Staying informed

AfriTax

Quarter ended 30 June 2015
Issue 25

Welcome

Accessing and keeping up with the diverse tax and regulatory changes on the African continent can be challenging. To meet this need, PwC's Africa Desk in Johannesburg provides a snapshot of the most significant recent tax and regulatory changes in Africa through its quarterly newsletter, ***AfriTax****.*

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

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In this issue

Recent and upcoming events

2015 Doing Business in Africa seminar series

Focus on Nigeria

Between 15 and 20 July 2015, the PwC Africa Desk held its eighth *Doing Business in Africa* seminar, which focused on Nigeria across cities in South Africa – Johannesburg, Cape Town and Durban. PwC Tax Partner, Abolade Kehinde and Ibikunle Olatunji, shared insights with representatives of various companies on the subject of doing business or considering starting up a business in Nigeria.

The key messages from the seminar included the following:

- New foreign exchange control measures have been introduced by the Central Bank of Nigeria to restrict the importation of certain items. Investors need to be aware of how these measures will impact their business in the country.
- For new investors looking at potential acquisition, it is important to carry out a thorough tax due diligence; in addition, once operational it is prudent to have a periodic tax health check;
- As a federal state, it is important to be aware of tax obligations not only at the national level but also at the state and local government levels;
- The World Bank's Doing Business Report highlights the country as having the longest time to comply with taxes in Sub Saharan Africa – so time spent on tax compliance matters should not be underestimated;

The *Doing Business in Africa* seminar series is an initiative of the PwC Africa Desk in Johannesburg. The countries previously profiled are Angola, Botswana, Ethiopia, Kenya, Mozambique, Namibia, Rwanda, South Africa, Tanzania and Zambia.

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PwC Africa Oil & Gas Conference – "Opportunities in adversity"

The Africa oil and gas conference was held on 2 June 2015 in London. Several speakers and panellists from PwC UK, PwC Africa and Strategy& discussed the Africa oil and gas landscape. The key messages from the conference include the following:

- There is still uncertainty as to how the oil prices will unravel;
- There is a likelihood of continuity in the current economic impact regardless of price changes;
- Supply chain, and host governments, will have to react; and
- The industry will face a funding challenge as investors, very reluctantly, commit their funds to Africa where North America and Europe offer a much lower perceived risk.

Country Tax Updates

Cape Verde

Real estate tax reform

Under the current tax reforms, an unbundling of the Unique Property Tax *(Imposto Único sobre o Património – IUP)* has been proposed. The IUP will be divided into two different tax codes, namely: a draft law approving the Property Tax Code and the Property Transfer Tax Code.

Property Tax (Imposto sobre a Propriedade de Imóveis - IPI)

The Property Tax will be computed on the tax registration value of urban, rural or mixed properties located in the territory of each municipality. The tax registration value is determined by means of valuation, based on the type of property.

The tax rates are determined by resolution of the relevant City Council and may range from 0.5% to 3%. Different rates can be fixed depending on the type of property and the area. In the case of a property whose holder benefits from a privileged tax regime, the applicable rate is 5%.

The tax will be paid by the property owner, the usufructuary, or the holder of the surface right of a real estate unit as at 31 December of the relevant year.

Property Transfer Tax (Imposto sobre a transmissão de Imóveis – ITI)

Property Transfer Tax is computed on the higher of: the value defined in the agreement, or the tax registration value of urban, rural or mixed properties (determined in accordance with the Code).

Property Transfer Tax is levied on the consideration for the transfer of the property located in Cape Verde and is due and payable by the transferee at the time of transfer.

The tax rates are set by resolution of the City Council and may range from 0.5% to 3%. Different tax rates can be fixed, depending on the type of property and area. In the case of a property whose holder benefits from a privileged tax regime, the applicable rate is 10%.

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Congo (Republic of)

Finance Act 2015

In *AfriTax issue 24* of the quarter ended 31 March 2015, we reported about changes to the 2015 Finance Act. Below, we summarise significant additional changes to the Finance Act and its Application Instructions for the year 2015.

Personal Income Tax (PIT)

- The new law exempts from tax any, income resulting from farming, agro-pastoral activities, aquaculture and inland fisheries.
- Capital gains realised by individuals from the sale of their private assets are now subject to a maximum special tax of 10%.
- The new law modifies the conditions of deductibility of alimony paid to ascendants and descendants.

Deemed Profit Tax (DPT)

The Act clarifies that DPT withheld will be due by the twentieth of the month following the month of the payment date stated in the invoice or in the relevant contract.

Companies under the self-assessment system will now have an extra month to pay tax and to invoice for their services. This follows the removal of the due date for payment of tax which was on the basis of an interim or proforma invoice.

Value Added Tax

The new law requires Government public accountants to withhold VAT charged to their respective parastatals and pay it to the tax authorities immediately.

Specific changes impacting oil and gas companies

- Quarterly returns by oil and gas companies for the exhaustive list of sub-contractors must now include the respective licences and oil fields for each contract.
- A company may elect to return to the corporate income tax regime where turnover resulting from oil-related activity falls below 70%. The affected company will have to submit an application to the General Directorate of taxes.

