AfriTax

Stay informed

Issue 38 - Quarter ended 30 September 2018

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Greetings

At the PwC Africa Desk in Johannesburg, we are committed to helping our clients to access, and keep up with, the diverse obligations incurred by their African operations. Afritax, our quarterly newsletter, provides a snapshot of the most significant recent tax and regulatory changes in Africa from the previous quarter.

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

In this issue

Recent events

Special edition of Doing business in Africa seminar with the focus on Cyprus

In the month of November 2018, PwC featured its flagship seminar on Doing business in Africa in both Cape Town and Johannesburg. This seminar was a special edition which focused on doing business in Cyprus, examining its potential as an investment destination for African entities as well as a European hub for their global expansion projects.

The seminars were facilitated by PwC's in-country specialists, who provided varying insights on the intricacies of doing business in Cyprus. This included discussions on recent developments and trends in their economies, the investment landscape and the impact of key regulations, among other issues. Participants also had the opportunity to schedule free private consultations to address their key business concerns.

The Doing business in Africa seminar series is an initiative of the PwC Africa Desk in Johannesburg, which is a strategic hub and centre of excellence dedicated to supporting your business operations in Africa.

Click here to find out more about the Doing business in Africa series.

Ayuk Takor
Johannesburg

+27 11 287 0741
ayuk.w.takor@pwc.com

Asif Joosub
Cape Town

+27 21 529 2305
asif.joosub@pwc.com

Angola

New foreign exchange rules on importation and exportation of goods

The Angolan Central Bank (BNA) has issued Order 05/18, which establishes new rules and procedures applicable to foreign exchange transactions relating to payments from the importation and exportation of goods. These include new limits for the importation of goods, as well as less mandatory documentation.

The importation of goods under an agreement subject to a payment period of more than 360 days is also now subject to BNA licensing, except in certain situations.

Foreign exchange transactions relating to the exportation of goods do not require prior BNA licensing as long as the requirements set forth in the Order are complied with.

New Diamond Promotion Policy

Presidential Decree 175/18 of 27 July approved the new Diamond Promotion Policy, which entrusts the State-owned company SODIAM E.P. with the duties of Public Promotion Body and public purchaser of strategic minerals.

Additional regulations will be published which will lay down the criteria for valuation, sale and purchase arrangements and pricing, among others.

Amendments to compulsory social insurance contributions

Presidential Decree 277/18 of 27 September introduces several amendments to the mandatory social protection regime, widening the base of tax contributions.

The main change relates to the enlargement of the contribution base to cover employees' gross remuneration, including all cash benefits that are payable by the employer to the worker, with the exception of the following:

- welfare benefits paid by employers in the context of mandatory social protection (e.g., family allowance);
- Vacation allowances; and
- Additional allowances relating to complementary social insurance systems.

New paradigm in the consumption taxation in Angola

As from July 1, 2019, VAT will come into force in Angola, with the Consumer Tax being revoked.

The rate is expected to be 14%.

Angolan tax authorities are also expected to publish guidelines on Invoices and Equivalent Documents, which will include rules regarding acceptable software for issuing invoices.

Click here to download the full report

- **Luís Andrade**
  Luanda
  +244 936174532
  luis.p.andrade@ao.pwc.com
- **Inês Cunha**
  Lisbon
  +351 213599716
  ines.barbosa.cunha@pt.pwc.com
- **Pedro Queiroz**
  Luanda
  +244 937250437
  pedro.o.queiroz@ao.pwc.com

Egypt

Personal income tax

A number of adjustments have been made to the first two income tax brackets, as follows:

- Prior to this year, the first income tax bracket exempted income of up to 6 500 EGP from tax – this exemption has now been increased to 8 000 EGP.
- The second bracket has now also been changed to accommodate changes in the first bracket – persons earning above 8 000 EGD are now liable to pay tax of 10%. No adjustments were made to the remaining tax brackets or the annual general exemption of 7 200 EGP.

The tax credit rates have also been adjusted and increased for the second, third and fourth income brackets. For those taxpayers whose income falls within the fifth bracket, no tax credit is provided, as per the table below.

Bracket	Range in EGP		Tax rate	Tax credit
	From	**To**		
First	*Up to EGP* 8,000		*Tax exempt*	*N/A*
Second	8,000	30,000	10%	85%
Third	30,00	45,00	15%	45%
Fourth	45,000	200,00	20%	7,5%
Fifth	**200,00 and above**		**22,5%**	**No tax credit**

Local withholding tax

The local withholding tax rate (WHT) applicable to certain payments has increased as follows:

- Contracting and supplies to 1% (from 0.5%).
- Services to 3% (from 2%).

The new amendments require that professional fees should be treated as services and so subject to WHT at the rate of 3% (instead of the 5% rate that previously applied to professional services).

Customs duties

The range for customs duties on imported goods now starts from 5% to 60%, with the exception of vehicles, non-essential and luxury consumer goods, and alcoholic beverages, which may be as high as 135%.

Stamp tax

Stamp duty is due on the gross amounts of proceeds realised from buying or selling any type of stocks (national or foreign, listed or unlisted) on the Egyptian Stock Exchange. The following rates should be applied to this gross amount by both the seller and the buyer:

- 0.150% on transactions made between 1 June 2018 and 31 May 2019.
- 0.175% on transactions made as from 1 June 2019.

Where the transaction involves the sale of 33% or more of a company's shares, the stamp tax rate imposed will be 0.3%. The same rate will apply where 33% or more of the company's shares are sold over several transactions within a period of two years.

Egypt

Transfer pricing regulations

The updated TP Guidelines include a three-tiered approach to TP documentation, as recommended in the OECD BEPS Action 13 (i.e. local file, master file and country-by-country reporting), as well as an advance pricing arrangement (APA) programme for national taxpayers with local APA thresholds.

Filing of TP documentation has also been made mandatory for all taxpayers concerned. Henceforth, taxpayers will be expected to file their TP documentation on an annual basis, alongside their annual tax return.

According to the updated TP guidelines, acceptable methods for determining arm's-length prices are as follows:

- Comparable uncontrolled price method;
- Cost-plus method;
- Resale price method;
- Profit-split method; and
- Transactional net margin method.

Karim Emam
Cairo

+2 02 2759 7881
karim.emam@pwc.com

Luxury vehicle levy implementation

In August 2018, the parliament of Ghana passed a luxury vehicle levy to be imposed on motor vehicles with engine capacities exceeding 2 950 cubic centimetres (cc).

Owners of such vehicles are liable to pay the levy on the first date of registration of the vehicle, and subsequently on or before the due date for the annual renewal of the roadworthiness certificate for that vehicle, as per the table below:

Engine capacity	Levy
2 95o cc – 3 549 cc	GHS1 000
3 550 cc – 4 049 cc	GHS1 500
4 050 cc and above	GHS2 000

Tractors, ambulances and commercial vehicles (including those with the capacity to carry ten or more persons, and those used for the transport of goods) as well as any other motor vehicles that the Minister responsible for Finance may exempt by Regulations, are exempt from this levy.

