Market Stabilisation Facility is aimed at setting outstanding debts in the Nigerian Electricity Supply Industry. In addition, the existing Commercial Agricultural Credit Scheme Guidelines were reviewed to enable deposit money banks to access the Fund at 2% from CBN and lend at an all-inclusive interest rate of 9% with a spread of 7%.

The CBN has focused on creating an environment of transparency and accountability. In January, 2015, the CBN conducted a risk asset examination on 24 banks, a continuation of its efforts to ensure the proper supervision of the banking industry. It also commenced the implementation of the Basel II Accord with the aim of promoting financial stability by ensuring that banks are adequately capitalised and enhancing its risk management system.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS


The country has a highly developed financial services sector with a mix of local and international banks, asset management companies, brokerage houses, insurance companies and brokers, private equity funds and investment banks.

The oil and gas sector in Nigeria has attracted the most interest for investors in the Nigerian economy. Foreign companies are involved in the oil and gas sector but mostly as contractors to the Nigerian Government. Major oil companies are active in the up-stream sectors of the oil industry.

Apart from investing directly in the up-stream sector of the oil industry, foreign investors can invest in lucrative down-stream industries like crude oil refining, transportation and storage and the production of liquefied natural gas.

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Power Generation

In 2005 the Federal Government embarked on an Electric Power Sector Reform Program. One of the key aspects of the program was the corporatisation and unbundling of the Power Holding Company of Nigeria (PHCN). This has led to the establishment of eighteen successor companies including eleven distribution companies and six generation companies. Fifteen of these successor companies have been handed over to new owners.

This sector provides investment opportunities for foreign investors involved in the generation, transmission and distribution of electricity. This also includes the local manufacture of cables, transformers and other electricity equipment, appliances and component parts.

A new Minister has been appointed to oversee the power sector and has released a 13 point agenda for reviving the sector including public engagement on the collection of tariffs, debtors, power generation, maintenance, ancillary services, dispatch orders and discipline. Other areas of focus are gas requirements and constraints, transmission constraints, 33KV load offsite overload, safety, service quality, new captive and emergent generation, franchising and other issues relevant to the growth of the sector.

The country is one of the largest and fastest growing telecommunications markets in the world and this sector is one of its most attractive for investors. The Nigerian telecommunications industry has grown tremendously with the entry of several operators into the market. According to the Nigerian Communication Commission, Nigeria’s teledensity is the highest ranked in Africa.

The country has a dynamic private sector. The new government is committed to improving the country’s economy and its long term strategy is to build a stable economy led by a strong and responsible private sector. The government has recognised the need to reduce the poverty rate in Nigeria and is willing to provide the necessary infrastructure as well as introduce new policies to boost its economic growth. Considering the repetitive decline in oil prices, the government’s main focus is on the diversification of the nation’s economy as an alternative to its revenue from oil.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS


The country has a highly developed financial services sector with a mix of local and international banks, asset management companies, brokerage houses, insurance companies and brokers, private equity funds and investment banks.

REAL ESTATE

Like other emerging markets, the rapid growth of the Nigerian economy has led to rapid growth in the demand for real estate with positive trends in investment in the sector.

INFORMATION AND COMMUNICATION TECHNOLOGY

The Nigerian Government's policy focus on the mining sector is based on the need to develop a private sector led mining industry in the country to diversify its role as a major international regulator. Nigeria is blessed with 34 types of minerals but the Government has prioritised the development of this industry to only 7 minerals, namely coal, bitumen, limestone, iron ore, bauxite, gold and lead-zinc. This reflects their strategic importance to the country’s economy and their availability in quantities which can sustain mining operations for many years.

In a bid to diversify the economy’s economic base, the Government has introduced a regulatory framework for the exploration and exploitation of mineral resources by the enactment of the Nigerian Minerals and Mining Act, 2007. Opportunities now exist for the exploitation and export of natural gas, bitumens, limestone, coal, tin, columbite, gold, silver, lead-zinc, gypsum, glass sands, clays, asbestos, graphite and iron ore.

The government reforms in the insurance industry through the process of recapitalisation and consolidation are aimed at restoring public confidence in the market and enhancing international competitiveness of local operators. To this end NAICOM introduced the Market Development and Restructuring Initiative (MDRI), a medium term reform plan targeted at enhancing industry capacity, market efficiency and consumer protection in the Nigerian insurance market. The MDRI focuses on the enforcement of compulsory insurance in six areas of the market. As a result, employees' liability insurance, buildings under construction, occupiers' liability insurance, motor third party insurance and healthcare professional and indemnity insurance. It also focuses on the enforcement of compulsory insurance products in Nigeria, the modernisation of the insurance agency system, removing fraudulent insurance institutions and the introduction of risk-based supervision.

The entrance of banks into the insurance industry under the now abolished Universal Banking System helped to boost the growth of the sector.

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AGRICULTURE

The discovery of crude oil in the late 1960s and early 1970s led to the abandonment of food exports as a Government priority. The country now depends largely on food imports. However the Government has made efforts to rejuvenate the agricultural sector and has created several incentives to encourage private investment in this sector.

TRADE AND INVESTMENT

The Nigerian economy is dominated by crude oil exports which account for about 90% of its foreign exchange earnings and 65% of its budgetary revenues. Other exports are cocoa, palm oil, groundnuts, cotton, timber and rubber. Major import commodities include machinery, chemicals, transport, equipment, manufactured goods and live animals.

THE NIGERIAN LABOUR MARKET

With a labour force of about 48 million people, skilled and unskilled labour is available in Nigeria at a relatively cheap rate compared to other parts of the world. The country has several labour laws that govern the relationship between employers and employees such as the Factory Act, Labour Act and Trade Dispute Act. The National Industrial Court has exclusive jurisdiction in civil causes and matters relating to or connected with any labour or employment matter, trade unions, industrial relations and other matters arising in the workplace and the conditions of service, including health, safety, welfare and other related matters.

COUNTRY INFORMATION

Mascarene Archipelago, Indian Ocean
55°30’ east longitude - 21°15’ south latitude
Located between Mauritius Island and Madagascar
Surface area: 2512 km²
Climate: moderate tropical
Population: 837,868 inhabitants
Annual demographic growth: 1.5 %.

POLITICAL SYSTEM

Multi-party republican democracy. Reunion Island is an overseas departmental French region (DROM) which also holds the status of an outmost region of the European Union (OMR). It is therefore subject to French governmental and political system. French laws and regulations as well as European Community regulations apply and may be subject to specific measures or derogations, given the specific characteristics and constraints of the territory.

As a French and European territory in the Indian Ocean, Reunion Island offers a secure and modern setting for the development of projects.

Being part of the Eurozone and organised according to the French political and administrative model, Reunion Island provides a solid guarantee in terms of monetary, political and social stability.

Reunion’s dual character (being both French and an outmost EU region) enables access to various national and European support mechanisms for economic activity.

ECONOMIC INDICATORS

Currency: Euro
GDP Nominal: 16.3 billion € (2012)
GDP per inhabitant: €18,500 (2011)
GDP growth rate: 3.1 % (2011/2010), in current values.

INVESTMENT CLIMATE

As part of the eurozone, Reunion Island is stable for investors and boasts a quality banking sector. Reliable, modern and fully connected to major financial institutions, Reunion’s banking environment provides the resources necessary for the development of economic activity and support for household spending.

A broad and varied framework of support has been set up to cater for the needs of investors. This support depends on the type of investment project (physical investment, research and development, innovation, training, etc.), its location (priority development areas or non-priority areas) and the type of company conducting the project (large company, mid-size company or SME). The creation of Bpifrance, France’s public investment bank, in 2013 consolidated this range of state aid. The banque publique d’investissement, in 2013 consolidated this range of state aid. Foreign investments will only require the filing of certain forms with the Banque de France (for statistical purposes) or the Ministry of Economy depending on the size and nature of the investments. However, certain acquisitions in sectors considered to be sensitive require prior authorisation. For public safety/security reasons investors must obtain the prior approval of the Ministry of Economy before making an investment in certain protected sectors or where public safety is at risk.

In principle there are no administrative restrictions on foreign investment in Reunion Island. Foreign investments will only require the filing of certain forms with the Banque de France (for statistical purposes) or the Ministry of Economy depending on the size and nature of the investments. However, certain acquisitions in sectors considered to be sensitive require prior authorisation. For public safety/security reasons investors must obtain the prior approval of the Ministry of Economy before making an investment in certain protected sectors or where public safety is at risk.

FORMS OF BUSINESS

French company law provides for numerous corporate forms. However, the most used forms are companies with limited liability.

The three main types of limited liability companies are as follows:

• Société à responsabilité limitée (SARL)
• Société anonyme (SA)
• Société par actions simplifiée (SAS)

In a limited liability company, financial liability is limited to the amount of the owner’s capital contribution. A SARL and SAS can be formed with a single partner, whereas seven shareholders are required for an SA.
The SAS is the most recent form of a French company and is now the most commonly chosen form for small and large companies with an overseas headquarters. The SAS is flexible in terms of governance and characterised by a much wider contractual freedom.

Additional options are available. These are mainly partnerships (société en nom collectif – SNC), non-trading partnerships (société civile) and economic interest groupings (groupement d’intérêts économiques – GIE).

FORMATION OF A COMPANY

A number of formalities are required to set up a company. In particular, setting up a business first requires the signature of a commercial act (notarisation ceremony) with a business centre) for the company’s registered office, the publication of a notice containing the company’s main characteristics in a legal publication.

Formalities to create a company have been simplified and can be carried out online. The entire process is managed by a single organisation, the Centre of Business Formalities (CEP), which conveys to the appropriate bodies all of the documents needed to set up the company. These bodies include:

- the Commercial Court Clerk’s Office (Greffe du Tribunal de Commerce), it will deliver a receipt proving the pending registration, enabling the legal representative to undertake additional registrations with other administrations and public agencies. Once the registration with the Commercial and Companies Registry is completed, the company receives a certificate of incorporation (Extrait K-bis) from the Clerk’s office
- the National Institute of Economic Studies and Studies (Institut National de la Statistique et des Études Économiques or INSEE), in charge of allocating industry codes and delivering the SIREN (identification number) and the SIRET (registration number) necessary to recruit staff and complete other day-to-day formalities
- fiscal and social security administrations.
- Branches and agencies in Reunion Island of an entity with an overseas headquarters also have to complete registration requirements.

TAXATION

The French tax system applies in Reunion Island with certain specificities and exceptions. French corporation tax is due on the profits of companies operating in Reunion Island. Corporation tax is currently charged at 15% and 33.33%. The lower rate applies to the first 38 120 Euros earned profits per year. The rest of the company’s profits are taxed at the standard rate.

French income tax is due by individuals who have their tax domicile in Reunion Island on their worldwide income and profits. Income tax is calculated on a progressive scale.

Like all European Union (EU) Members States, Reunion Island operates a Value Added Tax (VAT) system. However, it should be noted that Reunion Island, like the other French Overseas Departments (DOM) are not part of European Community (EC) territory for the purposes of VAT.

The EU harmonized rules on VAT do not apply to the DOMs and the application of turnover taxes is a matter for the national or local authorities subject to compliance with the general principles of European Treaties and, notably, the absence of discrimination in the taxation of products.

Reunion Island applies a local VAT system closely resembling the EC system but with certain adaptations (eg reduced rate at 8.5%). Moreover, there is a further tax on consumption known as “dock dues (octroi de merc)”, which applies mainly to products from outside the Island but which can also be applied to locally manufactured goods. Thus, the overall amount of tax can be very old form of tax, several centuries old, which was originally levied on all products arriving in the DOMs by sea.

In principle, the EC Treaties do not permit differences in taxation between local products and products imported from mainland France or other EU Member States. However, the specific nature of the outermost regions, which includes Reunion Island, is laid down in the relevant EC treaty which permits specific measures to be taken, particularly in the tax field, to take account of the particular characteristics and constraints of the territory.

Local manufacturers have to contend with a number of handicaps, caused especially by their remoteness, the effect of which is to push up the cost prices of their products, thereby making them uncompetitive with products from elsewhere, notably mainland France and other EU Member States. This has justified the implementation of a specific measure which, by means of tax exemptions or reductions for local products, serves to:

- Encourage productive industrial activity
- Safeguard their competitiveness with outside products, and
- Thus increase the proportion of the DOMs’ GDP accounted for by industrial activity.

IMPORT/EXPORT

Reunion Island is part of the EU single trading area with a unified customs law where all goods (subject to very narrow exceptions such as certain limited health and safety exceptions and military items) circulate freely, whether made in an EU Member State or imported from outside. Subject to dock dues, internal customs duties, fees and barriers are removed within the EU, although Member State customs authorities retain the right to check goods at the border. There is a common external customs tariff for products imported from outside the EU. The EU has adopted a Community Customs Code, which sets out the general rules and all the customs procedures applicable to goods traded between the EU and non-EU countries, including in respect of import relief in the form of dumping and countervailing duties and quotas.

The Customs Code and the Customs Regulations are directly applicable in Reunion Island and are administered and enforced by the French customs authorities. The national customs authority in France (Reunion Island) is the General Directorate for Customs and Excise Duties (DGDDI). Relevant legislation is found in the French Customs Code which is applicable in Reunion Island.

In some cases, imports may require a national or EU license. These can include common agricultural policy licenses for certain foodstuffs, licenses for the importation of livestock, blood, plant life and other items subject to health and safety controls.

Exports may be subject to controls under French legislation and/or EU regulations.

JUDICIAL ENVIRONMENT

French laws and regulations as well as EU regulations apply and may be subject to specific measures or derogations, given the specific characteristics and constraints of the territory.