Business Tax

- According to the new law, business tax is generally applicable to all companies other than those that are exempt in accordance with the General Tax Code.
- The business tax payable by companies with multiple entities in the Congo will be paid based on the percentage of the individual entity's turnover in relation to the rest of the group's turnover.
- The Finance Act specifies the conditions under which the business' tax form must be issued. The Act also removes the additional levy of 3% of the amount of the required licence. The due date for payment of the tax will be between 10 March and 20 April of the relevant year.

Miscellaneous provisions

- The law allows the tax administration to conduct spot audits. However, such audits may not go beyond 31 March of the year following that for which information was filed.
- According to the new law, foreign individuals or legal entities wishing to leave the Congo must present a tax clearance certificate.

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

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Ghana

Value Added Tax (Amendment) Act, 2015

Parliament recently passed the Value Added Tax (Amendment) Act, 2015 (Act 890) to amend the Value Added Tax Act, 2013 (Act 870). Some of the key provisions under the new Act include:

- Establishment of a Ghana Revenue Authority (GRA) General Refund Account, in which an amount of not more than 4% of tax collected will be set aside for the payment of VAT refunds and refunds due under other legislations administered by the Commissioner-General of the GRA;
- Broadening of the exemption for the supply of pharmaceutical products;
- Exemption of paper used for the production of exercise books and text books; and
- Exemption of imported mild carbon steel for the manufacture of machetes and amendment of the definition of currency point.

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

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Kenya

Budget highlights 2014/2015

The Budget Statement for the Fiscal Year 2015/2016 was delivered by the Cabinet Secretary of the National Treasury on Thursday, 11 June 2015. The most significant tax changes are discussed below.

Income tax

- The Cabinet Secretary (CS) has proposed amendments to the Income Tax Act (ITA) to allow the period of carry forward of tax losses to be ten years and not four years as is currently provided in the ITA.
- A proposal has been made to introduce withholding tax provisions in respect of the sale of shares.
- A rate of 0.3% on the transaction proceeds derived from the sale of shares has been proposed.
- Landlords earning gross rental income of less than KES 10 million per annum from residential property will now pay tax at a rate of 12% of their gross rental income, which shall be a final tax.
- Enhanced allowances have been introduced for the shipping industry. The eligible tonnage for capital allowances in the shipping sector has been reduced from 495 tons to 125 tons.
- Foreign actors and crews will no more be subject to local withholding tax.
- A simplified gaming tax of 5% of the lottery turnover and 7.5% of the gross betting revenues of bookmakers has been introduced. Specific prize competitions will be taxed at 15% of the total gross revenue.
- Payments to non-resident mining subcontractors will now be subject to withholding tax at a rate of 5.625% (which is a final tax) on the gross amount of the service fees.
- The training fee paid to non-resident entities by a petroleum company or a mining company will be subject to a lower withholding tax rate of 12.5% on the gross amount payable.

Please click here for more information.

Value Added Tax

Most of the proposed measures involve a change in VAT status of supplies from the standard rate to the exempt status. The following supplies will now be exempt from VAT:

- Supplies of inputs used for electronic devices;
- Supplies for use in the construction of infrastructure works in industrial and recreational parks of 100 acres or more in five selected locations: Nairobi, Nakuru, Kisumu, Mombasa and Eldoret;
- Supplies of plastic bag biogas digesters; and
- Supplies purchased for use in the film-making industry.

The following supplies will qualify as zero rated:

- Transportation of goods in transit; and
- Returning residents who own left-hand-drive vehicles will now be allowed to import replacement right-hand-drive motor vehicles duty and VAT free (zero-rated), subject to specific conditions.

The VAT Act, 2013, does not provide a time limit within which VAT refund claims may be lodged. The CS has sought to restrict the claim lodgement period to 12 months from the date on which the refund becomes due.

Please click here for more information.

Excise duty

A new Excise Bill has been tabled and this will see a change in the excise duty regime from a hybrid to a specific regime which will levy excise duty based purely on units of quantity.

The reform will also see excise duty focus on specific products that are considered harmful, such as alcohol, tobacco, fossil fuels, sweetened beverages and motor vehicles. Accordingly, all bottled water and other goods that have no harmful effect will not be taxable under the new excise Act.

Non-biodegradable plastic bags will be subject to excise duty at KES 120 per kg.

Please click here for more information.

Customs

The proposed customs changes include:

- Reduction of customs duty on nylon yarn from 10% to 0%;
- Increase in import duty on ready-to-use fishing nets from 10% to 25%;
- An increase in the specific duty rate on imported sugar from USD 200 to USD 460 per metric ton while maintaining the ad valorem rate at 100%;
- The Common External Tariff (CET) rate on paper and paper board will be reduced to 10%;
- The export duty rates on raw hides and skin have been harmonised across the EAC at 80% of Free-on-Board (FOB) value or USD 0.52 per kg, whichever is higher;
- The import duty on plastic tubes for packing toothpastes and cosmetics is to be increased from 10% to 25%;
- Gazetted manufacturers of pasta will be entitled to full duty remission on semolina (the raw materials used in making pasta);
- The import duty rate for gas cylinders is to be increased from 0% to 25%;
- The import duty on aluminium milk cans has been increased from 10% to 25%; and
- Prison authorities have been included in the duty exemption schedule.