Levy on importation of second-hand electronic gadgets

In accordance with the Hazardous and Electronic Waste Control and Management Act, 2016 (Act 917), an import levy (advanced eco levy) is to be imposed on the importation of second-hand (including old, discarded and broken-down) electronic and electrical gadgets.

NHIL, GETFund, VAT

There have been amendments to the National Health Insurance Levy Act, 2012 (Act 852), the Ghana Education Trust Fund Levy 2000 (Act 581) and Value Added Tax Act, 2013 (Act 870),

The National Health Insurance Levy ("NHIL") of 2.5% and the Ghana Education Trust Fund ("GETFund") Levy ("GETFL") of 2.5% (collectively referred to as Health and Education Levy - "HEL") have both been converted to straight levies, and are no longer subject to the input-output method of computation. The 5% HEL is therefore now an additional cost which businesses will have to bear directly as a result of the non-deductibility of the NHIL and GETL.

The GET Fund levy does not apply to supplies of goods that are subject to the VAT Flat Rate Scheme (VFRS). Thus, this only applies to standard-rated VAT operators.

As from 1 August 2018, the VAT rate was reduced from 15% to 12.5%, levied on the gross value of supplies, which includes the 5% straight levies.

Tax payers will be expected to file separate returns for VAT and the NHIL & GETFL at the end of each month.

Higher tax rate introduced for resident individuals

The Income Tax Act, 2018 (Act 973), as amended, introduces an extra tax band of 35% for resident individuals with chargeable incomes of GHS10 000 or more per month (GHS120 000 or more per annum).

This has therefore increased the marginal individual income tax rate from the previous 25% to 35%. The tax rate on the chargeable income of a non-resident individual for a year of assessment has also been increased from a flat rate of 20% to 25%.

Ghana

George Kwatia
Accra

+233 (0) 302 761 459
george.kwatia@pwc.com

Ayesha A Bedwei
Accra

+233 (0) 302 761 500
ayesha.a.bedwei@pwc.com

Abeku Gyan-Quansah
Accra

+233 (0) 302 761 500
abeku.gyan-quansah@pwc.com

Kingsley Owusu-Ewli
Accra

+233 (0) 302 761 500
kingsley.owusu-ewli@pwc.com

Equatorial Guinea

Changes in the rules applicable to work permits

The Ministry of Labour of Equatorial Guinea (GE) issued Ministerial Order (OM) No. 1/2018 of 5 September 2018, regulating the procedure for the issuance, renewal and cancellation of work permits ('Permis de Travail').

This OM reactivates the previous procedure for the issuance of work permits in GE, which had been suspended by the authorities, and cancels all work permits currently being used in GE.

Holders of these work permits have been granted a deadline of 45 days to update their permits in accordance with the applicable legal procedure.

Nadine Tinen
Douala

+237 233 43 24 43/44/45
nadine.tinen@cm.pwc.com

Bernard Noutsawa
Douala

+237 233 43 24 43/44/45
bernard.noutsawa@cm.pwc.com

2018 Finance Act highlights

The Finance Act, 2018 ('the Finance Act') and the Tax Laws (Amendment) Act, 2018 (TLAA) were recently signed into law. These Acts have introduced various changes, as outlined below.

Value-added tax

The Finance Act introduced the following changes:

- VAT exemptions for the following products, amongst others:
  - Wheat, meslin seeds and barley seeds for sowing;
  - Alcohol and non-alcoholic beverages supplied to the Defense Forces Canteen Organization;
  - Parts imported or purchased locally for the assembly of computers; and
  - Hearing aids, excluding parts and accessories under tariff No. 9021.40.00;
- A new VAT rate of 8% imposed on the taxable value of petroleum products, effective on the date of enactment of the Supplementary Appropriation Act. The taxable value in respect of petroleum products excludes excise duty, fees and other charges;
- Zero rating of maize flour, cassava flour, wheat or meslin flour and maize flour (which contain cassava flour in excess of 10% in weight);
- Limitation of the customs exemption on plant and machinery to only those used to manufacture goods;
- Removal of medication under tariff No. 3004.40 from zero rating and addition of those under tariffs 3004.41.00, 3004.42.00, 3004.43.00 and 3004.49.00;
- Withdrawal of the VAT exemption on garments and leather footwear manufactured in an export processing zone, on importation into Kenya;
- Restriction of blanket VAT exemption of specialised solar equipment and accessories (including solar water heaters) to only those used for the development and generation of solar and wind energy; and
- Widening of the VAT base for the supply of mobile cellular services to include 15% excise duty on mobile cellular services.

Excise duty

The Finance Act introduced the following changes:

- Increase/Introduction of excise duty rates on the following products and services:
- Money transfers to banks, money transfer agencies and other non-financial services, from 10% to 20%;
- Private motor vehicles the engine capacity of which exceeds 2 500 cc for diesel-powered vehicles and 3 000 for petrol-powered vehicles, from 20% to 30%;
- 15% excise duty on telephone and internet data services; and
- KES20 per kilogram on sugar confectionery under tariff heading 17:04 and chocolate in blocks, slabs or bars under tariff codes 1806.31.00, 1806.32.00 and 1806.90.00.
- Introduction of a penalty of a maximum of five million shillings or double the excise duty payable (whichever is higher) for manufacturers of goods subject to excise.
- The clarification of the imposition of excise duties on bottled drinking water.

Withholding tax on winnings

The tax base definition of 'winnings' has now been expanded in order to include winnings of any kind from betting and not just net winnings paid out to bookmakers, as provided before.

Demurrage charges and insurance premiums paid to non-residents to attract withholding tax

Demurrage charges charged by transporters (and in particular non-resident ship owners) will henceforth be subject to withholding tax at 20%.

A withholding tax at the rate of 5% has also been introduced on gross premiums paid to non-resident insurance companies, except insurance premiums paid for the insurance of aircraft.

Deemed dividends

The Finance Act has expanded the definition of deemed dividends to include:

- Any cash or asset distributed or transferred to shareholders or any person related to shareholders;
- Any obligation measurable in monetary terms discharged from a shareholder or any person related to a shareholder by the company;
- Any amount used by the company in any manner for the benefit of a shareholder or any person related to a shareholder;
- Any debt owed by a shareholder or any person related to a shareholder to any third party that is settled by the company; and
- Transfer pricing adjustments which result in additional taxable income or reduced assessed losses of the company by virtue of any transaction with a shareholder or a related party to a shareholder.

Compensating tax

The distribution of untaxed gains or profits by a company will henceforth be subject to tax at the resident corporate tax rate of 30%.

The requirement of maintaining the dividend tax account by a resident company has also been removed.

This provision comes into effect on 1 January 2019.

Replacement of turnover tax with presumptive tax

A presumptive tax of 15% has been introduced to replace the turnover tax which is imposed on the value of a single business permit or trading license fee.

This tax will apply to any resident business whose turnover does not exceed KES5 m in a year of income.

