# Staying informed

## AfriTax

Quarter ended 31 December 2017
Issue 35

## Welcome

*At the PwC Africa Desk in Johannesburg, we are committed to helping our clients access information about the African tax and regulatory landscape and keep up with the constant changes taking place.* ***AfriTax****, our quarterly newsletter, provides a snapshot of the most significant recent tax and regulatory changes in Africa.*

*We trust you will find this publication useful, and look forward to receiving your comments.*

### Recent budgets / Finance Act / Finance Legislation

1. Cameroon
2. Cape Verde
3. Ghana
4. South Africa
5. Zambia

### Transfer pricing

*Mozambique: Transfer pricing regime enters into force*

*South Africa: SARS releases guide on 'How to complete and submit country-by-country information'*

### Publications

*PwC Paying Taxes 2018 report now available*

### Upcoming event

*Doing Business in Africa seminar: Focus on Cameroon and Republic of Congo*

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# In this issue

# Upcoming event

## *Doing business in Africa seminars*

### *Focus on sub-Saharan Francophone Africa*
### *March 2018*

As interest in Africa continues to grow, many investors still consider the African continent to be a potential investment destination. However, there remain significant challenges in accessing critical information on the investment, tax and regulatory environments in many African countries.

With this in mind, we will continue our '*Doing business in Africa*' seminar series in 2018. The upcoming session will focus on key countries in the sub-Saharan Francophone Africa region, starting with the Republic of Cameroon and the Republic of Congo in March 2018. These seminars will be held in Johannesburg and Cape Town.

Issues to be covered in the sessions include the business environment, business vehicles available in-country, the tax and regulatory frameworks, exchange controls, immigration requirements, cultural differences, efficient ways of structuring business transactions, and interacting with the relevant authorities in these countries.

This event will be hosted by our *PwC Africa Desk*, which is a strategic hub and centre of excellence dedicated to supporting clients' business operations in Africa. For more information on the seminars or support on matters relating to doing business in Africa, please contact:


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# Country Tax Updates

## Cameroon

### Changes introduced by 2018 Finance Law

Recently proposed tax changes for 2018 include the following:

*Withholding tax on supply of digital content*

As from 1 January 2018, a reduced withholding tax (WHT) rate of 5% will apply to remuneration paid abroad for the supply of services relating to access to digital content.

*Withholding taxes on income paid to oil servicing companies during research and development phases*

Before 2018, the WHT on income received by oil-servicing companies did not apply to services rendered during the research and development phases of the oil contracts. The WHT only applied to income from services rendered during the production phase.

According to the 2018 Finance Law, this exclusion has been cancelled. Consequently, income received by oil-servicing companies will be subject to the new reduced WHT rate of 5% even if the oil company receiving the service is in the research and development phase.

*Non-deductibility of losses incurred due to fraud or negligence*

According to the 2018 Finance Law, losses incurred by a company as a result of embezzlement or negligence attributable to a partner or shareholder of the company will not be deductible from profits for income tax purposes.

*Customs duties and levies update*

- New guidelines have been set relating to the declaration and imposition of duties and levies on software, irrespective of their mode of entry into the territory.
- A 25% excise duty has been imposed on arms and munitions.
- Certain exported items are now exempt from export duties (such as industrial products manufactured locally, as well as raw materials consisting of animal, vegetable or mineral products which have been reworked or transformed in Cameroon), while duties have been imposed on others (such as Arabica gum, rice, palm oil and pepper).

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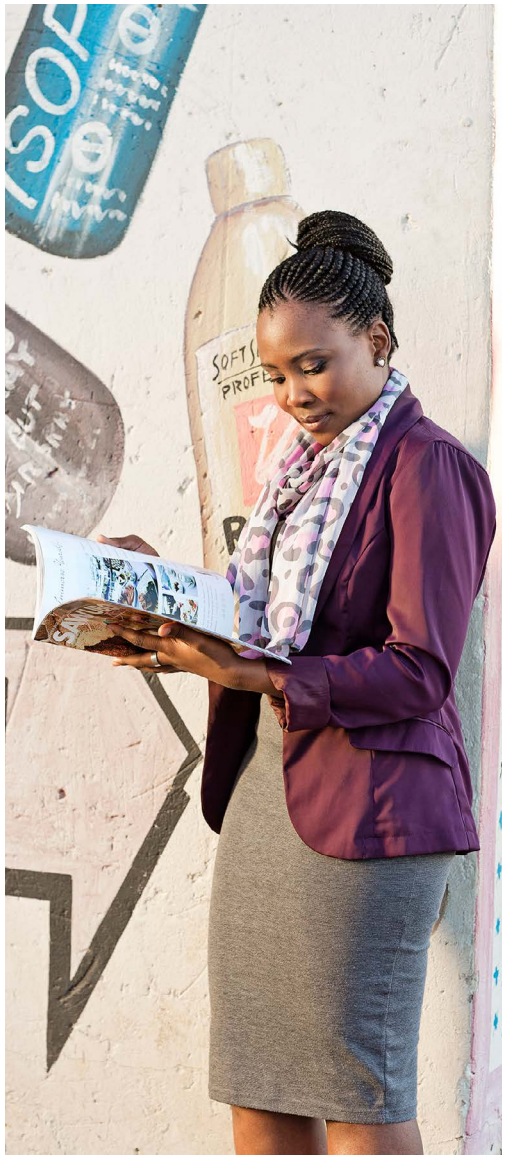

## Cape Verde

### Modifications to the capital gains tax regime

The 2018 budget has introduced the following changes to the application of the capital gains tax regime:

- Capital gains on the sale of share capital or other securities, obtained by non-resident entities or individuals, are exempt from corporate or personal income taxes.
- Capital gains and capital losses on the sale of share capital or other securities, obtained by residents and non-residents with a permanent establishment in Cape Verde, are exempt from tax if the shares have been held uninterruptedly for a period of at least 12 months. This will not apply to capital gains realised by entities subject to a more favourable tax regime.