The court system is characterised by a division between judiciary courts and administrative courts. Judiciary courts include civil courts, which have jurisdiction over disputes between private individuals and criminal courts for criminal matters. Administrative courts are only competent if a public person or body is involved. Each part of the judicial system is headed by a high court empowered to overturn judgments by the lower courts. The Supreme Judiciary Court is the Cour de Cassation and the Supreme Administrative Court is the Conseil d’État.

INTELLECTUAL PROPERTY

In Reunion Island, intellectual property matters are handled by the French National Institute of Intellectual Property (Institut National de la Propriété Intellectuelle or INPI) which includes the trade mark, registered design and patent registries.

TREASIES AND BILATERAL AGREEMENTS

Same as the Republic of France.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Same as the Republic of France.

ECONOMIC DEVELOPMENTS AND KEY INDUSTRY SECTORS

Priority sectors identified for economic development by the Regional Council are, tourism, information and communication technology (ICT), agri-food, renewable energy and the environment.

TOURISM

Tourism is a key sector in the Indian Ocean for both the economy and job creation. It was thanks to the island’s unique “Pitons, Cirques and Rampsart” that Reunion was granted the status of world heritage site by UNESCO in August 2010, thus becoming France’s 35th site to obtain this classification.

One of the world’s unique tourist destinations, Reunion is ideal for the development of an attractive, diverse, authentic and sustainable tourism industry. Today, this sector continues to consolidate its strong impact in the creation of wealth and jobs, and confirms its position as an emerging activity and source of diversification for the island’s economy.

In fact, tourism represents nearly 10 000 jobs, either employees or independent workers, (4% of all jobs on the island) and a turnover estimated at €900m. In addition more than 400 hotel rooms have been either created or renovated, representing more than €50m in investment and the creation of more than a hundred new jobs.

Reunion Island offers an extensive array of leisure activities in terms of sports, visits and opportunities to relax. Reunion benefits from a long tradition of tourism resources trained by the following high-performance establishments in the sector of tourism:

- Professional Hotel and Catering High School (La Péninsule)
- Reunion Island technical training centre for tourism, hospitality and catering (Cenitho)
- University Business School (IAE)

These establishments award diplomas in the following areas: catering, wine-tasting, hospitality, accommodation, languages, I.T., health and safety, knowledge of Reunion and management.

ICT

A major sector in full expansion, Information and Communication Technologies (ICT) represents one of Reunion’s most dynamic industries. Identified as a priority sector, it boasts a high quality technological environment and huge potential both for the local market and for neighbouring markets. ICT is one of the most dynamic sectors in Reunion.

There are 7 internet service providers on the island with a quality network combining several technologies (eg optic fiber and wireless broadband coverage). The rate of mobile phone coverage on the island is over 95% with connections to Europe and the Indian Ocean.

Reunion Island therefore boasts a fine array of ICT expertise:
- design of CD-ROMs, servers and websites, networks and interactive terminals that are being exported to mainland France, Canada, Mauritius, Madagascar and South Africa
- ICT consultants: experts in auditing and improving quality processes
- Communication companies: creation and production of graphics and multimedia
- Animation and graphic design: with Pipangaï, Europe’s second largest studio for colouring and composting. Reunion plays a major role in cartoon creation in Europe. The sector has opened up further to new companies working in pre and post production, 3D animation and internet and cross-media techniques
- Development of specific tools: energy efficiency, WEB security, Geographic Information System, RFID (Radio Frequency Identification), etc

AGRI-FOOD

In recent years Reunion’s Agri-Food Industry has progressed.
constantly. As the number one industry in Reunion, it has bolstered its own expertise, in particular by diversifying local agricultural production and with an ever-increasing development of agro-industrial skills thanks to efficient industrial facilities. Today, innovation within the agri-food industry enables the continuous improvement of expertise and know-how, and the opening up of new horizons in terms of both products and geography. Some figures with regard to the agri-food industry:

- Ranked no.1 in terms of export value (€183.4m in 2012)
- Four main sectors: meat, drinks, milk and sugar
- 117 predominantly food-based supermarkets with an average density of 193 m² per 1000 inhabitants (2012)
- Added value of the food industry in Reunion: 24% (including commercial crafts) in 2010
- €98m of capital spending between 2009 and 2010
- 807 companies (including commercial crafts)
- 5,300 employees
- Net turnover: €116m
- Added value: €276m
- Turnover from exports: €116m making it Reunion’s leading industrial sector.

RENEWABLE ENERGY AND THE ENVIRONMENT

Reunion Island boasts certain advantages making it an island which is rich in opportunities and skills for the development of renewable energy and a favourable location for the creation of innovative environmental projects.

Reunion boasts tremendous advantages in the areas of renewable energy (RE) and biodiversity. Due to its size, mountainous terrain and history, Reunion Island has today become an exceptional testing site for energy technology and processes.

The island has a considerable amount of sunshine and ideal exposure to wind as well as interesting potential for marine energy which has encouraged the development of many different projects.

Rich in natural resources, Reunion has become a territory of excellence for renewable energy and energy management.

The development of solar power is promoted thanks to high levels of sunshine. Reunion benefits from 30% more luminosity than mainland France, reaching levels of up to 1 900 kWh/m². The average amount of sunshine is around 1 350 hours per year, with peaks reaching 2 000 hours per year.

Transforming biomass resources such as wood and bagasse (sugar cane and cane fibers) could provide a potential production of 756 GWh per year by 2020.

Wind Energy: Reunion has good wind potential at a height of 30 meters with 62% of the island’s surface area being exposed to wind speeds between 6 and 7m/s. A production target of 3 km apart, Port Ouest and Port Est. Uses are multiple (trade, fishing, ship repairs, yachting, cruises or even military activity) and the port has continued to see its traffic grow thanks to the impetus of its commercial momentum and the island’s economic development.

Management of this port of national interest was granted to the Chamber of Commerce and Industry of Reunion (CCI) and it has the infrastructure, equipment and tools to match European standards, making it a modern and efficient port in the heart of the Indian Ocean.

Reunion’s main sea port handled 4.1 million tons of cargo in 2012 with 587 ship calls (breakdown according to tonnes handled), being mostly containerised trade with Europe, but also with Asia and the Pacific.

ROLAND GARROS AIRPORT

Located next to the sea in the north of the island in the municipality of Sainte-Marie, Roland Garros Airport has a privileged location due to its proximity to Reunion’s main city. Some figures:

- An area of 200 hectares
- More than 35 000 m² of terminals: 27 000 m² for the passenger terminal and 8 000 m² for the freight terminal (depots, warehouses, animal storage area and offices)
- A 3 200m runway ideal for large aircraft take-offs and a 2 670m runway for landings in all weather
- A capacity of 2.5 million passengers per year
- The total number of passengers for 2014 was more than 2 million, including 68 631 passengers in transit and 1 999,33 local passengers
- More than 520 million committed to an investment program running until 2020 which includes extensions to the east and west of the airport and the reinforcing and widening of the runways
- Number of passengers in 2014: 2 million
- Investment for 2012 (in Euros): 14 million
- Passenger traffic: ranked 11th in France.

ROLAND GARROS AIRPORT FREIGHT TERMINAL

The terminal offers a quality service benefiting from a Border Inspection Post applying European norms and handles nearly 30 000 tonnes of cargo each year. It has an official aviation security accreditation as a known consignor and also has the status of a bonded warehouse, making it an efficient partner for companies working in both import and export. Some figures:

- 7510 m² of warehouses (export depot: 3410 m² and import depot: 4100 m²)
- 5 200 m² of offices
- 2 cargo nose-in parking areas
- 20 cargo handling engines (tractors and forklifts for both

runway and warehouse)
- Refrigerated depots
- 40 000 tonnes/year of nominal capacity.

PIERREFONDS AIRPORT

Located in the south-west of the island in the municipality of Saint-Pierre, it is devoted to regional traffic, notably with Mauritius.

REGIONAL BROADBAND NETWORK

The island’s mobile telephone coverage is more than 95%, with connectivity across Europe and the Indian Ocean. In order to improve quality and performance the development of thematic networks have been initiated across different domains (some in conjunction with national networks).

AN EXTENSIVE ROAD NETWORK IN CONSTANT DEVELOPMENT

More than 1 200 km of roads:
- 395 km of national roads (of which 138.6 km are dual carriageways)
- 728 km of departemental roads.

The New “Route Du littoral” (Coastal Road) is the largest construction project ever attempted in Reunion and one of the biggest in France. It involves a 2x3 lane highway, partly as an embankment and partly as a viaduct over the sea, at a cost of 1.6 billion Euros.
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POLITICAL SYSTEM
Multiparty democracy.

FORMS OF BUSINESS
• Sole trader
• Limited liability company
• Public company
• Economic interest groups
• Branches of foreign companies
• Joint venture.

INVESTMENT CLIMATE
Certain laws have been passed to facilitate local and foreign investment in Senegal. The Investment Law gives tax relief and permits profits to be remitted abroad. The Statute of Free Tax Exportation provides certain advantages to investors.

TAXATION COMPANIES
The following taxes are levied in Senegal (the minimum tax rate varies depending on the turnover of the company):
• Tax on companies and other body corporates is 30%
• Value Added Tax (VAT) is 18% for all products and services
• There is a fixed tax of 3% of the payroll
• Trading tax.

TAXATION INDIVIDUALS
Individuals are subject to income tax on revenues from real estate and properties, movables, commercial and industrial profits.

DOUBLE TAX TREATIES
Senegal has signed double taxation agreements with France, Belgium, Canada, Norway, Cameroon, Tunisia, Cote d’Ivoire, Benin, Gabon, Burkina Faso, Madagascar, Mauritius, Niger, Rwanda, Togo, Mauritania, Mali, Chad, Congo and the Democratic Republic of Congo.

EXCHANGE CONTROLS AND REGIONAL ORGANISATION
Senegal is a member of the West African Economic and Monetary Union (WAEMU/UEMOA) and belongs to the CFA Franc zone in which the transfer of funds is free. The CFA Franc is the currency of the Union and is linked to the Euro at a fixed rate of 655.957 CFA to 1 Euro.

There are no exchange controls between Senegal and the other countries which belong to the CFA Franc zone, namely: France, Monaco, Benin, Burkina Faso, Ivory Coast, Equatorial Guinea, Mali, Niger, Togo, Cameroon, Central African Republic, Congo Brazzaville, Gabon and Chad.

In general, the transfer of funds for commercial operations is allowed but there may be restriction on exchange control with regard to funds transferred outside the CFA zone and conversion of currency.

If a bank account is opened on the name of a foreign entity and funds received in foreign currency in that bank account, then the transfer can also be in that foreign currency without any restriction. That operation will be done under the responsibility of the commercial bank mandated by the bank holder as a general rule.

However, based on the currency of the bank account and the status of resident or non-resident of the account holder, the currency conversion may vary.

A resident is defined by the law as being any person having his/her main interest (focus) in one of the WAEMU country members, national civil servant working abroad and corporates either national or foreign to the extent of their local entity incorporated in one of the WAEMU country members.

A non resident being defined as any person having his/her main interest (focus) abroad, foreign civil servant working in one of the WAEMU country members and corporates either national or foreign to the extent of their local entity incorporated abroad.

Therefore if the account is opened in local currency on the name of a non-resident, there will be no restriction provided that the funds credited on the account would result on the conversion of the funds credited into foreign currency into local currency.

The transfer back of funds received into foreign currency would be without restriction.

If the bank account is opened in local currency on the name of a resident, any amount in the account will be in local currency. Conversion from local currency to foreign currency will require to evidence the economic reason (the cause) of the conversion by the provision to the bank of the relevant document. The bank will act depending on 2 assumptions: (i) If the conversion relates to a current transaction the bank can execute the conversion without any other consideration. (ii) if the conversion is for capital account operation (transaction), it must be first authorised by the Ministry of Finance upon provision through the bank of the relevant document.

Provided the compliance with the above-mentioned rules on currency conversion, transfer of funds is free.

Senegal is a signatory to the Organization for Harmonization of Business Law in Africa (OHADA) Treaty that came into effect on 1 January 1998. The treaty standardises business law in the sixteen signatory states and establishes a Common Court of Justice and Arbitration.

The OHADA signatory states are Benin, Burkina Faso, Cameroon, Central African Republic, Comoros, Congo Brazzaville, Ivory Coast, Gabon, Equatorial Guinea, Mali, Niger, Senegal, Chad and Togo, Guinea Bissau and Guinea Conakry.

INTELLECTUAL PROPERTY
Senegal is a member of the African Intellectual Property Organisation for promotion of Industrial Property (OAPI). The other members of this organisation are: Benin, Burkina Faso, Cameroon, Central African Republic, Congo, Ivory Coast, Gabon, Guinea Conakry, Mali, Mauritania, Senegal, Chad and Togo, Equatorial Guinea and Guinea Bissau.

BACK
COUNTRY INFORMATION

South Africa is the second largest economy in Africa (after Nigeria) and contributes about 25% of African gross domestic product (GDP), 40% of its industrial output and 50% of its electricity supply. It has sophisticated banking, financial services, mining, telecommunications, agricultural, IT, commercial and industrial sectors and a developed road, rail, airport and port infrastructure. It is ranked as an upper-middle income economy by the World Bank. Its population is about 52 million (although it is estimated that there could be several million illegal and undocumented immigrants), and is home to a rich diversity of cultures and religions (including Christian, Hindu, Islam, Judaism and African customary). It has 11 official languages including English, Afrikaans and nine African languages. Its area is about 1,219,090 square kilometres and it is divided into nine provinces with three capital cities, Pretoria (administrative capital), Cape Town (legislative capital) and Bloemfontein (judicial capital). Poverty, crime and unemployment (officially about 25%) remain major problems.