Additional tax deduction on electricity cost

With effect from 1 January 2019 manufacturers can claim an additional corporate tax deduction of 30% of the total electricity bill (that is, in addition to the normal deduction provided by law), but subject to conditions to be set by the Ministry of Energy.

Tax incentives to entities operating under a special operating framework arrangement with the Government

With effect from 1 January 2019 the government is empowered to negotiate for special corporate tax rates for businesses operating under a special operating framework arrangement.

Gains from disposal of property by a general insurance business

Gains arising from transfer of property by companies in the insurance sector will be taxed as capital gains.

Reduction of betting, prize competition, lottery and gaming taxes

The tax rate for betting, gaming, prize competition and lottery operators has been reduced from 35% of their revenue to 15% of their revenue. A late payment penalty of 5% of the tax payable and late payment interest at the rate of 1% per month have also been introduced.

The new betting tax and gaming tax rates took effect on 1 July 2018, whereas the new lottery and prize competition tax rates took effect on 1 October 2018.

Stamp duty

The Finance Act amends the Stamp Duty Act to provide for the monthly payment of stamp duties for life insurance policies and accident insurance.

In addition, it grants an exemption from stamp duties to instruments relating to the business activities of licensed special economic zone enterprises, developers and operators, as well as instruments executed for the purposes of the collection and recovery of taxes.

Employment taxes and other statutory deductions

A national social housing development fund (NHDF) has been established. Every employer's contribution to the fund is 1.5% of employees' gross monthly earnings, capped at KES5 000 and matched by the employee's contribution of 1%.

This change took effect on 1 October 2018.

Employers are required to remit the employee and employer contributions to the NHDF by the ninth of the following month. Late remittance of the NHDF contribution will attract a penalty of 5% per month.

Extension of foreign income tax amnesty to 30 June 2019

The Finance Act has extended the deadline for filing for amnesty on foreign income and assets to 30 June 2019. The amnesty covers taxes, penalties and interest for repatriated foreign income earned on or before 31 December 2017 and which would have been subject to tax in Kenya.

Tax administration

The Act also introduces the following new provisions in tax procedures:

- The option for a taxpayer to request an extension of time to file a return at least 15 days before the due date in the case of monthly returns, and at least 30 days before the due date in the case of annual returns. Upon request for this extension, the commissioner is required to respond at least five days before the due date, failing which the request will be deemed to have been approved. The penalty for late submission of returns is not applicable where an extension of time to file a return is granted. This took effect on 1 July 2018; and

- Introduction of a late payment penalty of 5% of the tax due, while the 1% interest on late payments has been retained. The late filing penalty for filing annual returns for individuals has also been reduced from KES20 000 to KES2 000.

Anti-adulteration levy

A levy of KES18 per litre has been introduced on the importation of illuminating kerosene into the country.

This provision became effective on 1 October 2018.

Kenya

Export levy/duty on copper waste and scrap metal

The First Schedule to the Miscellaneous Fees and Levies Act, 2016 has been amended to introduce an export levy at a rate of 20% on copper waste and certain types of scrap.

The provision came into operation on 1 October 2018.

Click here for PwC's Finance Act highlights – tax alert

Kenya's 2018/2019 National Budget: Reimagine the possible

PwC Kenya's Budget Bulletin provides insight into and an analysis of the 2018/2019 budget speech. The analysis is based primarily on the national budget speech presented by the National Treasury Cabinet Secretary to the National Assembly as well as reports from the office of the Controller of Budget.

Click here to download the full budget

Steve Okello
Nairobi

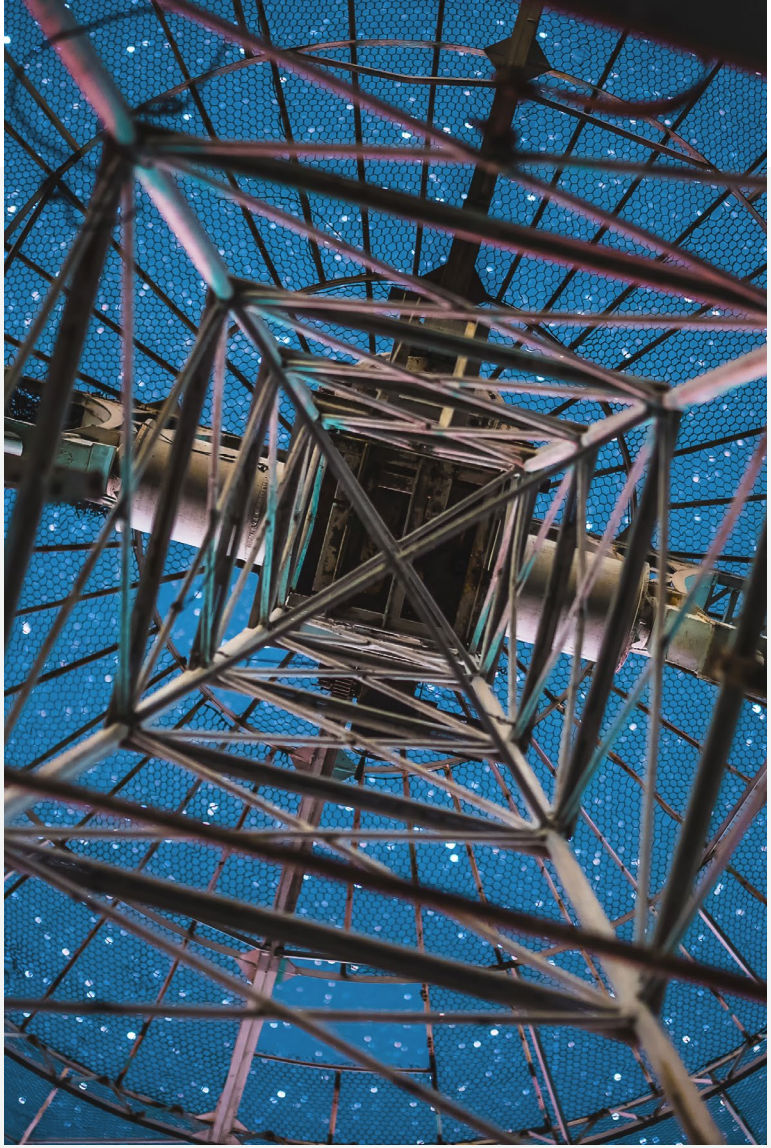
+254 (20) 285 5000
steve.x.okello@pwc.com

Titus Mukora
Nairobi

+254 (20) 285 5395
titus.mukora@pwc.com

Simeon Cheruiyot
Nairobi

+254 (20) 285 5000
simeon.cheruiyot@pwc.com



Madagascar

Extension of online tax filing platform to all taxpayers

The possibility of using the online tax filing platform (which was hitherto reserved only for large taxpayers) has now been extended to all taxpayers.

A mobile money solution to enable payment of taxes through mobile banking, called HETRAONLINE, also previously available only to large companies, has equally been extended to all taxpayers.