### New taxes for non-residents

- A flat-rate tax of 10% will apply to income realised from high-value-add activities of a scientific, artistic or technical nature, earned by non-habitual tax resident individuals. This new tax regime is applicable for a period of ten consecutive years, under modalities provided for by the law.
- Foreign-sourced income will benefit from a tax exemption under certain specific conditions.

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# Ghana

## 2018 budget

Ghana's 2018 budget was recently read and it introduced the following key tax changes.

*Tax incentives for agro-processing businesses*

Government intends to introduce measures to further incentivise agro-processing business. This complements current tax concessions affecting income from processed agricultural products and VAT on agricultural machinery.

These measures will include:

- The abolition of duties on some agricultural produce processing equipment and machinery;
- The provision of tax incentives to support agro-processing packaging; and
- Improved market access.

The actual form in which these measures will be implemented is expected to be made public subsequently.

*Extension of duration of National Fiscal Stabilisation Levy (NFSL)*

Imposed by the NFSL Act 862 of 2013, the NFSL is levied at 5% on accounting profit before tax. It targets certain entities such as banks and insurance, telecommunications and mining support companies.

Originally expected to expire in 2014, the NFSL levy was extended for three more years. Government now intends to extend it for an additional two years, that is, until the end of the 2019 fiscal year.

*Introduction of WHT on standard VAT supplies*

There is a proposal to introduce a WHT of 7% of the output VAT on standard VAT supplies. This WHT will affect supplies made to VAT entities with zero-rated supplies as well as select VAT-registered and government entities. Modalities of this WHT will be determined by the Commissioner-General.

*Introduction of voluntary disclosure procedures and tax amnesty*

Government intends to introduce voluntary disclosure procedures (VDP) in the Revenue Administrations Act, 2016 (Act 915) whereby penalties will be waived on voluntary disclosure and payment of unreported and understated taxes by taxpayers. In addition, a tax amnesty will be granted temporarily in 2018 for defaulting taxpayers.

*Tax waiver for real estate investment trusts*

Currently, real estate investment trusts (REITs) are taxed at a concessionary rate of 1% on their income for the first ten years, and thereafter at 25%. Distributions to beneficiaries are exempt from income tax.

There has been only one known REIT in existence since 1995, licensed by the Ghana SEC. Government intends to deepen the domestic capital market by increasing the aforementioned concessions in a bid to encourage the entry of operators in the REIT sector, boost the capital markets and help close the gap in housing supply.

*Extension of special import levy*

Contrary to expectations, Government has extended the expiry date of the 2% special import levy on imported goods from December 2017 to December 2019.

*Review of suspense regimes: Transit and warehousing*

Under the current transit regime, a person may move goods that have been imported into the country to a port outside the country without paying any duties. Under the 2018 budget reform, transit importers will be required to pay duties in Ghana before continuing the transit of their goods to the actual destination country.

Government also intends to introduce a requirement for these importers to submit letters of credit, guarantees or insurance cover from participating financial institutions before goods may be kept in bonded warehouses.

*Implementation of excise tax stamp*

Government intends for the excise tax stamp policy to take off from January 2018, with full enforcement from 31 March 2018 onwards.

While the current rates of excise duties are not being increased, the full implementation of this policy will have cost implications for manufacturers and importers as they need to invest in the applicators and stamps. To address this concern and provide some relief, Government intends to provide accelerated tax depreciation for the cost of the machines.

*Please click here for more information on the proposed changes.*

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# Mozambique

## Transfer pricing

Decree No. 70/2017, published on 6 December 2017, regulates the transfer pricing regime which entered into force on 1 January 2018.

This regime introduces new concepts and rules with a significant impact on transactions between related entities, including what mandatory information has to be provided for transfer pricing purposes, such as:

- Introduction of the concept of 'related parties' for the purpose of transfer pricing;
- Listing of a number of methods to determine the terms and conditions required in order to comply with the arm-length principle;
- Establishment of specific rules to be observed in agreements between related parties; and
- A list of information and documentation that the taxpayer should obtain, prepare and maintain to justify their adopted transfer pricing method.

## Income tax

The Mozambican Parliament is proposing to change the Individual Income Tax Code for the tax year of 2018. According to this proposal, which is yet to be published, two main changes are to be made to the Code:

- Taxpayers receiving only employment income subjected to monthly income tax withholdings in Mozambique during the tax year are no longer obliged to file an annual tax return for that year; and
- With effect from the 2018 tax year, taxpayers will be able to access a refund of excess monthly income tax withheld during the tax year. From 2014 to 2017, the monthly income withholding tax was considered to be the final tax.

These changes will only become effective once they have been published in the official Gazette.

## Exchange Control Regulation

On 11 December 2017 the Central Bank issued Notice no. 20/GBM/2017 approving the revision of the Exchange Control Regulation.* Some of the resultant changes include:

- *Repatriation of export earnings regime*

  Currently, 50% of export earnings derived from the sale of goods or services is subject to a partial local currency conversion. According to the new Regulation, these funds may now be fully retained in the respective foreign currency, in a specific bank account for earnings to be held by the exporters. Conditions apply to the use of these funds.

- *Foreign direct investment in Mozambique*

  Under the current Regulation, foreign direct investment (FDI) into Mozambique is subject to registration at the Central Bank. According to the new Regulation, FDI into Mozambique will be authorised subject to registration at the respective commercial bank within 90 days from the effective date of entry of the funds.

- *Investment through loans or credit received from related entities*

  Under the current Regulation, this was subject to prior approval. However, under the new regulation, no approval is required from the Central Bank, provided that:

  – such funds are granted at an interest rate of 0%, free of charges and any costs, and with a maturity period equal to or greater than three years; or

  – such funds are granted at an interest rate greater than 0% but less than the base lending rate of the currency of denomination of the loan. The loan should have a maturity period of greater than three years; be free of any charges and costs; and be up to a maximum amount that is equivalent to USD5 million.

  – The FDI must be registered directly with a commercial bank within a period of 90 days from the effective date of entry of the funds into Mozambique.