POLITICAL SYSTEM

Multiparty democracy. The Constitution is one of the most progressive in the world and entrenches a bill of rights which guarantees property rights, equality, socioeconomic rights, individual freedoms, an independent judiciary and a free press. The President is limited to two five year terms of office.

INVESTMENT CLIMATE

South Africa generally welcomes foreign investment and virtually all business activities are open to foreign investors. However foreigners may not directly or indirectly control or have a greater than 20% interest in a commercial broadcasting license and foreign residents may not hold more than 25% of the voting rights in an air services licensee (although the Minister of Transport may grant an exemption in this regard). The establishment of branches of foreign banks requires the consent of the Registrar of Banks (several foreign banks operate in South Africa including Citibank, China Construction Bank, Bank of Baroda, Standard Chartered Bank, Bank of China, JP Morgan, State Bank of India, Deutsche Bank and Royal Bank of Scotland).

Calls by certain elements of the ruling African National Congress (ANC) party for the nationalisation of the mines, banks and farming land had caused uncertainty for local and foreign investors but the ANC finally rejected nationalisation as a policy at its congress in Mangaung in December 2012. Alternative policies in the mining and agricultural sectors (for example special mining taxes, export controls on certain minerals and requiring the beneficiation of minerals) are however being discussed (resulting in continued uncertainty in the mining sector). Labour unrest, costs and productivity issues in the mining sector remain of concern for investors. The Mining Charter issued in terms of the Mineral and Petroleum Resources Act laid down certain black economic empowerment ("BEE") targets for mining companies to achieve by 31 December 2014. It is currently not clear what the consequences of failing to meet such targets will be or what new targets will be introduced. A Court case is currently pending on whether a mining firm can receive credit for its past BEE ownership transactions. The Government has proposed a ban on the foreign ownership of agricultural land and restrictions on land holdings to a maximum of 12,000 hectares. A law requiring 51% local ownership of private security firms has been passed by Parliament and is awaiting the President’s signature.

Foreign investors are generally afforded the same treatment as local investors with some exceptions (for example only residents are subject to the South African exchange control regime below). During 2013, the Government decided to unilaterally terminate South Africa’s Bilateral Investment Treaties ("BITS") with Belgium, Luxembourg, Spain, the Netherlands, Germany and Switzerland and announced that all other existing BITS would be phased out and replaced by the new Protection of Investment Act. The Act provides protections for foreign investment (for example investors have a right to fair administrative treatment, a right to property in terms of the Constitution and a right not to be treated less favourably than locals). The Act however reserves the sovereign rights of the South African Government to legislate in the "public interest" and restricts foreign investors’ recourse to international arbitration (as provided in most BITS). Compensation for expropriation will be "just and equitable" as required by the Constitution (ie unlike most BITS, it is not guaranteed that the compensation will be fair market value). However most BITS (including those already terminated by the Government) contain survival provisions for periods of 10 years or more post termination and investors from those countries will continue to be able to rely on the protections in the BITS (including recourse to international arbitration and fair market value compensation for expropriation) for such survival period.

South Africa is often described as a "Gateway to Africa" and many foreign companies have based their sub Saharan operations in South Africa due to its advanced infrastructure and economy (especially compared to other African countries), political stability and strong South African business and Government ties to the rest of the continent. Other advantages are South Africa’s network of double tax treaties (see under taxation below) and investment protection agreements as well as a favourable "headquarter company regime" (see under investment incentives below). The Department of Trade and Industry has a Manufacturing Competitive Enhancement Programme (MCEP) which provides various incentives for the manufacturing sector. The MCEP is a reimbursable incentive and provides for grants of up to R50 000 000.

The Government has developed industrial development zones in East London and Coega near Port Elizabeth (both ports in the Eastern Cape Province) and the port of Richards Bay in KwaZulu Natal. New legislation has been proposed to establish special economic zones throughout the country.

An electricity supply crises in 2008 caused widespread blackouts and economic disruption (including in the mining industry). In late 2014, blackouts occurred again due to a failure to maintain electricity infrastructure and concerns remain about a secure supply of electricity. The Government is constructing new coal based electricity plants to increase capacity but these projects have experienced repeated delays. The Government is also considering a nuclear energy program. Solar, wind and other alternative renewable energy projects are being developed.

The Government has announced a plan to expand and rehabilitate the country’s infrastructure in an amount of about US$110 billion but implementation has been slow. The Infrastructure Development Act was passed in 2014 and is intended to fast track and facilitate Government infrastructure projects. The Government owns approximately 25% of the land area of the country and, through various State owned enterprises, owns airports, ports, the national airline (South African Airways), oil pipelines, railways, electricity generation and distribution facilities (including a nuclear energy plant at Koeberg near Cape Town in the Western Cape Province) and interests in oil and gas exploration and the defence industry. The formation of a State owned mining company has been announced in addition to an existing State owned company, Alexkor, which is involved in diamond mining. Several state owned enterprises (for example electricity parastatal Eskom, the Post Office and South African Airways) have funding problems.

Financing for various projects may be provided through the State owned Industrial Development Corporation (IDC), the Development Bank of Southern Africa (DBSA) and, for small and medium sized businesses, from Khula Enterprise Finance and the Small Enterprise Development Agency. The National Empowerment Fund has been set up to fund Black Economic Empowerment transactions but currently requires recapitalisation.

Monetary policy is determined by the South African Reserve Bank which is independent of Government and follows a generally conservative monetary policy involving inflation targeting. Unlike several other African countries, South Africa’s growth rates have been sluggish since 2008. GDP growth of under 1% is estimated by the World Bank in 2016. Inflation is about 5%.

A land claims process (allowing restitution or granting compensation to black South Africans deprived of land as a result of apartheid policies) has not yet been finalised.

BLACK ECONOMIC EMPOWERMENT

The promotion of Broad Based Black Economic Empowerment ("BBEEE") is one of the key Government policies to address the racial and gender inequalities of the country’s apartheid legacy (which restricted and excluded non-white South Africans from participating in the economy). BBEEE is regulated by the Broad Based Black Economic Empowerment Act and “generic” Codes of Good Practice that have been issued by the Government. BBEEE transformations charters and Codes have been developed for certain sectors of the economy including mining, financial services and construction. It must be noted that there is (other than in certain sectors like mining and gaming where
licensure conditions include BBBEE ownership requirements and no general legal requirement that a firm must have a BBBEE shareholder but a firm’s BBBEE rating will be negatively affected if it earns no BBBEE ownership points. Government policy has generally been based on the principle that the manner in which a firm applies BBBEE is to be decided by the individual firm and the BBBEE framework simply provides a methodology for measuring the BBBEE rating of the firm.

However Government, regulatory bodies, parastatals and other public entities are obliged to take BBBEE into account in granting tenders and licences (eg mining and gambling licences) and in practice with low BBBEE ratings are unlikely to be granted such licences and tenders. Private sector firms may also try to increase their BBBEE procurement scores by procuring from other public sector firms with good BBBEE ratings. There is a special dispensation for multinationals to remain 100% foreign owned and still earn BBBEE ownership points by means of so called “equity equivalent” programs.

The BBBEE Act was amended in 2014 to inter alia criminalise “fronting” (effectively misrepresenting BBBEE status or conduct that undermines or frustrates the achievement of the objectives of the Act). Contraventions may result in fines (in the case of enterprises, fines of up to 10% of its annual turnover) and/or imprisonment for up to 10 years. In addition, the guilty party will be prohibited from contracting or transacting any business with any organ of State and/or public entity and will be entered into the National Treasury’s register of tender defaulters. Any contract or authorisation awarded due to false information on BBBEE status may be cancelled or terminated by any organ of State or public entity. A BBBEE Commission has been established with wide powers to investigate complaints relating to BBBEE and “fronting”.

The so called “generic” Codes (which apply to firms in sectors not covered by sector specific Codes) set out BBBEE targets and quite complex methods of measuring a firm’s BBBEE status (level 1 is the highest; level 5 is the lowest) to the “generic” Codes took effect from 1 May 2015. The amendments include reducing the previous seven BBBEE elements to five (name ownership, management control, skills development, enterprise and supplier development and socio economic development) and changing certain methods for calculating BBBEE scores (including that the number of BBBEE points required for a particular BBBEE rating have been increased). Stricter BBBEE measurement criteria apply under the amendments and the implications for business are serious as many firms will lose their current BBBEE rating unless they take steps to comply with the amended targets and methodology in the Codes. Three “priority sectors” have been identified, namely ownership, skills development and the enterprise and supplier development elements. Failure to meet certain minimum requirements for these “priority sectors” will result in the automatic downgrading of the firm’s BBBEE rating by one level.

An Exempt Micro Enterprise is a firm with total annual turnover under R10 million and Qualifying Small Enterprises are firms with total annual turnover between R10 million and R50 million. Exempt Micro Enterprises are deemed to have a Level one BBBEE rating. Exempt Micro Enterprises and Qualifying Small Enterprises that are 100% black owned are deemed to have a level one BBBEE rating (the highest possible rating) and those that are 51% black owned are deemed to have a level two BBBEE rating.

Codes for specific sectors of the economy (and not the “generic” Codes) must be used for firms in a sector covered by a sector code. Nine sector codes are currently in operation in the tourism, construction, forest, transport, chartered accountancy, property, information and communication technology (ICT), agricultural and financial sectors. The sector codes are required to be updated having regard to the recent amendments to the “generic” codes.

The amendments to the BBBEE Act and “generic” Codes indicate a tougher Government policy to promoting BBBEE.

FORMS OF BUSINESS

Private or public limited liability profit company

Close corporation (a separate "member managed" legal entity with no board of directors which was intended to facilitate small/medium sized businesses)

External company (a branch of a foreign company conducting business or non-profit activities in South Africa)

Partnership (including a limited partnership)

Trading trust

Solution trust

Co-operatives.

Pursuant to the Companies Act, no new close corporations may be formed. Close corporations existing before the Act came into effect on 1 May 2011 are however permitted to continue to exist and conduct business and may be converted into companies.

FORMATION OF A COMPANY

Companies, close corporations and external companies must be registered with the Companies and Intellectual Property Commission (CIPC) in Pretoria. External companies must be registered within 20 business days of commencing business or non-profit activities in South Africa.

It is common to acquire a “shelf company” (ie an already incorporated company which is "no longer trading" and has no assets or liabilities) as an alternative to incorporating a new company with CIPC. The incorporation process involves reserving the company’s name with CIPC, submitting certain prescribed forms and documents and paying certain prescribed fees to CIPC. Directors need not be South African residents and there are no minimum share capital requirements. The public officer of the company (the contact person for the tax authorities) need not be a South African resident. CIPC has been experiencing serious delays (in some cases up to several months) and inefficiencies in incorporating new companies and updating its records of existing companies. It is however taking steps to resolve these problems.

A business generally has to register for various tax purposes (including Value Added Tax and as a taxpayer), for the purposes of the skills development levy and with the Unemployment Insurance Fund. Business licences are required for certain activities (for example liquor sales).

EXCHANGE CONTROLS

The exchange control regime is administered by the Financial Surveillance Department of the South African Reserve Bank (SARB) and various "non coded dealers" appointed by SARB (which include the main commercial banks).

There are no exchange control restrictions on non-residents who may freely transfer capital in and out of South Africa. However certain exchange controls exist for South African residents, some of which may impact on non-residents (see below). South African subsidiaries and external companies (whether local or foreign companies) are treated as residents and are accordingly subject to the exchange control regulations. Non-resident shareholders in a resident company should have their share certificates endorsed "non-resident". Endorsement is however generally a formality (proof of payment of the purchase or subscription price into South Africa is required) and facilitates dividend payments by the resident company, as well as the remittance of sale proceeds, to the non-resident shareholder.

South Africa, Lesotho, Namibia and Swaziland have no exchange control restrictions between them by virtue of their membership of the Common Monetary Area.

All payments by residents to non-residents involve exchange control and may be subject to exchange control and may be subject to exchange control requirements. Payment of境内 earned goods do not generally raise any issues. Resident companies (including external companies) may generally freely remit dividends and branch profits to non-residents provided that they are made out of trading profits and available funds. Auditors’ certificates and other documents may have to be submitted. The acquisition by residents of assets outside the Common Monetary Area is also regulated to a greater or lesser degree. Exchange control approval (some of which may be given by an authorised dealer rather than an application having to be made to SARB) is required for:

A loan by a non-resident to a South African resident. SARB will generally not permit an interest rate exceeding the local prime bank overdraft rate for loans by non-resident shareholders to their local subsidiaries but may allow an interest rate of up to 3% above the prime rate for loans by other non-residents

Payment of management, services and other fees by a resident to a non-resident. The criterion used to assess these payments is whether they are "arm’s length"

Payment of royalties, licence and similar fees to non-residents for the right to use know-how, patents, trademarks, copyright or other intellectual property

Approval will generally be given for royalties of 2% to 4% of turnover for manufactured goods and 2% to 6% of turnover for capital goods

The sale of South African intellectual property to a non-resident

TAXATION

Income tax (including capital gains tax) is levied on the worldwide income of South African residents. Payment is subject to certain exemptions. Non-residents are however only taxed on their South African sourced income. There is no provision for group taxation.