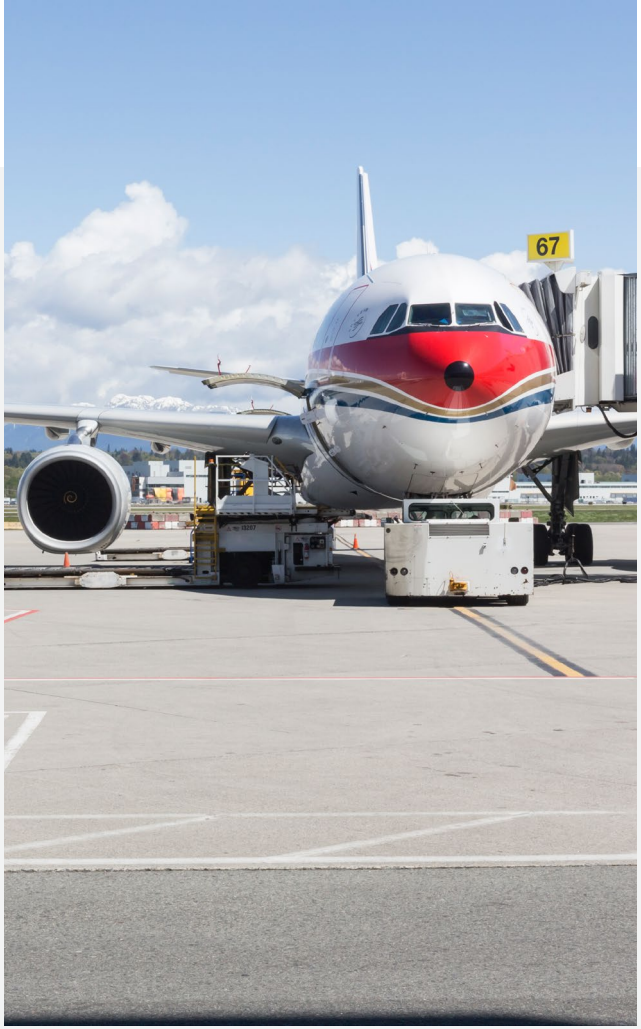
Relaunching of tax audits

In the last two years, tax audits in Madagascar have decreased significantly, following a discussion between tax authorities and professional groups such as GEM, SIM and FIVMPAMA.

However, due to the prevalence of tax fraud the tax authorities have announced their intention to relaunch tax audits under new and stricter guidelines with regard to audit procedures.

Andriamisa Ravelomanana
Antananarivo

+261320700524
andriamisa.ravelomanana@mg.pwc.com



Nigeria

FIRS issues country-by-country reporting (CbCR) guidelines

Following the introduction of Nigeria's country-by-country (CbC) reporting regulations on 19 June 2018, the Federal Inland Revenue Service (FIRS) has released detailed guidelines for country-by-country (CbC) reporting in Nigeria. In addition to the guidelines, the FIRS also released the following documents:

- A yearly CbC notification form; and
- Guidelines on the appropriate use of CbC reports.

FIRS issues revised transfer pricing regulations

The Federal Inland Revenue Service (FIRS) has released new TP regulations with an effective date of 12 March 2018.

The TP regulations incorporate some of the 2017 updates to the OECD's TP Guidelines and some provisions contained in the African Tax Administration Forum's (ATAF) Suggested Approach to drafting TP legislation.

The regulations also introduce significant administrative penalties for a wide range of offences.

FIRS provides guidance on reconciling and using withholding tax credits

Taxpayers are henceforth required to populate a request form to be provided by the FIRS with all unutilised withholding tax credits within 15 days after being requested to do so by the FIRS. The form will be presented to the FIRS for confirmation, reconciliation and approval of the withholding balances for usage by the taxpayer and is to be uploaded onto the FIRS tax system (SIGTAS).

Furthermore, the FIRS has stated that the utilisation of all withholding tax credits older three years will be subjected to an audit.

Nigeria and Ghana – Double-tax treaty

Nigeria and Ghana have decided to sign an agreement for the avoidance of double taxation between the two countries. The negotiation process was concluded in July 2018, and the DTT is expected to be signed and ratified swiftly.

Singapore ratifies double-tax treaty with Nigeria

Both Nigeria and Singapore have signed up to the OECD's new Multilateral Instrument (Action 15 of the Base Erosion and Profit Shifting) to amend their tax treaties. Accordingly, the DTA will eventually be amended to incorporate any new measures designed to curb base erosion and profit shifting. The treaty is yet to be ratified in Nigeria by the National Assembly, which is required for the treaty to be effective in Nigeria.

Taiwo Oyedele
Lagos

+234 1 271 1700
taiwo.oyedele@pwc.com

Russell Eastaugh
Lagos

+234 1 271 1700
russell.eastaugh@pwc.com

Republic of Congo

Transfer pricing documentation

All legal persons established in the Republic of Congo whose 2017 turnover excluding taxes were equal to or more than 500 million FCFA and who during 2017 carried out transactions with related parties situated or incorporated outside the Republic are expected to submit initial transfer pricing documentation for the 2017 fiscal year.

This documentation must be submitted within six months of the beginning of the fiscal year – the deadline therefore falls in November 2018.

Failure to submit this documentation is punishable with a penalty of 5 million FCFA.

Prosper Bizitou
Pointe-Noire

+242 05 534 09 07
prosper.bizitou@cg.pwc.com

Moïse Kokolo
Pointe-Noire

+242 05 534 09 07
moise.kokolo@cg.pwc.com

Emmanuel Le Bras
Pointe-Noire

+242 05 534 09 07
emmanuel.lebras@cg.pwc.com

Senegal

Introduction of rules governing the opening of retail outlets and supermarkets

The Senegalese Ministry of Trade has introduced new rules governing the installation of and trading from retail outlets in Senegal.

The principal change consists of a new requirement to obtain prior authorisation from the Ministry of Commerce, after consultation with the authorities in charge of town planning and environmental protection.

Modalities of application for this authorisation will be fixed by ministerial decree at a later date.

Existing retailers are exempt from the requirement of authorisation mentioned above. However, they have a deadline of twelve months to comply with any requirements laid down by Decree with regard to the functioning of their activities.

Mahi Kane
Dakar

+221 33 849 05 00
mahi.kane@sn.pwc.com

Matthias Hubert
Dakar

+221 33 849 05 00
matthias.hubert@sn.pwc.com

2018 legislative cycle – Proposed tax amendments

The draft Taxation and Tax Administration Laws Amendment Bills, as released by SARS for public comment, contain a number of significant proposals, highlighted below.

Income taxes

- The removal of the requirement for individuals to submit dividend tax returns in respect of tax-exempt dividends;
- Rules to clarify the implications of the cancellation and reissue of an incorrect VAT invoice;
- Provisions to simplify the set-off and recovery mechanisms employed by SARS in respect of branches and divisions that are separately registered from the legal entity of which they are a part;
- Introduction of a fringe benefit exemption for low-income employees who receive loans from their employers for low-cost housing;
- Refinement of rules dealing with the artificial repayment of debt and the conversion of debt to equity; and
- Rules addressing tax avoidance involving the use of trusts by SA-resident individuals to re-characterise income from foreign sources or to defer tax.