*Please click here for more information.*

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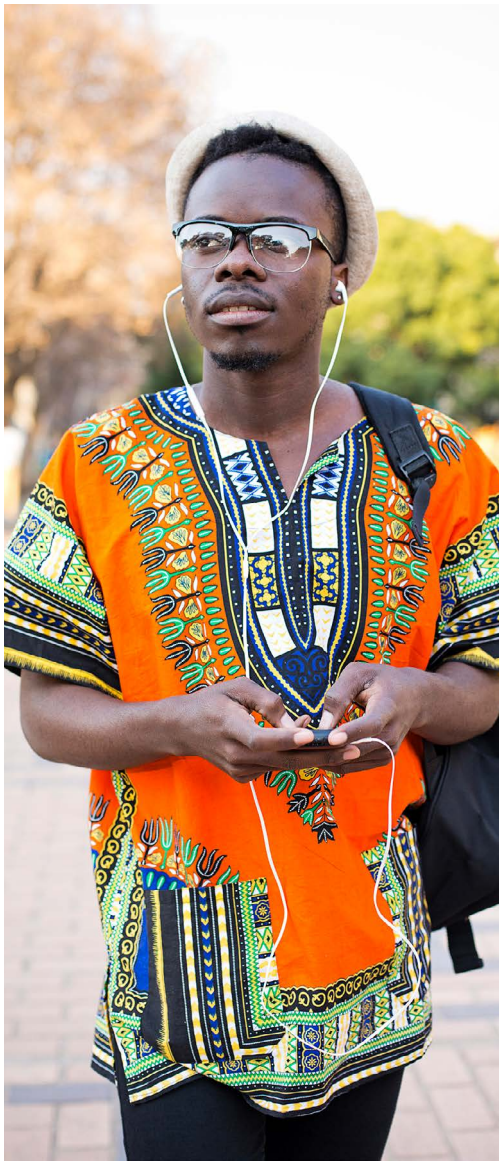

# *Namibia*

## *Tax proposals: Introduction of wealth-based taxation*

- The current scope of the capital gains tax (CGT) is expected to be expanded in order to provide for the wealth-based taxation of new categories of capital assets.
- A wealth tax system which will embody the principles of solidarity tax has been proposed.

The formulation and modalities for the proposals are yet to be made public.

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# Nigeria

## *Revised guidelines on export expansion grant scheme*

Introduced in 1986 to stimulate non-oil exports, the export expansion grant (EEG) scheme provided incentives to exporters in the form of a negotiable duty credit certificate (NDCC) utilisable for the payment of import and excise duties.

Effective 1 January 2017, the NDCC has now been replaced with the export credit certificate (ECC), which can be used to:

- Settle all federal government taxes such as VAT, WHT, company income tax etc.;
- Purchase government bonds; and
- Repay government credit facilities as well as debts due to the Assets Management Company of Nigeria (AMCON).

Exporters are divided into four categories with maximum applicable EEG rates as indicated below:

| Category of exporter | Maximum applicable EEG rate |
|---|---|
| Fully manufactured products | 15% |
| Semi-manufactured products | 10% |
| Processed/Intermediate products | 7.5% |
| Merchants/Primary agricultural commodities | 5% |

*Please **click here** for more information.*

## *New guidelines on voluntary pension contributions*

In November 2017, the National Pension Commission (PENCOM) issued new guidelines to all licensed pension fund administrators and custodians. Below are the highlights:

- In respect of voluntary contributions (VCs) by mandatory contributors:
  - Withdrawals from the VC account are limited to once every two years.
  - Taxes will be deducted from any income earned if it is withdrawn within five years.
  - Total withdrawals from the VC account are limited to 50%. The balance of 50% must be kept to augment the contributor's retirement benefit.
- In respect of VCs by exempt contributors (including foreigners)
  - Withdrawals from the VC account are limited to once every two years.
  - All the VCs may be withdrawn after two years but withdrawals will be subject to tax on both the principal contribution and income earned thereon.
  - Withdrawals made after five years from the date of contribution will be fully exempt from tax.

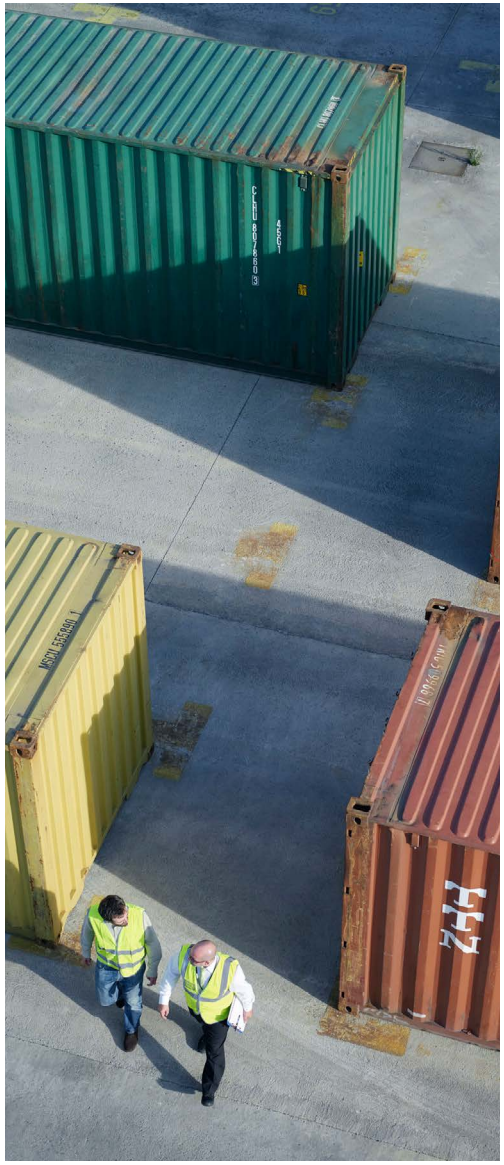
*Please **click here** for more information.*

## *Road Fund initiative: Tax relief scheme*

The Road Trust Fund is a proposed mechanism by which the government, in partnership with the private sector, will be able to finance, develop and maintain the Nigerian road network.