The standard corporate tax rate is 28% for resident companies, close corporations and external companies. As dividends are subject to a withholding tax on dividends at the rate of 15% (reduced where appropriate by a double tax agreement), foreign investors may prefer operating through external companies. Special rules apply for gold mining companies, long-term insurance companies, small business corporations and micro businesses. Individuals pay tax on a sliding scale with a maximum rate of 41%. Trusts pay tax at 41% of income retained and not awarded to beneficiaries.

Foreign dividends paid to residents may be subject to income tax at a maximum effective rate of 15%.

There is a withholding tax of 15% of gross royalty payments to non-residents although double tax treaties may provide relief in appropriate cases.

A 15% withholding tax on interest paid to non-residents became effective on 1 March 2015 subject to certain exemptions (including Government debt and listed debt interests) and relief under a relevant double tax agreement.

A 15% withholding tax will also be levied on service fees paid to non-residents, with effect from 1 January 2017, but only where such fees are derived from a South African source.

Value added tax is levied at 14% (certain exemptions and zero ratings apply).

Capital gains tax is levied at an effective rate of 18.7% for all companies. Non-residents are usually not liable for this tax.

There are a number of other specific taxes and duties including donations tax (20%), estate duty (20%), transfer duty on the transfer of immovable property (unless subject to VAT), securities transfer tax and a skills development levy.

There are various capital allowances and deductions as well as rules regulating transfer pricing and thin capitalisation.

South Africa has double taxation agreements with more than 70 countries including the Netherlands, Canada, India, Indonesia, Iran, Italy, Japan, Kenya, Malawi, the Peoples Republic of China, Singapore, Taiwan, Tunisia, Uganda, Zambia, Ireland, Pakistan, Russia, Sweden, Norway, United Kingdom, Germany, USA, Korea, Israel, France, Lesotho, Botswana, Mauritius, Namibia, and Zimbabwe. There are also thirteen tax information and exchange agreements in force, with more to follow, especially after the recent amendments to the "generic" Codes.

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with low-tax or no-tax jurisdictions. South Africa is also a signatory to the Multilateral Convention on Mutual Assistance on Tax Matters.

REGULATORY ENVIRONMENT

The Competition Commission, Competition Tribunal and Competition Appeal Court deal with merger control, restrictive business practices and abuses and price discrimination by dominant firms. Several cartel cases have been successfully prosecuted by the Competition Commission with the imposition of severe financial penalties. The Commission has a cartel leniency policy and has published penalty guidelines for public comment. An Amendment to the Competition Act provides for the criminalisation of cartel conduct but has not yet taken effect.

The Takeover Regulation Panel regulates acquisitions and takeovers of all public companies, state owned companies and certain private companies. The Companies Act sets out the fiduciary duties of directors, corporate governance rules, mergers, amalgamations, public offers, schemes of arrangement, significant controls for non-executives and “business rescue” (similar to the USA’s Chapter 11).

The Financial Services Board supervises the activities of financial institutions and financial service providers. Banks are regulated by the Registrar of Banks. Telecommunications, broadcasting, medical schemes, short and long term insurance, pension funds, medicines and pharmaceuticals, gambling and lotteries are regulated under separate legislation and regulations. There is also environmental legislation which imposes personal liability on directors of contravening firms in certain circumstances.

The Consumer Protection Act and National Consumer Commission provides significant protection for consumers (defined as individuals and entities with turnover or assets under R2 million) and franchises. The National Credit Act also protects consumers by regulating the extension of credit and enforcement of debts in certain circumstances. The Promotion of Access to Information Act (PAIA) provides for access to Government and private firm information in certain circumstances. Personal data protection legislation is currently before Parliament.

There are strict anti-corruption laws as well as “know your client” information gathering requirements under the Financial Intelligence Centre Act which established the Financial Intelligence Centre to help combat money-laundering.

INTELLECTUAL PROPERTY

Protection is provided by statute and common law for patents, trademarks, copyright, designs and other intellectual property. There are public registries for trademarks, designs and patents and South Africa is a signatory to the Berne and Paris Conventions for the Protection of Literary and Industrial Property and is a member of the World Intellectual Property Organisation (WIPO). The Department of Trade and Industry issued a draft national policy on intellectual property for public comment in September 2013 which suggests for strengthening patentability criteria, allowing patents to be opposed before they are granted and recommending a patent examination system. The Government has also proposed changes to protect South Africa’s traditional and indigenous knowledge.

TARIFFS AND TRADE

Exports mainly comprise gold, diamonds, platinum, other metals and minerals, machinery and equipment and certain agricultural products. Imports mainly comprise machinery and equipment, chemicals, petroleum products, scientific instruments and certain foodstuffs. China is currently South Africa’s largest individual trading partner (for both imports and exports) although the member states of the European Union together are a larger trading partner than China. Other major export partners are Japan, Germany, UK, USA and the Netherlands. Other major import partners are Germany, USA, UK, Japan and Saudi Arabia (oil).

Import tariffs and direct controls such as import permits exist. There is free and virtually unimpeded exchange of goods between member states of the Southern African Customs Union (Botswana, Lesotho, Namibia, South Africa and Swaziland).

South Africa has concluded a trade agreement with the European Union (EU) for a Free Trade Area (FTA) between South Africa and the EU. The new regime is called Economic Partnership Agreement (EPA) on 15 July 2014 with the Southern African Development Community (SADC) EPA Group comprising Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland.

A tripartite FTA between SADC, the East African Community and the Common Market for Eastern and Southern Africa (COMESA) has been launched to lower trade barriers and establish a FTA which would stretch from South Africa to Egypt.

South Africa has benefited from the USA’s African Growth and Opportunity Act (AGOA) which allows certain South African products to enter the USA duty free (it is currently unclear whether AGOA will be extended by the USA after its review in 2013). An agreement has been concluded between the EU and SADC, South Africa, Angola, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, Swaziland, Tanzania, Zambia and Zimbabwe, providing for the liberalisation of trade and lowering of tariff barriers with the ultimate establishment of a FTA.

INVESTMENT INCENTIVES

There are Government programs to support research and development, black owned and small/midsize businesses, export market research, trade missions and other export initiatives, focused incentives, manufacturing projects and certain industry specific incentives (eg in the motor manufacturing, tourism and film industries).

South Africa has implemented a “headquarter company” regime to incentivise firms to use South Africa to hold investments in other African countries (or elsewhere). There are certain relatively complicated requirements to qualify including:

- The company must be incorporated or have its place of effective management in South Africa in each year
- Each shareholder must hold 10% or more of the equity shares and voting rights in the company (ie the maximum number of shareholders is 20)
- In each year 80% or more of the cost of the total assets of the company must be attributable to an interest in equity and/or a loan to a foreign company in which the headquarter company has at least 10% of the equity and voting rights and/or intellectual property that is licensed to such a foreign company
- In any year and if the gross income exceeds R5 million, at least 50% of the gross income of the company must comprise rental, dividends, interest, royalty or a service fee payable by such foreign company or comprise the proceeds from a disposal of an interest therein

The headquarter company will be subject to tax on its worldwide income (like other South African residents) but its shareholders will be exempt tax on any dividends declared by it. Dividends paid by the company to its shareholders will be exempt from income tax in their hands. Similarly dividends received by the headquarter company are exempt from tax where it holds at least 10% of the equity and voting rights in the foreign company. The withholding tax on interest, which applies from 1 July 2013, will also not apply to interest paid by a headquarter company to a non-resident lender. Transactions involving royalties do not apply to:
- Loans by the headquarter company to investees (if it holds at least 10% of the equity and voting rights in the investee)
- Loans from non-residents that are on-lent by the headquarter company to investees
- Intellectual property licensed to the headquarter company and licensed by it to such investees
- Interest on loans and royalties on intellectual property licensed from a headquarter company to independent third parties
- Capital gains tax on sales of shares held by the headquarter company, as well as shares in the headquarter company
- In any year and if the gross income exceeds R5 million, at least 50% of the gross income of the company must comprise rental, dividends, interest, royalty or a service fee payable by such foreign company or comprise the proceeds from a disposal of an interest therein

Other benefits include an exemption from capital gains tax on sales of shares held by the headquarter company, as well as shares in the headquarter company.

If a South African incorporated company is used as a headquarter company, the company may also be registered with the exchange control authorities as a headquarter company under the exchange control rules (which are very similar to the tax rules) and such registration will result in exemption of the headquarter company from the exchange control rules.

The headquarter company will have to make an annual election to be a headquarter company for tax purposes and must also submit an annual report (which will not be onerous or lengthy) to the Treasury.

Industrial Development Zones have been established at the ports of East London and Coega (near Port Elizabeth) in the Eastern Cape Province and the Port of Durban Bay in KwaZulu Natal. Zones have been proclaimed at OR Tambo International Airport in Johannesburg and the port of Saldanha north of Cape Town in the Western Cape. The Government has prepared legislation for special economic zones to provide a coordinated legal framework for the zones and which will have various incentives for firms to establish themselves in the zones.

Financing at reduced interest rates may be obtained from the South Africa’s Industrial Development Corporation (IDC). Financing and other assistance is also available to small and medium sized businesses from the State owned Khula Enterprise Finance and Small Enterprise Development Agency. South Africa has also been assisting the European Commission and Investment Partner program. Projects may also obtain financing from the Development Bank of South Africa. Various foreign funders and donors including the World Bank, International Finance Corporation (IFC), Commonwealth Development Corporation and USAID have a presence in South Africa.

LEGAL SYSTEM

The legal system is based on Roman Dutch common law with important influences from English law. The Constitution is the supreme law and entrenches basic human and economic rights and the independence of the judiciary. The court system comprises lower Magistrates Courts and the High Courts. Administrative decisions may be reviewed by the courts. Constitutional matters are dealt with by the Constitutional Court which is empowered to strike down legislation which conflicts with the Constitution. Appeals on non-constitutional matters are heard by the Supreme Court of Appeal in Bloemfontein. Foreign jurisdictions and arbitral awards may be enforced in South Africa.

South Africa has signed the New York Convention and (although its 1965 Arbitration Act needs reform) arbitration has become popular especially for commercial disputes. A local independent body, the Arbitration Foundation of Southern Africa (AFSA), has established a good reputation and track record. South Africa has also established an African Continental FTA, an alternative dispute resolution body for African commercial disputes which provides a cheaper alternative to arbitrations outside Africa under for example the rules of the International Chamber of Commerce (ICC) and London Court of International Arbitration (LCIA). A new International Arbitration Act is pending which is intended to establish South Africa as an African dispute resolution forum. An arbitration centre for the resolution of African disputes involving Chinese investors has been established in Johannesburg.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

South Africa is a member of the Southern African Customs Union (SACU), Common Monetary Area (CMA), Southern African Development Community (SADC), World Bank, International Monetary Fund (IMF), African Union (AU) and its New Partnership for African Development (NEPAD) program, the United Nations and its agencies, the World Trade Organisation (WTO), the British Commonwealth, the G20, IBSA (Brazil, India and South Africa) and BRICS (Brazil, Russia, India, China and South Africa).

LABOUR RELATIONS

There are several statutes regulating labour relations, basic
conditions of employment and occupational health and safety and protecting the rights of employees. The Employment Equity Act promotes affirmative action for black people, women of all races and people with disabilities. Employers pay skills levies (equal to a percentage of the value of their payrolls) under the Skills Development Levies Act. A Commission for Conciliation, Mediation and Arbitration (CCMA), Labour Court and Labour Appeal Court deals with labour disputes. Expatatriates require work permits.

COUNTRY INFORMATION

Swaziland has a population of approximately 1.2 million.

POLITICAL SYSTEM

Swaziland is a constitutional monarchy with the Parliament and Senate partly elected through an intricate process and partly appointed by the monarch.

ECONOMIC INDICATORS

In terms of an agreement between Swaziland, South Africa, Lesotho and Namibia, Swaziland is part of a Common Monetary Area which allows for the free flow of funds between the four countries. The Swazi Lilangeni (Emalangeni is the plural) is pegged (one to one) to the South African Rand.

INFLATION RATE

The inflation rate mirrors that of South Africa.

FORMS OF BUSINESS

- Private or public limited liability company
- External company (i.e. a branch of a foreign company)
- Partnership
- Trading trust
- Sole trader.

FORMATION OF A COMPANY

Companies, trusts and external companies must be registered with the company authorities in Mbabane. Prior to commencing operations, a trading licence from the Ministry of Commerce and Enterprise is required and the firm must thereafter register for tax, value added tax (if its turnover will exceed 500 000 Emalangeni per annum), workmen’s compensation, graded tax and Swaziland National Provident Fund. Business licences are required for most activities.

REGULATORY FRAMEWORK

The Swaziland Stock Exchange has regulations governing dealings in securities listed on it which are in line with those of the Johannesburg Stock Exchange. Various sectors such as banking, insurance, communications and micro lending are regulated by statutorily appointed regulators.

EXCHANGE CONTROL

Although exchange controls exist, South Africa, Lesotho, Namibia and Swaziland have no exchange control restrictions between them (and the flow of funds and payments between them is unrestricted) by virtue of their membership of the Common Monetary Area (CMA). Swaziland is a member of the Southern African Customs Union (SACU) together with South Africa, Lesotho, Botswana and Namibia.

TAXATION

Tax is levied on income from actual and deemed Swaziland sources. The corporate tax rate is 30%. Withholding tax is 15% of dividend payments to non-resident shareholders. Value Added Tax (VAT) is 14%. There is no capital gains tax or tax on dividends or distributions paid to residents.

Swaziland has double tax agreements with various countries in Africa including South Africa.