Value-added tax

- Inclusion of services involving cryptocurrencies into the list of financial services;
- Definition of 'face value' of an irrecoverable debt; and
- Review of the list of VAT zero-rated items.

Debt relief rules

- Introduction of a comprehensive definition of the term 'concession or compromise' in order to limit its scope only to events which result in the realisation of a debt;
- Amendment of the definition of 'debt benefit'; and
- Limitation of the application of the rules regarding loan capitalisations, to circumstances in which the relevant debt was interest-bearing.

David Lermer
Cape Town

+27 21 529 2364
david.lermer@pwc.com

Osman Mollagee
Johannesburg

+27 11 797 4153
osman.mollagee@pwc.com

2019 budget

A number of tax measures are being proposed by the Minister and are expected to take effect on 1 January 2019, as highlighted below.

Direct taxes

Withholding tax rates

WHT rates will be increased from 15% to 20% on the following payments made to non-residents:

- Dividends;
- Interest; and
- Remittance of branch profits.

Reduction of corporate income tax rate in the copper sector

The corporate income tax rate for companies adding value to copper cathodes will be reduced from 35% to 15%.

Change in method of limitation of deductibility of interest

Deductibility of interest will be limited to 30% of a company's EBITDA.

This limit will not affect businesses taxed under the turnover tax system or taxpayers engaged under the Banking and Financial Services Act.

Change in turnover tax

The current presumptive turnover tax regime is to be replaced with a flat rate tax.

Under this new tax regime, a business with a turnover below K800 000 per annum will be taxed at a flat rate of 4%.

Implementation of National Health Insurance Act

In 2019, the Government will commence with the implementation of the National Health Insurance Act of 2018. Under the Act, employers will have various obligations, including:

- Registering their employees with the scheme within 30 days of commencement of employment; and
- Paying a contribution to the scheme on a monthly basis (this contribution will include both the employer's and the employee's portions at a percentage to be set by the Minister of Health).

Introduction of new tax regime on casino, lottery, betting and gaming

The existing 20% levy charged on casinos will be replaced by the following new tax rates:

- Casino and live games will be taxed at 20% of gross takings;
- Casino machine games will be taxed at 35% of gross takings;
- Lottery winnings will be taxed at 35% of net proceeds;
- Betting will be taxed at 10% of gross stakes; and
- Gaming companies will be taxed an amount ranging from K250 to K500 per machine per month.

Indirect taxes

Value-added tax (VAT)

- The VAT system will be replaced with a simpler non-refundable sales tax.

Customs and excise

The following changes and introductions have been made to customs and excise rules:

- Excise duties will be introduced on non-alcoholic beverages and calculated per liter;
- Excise duties on plastic carrier bags will be increased from 20% to 30%;
- Customs duties on LED lights will be suspended;
- An export duty of 10% will be introduced on exports of raw hides and skin, and the ban on these exports has been lifted;
- The customs duty on used and retreaded tyres will be increased from 25% or K3 per kg to 40% or K5 per kg;
- The customs duty on powdered milk in bulk destined for further processing will be increased from 5% to 15%, with the exception of infant milk, which is duty free; and
- The customs duty rebates on the importation of materials used in the construction of shopping malls will be discontinued.

Mining tax regime

Taxes and duties applicable in the mining sector have also undergone some changes, as described below.

Changes to deductibility of mineral royalties

Henceforth, the mineral royalty tax will not be deductible in determining the taxable income of a mining company.

Increase in mineral royalty rate on copper

The mineral royalty rates for copper will be increased by 1.5% at all levels of the sliding scale.

A fourth-tier mineral royalty on copper at the rate of 10% has also been introduced – this rate will apply when copper prices rise above USD7 500.

Increase in mineral royalty rate on cobalt

The mineral royalty rate for cobalt has been increased from 5% to 8%, applicable to the 'norm value' of cobalt.

Changes to customs duties on minerals

Henceforth, an import duty of 5% will be levied on the importation of copper and cobalt concentrates.

An export duty of 15% will also be introduced on the exportation of precious metals, including gold, precious stones and gemstones.

Finally, the suspension of the export duty on manganese ores and concentrates will be lifted, and the duty rate on these will be increased from 10% to 15%.

Transfer pricing

According to the provisions in the new budget, the statute of limitations in respect of transfer pricing matters will be increased from the current limit of six years to a period of ten years.

In addition, the penalty for non-compliance with transfer pricing regulations will be increased from 10 000 penalty units to 80 000 000 penalty units (i.e. representing amounts from K3 000 to K24 million).

Click here for more information on the 2019 budget

Zambia

Jyoti Mistry
Lusaka

+260 977 740641
jyoti.mistry@pwc.com

Lydia Pwadura
Lusaka

+260 971 027663
lydia.g.pwadura@pwc.com

Uganda

Withholding VAT

In April 2018, a VAT Amendment Bill was introduced which required designated persons to withhold 50% of the VAT (WVAT) charged on payment for supplies made to VAT-registered taxpayers.

However, due to issues surrounding cash-flow challenges, lack of exemptions for compliant taxpayers and non-consideration of transaction volumes, upon implementation the WVAT was considered not to be effective.

Consequently, Legal Notice 19 has been issued, suspending the implementation of the WVAT as from 28 September 2019. Taxpayers who were subjected to the WVAT while it applied may claim the WVAT in their VAT returns.