Recently launched by the Federal Government, this initiative would allow the private sector to get involved in road construction in exchange for a tax credit scheme that enables all participating companies to claim tax relief based on the amount of their capital contribution (on a pro rata basis). This tax relief would allow companies to recover 100% of costs incurred on road infrastructure as a tax credit against total tax payable, including up to 10% for cost of funds.

In addition, costs incurred on 'standard assets' are claimable as capital allowances over three years (one year for economically disadvantaged areas). However, there is a cap on the cost recovery of up to a maximum of 50% of the total tax payable annually by each company participating in the fund.



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# South Africa

## *Taxation Laws Amendment Bill, 2017*

The Medium-Term Budget Policy Statement (MTBPS) delivered on 25 October 2017 was accompanied by the introduction of the Rates and Monetary Amounts and Amendment of Revenue Laws Bill, 2017, the Taxation Laws Amendment Bill, 2017 and the Tax Administration Laws Amendment Bill, 2017.

*Please **click here** to access some of the more notable amendments proposed by the Taxation Laws Amendment Bill, 2017 ('the TLAB')*

## *Expansion of application of CFC rules*

The TLAB, 2017 introduced amendments that effectively expanded the definition of a 'controlled foreign company' in section 9D of the Income Tax Act, 1962 (Act No. 58 of 1962) ('the Act') by making use of IFRS 10 to determine whether foreign companies held by South African residents should be regarded as CFCs.

It is proposed that these amendments come into operation on 1 January 2018, and apply in respect of years of assessment commencing on or after that date.

*Please **click here** for more information.*

## *Revision of rules relating to debt reductions*

The TLAB, 2017 introduced amendments to existing provisions dealing with the tax implications (on revenue and capital account, respectively) of debt reductions. In addition, another amendment was proposed which deals with mining capital expenditure in order to cater for debt reductions in the context of mining capital expenditure.

Earlier in 2017, the draft Taxation Laws Amendment Bill, 2017 ('the Draft Bill') proposed a number of amendments to the rules relating to debt reductions. As a result of concerns raised during the public consultation process around the Draft Bill, the amendments proposed in the Draft Bill were largely withdrawn and replaced in the TLAB, 2017.

*Please **click here** for more information.*

## *Anti-avoidance rules on share buy-backs and dividend stripping*

Earlier in 2017, the Draft Bill proposed the revision and extension of existing rules that are aimed at curbing avoidance involving share buy-backs and dividend stripping. Following the public consultation process on the proposals in the Draft Bill, the TLAB, 2017 was introduced.

The proposals relating to share buy-backs and dividend stripping that are contained in the TLAB address many of the concerns raised in the public consultation process, but some concerns remain.

*Please **click here** for more information.*

## *SARS' final notice on submission of country-by-country report, master file and local file*

SA-resident companies which are required — by whatever mechanism — to submit a country-by country report (CbCR) to the SA Revenue Service (SARS) are required to submit CbCR as well as master file (MF) and local file (LF) returns for financial years commencing from 1 January 2016. Importantly, this includes not only SA-resident parent companies but also foreign-held SA-resident companies which are required to submit a CbCR in South Africa.

These returns must be submitted by the SA-resident company to SARS within 12 months from the end of the financial year of their multinational (MNE) group. This means that for MNE groups whose financial year commences on 1 January, the deadline for submitting CbCR, MF and LF returns was 31 December 2017.

For other SA-resident companies which are required to submit MF and LF returns (but which are not themselves obliged to submit a CbCR), the effective date is financial years commencing on or after 1 October 2016. The MF and LF returns must be submitted to SARS within 12 months of the company's year-end, so the earliest submission deadline is 30 September 2018.

*Please **click here** for more information.*

## *Transfer pricing documentation: SARS releases guide on How to complete and submit country-by-country information*

SARS has released an external guide on *How to complete and submit your country-by-country information*. The document provides detailed technical guidance explaining how taxpayers should submit their CbCR as well as their MF and LF returns via eFiling.

In addition, SARS has granted an extension to taxpayers with CbCR returns due by 31 December 2017 or 31 January 2018 to submit their CbCR, MF and LF returns by 28 February 2018. The deadline for submitting CbCR notifications to SARS remains unchanged.

*Please **click here** for more information.*

## *Competition Amendment Bill*

On 1 December 2017, the Minister of Economic Development published the Competition Amendment Bill. Members of the public have the opportunity to comment on the draft Bill until 30 January 2018. The draft Bill proposes a number of significant changes to the Competition Act 89 of 1998, including in relation to those provisions of the Act dealing with prohibited practices, the assessment of mergers and market enquiries. In addition, the draft Bill introduces a number of procedural changes.

*Please **click here** for more information.*

## *New merger thresholds and filing fees*

As from 1 October 2017, new thresholds apply for the mandatory notification of intermediate mergers to the Competition Commission and increased filing fees payable in respect of both intermediate and large mergers. This is the first time that the thresholds and prescribed filing fees have been amended since 2009.

*Please **click here** for more information.*

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# Zambia

## 2018 National Budget highlights

The Zambian Minister of Finance presented the 2018 National Budget to Parliament on 29 November 2017. The budget presented the following changes:

### Amendments to property transfer tax (PPT)

- Introduction of PPT on intellectual property

  The Minister proposes to introduce a 5% property transfer tax on intellectual properties such as trademarks, patents and brands. A definition of intellectual property will be introduced in the Income Tax Act.

  The base for applying the tax is not clear yet; however, given that the existing property transfer tax is calculated on the higher of market value and the realised value, it is likely that the tax will be applied on the same basis on the transfer of intellectual properties.

  The challenge, however, will be in determining the fair value of these assets for tax purposes. Intangible assets rarely have any readily available market prices. It will therefore be necessary for guidelines to be provided on the valuation of these intangible assets.

- PPT on indirect disposal

  It is proposed that PTT be levied on the transaction value attributable to the Zambian entity where there is an indirect change of ownership of the entity.

  This seeks to capture transactions involving a change in ownership of foreign companies that indirectly own assets in Zambian entities. The 5% tax will be applicable on the transaction value attributable to the Zambian entity.

  Practically, this could pose challenges in determining the transaction value attributable to the Zambian entity for purposes of computing the PTT liability. This provision may also create an additional compliance and administrative burden for both companies and the tax authorities.