IMPORT / EXPORT

Import tariffs and direct controls such as import permits exist. There is virtually unimpeded exchange of goods between member states of the Southern African Customs Union. In addition Swaziland is party to several preferential trade agreements in Africa, Europe and the United States and there are many export incentives available to genuine exporters.

LEGAL SYSTEM

The Swazi legal system and the judiciary are independent and follow the principles of Roman Dutch law.

INTELLECTUAL PROPERTY

Protection is provided by statute and the constitution. There are public registries for trademarks and patents. Swaziland is a signatory to the Berne and Paris Conventions.
Iron ore and diamond mining rights have been granted and mining is an exciting emerging sector. The Minerals Management Swaziland has coal, iron ore, diamonds and gold deposits.

MINING
Swazi industry is focussed mainly on textiles.

There are landlines and GSM cellular operators in Swaziland. A fair amount of energy is produced locally but not enough to produce a limited amount of energy for their own use. Water storage dams. The Swaziland Water and Agricultural Development Enterprise Limited (SWADE) is a statutory body setting up facilities to facilitate amongst other things, the erection of storage dams and the monitoring and usage of water.

ENERGY
Most energy is purchased from South Africa and Mozambique. A fair amount of energy is produced locally but not enough to sustain demand. Swaziland plans to augment its energy requirements using its own coal supplies. Swaziland has coal, iron ore, diamonds and gold deposits. Mining is an exciting emerging sector. The Minerals Management Board oversees the grant of prospecting and mining rights. Iron ore and diamond mining rights have been granted and prospecting licences for coal and tin have been granted.

AGRICULTURE
Swaziland is the eighth largest sugar producer in the world. The country also has a thriving timber and pulp industry.

INCENTIVES
The following are the main incentives to investors in Swaziland:

- Machinery imported into the country for the purposes of setting up businesses is exempt from value added tax
- The labour market in Swaziland is competitive with other Southern African countries
- Non-Swazi citizens are able (to an extent) to purchase immovable property and investors who purchase property in the Matsapha Industrial Area are exempt from paying for and obtaining the consent of the Land Speculation Control Board
- A development approval order may be obtained in terms of which businesses may be granted additional tax concessions such as reduced corporate tax and an exemption on withholding tax on dividends to non-resident shareholders.

LABOUR RELATIONS
There are well established labour laws and an efficient Industrial Court. The laws recognise full freedom of association and there are organised labour unions in existence.

TREATIES AND BILATERAL AGREEMENTS
Swaziland is a signatory to most United Nations (UN) treaties and is a member of the World Bank, the International Monetary Fund (IMF), African Union (AU), Southern African Customs Union (SACU) and Southern African Development Community (SADC). It has bilateral tax agreements with a number of African countries.

COUNTRY INFORMATION
The United Republic of Tanzania, the largest country in East Africa was formed in April 1964 from the Union of Tanganyika and Zanzibar, which were granted independence in 1961 and 1963, respectively. The country has an area of over 945,200 km² and a population of approximately 45 million drawn from a wide diversity of tribal groups. The Tanzanian mainland covers 945 087 km² and Zanzibar 1 658 km². According to the 2012 Population and Housing Census for the United Republic of Tanzania (2012 Tanzania Population and Housing Census, National Bureau of Statistics) the official population of Tanzania is 44 928 923 of which 43 625 354 reside on the Tanzanian mainland and 1303 569 in Zanzibar. The capital city is Dodoma (legislative) while Dar es Salaam is the major commercial city. Other Metropolitan centers are Arusha, Mwanza, Mbeya, Mtwara and Kilimanjaro.

POLITICAL SYSTEM
The country is a unitary republic of two states based on a multi-party parliamentary democracy. The two states are the Republic of Tanzania and the Revolutionary Republic of Zanzibar (together forming the United Republic of Tanzania). All state authority in Tanzania is exercised and controlled by the Government of the United Republic of Tanzania and the Revolutionary Government of Zanzibar.

LATEST GDP FIGURES
In October 2014 the Government released revised estimates of Tanzania’s Gross Domestic Product, (GDP) for the base year 2007. The revision was aimed at enhancing the quality of National Accounts estimates to better portray the economic activities in the country and ensure international comparability by using concepts, definitions and methods described in the UN System of National Accounts 1993 (SNA 1993) and (partly) the 2008 SNA. The revised GDP at market price is estimated at 70 Trillion Tanzanian Shillings for 2013 (after revision) with the 2008 SNA. The revised GDP at market price is estimated at 70 Trillion Tanzanian Shillings for 2013 (after revision) with a growth rate of 6.9 % for the second quarter in 2014. The contributions of various sectors to GDP include agriculture 31.7%, Wholesale and Trade 10.6%, Construction 9.3%, Manufacturing 6.9%, Mining 4.3%, Transport 4.0% and Hotels and Restaurants 1.3%.

INFLATION RATE
Annual inflation rate in Tanzania accelerated to 6.6% in November of 2015 from 6.3% in the previous month. This is the highest figure since September. The inflation rate in Tanzania averaged 7.48% from 1999 until 2015, reaching an all-time high of 19.80% in December of 2011 and a record low of 3.40% in January of 2003.

INVESTMENT CLIMATE
The Tanzanian Government has a favourable policy towards foreign direct investment (FDI) and has made significant efforts to encourage FDI. Generally, foreign investors receive the same treatment as local investors. The Tanzania Investment Act No 26 of 1997 (“TIC Act”) makes provisions for more favourable conditions for investors. The TIC Act establishes the Tanzania Investment Centre (TIC) as the Government agency with the objectives of promoting and facilitating investment. Benefits available under the TIC Act include the guaranteed repatriation of profits and proceeds of sale of investment, a guarantee against expropriation, guaranteed minimum quotas of up to five expatriate employees and certain tax benefits. The TIC Act applies to all businesses other than mining and oil exploration and exploitation. However, the benefits in relation to the guaranteed repatriation of dividends of capital and the guarantee against expropriation available under the TIC Act are also extended to investors in mining and oil exploration and exploitation. In addition, the Constitution of the United Republic of Tanzania guarantees the right to private ownership of property and State protection of that property and forbids the nationalisation of private property without due process that guarantees fair and speedy compensation. Similar incentives are offered to investors in Zanzibar through the Zanzibar Investment Promotion Agency (ZPA).

All land in Tanzania is public land vested in the President who grants rights of occupancy for specific periods of 33 years, 66 years and 99 years. There is a Central Land Registry in which all land titles are registered. One copy of the title deed is kept at the Land Registry, the other copy being in the possession of the owner. Any mortgages, charges or similar third party rights against the property or the transfer of the right of occupancy
are endorsed on the two copies of the title deeds as proof of their existence. There are Zonal Land REGISTries which are administratively answerable to the Central Land Registry. The Commissioner for Lands is the principal administrative officer and advisor to the Government with respect to land matters and he/she is a Presidential appointee.

Investments on the Dar es Salaam Stock Exchange (the DSE) are open to foreign investors but the injection of foreign capital is capped at 60% of the listed shares. However, in the case of a public issue and with prior written approval of the Capital Markets and Securities Authority (CMASA), foreign investors may acquire securities in excess of the prescribed limit to residents of the East African Community and foreign investors, in that order of priority, if Tanzanians do not take up the securities.

FORMS OF BUSINESS

Principal forms of business organisation are a sole proprietor, partnership, company and registered branch of a foreign company.

FORMATION OF COMPANIES

Limited liability companies and branches must be registered with the Business Registration and Licensing Agency (BRELA). Partnerships and sole traders in names other than their own have to be registered with BRELA. A foreign investor can set up a place of business in Tanzania by either registering a branch of a foreign company or by incorporating a local company. A company can be incorporated as an independent entity or a subsidiary of a parent company which is incorporated in a foreign jurisdiction. Companies may be 100 percent foreign owned except in certain sectors such as shipping agencies, insurance, telecommunications, TV and radio stations and certain small scale mining licenses which are restricted to citizens of Tanzania or require a specified percentage of local participation. Business licenses must be obtained for all forms of business undertaken for gain. Certain businesses like banks, insurance companies, contractors, tour operators, hotels, mining, oil and gas and professionals must have specific licenses issued by the respective regulatory authorities in addition to business licenses.

EXCHANGE CONTROLS

Tanzania enjoys a liberal foreign exchange control regime where residents can establish and maintain foreign currency bank accounts with local banks with limited regulation of international transfers. However, the Bank of Tanzania regulates the establishment of foreign currency accounts abroad and dealings relating to gold.

TAXATION

The Income Tax Act 2004 regulates the assessment and collection of revenues. Other tax statutes include the Value Added Tax Act 2014, the East African Community Customs Management Act, 2004 and the Stamp Duty Act, Revised Edition 2006. The main taxes are:

- Corporate income tax - 30% (25% for newly listed companies for three years)
- Individual income tax - maximum rate of 30%
- VAT - 18%
- Tax on the disposal of an investment by an individual resident - 10% on local assets and 30% on overseas assets
- Tax on the disposal of an investment by an individual non-resident - 20% on local assets and 30% on overseas assets
- Tax on the disposal of an investment by corporates (both resident and non-resident) - 30%
- Stamp duty on conveyancing - 1%

There are various capital deductions on buildings, plant and machinery, agriculture or livestock farming, manufacturing and tourism, mining prospecting as well as oil and gas exploration. Tanzania has double taxation treaties currently in force with Canada, Denmark, Finland, Italy, Norway, South Africa, Sweden and Zambia. Agreements with Kenya and Uganda are signed but awaiting ratification.

MONETARY POLICY

Tanzania’s monetary policy is formulated by the Bank of Tanzania using instruments such as the Refinancing Policy, Minimum Reserve Policy, Open Market Policy, foreign exchange interventions and others. The attainment of monetary policy objectives is by a continued application of market oriented policies in the financial sector, the public sector, the industrial sector, the agricultural sector and the external payments regulatory regime.

LEGAL SYSTEM

Tanzania’s legal system is sourced from English common law, statutes, custom, Islamic law and customary law. English common law applies only in the absence of statutory law and where commercial law has been enacted, the common law does not apply. Islamic law is applied only in matters of marriage and succession to Tanzanians of Islamic faith while customary law applies generally to matters of ancestral land ownership and inheritance.

The judicial system is made up of the Court of Appeal of Tanzania which extends to Zanzibar, the High Court of Tanzania, Courts of Resident Magistrates, District Courts, Primary Courts and special tribunals. Zanzibar has its own High Court and subordinate courts. A Commercial Court was established as a division of the High Court of Tanzania in 1999 to quickly decide commercial disputes.

Tanzania has supportive business and commercial laws, such as the law guaranteeing private property rights (which is also enshrined in the constitution), laws authorising business enterprises (the Companies Act, 2002) and the Business Names Registration Act, laws governing contracts, the sale of goods, leases, payment and credit instruments, secured transactions, bankruptcy and unfair trade practices, among others.

INTELLECTUAL PROPERTY

The Copyright and Neighbouring Rights Act No. 7 of 1969 provides for the protection of copyright and other rights in literary, artistic works, folklore and other related matters.

The Trade and Service Marks Act No. 12 of 1998 provides for the registration and protection of trade and service marks and related matters.

The Patent (Registration) Act No. 1 of 1987 provides for the protection of inventions and innovation for the facilitation of the acquisition of technology on fair terms through the grant and regulation of patents, utility certificates and innovation certificates.

BANKING

The Bank of Tanzania is responsible for establishing conducive money policies to ensure low and stable inflation.

The Banking and Financial Institutions Act No.5 of 2006 (BIFA) caps the size of the license relating to banking and aims to harmonize the operations of all financial institutions in Tanzania, to foster sound banking activities, regulate credit operations and provide for other matters incidental to or connected with those purposes.

INSURANCE

The Insurance Act No.10 of 2009 came into force on 1 July 2009 and established the Tanzania Insurance Regulatory Authority (TIRA) which is vested with the powers to regulate the insurance market in Tanzania and promote and maintain an efficient, fair, safe and stable insurance market for the benefit and protection of insurance policyholders.

KEY STRATEGIC GROWTH INITIATIVES BY GOVERNMENT/PRIVATE SECTOR

The National Strategy for Growth and Poverty Reduction (NSGRP) has identified Private Sector Development (PSD) as an important source of Tanzania’s economic growth. The strategy stipulates that domestic firms including Small and Medium sized Enterprises (SMEs) will be supported and encouraged to be innovative, pay attention to product development, quality and superior marketing strategies that make them competitive and capable of responding to global market conditions.

PUBLIC PRIVATE PARTNERSHIPS

The Public Private Partnership Act No. 19 of 2010 ("PPP Act") has been amended by the Public Private Partnership (Amendment) Act 2014. The main purpose of the PPP Act is to promote private sector participation in the provision of public services through public private partnership projects involving investment capital, managerial skills and technology. The Amendment went further to make sure all Public Private Partnership projects (both solicited and unsolicited) must be procured through an open and competitive bidding process.

ECOMOMIC EMPOWERMENT

The Government of Tanzania has implemented the National Economic Empowerment Policy of 2004 by providing (through various funds and programs) soft loans and advice on forming cooperatives (SACCOS) and Village Community Banks (VICOBAs) in order to promote income generation, employment and poverty reduction.

The Government continues to promote the National Economic Empowerment Policy to citizens to enable them to understand it and participate effectively in its implementation. It provides training to entrepreneurs, advice on savings and investments and conducts studies aimed at developing entrepreneurship skills as well as initiating and improving economic activities. In addition, the Government will also continue to promote the participation of people in development activities through the Tanzania Social Action Fund (TASAF).