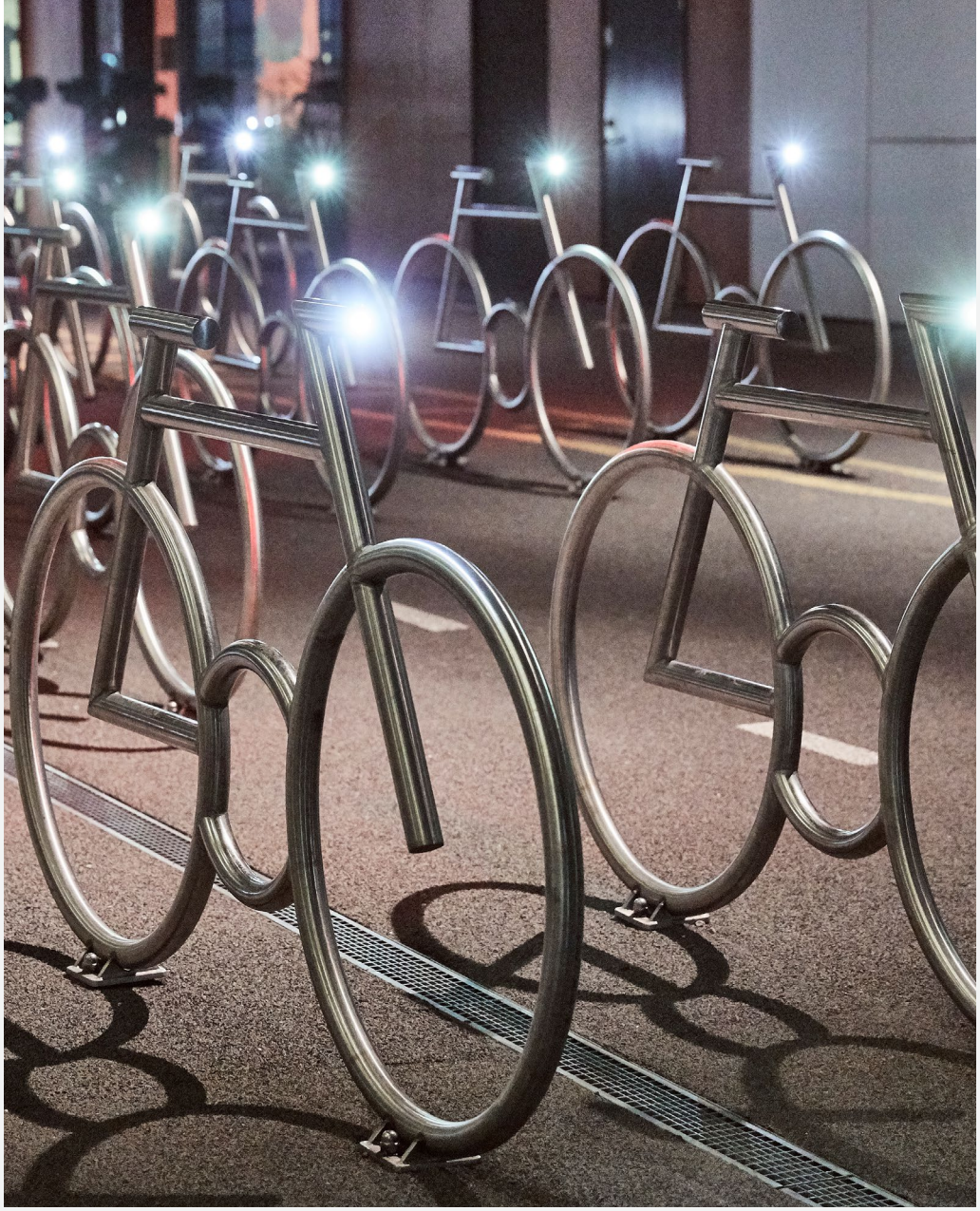
Click here to download the full Tax Alert on WVAT

Francis Kamulegeya
Kampala

+256 312 354 400
Francis.kamulegeya@pwc.com

Plaxeda Namirimu
Kampala

+256 312 354 400
Plaxeda.namirimu@pwc.com



Update on Double Tax treaties with African countries

This section provides an update on double-tax treaties entered into by African countries.

The table below highlights some of the treaties.

	WHT rates		
Treaty countries and dates	**Dividends (%)**	**Interest (%)**	**Royalties (%)**
China – Congo Signed: 5 September 2018 *Not yet in force*	5/10%[1]	10%	5%
China – Gabon Signed: 1 September 2018 *Not yet in force*	5%	10%	5/7.5%[2]
Gabon – Singapore Signed: 28 August 2018 *Not yet in force*	10%	10%	10%
Nigeria – Singapore Signed: 02 August 2017 *In force 01 January 2019*	7.5%	7.5%	7.5%
Angola – Portugal Signed: 18 September 2018 ***Not yet in force***	Details not yet available		

[1] 5% per cent of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 25 per cent of the capital of the company paying the dividends; b) 10% per cent of the gross amount of the dividends in all other cases.

[2] 5% of the gross amount of the royalties on studies, technical, financial, accounting or tax support; 7.5% of the gross amount of the royalties on the use of, or the right to use, any copyright of literary, artistic or scientific work, including cinematography films, or films or tapes for radio or television broadcasting, any patent, trade mark, design or model, plan, secret formula or process, or for information concerning industrial, commercial or scientific experience.

Update on Double Tax treaties with African countries

	WHT rates		
Treaty countries and dates	**Dividends (%)**	**Interest (%)**	**Royalties (%)**
Botswana – Luxemburg Signed: 19 September 2018 Not yet in force	Details not yet available		
Comoro Islands – Mauritius Signed: 12 September 2018 Not yet in force	Details not yet available		
Chad – United Arabs Emirates Signed: 04 September 2018 Not yet in force	Details not yet available		
Egypt – Uzbekistan Signed: 5 September 2018 Not yet in force	Details not yet available		
Kenya – Portugal Signed: 7 July 2018 Not yet in force	Details not yet available		

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.

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

- Tax Synopsis – July 2018
- Tax Synopsis – August 2018
- Tax Synopsis – September 2018

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.

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

- July 2018 edition
- August 2018 edition
- September 2018 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. The analysis of and comments on new law and judicial decisions of interest, such as the Regulations of the Immigration Act, assist business executives to identify developments and trends in tax, labour law and revenue practice that might impact their businesses.

Click here to download this report

Ghana 2018 Tax Facts and Figures

The 2018 edition of the Tax Facts and Figures publication provides an overview of the direct and indirect tax regime of Ghana as at the date of this publication. This publication is intended to serve as quick reference material for natural and juristic persons as far as taxation is concerned.

Click here to download the publication.

Tanzania tax data card 2018/2019

This data card provides an overview of the main taxes applicable in Tanzania, including tax rates, filing obligations, and the basis for interest and penalties.

Click here to download the tax data card.

Taxing times: A survey of corporate tax payers' experiences with SARS (South Africa)

This report highlights PwC's findings about client experiences pertaining to SARS tax audits (across all tax types) and disputes, as well as taxpayer behaviours.

In order to enable businesses to improve their dealings with SARS and contribute to economic transformation and success in this changing world, the survey aimed to create a baseline that can support constructive engagement with SARS on how it can improve efficiency, trust and credibility.

Click here to download the full report.

African industry publications

Mining

SA Mine 10th Edition

The 2018 financial year presented a mixed bag of performances as bulk commodity prices continued to rise from the lows at the beginning of 2016, while precious metals continued to struggle.

Globally, the financial performance of mining companies improved significantly from the previous year. That position was to a large extent mirrored by South African bulk commodity producers, with iron ore, coal, manganese and chrome performing very well.

Click here to find out more.

Oil and gas

Africa oil and gas review – Taking on tomorrow

PwC's Africa oil and gas review looks at activity and developments in the oil and gas industry and analyses potential future scenarios for national oil companies.

This review focuses on the expert opinions of a panel of industry players from across the value chain who share their views of oil and gas in Africa. We also provide an overview of the industry in Africa, looking at challenges and opportunities in the sector against the backdrop of a growing population and rising energy demand.

Click here to download the report.

Agriculture

Exploring Agriculture: Opportunities for oil and gas companies in Nigeria

Since the crude oil prices dropped in 2016, there has been a significant deal of uncertainty in the oil and gas industry. As uncertainty in the industry persists, the various tiers of government in Nigeria continue to explore alternatives for diversifying the economy, especially in light of the recent economic recession, which was largely caused by a decline in crude oil revenue.

In response to the foregoing trend, many oil and gas companies are equally considering investment in the non-oil sectors, particularly looking to diversify into agriculture and other non-oil sectors.