## Direct taxes

### Residence of entities – place of effective management

The Minister proposes to revise the definition of residence so that a person other than an individual (e.g. a limited company) is deemed to be resident in Zambia if its place of effective management is in Zambia (instead of the previous test, which referred to central management and control of the person's business or affairs exercised in Zambia).

The amendment will read as follows:

A person other than an individual is resident in Zambia for any charge year if: *the place of effective management of the person's business or affairs is in the Republic for that year*.

## Value-added tax

*Revision of returns submission and payment dates*

It is proposed that the monthly deadline for filing VAT returns and making VAT payments be changed from the 16th to the 18th of every month. Further, it is proposed that the withholding VAT returns be required to be filed by the 16th of every month.

*Introduction of additional penalties*

- *Failure to issue tax invoices:* It is proposed that penalties be imposed on suppliers who fail to issue a tax invoice from an approved computer package, a pre-printed tax invoice book or a fiscalised cash register. It is proposed that the following fines be imposed: 10 000 penalty units (K3 000) for the first offence, 25 000 penalty units (K7 500) for the second offence and 50 000 penalty units (K15 000) for the third and any subsequent offences.
- *Failure to furnish records:* The Minister proposes to introduce penalties in the VAT Act and Customs and Excise Act for taxpayers that fail to furnish records upon request. The ZRA guidance clarifies that this will be applicable to taxpayers who fail to make available supporting documentation during inspections and audits.

*Please **click here** for more information on the 2018 National Budget.*

## Discontinuation of ZDA tax holidays

The Minister has proposed that the five-year income tax holidays provided for under the Zambia Development Act (ZDA) be discontinued. Instead, the Minister proposed to grant accelerated depreciation for capital expenditure.

This measure is intended to safeguard government revenues that are being eroded through tax holidays. Currently, the ZDA provides for the following incentives:

- Corporate income tax at 0% for a period of five years, starting from the year of commencement of operations of approved investments;
- No withholding tax payable on the payment of dividends for a period of five years from the year of commencement of operations of approved investments; and
- Five years' exemption from customs duty on imports of machinery and equipment acquired for use on approved projects.

We understand that the discontinuation of the income tax holidays will apply to both CIT and WHT.

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# Update on double-tax treaties with African countries

This section provides an update on double-tax treaties with African countries. The table below highlights some of the treaties.

| Treaty countries and dates | Withholding Tax Rates | | |
|---|---|---|---|
| | Dividend (%) | Interest (%) | Royalties (%) |
| **Ethiopia – Cyprus**<br>*Signed: 30 December 2015*<br>*Into force: 19 October 2017*<br>*Effective date: 1 January 2018* | 5% | 5% | 5% |
| **Ethiopia – Korea Republic**<br>*Signed: 26 May 2016*<br>*Into force: 6 November 2017*<br>*Effective date: 1 January 2018* | 5/8%[1] | 7.5% | 5% |
| **Ethiopia – Singapore**<br>*Signed: 24 August 2016*<br>*Into force: 8 December 2017*<br>*Effective date: 1 January 2018 (Singapore), 8 July 2018 (Ethiopia)* | 5% | 5% | 5% |
| **Kenya – India**<br>*Signed: 11 July 2016*<br>*Into force: 30 August 2017*<br>*Effective date: 1 January 2018 (withholding tax matters in Kenya), 1 January 2017 (other tax matters in Kenya), 1 April 2018 (India)* | 10% | 10% | 10% |
| **Kenya – Iran**<br>*Signed: 29 May 2012*<br>*Into force: 13 July 2017*<br>*Effective date: 1 January 2018 (Kenya), 21 March 2018 (Iran)* | 5% | 10% | 10% |

| Treaty countries and dates | Withholding Tax Rates | | |
|---|---|---|---|
| | Dividend (%) | Interest (%) | Royalties (%) |
| **Zambia – Morocco**<br>*Signed: 11 October 2017*<br>*Not yet in force* | 10% | 10% | 10% |
| **Zambia – Norway**<br>*Signed: 17 December 2015*<br>*Into force: 9 August 2017*<br>*Effective date: 1 January 2018* | 5/15%[2] | 10% | 10% |
| **Botswana – Malta**<br>*Signed: 2 October 2017*<br>*Not yet in force* | Details not yet available | | |
| **Chad – Turkey**<br>*Signed: 26 December 2017*<br>*Not yet in force* | Details not yet available | | |
| **Comoro Islands – Mauritius**<br>*Signed: 6 October 2017*<br>*Not yet in force* | Details not yet available | | |
| **Rwanda – United Arab Emirates**<br>*Signed: 11 October 2017*<br>*Not yet in force* | Details not yet available | | |

[1] 5% of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 25% of the capital of the company paying the dividends; and 8% of the gross amount of the dividends in all other cases

[2] The charge shall not exceed:
a) 5% of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 25% of the capital of the company paying the dividends
b) 15% of the gross amount of the dividends in all other cases

# PwC publications of interest

## African tax publications

### Synopsis

***Synopsis*** is a monthly journal published by PwC South Africa. The journal provides informed commentary on current developments in the tax arena, both locally and internationally, to assist business executives in identifying developments and trends in tax law and revenue practice.

Please click on the links below to access the latest editions of Synopsis issued this past quarter:

*Tax Synopsis — October 2017*

*Tax Synopsis — November/December 2017*

### Tax First

***Tax First*** is a monthly newsletter published by PwC Namibia that provides informed commentary on current developments in the local Namibian tax and business arena. The analysis of and comments on new laws and administrative changes assist business executives to identify developments and trends in law and Inland Revenue practice that might impact their businesses.

Please click on the links below to access the latest editions of Tax First issued this past quarter:

*October 2017 edition*

*November 2017 edition*

*December 2017 edition*

### HR Quarterly

This is a quarterly journal published by PwC South Africa that provides informed commentary on current developments in the tax and human resources arenas, both locally and internationally. Through the analysis of and comment on new law and judicial decisions of interest, such as the Regulations of the Immigration Act, it assists business executives to identify developments and trends in tax, labour law and revenue practice that might impact their businesses.