In line with the National Economic Empowerment Policy, the National Economic Empowerment Act No. 16 of 2004 has been enacted in order to establish the National Economic Empowerment Council for the promotion and facilitation of ownership, income generating activities and assets by Tanzanians, to provide a legal and institutional framework for the Council, to establish the national Economic Empowerment Fund and to provide for the control of the financial affairs of the Council and the Fund and other incidental matters.

TREATIES AND BILATERAL AGREEMENTS

Tanzania has entered into bilateral treaties for the promotion and protection of Foreign Direct Investment (FDI) with Denmark, Finland, Germany, India, Italy, Netherlands, Norway, Sweden, Switzerland, United Kingdom and Zambia.

Tanzania is a signatory to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, the Centre for Settlement of Investment Disputes (ICSID) and Multilateral Investment Guarantee Agency (MIGA). The Tanzanian courts will uphold the judgments of foreign courts or foreign arbitral awards on a reciprocal basis. Tanzania has reciprocal enforcement of judgments agreements with the United Kingdom, Switzerland, United States, Zambia, New South Wales, Mauritius, Sri Lanka, Botswana and Lesotho.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Tanzania is a member of the United Nations Organisation, the African Union, the East African Community (EAC) and the Southern African Development Community (SADC).

ROAD AND TRANSPORT

Transport in Tanzania is mainly by road supplemented by a series of railway networks. Tanzania's road network is currently made up of 49,514 km of tarred roads connecting all major regions across the country. Tanzania has an abundance of coastal and lake waterways around its borders. The active ports are Dar es Salaam, Tanga, and Mtwara. There are also the minor ports of Kilwa, Lindi and Mafia on the Indian Ocean.

WATER

Tanzania has sufficient water resources to meet most of its
present needs. They include surface and underground sources.

ENERGY AND GAS

Electricity generation, transmission and distribution in Tanzania is provided through the Tanzania Electric Supply Company (TANESCO). Although electricity generation and distribution has been liberalised, TANESCO (a 100% Government owned entity) is responsible for 98% of the electricity supply. Biomass-based fuels particularly fuel-wood (charcoal and firewood) accounts for more than 90% of the primary energy supply.

Commercial energy sources i.e., petroleum and electricity, account for about 8% and 1.2% respectively of the primary energy used. Coal, solar and wind account for less than 1% of energy used.

TELECOMMUNICATIONS

Tanzania has the second largest telecommunications market in East Africa after Kenya. Tele-density has risen from 1% in 2001 to 61% in September 2013 representing a subscriber base of 27 395 650 million mobile subscribers.

The Electronic and Postal Communications Act No. 3 of 2010 came into force on 20 March 2010. It sets out the procedure for regulating the communications industry and requires the registration of all detachable SIM cards and built-in SIM card mobile telephones. The objective is to enhance national security, to protect consumers from misuse of communication services and to enable consumers to be identified when they use value-added services such as mobile money transfers (another mobile service which is growing steadily). The Act also requires existing licensees of network facilities, network services, application services or content services to offer their shares to the public on the Dar es Salaam stock exchange within three years from the commencement of the statute. The listing of such shares must however comply with the listing requirements of the Capital Markets and Securities Authority. Regulations governing the listing of mobile company operators have not yet been issued.

AGRICULTURE

Agriculture is the most important sector of the economy, accounting for over 20% of the Gross Domestic Product (GDP). Coffee, tea, sisal, cotton and tobacco are the principal exports accounting for as much as 60% of total exports. Mining, tourism, transportation, manufacturing and fishing are playing an increasingly important role in the economy. Agriculture is still dominated by subsistence farming. Food crops make up about 85% of the sector with livestock accounting for 35%. Major food crops include cassava, millet, maize, sorghum, rice, wheat, pulses (mainly beans) potatoes, bananas and plantains. Tanzania has good fertile land and the production of more food than required in 2014 is partly responsible for the low inflation figure of 6.8% by the end of December 2014.

TOURISM

There has been a significant increase in tourism with arrival numbers exceeding one million tourists per year. Popular tourist destinations include the Ngorongoro Carter, the popular Kilimanjaro, Serengeti and Lake Manyara national parks and Zanzibar. Southern tourist destinations are also becoming popular including the Selous Game Reserve and the Ruaha and Katavi national parks. Smaller national parks include Mikumi, Gombe and Tanga. Tanzania’s national parks and reserves constitute about 25% of Tanzania’s land area.

MINING

Mining is an important sector of the economy. Tanzania is Africa’s third largest gold producer after South Africa and Ghana and is estimated to have gold reserves of more than 1000 tonnes. Until 2012, mining constituted up to 60% of Tanzania’s export revenue of which about 47% came from gold alone. Tanzania boasts a variety of other minerals including tanzanite, silver, copper, diamonds, rubies, sapphires, base metals, platinum, coal, uranium, agro-minerals, chemicals, graphite and other industrial minerals including soda ash, kaolin, granite, marble and quartzite. Salt is found along the coast and inland lakes, along with vermiculites, limestone, silica sands, phosphate, gypsum and mica.

On 23 April 2010 the Mining Act No.14 of 2010 came into force and made substantial amendments to the laws relating to prospecting, mining, processing and dealing in minerals, the grant, renewal and termination of mineral rights and the payment of royalties, fees and other charges. The Mining Act 2010 increased the tenure of a prospecting licence from 7 to 9 years.

OIL AND GAS

Tanzania has increasingly drawn attention as a leading destination in terms of oil and natural gas exploration in East Africa. The newly passed Petroleum Act 2015 provides for the regulation of upstream, midstream and downstream petroleum activities, the establishment of the Petroleum Upstream Regulatory Authority and a National Oil Company and securing the accountability of petroleum entities.

In 2012 and 2013 Tanzania led the region in new discoveries of natural gas with 43.1 trillion cubic feet of proven natural gas reserves in August 2013. Following these discoveries there is increased expectation of an oil find but the Government is currently focused on natural gas and its exploitation. Commercial opportunities in exploration include bidding for blocks advertised by the Ministry of Energy and Minerals from time to time, the direct application for blocks, farming into existing Production and Sharing Agreements (PSAs), power generation and upstream services as well as material and services suppliers to this growing sector. There are active downstream activities in relation to natural gas and oil. Open areas being promoted by the Tanzania Petroleum Development Corporation (TPDC) include the Rufiji basin, inland rift basins of Lake Tanganyika, Lake Rukwa, Lake Nyasa and the Ruhuhu Karoo basin. A major natural gas pipeline from the natural gas fields in Mtwara to Dar es Salaam (the main commercial capital) has been constructed by the Government and is due to start transporting gas in February 2015. This will increase access to natural gas by industries, offices and homes.
**VISA REQUIREMENTS**

Visitors from other countries must obtain visas from Uganda’s diplomatic and consular missions abroad. Visas can also be obtained at: Entebbe Airport or any other entry point in cases where foreign nationals cannot access a Uganda diplomatic and consular mission abroad, provided one satisfies the entry requirements. It is however advisable to get a visa before embarking on a trip to Uganda to avoid unnecessary paperwork at point of entry.

The following visa fees are charged:

- Single entry: US$50
- Transit Visa: US$50
- Multiple Entry (6-12 months): US$100
- Multiple entry (24 months): US$150
- Multiple entry (36 months): US$200
- Student Visa: US$100

**REGISTRATION OF A FOREIGN COMPANY**

Foreign companies establishing a place of business in Uganda are required to register as foreign companies in terms of the Uganda Companies Act. The information required for registering a foreign company is as follows:

- Several copies of a company’s Memorandum and Articles of Association
- A complete list of all the directors and the secretary of the company, their names, postal addresses, nationalities and business occupations
- A statement of all subsisting charges created by the company
- A list of the shareholders of the company
- A letter from the Registrar of Companies in the company’s home country confirming that the company is registered in the home country
- The name and permanent address of a person resident in Uganda authorised to accept on behalf of the company service of court process and any notices required to be served on the company
- The full address of the principal/registered office of the company
- Official registration and processing fees.

**VISA REQUIREMENTS**

Under Ugandan immigration regulations, the requirement to obtain a visa to visit Uganda varies according to the visitor’s country of origin. Ugandan visa policy is based on the principle of reciprocity i.e all countries that require visas for Ugandans are also subject to visa requirements in Uganda.

**RELOCATION OF A FOREIGN COMPANY**

- The full name, address, age, nationality, position and other occupations of all members. The statutory minimum number of members required for a limited liability company is one
- The primary or principal objectives of the company. This is a requirement because legally a company cannot engage in any business that is outside the scope of its Memorandum of Association. This requirement is however going to change with the commencement of the new Companies Act
- The share capital of the company and the capital contribution of each member to the company. The official stamp duty is set at 0.5% of the nominal share capital. Normally we recommend that the initial share capital is only One Million Uganda Shillings (Ushs) (about USD 600) as this significantly reduces the cost of incorporation by minimising stamp duty. The share capital can be increased as and when the requirement arises.
- The name of at least two directors of the company. Other directors can be appointed in due course by company resolutions

**CLASSES OF TAXES IN UGANDA**

Both direct and indirect taxes apply in Uganda. Direct taxes are levied on individual and corporate income. Indirect taxes are levied on certain transactions such as the sale and purchase of land, goods and services.

**TAXATION OF INDIVIDUALS**

Income tax is calculated on the individual’s net assessable income after making allowance for deductible expenses. The sources of assessable income for individuals include employment, business and property. The annual income thresholds for Ushs 2 820 000 (approx. US$1 000) below which no income tax is chargeable for an individual. Different tax rates apply depending on whether the individual is a resident or non-resident of Uganda for tax purposes.

**Income Tax Annual Rates for Residents (Ushs per annum)**

- Ushs 0 —2 820 000 – Nil
- Exceeding 2 820 000 but not exceeding 4 020 000 - 10% of the amount by which chargeable income exceeds Ushs 2 820 000
- Exceeding 4 020 000 but not exceeding 4 920 000 - Ushs 120 000 plus 20% of the amount by which chargeable income exceeds Ushs 4 020 000
- Over Ushs 4 920 000 - Ushs 582 000 plus 30% of the amount by which chargeable income exceeds Ushs 4 920 000
- Pay as you Earn (PAYE) Tax and Taxation of Employment Benefits

PAYE is not a separate tax. It is an installment income tax system under which employers are required to deduct tax instalments from their employees’ salary or other employment income. The instalments so deducted are remitted to the Uganda Revenue Authority (URA) and based on the PAYE tax return lodged by the employer. The employer offsets the total amount deducted from the individual employee against the employer’s tax liability at the end of the tax year. Every employer must therefore register for PAYE as well as be familiar with the rules relating to filing of PAYE returns and the computation of PAYE.

**TAXATION OF COMPANIES AND OTHER BUSINESS ENTITIES**

A corporate tax is levied on companies, partnerships and sole proprietorships. Any income arising out of any trade, profession, vocation or adventure in the nature of trade is taxable under special rules applicable to business entities unless otherwise specified as being exempt under the tax code.

The income of all companies accruing or derived from Uganda is taxable. A company is liable to pay tax separately to its shareholders. The sources of a company’s income on which tax can be levied include profits and gains from any business carried on for whatever period of time. Other sources include dividends from shareholding in other companies and interest from the use of the company’s property.

**Income tax rates are:**

- Resident and Non-Resident Companies - 30%
- Branch tax - 30%
- Branch profit Remittance tax - 15%
- Capital Gains tax - 30%
- Mining Companies - 25–45% **TAXATION OF PARTNERSHIPS**

Income tax assessments for a partnership can be made either in respect of the individual partners or in the partnership’s name. The profits of a partnership, including a firm carrying on a trade or profession, are taxable at a rate of 30%.

**TAXATION OF SOLE PROPRIETORSHIPS**

A sole proprietor is taxed in the same way as an individual.

**TAXATION OF TRUSTS**

The income tax rate applicable to trusts is 30% of the chargeable trust income for the relevant year of income. A trust is exempt from income tax where income of the trust is paid directly to the beneficiary without passing through the hands of the trustee or where a trustee relies on the argument that a share or part of the assessable income accrues or arises for the benefit of the beneficiary.

**VALUE ADDED TAX (VAT)**

VAT is a consumer expenditure tax. It is payable by individuals, corporate entities and other businesses and enterprises alike. The business sales turnover threshold for VAT is Ushs 50 000 000 (approx. US$18 000) per year or Ushs 12 500 000 (approx. US$4 500) per three consecutive months. Individuals and firms whose business sales turnover is below the thresholds are not required to register for VAT. Individuals and firms with business sales turnover of above the thresholds must register for VAT. It does not matter whether the business is profitable or not. All VAT registered persons are entitled to an input tax credit i.e. a refund of VAT attributable to tax paid on inputs (raw materials) used to generate income by the business.

**STAMP DUTY**

Stamp duty is a direct tax levied on specified documents and transactions under the Stamps Act. These include legal documents and transfers and specified agreements.

**TAXATION OF RENTAL INCOME**

Rental income of an individual is segregated from other income and is taxed at a rate of 20% of gross rental income in excess of Ushs 2 820 000 per year.

**WITHHOLDING TAX**

Dividends and interest are subject to a withholding tax of 15% for both residents and non-residents. However interest paid abroad by a resident in respect of debentures issued by a foreign company for the purposes of raising loan capital to carry out business in Uganda is exempt. A 6% withholding tax is imposed on any payment to a person in Uganda from the Government of Uganda, a Government institution, a local authority, any company controlled by the Government of Uganda or any person designated in a notice issued by the Minister of Finance of an amount in aggregate exceeding one million Ushs for the supply of goods or materials of any kind or any service. The Minister of Finance has powers to exempt companies from paying withholding tax.