Click here to find out more and download this report

Finance

Ghana banking survey

The Ghanaian industry has been buzzing with news of the imminent adoption of a risk-based capital requirement. If this requirement were to be adopted, the capital of each bank would be directly linked to the amount of risk inherent in the bank's portfolio. To optimise their capital requirements, therefore, banks would have to be more selective in the types of business and individual they do business with.

Given that Ghana's economy has a significant presence of micro- and small-scale private sector players whose structures and operations are predominantly informal, what impact will the adoption of risk-based capital requirement banking have on economic growth?

Click here to download this report

Africa private equity-backed IPOs 2010–2017

The African Private Equity and Venture Capital Association (AVCA) and PwC are delighted to launch the first report analysing exits of African private equity (PE) portfolio companies from the global capital markets. This report provides a historic analysis of PE-backed initial public offerings (IPOs) of African portfolio companies, including companies with significant operations in Africa, between 1 January 2010 and 31 December 2017.

Click here to download this report

African general interest publications

Kenya Public Sector and Infrastructure Insight 2018

Public Sector and Infrastructure Insight is a PwC publication focused on insights and opinions from PwC's experts. The 2018 edition features articles from our specialists on a wide range of topics.

Click here to download this report

Entertainment and media outlook 2018–2022: An African perspective

An in-depth analysis of the trends shaping the entertainment and media industry in South Africa, Nigeria, Kenya, Ghana and Tanzania, as decision-makers need data of unprecedented detail and granularity to navigate this world and inform their business plans.

Click here to download the full report.

A walk in the park – IFRS 15 implementation efforts of 2018 interim reporters in the oil and gas industry in Nigeria

IFRS 15 (Revenue from contracts with customers) became effective 1 January 2018 and is already being implemented in the 2018 interim reports of IFRS reporters. For many in the oil and gas industry, the implementation of IFRS 15 was expected to be a walk in the park.

Aside from the main focus of the authorities, there are questions being raised in respect of the treatment of royalties, income taxes and underlifts, due to the fact that their treatment varies across jurisdictions and across oil and gas arrangements.

This article by PwC Nigeria addresses the considerations in the oil and gas industry as they pertain to the treatment of royalties, income taxes and underlifts.

Click here to download this report

Cloud computing – Accounting considerations for software as a service

Cloud computing is essentially a model for delivering information technology services in which resources are retrieved from the internet through web-based tools and applications, rather than a direct connection to a server.

Companies may find that cloud computing allows them to reduce the cost of information management, since they are not required to own their own servers and can use capacity leased from third parties.

Click here to find out more.

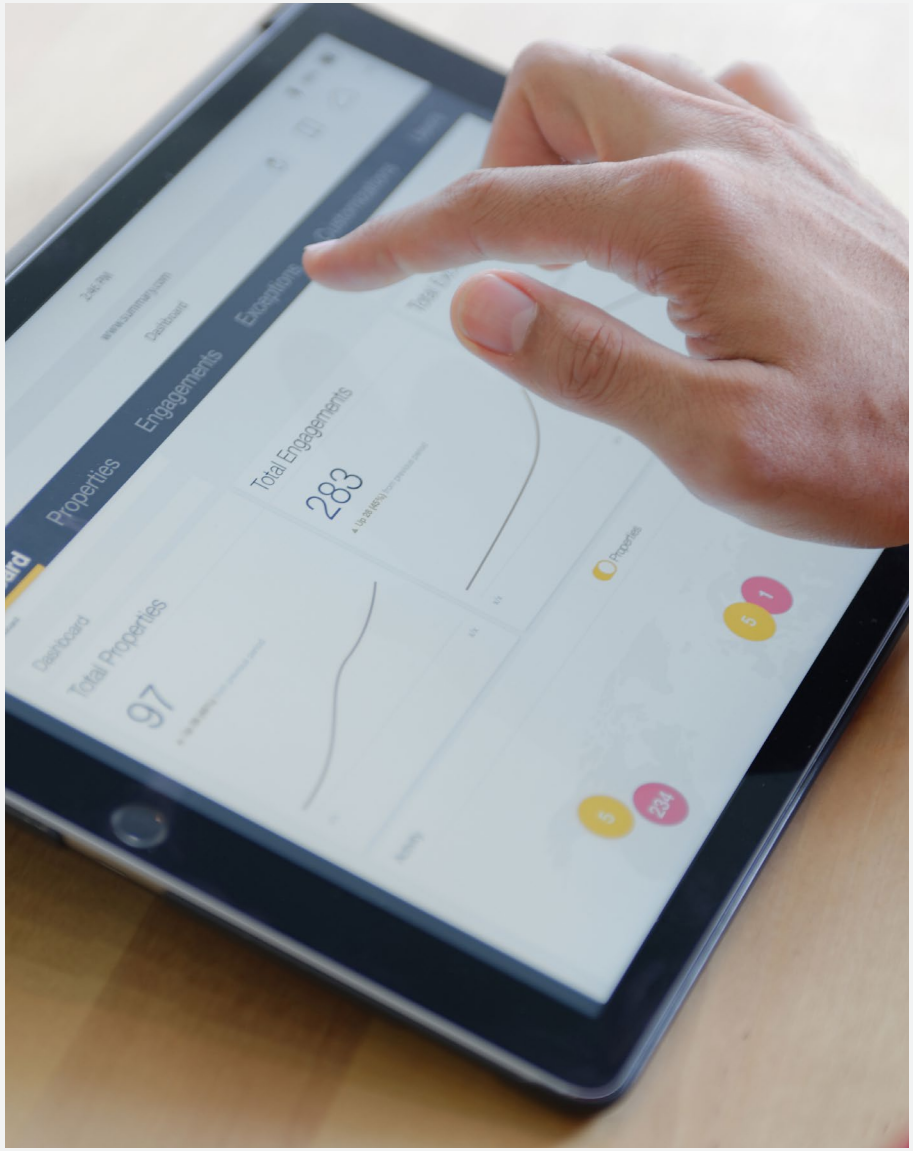
African general interest publications

Zambia Global Economic Crime Survey

The Global Economic Crime Survey (GECS) is a biennial PricewaterhouseCoopers survey that receives and analyses feedback from stakeholders in various economic sectors.

This survey aims to give insights into the prevalence of various forms of economic crimes that face various organisations and assess the measures that organisations are taking to mitigate the risks.

Click here to download the full report.



Global tax publications

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.

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

- July 2018 edition
- August 2018 edition
- September 2018 edition

TP Talks

Episode 26: Your tax function – building trust through transparency

In this podcast, PwC transfer pricing partners discuss why transparency is such a hot topic today, and how tax departments are evolving to operate successfully in a world of radical transparency, particularly as regards transfer pricing.

Click here to view the podcasts

Global general interest publications

PwC's 21st CEO Survey: Key findings from the real estate industry

The findings of this survey, carried out by PwC UK, have shown that CEOs from the real estate industry are much less concerned by rapid technological advances, radically changing consumer behaviour, cyber threats and new market entrants.