*Please click here to download this report*

# Global tax publications

## Worldwide Tax Summaries – Corporate Taxes 2017/18

*Worldwide Tax Summaries – Corporate Taxes 2017/18* is a useful reference tool to help you manage taxes around the world. It offers quick access to information about corporate tax systems in over 150 countries worldwide, in an easily digestible format.

As governments across the globe are looking for greater transparency and with the increase of cross-border activities, tax professionals often need access to the current tax rates and other major tax law features in a wide range of countries. The country summaries, written by our local PwC tax specialists, include recent changes in tax legislation as well as key information about income taxes, residency, income determination, deductions, group taxation, credits and incentives, withholding taxes, indirect taxes and tax administration.

For the most current information, visit our fully mobile-compatible website, WWTS Online, which is updated regularly throughout the year, at *www.pwc.com/taxsummaries*

## Paying Taxes 2018 report

Now in its 12th edition, Paying Taxes is a unique report from PwC and the World Bank Group which uses a medium-sized domestic case study company to measure and assess the ease of paying taxes across 190 economies. This year we explore how the digital revolution is transforming almost every aspect of paying taxes. We consider the methods companies use to pay their taxes, how tax administrations communicate with taxpayers, how they collect and use data, and the ways in which they monitor tax compliance.

| Section | Page | Commentary |
|---|---|---|
| Key findings – the regional picture | 9 | Despite some recent improvements, Africa still remains a difficult region for paying taxes. The total tax and contribution rate (TTCR) has increased slightly and the region still averages the highest number of payments. However, the time required to comply has reduced slightly. |
| Completing a VAT refund | 36 | In sub-Saharan Africa the refund time is the joint-second highest, due largely to the requirement of an audit before a refund is processed. |
| Correcting a CIT return | 36 | The average time required to correct a CIT return in Africa is comparable to the average time in North, South and Central America. However, CIT completion time is on the lower end of the spectrum (approximately 15 weeks). |
| Collaborative payments – mobile tax payments | 44 | A number of African countries have embraced mobile payment platforms for tax and other purposes, easing convenience in paying income, business and goods/services taxes. |

## Talking Tax podcast series

Join our new podcast series for a discussion on the big issues around UK tax and fiscal policy that everyone should debate. Some of the topics featured so far include:

- *How do you tax digital business?*
- *Is it possible to have a sensible debate on tax?*

*Please click here to access the podcasts.*

## US Tax Reform

The changes to tax in the United States won't just impact US-based businesses. Foreign organisations with a US presence will need to review the impact thereof on their businesses, from financial reporting to workforce strategies and tax function readiness.

We are working with clients to plan and prepare for the impact of the US tax changes on their operations within the US. This isn't just important if your registered address has a US postcode — it is important for any organisation that's doing business within the United States, across all industry sectors.

*Please click here to access detailed insights on the reform.*

## 2017: Tax transparency, creating clarity or confusion?

Today's tax professional operates in a challenging world, characterised by uncertainty, complexity and increasing scrutiny. Governments continue to balance the need to raise revenues with the desire for a tax regime which attracts and retains business and encourages it to grow. A broad range of stakeholders are asking whether companies are paying their 'fair share of tax', and there has been a decline in public trust, particularly in large business.

Can greater transparency rebuild trust? It is clearly important to consider the strategic response to this challenge, and this will differ between companies. The report looks into the UK requirements for a public tax strategy, the latest developments in country-by-country reporting, how tax is linked to other areas of reporting (the business model and as a principal risk) and a strategic response to tax transparency. We summarise the background to the mandatory requirements for tax transparency and then provide examples of how companies are responding, using voluntary tax disclosures to tell their story. As always, there is a range of approaches and it's important to consider the value that increased transparency will bring. For some companies, where the business case is insufficient, there will be little activity in this area. Others, however, have dedicated time and energy to developing voluntary disclosures and driving the debate on tax transparency forward, and we salute their efforts.

The report also has useful insights into our latest review of the tax reporting of all the companies in the FTSE 350. We have included extracts of the leaders in tax reporting.

*Please click here to download this report.*

## *How much do the UK's largest businesses pay in tax?*

### Total tax contribution of the 100 Group

Welcome to the thirteenth PwC Total Tax Contribution (TTC) annual survey of the 100 Group. This report presents the analysis of data received from 100 companies, displaying the TTC and wider economic contribution for 2017, along with a trend analysis over the thirteen years of the survey.

*Please* ***click here*** *to download this report.*

## *International Tax News*

Keeping up with the constant flow of international tax developments worldwide can be a challenge. *International Tax News* provides a succinct monthly analysis of select legislative changes, case law and treaty news from around the globe.

Please click on the links below to access the last three editions of *International Tax News* issued this past quarter:

*December 2017 edition*

*November 2017 edition*

*October 2017 edition*

# African industry publications

## Oil and gas

### • Africa oil & gas review

**Learning to leapfrog**

This review of activity and developments in the African oil and gas industry is our seventh in a series on the sector.

The review factors in the views of oil and gas industry participants operating in Africa and includes the experiences of international oil companies, national oil companies, oilfield service companies, independent oil companies and other industry stakeholders, to shed light on the key challenges and opportunities facing the sector.

In this edition, we consider events that have taken place in the past year within burgeoning and established hydrocarbon provinces throughout the continent. With a constantly changing competitive environment and significant pressure to cut costs, the industry continues to face significant challenges. However, there continue to be opportunities too.

*Please **click here** to download this report.*

### • Future National Oil Company of Africa

The energy sector is experiencing significant change and upheaval. Whether it is in oil and gas or utilities, we are witnessing tectonic shifts in strategies, business models and ways of working. It is against this backdrop that we consider the future of African national oil companies (NOCs). After all, not only do African NOCs have to navigate this disruption and tackle the challenges of uncertainty, as do their international oil company (IOC) counterparts, but given their sovereign importance as nation builders they must also identify the future pathways to evolve.

*Please **click here** to download this report.*

## Agriculture

### • Africa Agribusiness Insights Survey 2017/2018

**Managing growth**

This is the first in a series of thought leadership articles that provides insights into the opportunities and challenges for agribusinesses in Africa through the eyes of their CEOs.