In addition non-residents are subject to 15% withholding taxes on royalties, management fees, entertainers and sports personnel incomes, natural resource payments and equipment leases on income earned from Uganda.

**KEY INDUSTRY SECTORS**

The following investment opportunities are available:

- Uganda has a burgeoning oil sector. Uganda has approximately 3.5 billion barrels of oil and 350 billion cubic feet of gas in the Albertine Grabben region in the western part of the country. There are many opportunities in ancillary industries.
- Agriculture is one of the leading sectors. Uganda is one of the leading producers of coffee and bananas and a major...
producer of cereals, tea, vegetables and fruits

- Uganda’s energy consumption is still greater than its production resulting in many areas having insufficient power.
- Uganda has many high mineral potential areas which are inadequately explored. Minerals such as limestone for cement, gold, tin, tungsten are available for mining.
- Fish farming is one of Uganda’s leading foreign exchange earners. Opportunities include the processing of canned fish, aquaculture and fish leather processing.
- Building and construction industry. Given the rate at which the Ugandan population is increasing, there is a need for affordable housing. Opportunities include the provision of low cost housing in urban and semi-urban areas, housing and mortgage finance and construction equipment and building materials.
- Foods and beverages. Opportunities are available mainly in the utilisation of local agricultural raw materials to manufacture agro-processed products with export potential. Additional opportunities exist for support industries to the sector for example in packaging, value added processing and cold storage at export points.
- There are opportunities in the information and communication technology sector. Uganda has a supportive regulatory framework for developing ICT infrastructure.
- Opportunities in the tourism sector include tour operations, water sports and related activities, accommodation, conferences and incentives travel, national park concessions, privatisation and joint ventures with existing players.
- There is great potential in the following financial services areas: merchant banking, development banking, commercial banking, discount houses, insurance services, leasing, mortgage financing, building societies, micro-financing services and specialised training institutions.

**INTELLECTUAL PROPERTY**

Protection of patents, certain trademarks, design and copyrights is provided for by Statute.

**TRADEMARK APPLICATION REQUIREMENTS**

- A signed power of attorney
- Ten prints of the trademark
- The list of goods to be covered by the application.
  - Full name(s), trading style, legal status, description and street address of the applicant.

**PATENT APPLICATION REQUIREMENTS**

- A signed power of attorney
- A signed application form
- Specification, claims, abstract and drawings, if any
- A deed of assignment, if the inventor is not the applicant
- Specification, claims, abstract and drawings, if any
- A signed application form
- A signed power of attorney

**INTERNATIONAL TREATIES**

Uganda subscribes to the Paris Convention for the protection of Industrial Property, the Convention Establishing the World Intellectual Property Organisation (WIPO) and the African Regional Industrial Property Organisation (ARIPSO).

**LEGAL SYSTEM**

The Ugandan legal system is based on English common law with a written Constitution which guarantees basic human rights. The Supreme Court of Appeal is the highest court. The High Court of Uganda has unlimited original jurisdiction to hear and determine any proceedings under any law.

**INTERNATIONAL ORGANISATIONS AND AGREEMENTS**

Membership of international organisations includes the Common Market for Eastern and Southern Africa (COMESA), the Preferential Trade Area, the East African Community and the Commission for East African Co-operation (which comprises Kenya, Uganda and Tanzania).

Uganda has, in addition to double taxation agreements, signed bilateral trade and investment promotion agreements with the United Kingdom, Italy, Kenya, Tanzania, South Africa, Egypt, India, China, Germany and the Netherlands.

**TELECOMMUNICATIONS**

There are currently ten mobile operators in the country including Uganda Telecom Limited (UTL), Mobile Telephone Network Uganda (MTN Uganda), Orange Telecom and Airtel Uganda. Fax and email access is widely available throughout Kampala and other major towns.

**LABOUR RELATIONS**

There are several labour laws including the Employment Act and the Workers’ Compensation Act. The local labour force is plentiful and trade unions are not yet strong although collective bargaining agreements are in force with some companies.

**COUNTRY INFORMATION**

Zambia has a population of 13.4 million (2012). Lusaka is the capital city. Other major cities include Kitwe, Ndola and Livingstone.

**GROSS DOMESTIC PRODUCT**

GDP projected growth for 2015 has been revised downwards to 4.6% with a real GDP growth of 5% targeted for 2016.

**INFLATION RATE**

Inflation was contained within single digits over the first nine months to stand at 7.7% as of September 2015. The Government is targeting inflation of less than 7.7% in the year 2016.

**POLITICAL SYSTEM**

Zambia has a multi-party democracy. It is a unitary state headed by a President who is elected by universal suffrage for a term of five years. He chooses his cabinet from Parliament. All laws are subject to the Constitution which contains all the fundamental freedoms of a modern democracy.

**INVESTMENT CLIMATE**

Zambia has one of the most liberal business environments in Southern Africa and encourages private investment in all major productive sectors including agriculture, mining, manufacturing, tourism and energy. It has introduced new economic policy measures and liberalised trade and investment conditions. Export processing zones have been established and applications for zoning are being encouraged. All exchange controls were abolished in 1994.

Investment opportunities exist in various sectors including textile mills, collieries, services, fertiliser and chemicals manufacturing. Zambia also has opportunities for investment in agro-industry and the tourism industry.

Investment incentives are available depending on the category in which the investor falls. Five categories of investors are recognized depending on the size of their investment within a particular industry. The Government provides incentives in terms of the Zambia Development Agency Act in the form of allowances, exemptions and concessions aimed at increasing levels of investment and international trade as well as increased domestic trade.

Zambia’s active participation in the Southern Africa Development Community (SADC) Trade Protocol (with fourteen African countries) as well as the Common Market for Eastern and Southern Africa (COMESA) with nineteen African member states, offers preferential tariff access to a total market of over 380 million people.

As a member of COMESA, Zambia has moved ahead of other member states in adopting tariff reductions of up to 80% on most trade commodities. Zambia has also entered into bilateral trade agreements with South Africa and Zimbabwe. Zambia has a stable political climate which promotes security and stability for investors. Having eight neighbouring countries makes it a focal point for the export of manufacturing and agricultural commodities within the region. By virtue of its central location Zambia is a communications hub with road networks that connect it with the surrounding countries and the various ports within the region. The Government is also working towards turning Zambia into an information and communication technology (ICT) hub for the region. To achieve this, it has set out various objectives, including a commitment to improving ICT infrastructure through the development of an optic fibre infrastructure backbone to facilitate internet broadband connectivity through the establishment of community telecenters, particularly in rural areas.

**FORMS OF BUSINESS**

The following forms of enterprise may be established under statute and common law.

**Statute**

- Company Limited by shares
- Company Limited by guarantee
- Unlimited liability company
- Statutory corporations
- Societies generally
- Co-operative societies.
increased by 8% to ZMW62.9 billion while the All-Share index and bonds but also a means of raising capital. During 2014, great strides and is now not only a platform for trading shares and enhance private sector initiatives. It was also expected to attract foreign portfolio investment and recognition of Zambia as well as certain types of foreign income.

Resident companies pay corporation tax at a rate of 35% but mining companies are subject to a rate of 30% if the income of the mining company does not exceed 8% of the gross sales of the company. If the income of the company exceeds 8% of the gross sales of the company, then the corporate tax will depend on the assessable income. Banks pay tax at a rate of 35%. Electronic communication businesses pay tax at 35% for the first 250 million Kwacha and 40% above 250 million Kwacha.

Generally, dividends are subject to tax at the rate of 15% but the rate is 20% with respect to interest is 15% but the rate is 20%-with respect to interest payments made to a non-resident contractor by a person developing or operating a Multi Facility Economic Zone (MFEZ) or an Industrial Park.

The standard rate of tax with respect to the payment of royalties is 15% if the recipient is a resident and 20% for a payment to non-residents. The standard rate of tax for rent from a source within Zambia is 15%. However there is a 6% mineral royalty tax on companies mining industrial minerals. Value Added Tax is payable at a standard rate of 16% (certain supplies are zero rated or exempt).

There are double tax treaties with Denmark, Finland, France, Germany, India, Ireland, Italy, Japan, Kenya, Netherlands, Norway, Africa, Mauritius, Seychelles, Sweden, Switzerland, Tanzania, Uganda, the United Kingdom, Canada, China and Romania.

Following the 2016 budget announcement, the following are some of the main tax changes likely to affect some sectors of business in Zambia in 2016:

- A reduction of 15% Transfer Tax for shares and land from 10% to 5% of the value of the property
- The introduction of a mineral royalty of 6% on underground mines and 9% on open cast mining operation
- A reduction of duty on clear bear from 60% to 40%
- It has been proposed to remove VAT on non-life insurance products. A 3% levy on insurance premium will be introduced instead
- An introduction of 15% withholding tax on management and consultancy fees to residents
- A reduction in withholding tax on interest on Government Bonds (Discount Income) from 15% to 0%

The Government further plans to rationalise the tax system by:

- Providing for the taxation of income earned by a business resident in Zambia and arising from the canteen of persons, mail, livestock or any other goods shipped or loaded outside Zambia to other destinations outside Zambia. The intention is to prevent double taxation restricting the deduction of bad and doubtful debts incurred by banks and other financial institutions determining taxable income but only to the extent that such debts are not secured introducing a penalty of 5000 penalty units for the submission of multiple declarations for the same transaction and providing for de-registration after the third such offence.

The incorporation of a company is effected through the Companies Registry. The operation of certain businesses may require licences from one or more licensing authority depending on the sector including telecommunications, mining, oil, marketing and professional services (such as accounting, valuation and architecture). Establishing a business in Zambia involves the following:

- Check name for uniqueness at the Patents and Companies Registration Agency (PACRA)
- Open a bank account
- Register the company at PACRA
- Register with the local Zambia Revenue Authority (ZRA) office (direct tax division) to obtain a tax payer’s identification number
- File a VAT registration form with ZRA to obtain a VAT tax number
- Register with the National Pension Scheme Authority for Social Security
- Register the company with the Workers Compensation Control Board if the company is engaged in the business of construction, manufacturing or other industrial works
- Register with ZRA for “Pay As You Earn” tax payments on behalf of employees
- Obtain a trading license and a fire certificate from the local council

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SECURITIES

The Lusaka Stock Exchange (LuSE) was established with cooperating state and non-state entities and was an initiative of the International Finance Corporation (IFC) and the World Bank in 1983. The Exchange opened on 21 February 1994. The formation of LuSE was part of the Government’s economic reform program aimed at developing the financial and capital market in order to support and enhance private sector initiatives. It was also expected to attract foreign portfolio investment and recognition of Zambia and the region as an emerging capital market with potentially high investment returns. Another important role of LuSE was to facilitate the divestiture of Government ownership in parastatals and create a broad shareholding ownership by the citizenry through a fair and transparent process. The LuSE has made great strides and is not only a platform for trading shares and bonds but also a means of raising capital. During 2014, trading activity on the LuSE increased, reflecting improved investor sentiment and participation. Market capitalisation increased by 8% to ZMW29.9 billion while the All-Share index rose by 17% to 6,620.9 by the end of September 2014.

TAXATION

Resident and non-residents are taxed on income sourced in Zambia as well as certain types of foreign income.

NATIONAL LEGISLATION

Zambia has a dual legal system. It applies local laws and English common law concurrently. English law (which includes statutes in force in England on 17 August 1911), common law and doctrines of equity are applied as long as there is a lucuna in our local laws. Further, the English law must be in substantive conformity with local laws. Where there is a conflict between local laws and English law, local laws prevail. There are also specific English statutes passed after 17 August 1911 which apply. International treaties to which Zambia is party do not automatically apply. Parliament has to enact enabling legislation in order for an international treaty to have force in Zambia.

FINANCIALS SERVICES / INSURANCE

The Banking and Financial Services Act regulates banking and financial services and provides safeguards for investors and customers. The Central Bank enforces regulatory requirements. The Insurance sector is regulated under the Insurance Act.

KEY STRATEGIC GROWTH INITIATIVES BY GOVERNMENT/PRIVATE SECTOR

In 2004 the Government introduced the Private Sector Growth Initiative to reform and create an appropriate environment for a vibrant private sector. Growth in the private sector has further been enhanced by the Government through Public-Private Partnerships (PPP). Most construction, including the rehabilitation and maintenance of infrastructure, is being contracted to the private sector.

TREATIES AND BILATERAL AGREEMENTS


MEmBERSHIP OF INTERNATIONAL AND REGIOnAL ORGANISATIONS

Zambia is a member of 44 international and regional organizations, including the United Nations, World Trade Organization, African Union, COMESA and SADC.

ECONOMIC DEVELOPMENTS

Currently the main drivers of economic growth are mining, construction, wholesale and retail trade, real estate and business services, manufacturing, tourism and agriculture. Reforms made in the past decade include the abolition of exchange controls, the deregulation of interest and foreign exchange rates, the removal of price controls and consumer subsidies, the reform of land tenure, the reduction of tariffs, a privatization programme for many state-owned enterprises, the introduction of competitive bidding for infrastructure and the strengthening of financial markets through merchant banking and the stock exchange. After tax profits, dividends and capital may be repatriated without restriction.