These findings are all significant, as new technologies transform the way we use and value real estate. Rapidly evolving and more sophisticated customer (occupier) demands, heightened competition for assets, and new entrants from the technology and services sectors are forcing a fundamental change in real estate business models.

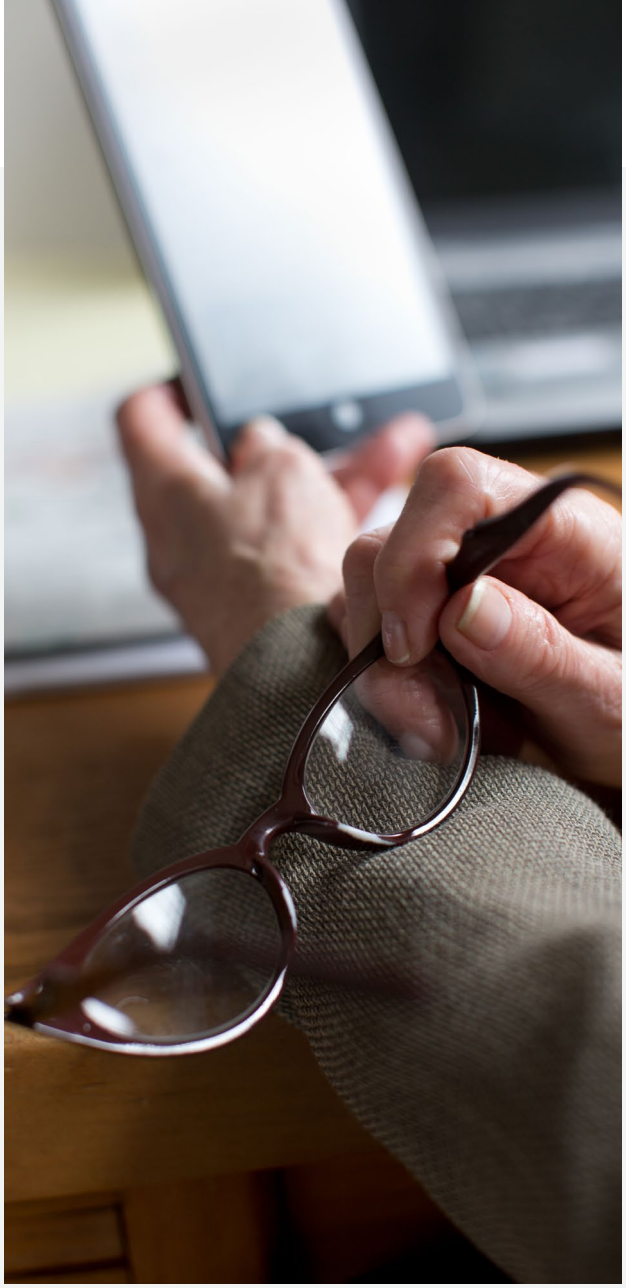
Click here to read the full report

Blockchain – What is your move?

In a recent survey conducted by PwC in 2018, which included 600 executives from 15 territories, 84% of respondents say that their organisations are involved with some sort of blockchain technology.

As a distributed, tamperproof ledger, a well-designed blockchain doesn't just cut out intermediaries, reduce costs, and increase speed and reach. It also offers greater transparency and traceability for many business processes and generates increased annual business value.

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.

Johannesburg

Kyara Khan
+27 11 797 5369
kyara.khan.za@pwc.com

Shazia Hanif
+27 11 2870674
Shazia.hanif@pwc.com

Ayuk Takor
+27 11 287 0741
ayuk.w.takor@pwc.com

Alan Seccombe
+27 11 797 4110
alan.seccombe@pwc.com

Francophone Africa

Laurent Pommera
+241 01 76 2371
laurent.pommera@ga.pwc.com

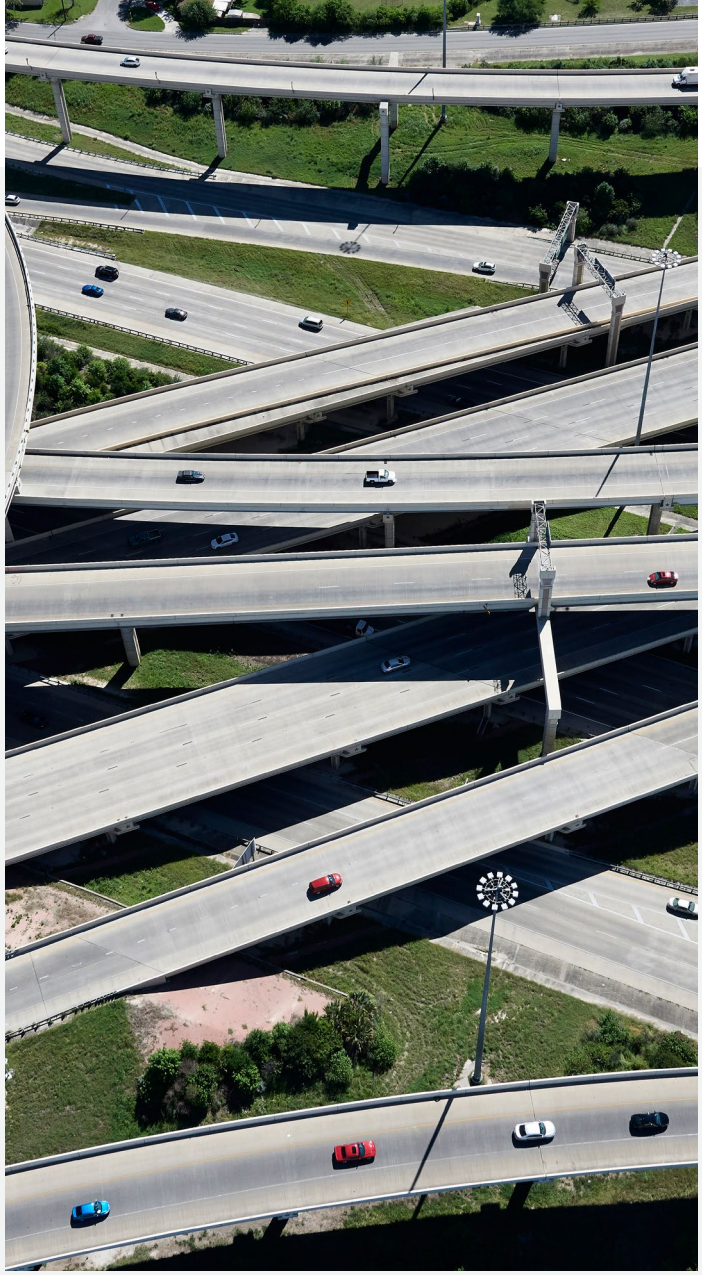
New York/ Houston

Gilles de Vignemont
+1 646 471 1301
gilles.j.de.vignemont@pwc.com

Omoike W Obawaeki
+1 713 356 6046
omoike.w.obawaeki@pwc.com

Perth

Oliver Marion
+61 (8) 9238 5115
olivier.g.marion@pwc.com



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