As the global population grows and a shortage of food becomes a reality, Africa is well positioned to become the breadbasket of the world. Agribusinesses in Africa are already playing a pivotal role in driving the economy of the continent, and this role is expected to increase exponentially in the future as food security becomes more and more important.

When doing business in the agribusiness space in Africa, it is important to fully understand the boundaries of the playing field, the external factors that have an impact thereon and the ever-changing rules of the game in order to not only survive, but thrive and be leaders in the field.

We are proud to present this first article in a series that will be focusing on agribusinesses operating in Africa. In previous years the findings of our surveys were presented in one publication. This year the content has been broken down into bite-sized chunks and presented as a number of short articles, each focusing on a specific theme. These articles will look at how agribusinesses manage growth.

*Please **click here** to download this report.*

## Banking

### • The future of banking: A South African perspective

The increase in unexpected players emerging in the financial services industry has created what has been called a 'marketplace without boundaries'. Non-traditional players are increasingly exploring new opportunities, enabling them to challenge incumbents and continually change the state of financial services in South Africa.

Digital solutions, low-cost operating models and supply-chain integration have moved to the top of the business agenda, with non-traditional players pursuing various aspects of these trends, enabling them to provide their customers with in-house banking solutions.

In response to the growing threat experienced by the retail banking industry, the 'four universal banks' (Barclays Africa, Standard Bank, Nedbank and FirstRand) are progressively finding new ways to enable them to stay relevant in the market.

By prioritising key operational trends like digital transformation and data mining, banks can develop solutions to better serve their retail customers and adequately compete with new entrants.

Unlike their challengers, the four universal banks have the principal advantage of being able to serve a sizeable share of South Africa's business and corporate banking customers. In order to maintain this advantage, they will need to develop strong data analytics capabilities and develop new solutions to better meet the needs of their customers, as well as find efficiencies in their legacy businesses to fund the large-scale transformation effort required.

*Please **click here** to download this report.*

# African general interest publications

## Business resilience: Western Cape water crisis

What impact could the water crisis have on your business? The risk of water scarcity, with its associated impacts, has jumped to the top of many Western Cape businesses' risk registers. Water scarcity does not only impact organisations that are reliant on large volumes of water for their core operations, such as agriculture, food processing and manufacturing businesses; it will also have a significant impact on corporate offices. A number of businesses are already putting preventative measures and crisis management plans in place to deal with the expected water disruptions.

How can your organisation become more resilient in a time of water scarcity? The key to becoming resilient in a time of water scarcity and climate change is for organisations to prepare a water scarcity management strategy. Such a strategy would typically be developed using a combination of risk management and business continuity management principles aimed at coping with the expected water crisis and ensuring continuity of operations.

*Please **click here** to download this report.*

## Gambling outlook 2017-2021

Welcome to the sixth edition of Gambling outlook 2017—2021. This publication focuses on segments within the South African gambling industry, with detailed forecasts and analysis. For each segment, we give details about the key trends we have noted as well as key challenges and future prospects we have identified.

Although the gambling industry overall continued to grow from a revenue perspective in 2016, the growth rate was significantly lower than increases experienced during the past couple of years. Casino gross gambling revenues declined for the first time since 1997, reflecting the tough economic conditions and the impact of illegal gambling. The other segments continued to show growth in 2016.

Gross gambling revenues for casinos, limited-pay-out machines, bingo and betting totalled R27 billion in 2016, a 3.9% increase on the prior year.

*Please **click here** to download this report.*

## Nigeria's economic recovery

**Defining the path for economic growth**

The oil price shock which started in mid-2014 severely affected the Nigerian economy. In 2015, the economy slowed sharply as annual real GDP growth declined to 2.7% y/y from 6.2% y/y in 2014. By 2016, the economy recorded its first recession since 1991, recording a growth of -1.5% y/y as oil production shortages exacerbated the decline in the oil price. Notably, the underperformance in the oil sector spilled over to the non-oil sector through the exchange rate channel, with the non-oil sector contracting 0.2% y/y to record its worst performance since 1985.

By Q2'17, the Nigerian economy exited recession, recording a positive growth rate of 0.5% y/y. The recovery was in part due to a sharp recovery in the oil sector, driven by an improvement in oil prices and production volumes. In addition, the non-oil sector recorded a positive growth for the second consecutive quarter, spurred by ongoing recovery in the manufacturing sector due to improved foreign exchange (FX) liquidity. Beside the improvement in real GDP, the performance across several other macro-indicators suggests that the economy is on track for a broad-based recovery.

*Please **click here** to download this report.*

## Transforming Nigeria's agricultural value chain

**A case study of the cocoa and dairy industries**

Agriculture was the mainstay of Nigeria's economy before the discovery of crude oil. From 1960 to 1969, the sector accounted for an average of 57.0% of GDP and generated 64.5% of export earnings. From 1970 to the late 2000s, the sector's contribution to GDP and export earnings steadily declined, because Nigeria's focus shifted to petroleum exploration. Over the past five years, the sector has contributed an average of 23.5% to GDP and generated 5.1% of export earnings.

Due to the recent fall in crude oil prices, export earnings from crude oil have reduced significantly. This has triggered conversations around the critical role agriculture has to play in diversifying the economy.

Two factors determine growth in agriculture: an increase in yield per hectare, and land expansion. In Nigeria, however, land expansion has been the primary driver of growth. Yield per hectare has been low because of poor and limited farming inputs such as seedlings, pesticides and fertilisers. Moving further down the value chain, processing and marketing activities have been plagued by poor infrastructure, low investment and unfavourable government policies.

This report argues that Nigeria's agriculture sector requires massive investments to increase production and to create value addition across the most profitable segments of the value chain. In order to examine Nigeria's agricultural value chain, the report focuses on cocoa and dairy as case studies. Also, it suggests strategies for upgrading the production and processing segments of the value chain.