ROAD AND TRANSPORT

Zambia’s road network consists of about 21000km of main, trunk and district roads, 16000km of urban and feeder roads, and 3000km of unga zetted roads. Roads between the important centres are mostly paved and in good condition. Gravel roads connect smaller towns to the major highways. Road infrastructure is being developed and rehabilitating its infrastructure. Progress has been made in rehabilitating four major rail networks and the refurbishing of livestock wagons and passenger coaches. This has resulted in an improved service that has attracted over 7600 passengers per week. The volume of cargo transported has increased to over 400 000 tonnes during the second half of 2013 from about 280 000 tonnes during the same period in 2013.
TRADE AND INDUSTRY

Metals currently dominate Zambia's exports. However, in an effort to diversify the economy away from copper, the Government has continued to work towards economic diversification. Besides copper, Zambia has significant deposits of molybdenum, mercuric, tin, lead and zirconium. The Government is promoting the mining sector through the promotion of Multi-Facility Economic Zones (MFEZ) and industrial parks such as those at Chambishi, Lusaka South, Lusaka East and Lumwana. The MFEZs and industrial parks are expected to attract medium and small scale enterprises to promote the diversification of the economy. In 2017, the Government is targeting the creation of 27 new MFEZs which will support the industrialization of the country.

TRADE AND INVESTMENT

The Government encourages foreign investment through the Zambia Development Agency (ZDA). The ZDA screens all investments for which incentives are requested and usually makes its decision within 30 days. Zambia also offers a competitive environment for trade by allowing a free market economy.

LABOUR RELATIONS

The Constitution, the Industrial and Labour Relations Act, the Employment Act, the Minimum Wages and Conditions of Employment Act, the Employment of Young Persons and Children's Act and the Factories Act govern labour relations in Zambia. The legislative framework provides a guideline on labour related issues in the country, including trade unions and collective bargaining, laws against child labour, discrimination and safe work place practices.

ENERGY

Zambia's energy sector is endowed with enormous resources which include coal, hydro-power, woodlands and forests as well as other renewable energy forms such as solar and wind. There has been a steady increase of investment in the energy sector especially with respect to power generation. Hydroelectric plants account for 92% of the total installed capacity and 99% of the total electricity generated in the country. A total of 360 megawatts of new capacity has just been commissioned with the completion of the Kariba North Bank hydro extension project. Another 120 megawatts at the Iteshi-Testi Hydro Power Plant, 300 megawatts of thermal power in Sinazongwe and 150 megawatts at Kalungwishi are being developed by the private sector and will come on stream next year to further enhance Zambia's power generation capacity.

MINING

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Agriculture

While the country's main economic driver continues to be copper, the Government has continued to expand the agricultural sector. The Government’s strategic focus is to achieve food security and promote crop diversification as well as increase productivity and value addition. During the 2014/15 farming season, the country recorded a decrease from the 2013/14 harvest of 3.35 million metric tonnes of maize, which had been the highest tonnage ever achieved.

Zambia has excellent potential for development in the agricultural sector, being well endowed with good soil (60 million hectares of good arable land, of which only 15% is in use) and underground water. Climatic conditions are suited to a wide variety of crops including wheat, soya beans, cotton, rice, tobacco, sugar and paprika. Zambia also has prime livestock breeding areas with about ten million hectares of land available for ranching. It also has rich forestry reserves consisting mainly of pine and eucalyptus. More growth and investment is accordingly expected in the agricultural sector.

Annual national fish consumption currently stands at 130 000 metric tonnes. However, annual national production is 95 000 metric tonnes of which only 20 000 metric tonnes is from aquaculture and 75 000 metric tonnes is from rivers and lakes. The Government plans to undertake reforms that will ease the entry of citizens in the private sector into aquaculture production in order to meet the shortfall in the country’s requirements and to increase exports.
COUNTRY INFORMATION
Zimbabwe is a landlocked country spanning 390,757 square kilometres. It has a population of approximately 12.97 million people. More than 60% of the population is based in rural areas.

ECONOMIC INDICATORS
The gross domestic product (GDP) for 2016 is forecast to grow by 2.7% and projected total revenue is US$3.85 Billion.

INFLATION RATE
The inflation rate in 2015 is forecast to end the year at -2.3% and it is forecast to be -1.6% in 2016. Price decreases of -0.1% were registered for the year up to October 2014.

INVESTMENT CLIMATE
Zimbabwe is actively trying to attract foreign direct investment as it emerges from more than ten years of rapid economic decline. Investment opportunities are opening up with the privatisation of some state owned enterprises in the iron and steel industry, road and rail transport, communications, agriculture, power supply and other sectors. The country is actively promoting bilateral investment agreements with other countries and it has already signed one such agreement with South Africa which protects investments from compulsory expropriation.

Indigent laws remain in place requiring that 51% of businesses should be owned by indigenous Zimbabwean persons. Government has watered down the law by leaving it to line ministries to negotiate a reasonable period for compliance before the law is enforced.

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All new investments must first be processed by the Zimbabwe Investment Centre (ZIC) and 2IA will forward the investment proposal to the responsible line ministry for negotiation on compliance with the indigent law. Government is also planning to institute ZIA as a “one stop shop” for all regulatory licences.

There are many investment opportunities as a result of the country’s emergence from years of economic decline and the near collapse of most industries. The country is trying to attract foreign capital to boost economic development.

In 2015 the government sold US$91 million through FDI and this is projected to rise to US$14 million in 2016. Government is implementing several measures to improve the ease and cost of doing business in the country.

FORMS OF BUSINESS
- Private business corporations
- Partnership
- Trading trust
- Co-operatives
- Multinational corporations
- Private limited liability companies
- Public liability companies
- Sole proprietorship
- Company limited by guarantee
- Joint venture.

FORMATION OF COMPANIES
Companies and Private Business Corporations are registered and regulated by the Companies Act (Chapter 24:09) and the Private Business Corporations Act (Chapter 24:11). Listed public companies are in addition regulated by the rules of the Zimbabwe Stock Exchange. There is a central registry of companies in Harare and a branch registry in Bulawayo. The registration process is often avoided by buying existing shell companies from law firms.

EXCHANGE CONTROLS
Exchange control laws are in force but their implementation is currently suspended because the country is using the currencies of other countries (for example the US Dollar and the South African Rand). Dividend remittances in respect of projects approved by the Zimbabwe Investment Centre are allowed at 100% of current after-tax revenue profits. Capital remittances are blocked but capital may be remitted through projects approved by the Zimbabwe Investment Centre.

There are several international and locally owned banks operating in the country. There are also several building societies established to provide mortgage finance. There are many insurance and reinsurance companies operating in Zimbabwe. The Government signed a memorandum of understanding with Bulgaria, Canada, France, Germany, Malaysia, Mauritius, Netherlands, Norway, Poland, South Africa, Sweden and the United Kingdom.

IMPORT / EXPORT
Import controls exist. The Government has removed the import duty on equipment and raw materials meant for local industry. Duty on imported commercial vehicles has also been reduced to boost the transport and business sector. To encourage certain productive sectors of the economy, the Government will suspend duty on various inputs used in these industries.

LEGAL SYSTEM
The legal system is based on Roman-Dutch common law as modified by statute. Zimbabwe has a new Constitution which came into force in 2013. The highest court in the land is the Constitutional Court followed by the Supreme Court, the High Court and the Magistrate’s Court. There are also specialised courts such as the Administrative Court and Labour Court.

INTELLECTUAL PROPERTY
Protection is provided by the Patents Act and Trademarks Act. There are public registries for trademarks, industrial designs and patents. Zimbabwe is a signatory to the Berne and Paris Conventions.

FINANCIAL SERVICES/INSURANCE
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The Government is making significant investments in infrastructural developments in power generation, road infrastructure (entailing the dualisation of major roads) and the construction of bridges. It is also working on upgrading airports and is committing significant funds towards these developments. The Government is actively seeking private partners in these areas. The Government moreover is actively promoting the beneficiation of minerals produced in Zimbabwe and the building of cross linkages in different sectors of the economy in order to promote economic growth and infrastructural development. The Government has introduced several tax incentives and disincentives to promote the local beneficiation of minerals.

TREATIES AND BILINGUAL AGREEMENTS

Zimbabwe signed a Bilateral Investment Promotion and Protection Agreement (BIPPA) with South Africa in November 2009 and has signed 54 other BIPPAs while 16 are under negotiation. Government wants to use the BIPPAs to increase investor confidence in the country. Zimbabwe is a member of the Common Market for Eastern and Southern Africa (COMESA) Customs Union and Southern African Development Community (SADC) agreement on tariffs and trade. Zimbabwe has double tax avoidance treaties with South Africa, Mauritius and Seychelles and wishes to enter into such agreements with other countries to promote the residence basis of taxation agreed amongst SADC countries in terms of the SADC Tax Convention.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Zimbabwe is a member of SADC, COMESA, the African Union, United Nations, World Bank and International Monetary Fund.

ROAD AND TRANSPORT

The road and rail infrastructure has deteriorated significantly due to lack of investment by the Government. The country is actively working on upgrading the infrastructure by dualising roads and revising and upgrading the rail network. A dedicated Authority called ZINARA was formed to spearhead the process and private sector partners are being sought by the Government. In 2016 Government proposes to spend US$408 million on energy projects.

TELECOMMUNICATIONS

The Government has mobilised US$98 million for the State owned telecommunications corporation (Tel-One). To be used in increasing connectivity for its customers, broadening the core network and upgrading its mobile broadband. Government is also opening up airwaves to new radio and television stations. Mobile telephone companies operating in Zimbabwe have rapidly expanded their ground coverage to virtually the entire country.

KEY INDUSTRY SECTORS

The main industry sectors are agriculture, mining, telecommunications, and financial services. There are huge opportunities in the manufacturing sector which is operating at less than 50% of its capacity.

TRADE AND INDUSTRY

Industrial capacity utilisation averaged less than 30% in 2015. The main trading partner remains South Africa. The industrial sector remains depressed due to a scarcity of capital on the local market, antiquated equipment and the absence of foreign direct investment and lines of credit from external sources. Government will continue with the Zimbabwe Economic and Trade Revival Facility (ZETREF) funded by Government and Afrobank to the tune of US$70 million to revile the sector.

WATER

The Government is investing significant sums to support local authorities in the provision of water supplies and it has decentralised water services to local authorities. Water supplies are erratic in most cities and towns and many people resort to borehole water supply for domestic and commercial purposes. Potable water supply is also a persistent problem in rural areas during the dry seasons. Government is supporting projects to increase water supply and will commit US$77.3 million to dam construction and rehabilitation of existing infrastructure in 2016.

ENERGY

Energy supplies remain critically low and power shortages and cuts are affecting manufacturing industries, agriculture, commerce and domestic consumption. Power supplies are below 50% of the national demand. Private sector partners are being sought for independent power suppliers while the Government is actively looking to develop alternative power supply sources. The Government is committing significant sums to upgrading existing power supply plants and building new ones. In the second half of 2013 the Government introduced the compulsory blending of fuel with ethanol by all petroleum companies. The ethanol is produced locally. In 2016 Government proposes to spend US$408 million on energy projects.

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

A ministry focusing specifically on ICT has been established. The Government has started investing in the creation of fibre optic networks but the levels of investments remain very low. Private sector players are required to complement the Government efforts. The mobile telephone and data companies in the country are expanding their fibre optic link networks. In 2016 Government intends to commit US$297.2 million towards ICT projects like introduction of data centres, completion of Mile Connectivity, establishment of Community Information Centres, and extension of E-Government Platform.

MINING

Mining is becoming the largest contributor to the country’s gross domestic product (GDP). In addition to the gold and chrome which the country has traditionally produced, platinum and diamonds are fairly recent discoveries which are dominating the sector. The government plans to consolidate all diamond mining companies into one entity in which government will have a controlling interest. The mining of diamonds is currently dominated by joint ventures between the private sector and state corporations. In addition a new Minerals Exploration and Marketing Cooperation Act is being proposed. The Mines and Minerals Act will also be amended to compel holders of mining rights to utilise them or lose them. Miners will also be obliged to establish funds to meet the costs of reversing environmental degradation caused by their mining operations. Government plans to implement this in line with regional standards in order to attract FDI into the sector. The sector is expected to grow by 2.4% in 2016.

AGRICULTURE

The country produces grain crops such as maize and wheat and also produces cotton, tobacco and sugar cane. Farmers who benefited from the land reform programme at the turn of the century are dependent on government and lending institutions for financial support and are largely hampered by the lack of collateral. Government is in the process of refinancing 50 year leases to make them bankable as collateral for loans. Farmers will pay levies to government for the land and those who fail to pay will have their land repossessed. The government will devolve considerable resources to the sector in 2016 which will entail increasing irrigation projects, providing inputs to farmers, taking over The Cotton Company of Zimbabwe Limited and revitalising cotton production.

TOURISM

Government is actively promoting the sector through the Zimbabwe Tourism Authority. The Government recorded some growth in 2015 and is expected to grow further in 2016 spurred by the proposed introduction of a new liberal visa regime, the conferment of Victoria Falls as a Tourism Special Economic Zone and the disbursement of US$500 000.00 towards the tourism enhancement project.

TRADE AND INVESTMENT

The Government has set up several corporations to promote investment in industry. The Small and Medium Enterprises Development Corporation was set up to specifically assist the establishment of small businesses while a bank to support infrastructural development also exists. A central one-stop investment authority is being established to promote foreign direct investment and remove bottlenecks in the regulatory system.

LABOUR RELATIONS

Zimbabwe has a huge pool of labour with over 80% of the population unemployed in the formal sector. Labour relations are regulated by a labour law with a dedication court and other structures set up to deal exclusively with labour issues. The threshold for tax free bonuses is US$400. Tax free income was increased from US$250 to US$500 in 2015. In 2015 Government amended the Labour Act (Chapter 28:01) to fix redundancy packages among other things.