*Please **click here** to download this report.*

# Global general interest publications

## The ethics of pay in a fair society

**What do executives think?**

PwC, along with the London School of Economics, surveyed a total of 1 123 executives around the world, including 458 in Western Europe, 205 in North America, 121 in South and Central America, 170 in Asia Pacific, 89 in the Middle East and Africa, and 80 in Central and Eastern Europe, and the report has been prepared based on these results.

*Please **click here** to download this report.*

## PwC global risk podcast series

Our PwC risk professionals share perspectives on how to take a new approach to managing risk: one that helps to create, preserve and realise value now and in the future. From risk profiles to risk frameworks, we provide easy-to-understand insights to help you navigate today's challenging global landscape. You can listen to episodes at your convenience via your desktop computer or smart phone.

*Please **click here** for more information on how to access the podcasts.*

## The coming wave of digital disruption

Over the past 30 years, business has changed dramatically because of digital innovation — but only up to a point. Although many practices, products and services have evolved and a few sectors (such as media) have been fundamentally changed, very few enterprises have had their core businesses disrupted. But that is about to change, in a way that will – or should – affect the strategy of your company.

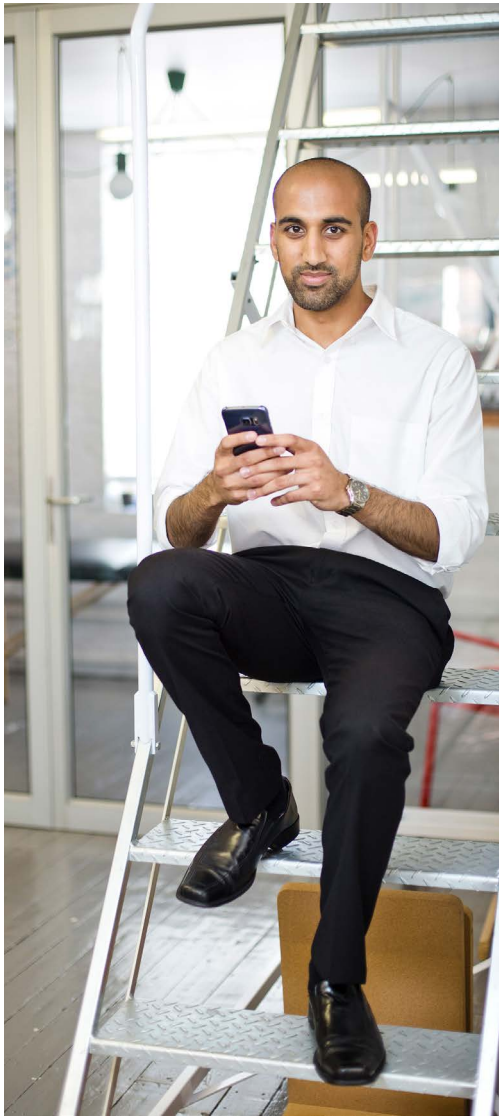
All disruption (digital or otherwise) is taking place on an industry-wide scale, forcing a significant shift in profitability from one prevailing business model to another. The new model typically provides customers with the same or better value at a much lower cost. Companies wedded to the old business model are losing ground, and some are even being pushed out of business. A group of challengers that embrace the new business model are gaining advantage and taking a dominant position in the market. The winners may be new entrants, as were Southwest Airlines in the 1980s, Google in the 1990s, and Netflix and Facebook more recently. They could also migrate from another sector, as Apple did when it moved into telephony and Amazon did with groceries. Or they could be large incumbent companies shifting business models, as GE is doing now with its large-scale business-to-business infrastructure offerings.

*Please **click here** to read more.*

## 10 Principles for Winning the Game of Digital Disruption

If you haven't already noticed, a high-stakes global game of digital disruption is currently under way. It is enabled by the latest wave of technology: advances in artificial intelligence, data analytics, robotics, the Internet of Things, and new software-enabled industrial platforms that incorporate all these technologies and more. Every enterprise leader recognises that, as a result, the prevailing business models in their industry could drastically and fundamentally change. A wide range of industries, such as entertainment and media, military contracting and grocery retail, have already been profoundly affected. No enterprise, including yours, can afford to ignore the threat. Yet most companies are still not moving fast enough to meet this change. Some leaders are still in denial about it, some are reluctant to upend the status quo in their companies, and some are unaware of the necessary steps to take. But these are not good enough excuses.

*Please **click here** to read more.*



# PwC Africa Desk

The PwC Africa Desk in *Johannesburg* is staffed by specialists from across Africa, and works closely and seamlessly with colleagues at PwC offices in other African countries as well as the Africa Desks in *New York* (USA) and *Perth* (Australia) to help clients address important issues facing their businesses.

The Africa Desk provides quick responses to specific and generic questions that companies need answered when considering investments in Africa.

Both existing and potential clients seeking to invest in Africa or to restructure their African operations are invited to contact the people listed below.

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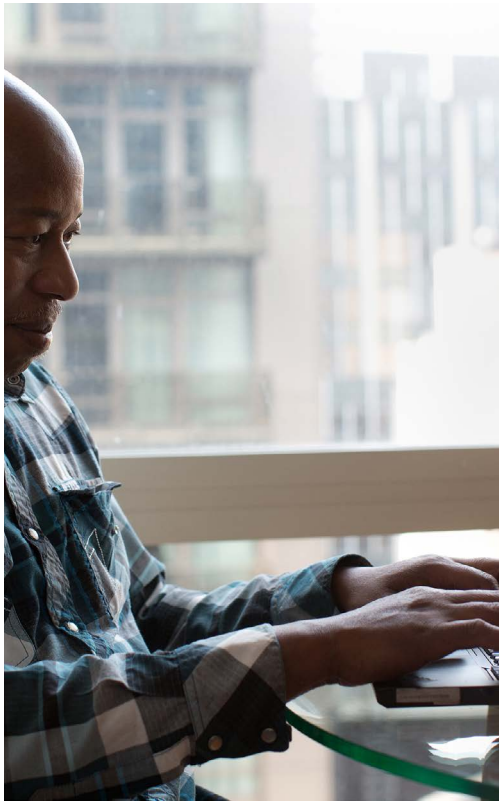

## *Caveat*