Please click here for more information.

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Nigeria

Tax Appeal Tribunal decisions: registration of foreign companies; VAT on imported services

- The Tribunal took the view that a foreign company is only required to register for and charge VAT if it is carrying on business in Nigeria.
- Further the Tribunal held that a recipient of a service from a foreign company has a duty to remit VAT only when it has been issued a VAT invoice. In the instant appeal, since the Appellant was not issued with a VAT invoice, it was not required to account for or pay VAT to the Federal Inland Revenue Service (FIRS).

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

Pioneer tax holiday: Matters arising from recent developments and the doctrine of legitimate expectation

In recent times, both the FIRS and the National Investment Promotion Council (NIPC) have come up with further arguments to justify the partial or full withdrawal of the tax holiday granted to some taxpayers.

The dwindling oil revenue has forced the government to increase the pressure on FIRS to generate more revenue for the government. In response to this increased pressure, the FIRS has challenged the administration of the pioneer tax holiday by the NIPC claiming that the grant of tax holidays to some taxpayers is inconsistent with the provisions of the Industrial Development (Income Tax Relief) Act (IDITRA).

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

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South Africa

Entry into force of the Tax Treaty between South Africa and Mauritius

A tax treaty between South Africa and Mauritius was signed in May 2013 and ratified by South Africa in October 2013. Mauritius has now also ratified the treaty and provided South Africa with official diplomatic notification thereof.

The new tax treaty with Mauritius takes as its basis, the Organisation for Economic Cooperation and Development (OECD) Model Tax Convention. However, there are significant changes from the current treaty.

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

Withdrawal of proposed reduction in Unemployment Insurance Fund remuneration threshold

On 31 March 2015, the Minister of Finance announced in a media statement that he was still in the process of finalising consultations regarding this proposal. Following a public consultation process, the Minister of Finance announced in a media statement on 30 April 2015 that the implementation of the proposal would not take effect in the 2015/16 fiscal year.

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

Withholding tax on interest payments

Payments for withholding tax in respect of interest can now be made on the e-Filing platform, accompanied by a return, on the last day of the month following the month during which the interest was paid.

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

2015 tax filing season – Notice to furnish income tax returns for the 2015 year of assessment.

In terms of Government Notice No. 510 (published in the Gazette on 12 June 2015), there are a few key changes to categories of persons required to furnish an income tax return for the 2015 year of assessment. The categories include individuals whose income constitutes solely of remuneration and does not exceed R350,000.

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

SA court decision on SA permanent establishment of US consulting firm

A recent Tax Court judgment is one of SA's first disputes of the treaty concept of "permanent establishment". The court held in May 2015 that a US advisory firm's extended presence in SA, to deliver consulting services to a SA client, constituted a permanent establishment.

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Tanzania

Budget highlights 2014/2015

Highlights from the Ministers budget speech read on 11 June 2015, and the subsequently issued Finance Act, are noted below.

Income tax

- Change in control rules - reference period for considering change in underlying ownership (50% threshold) reduced to two years (from three years).
- Tax rate on lowest tax band reduced by a single per centum to 11%.
- Changes to presumptive income tax rates for small businesses (with annual turnover not more than TZS 20m).
- Exemption of income arising from bonds issued by East African Development Bank.
- Interest on commercial loans for Government projects no longer exempt from tax.

Payroll Taxes

- The Skills Development Levy (SDL) exemption for farm employment (whose application was disputed by the Tanzania Revenue Authority) has now been provided for in the primary legislation.
- With regard to payroll taxes, see also comments below in relation to the Workers Compensation Fund tariff (not part of Budget speech / Finance Act but which will apply with effect from 1 July 2015).

Fuel Taxes

- TZS 100 / litre increase in fuel taxes charged on petrol, diesel and kerosene.

Tanzania Investment Act

- Certain items no longer eligible for relief as deemed capital goods (including non-utility vehicles).
- Power for additional tax relief to be granted for projects with "special strategic investment" status. Criteria include: minimum capital investment of USD 300 million, employment of at least 1,500 locals and the ability to generate or save foreign exchange.

Customs

- As part of the proposed infrastructure development agreed between the East African countries, a new tax will be introduced in the form of an "Infrastructure levy" so as to fund railway infrastructure. The levy will apply at a rate of 1.5% of the value of imported goods, but will not apply to goods not subject to customs duty.
- Various changes to protect domestic sugar and rice production including a significant increase in import duty (on sugar from US$ 200 to US$ 460 per ton, and on rice from US$ 200 to US$ 345 per ton). In addition, a special procedure has been introduced for industrial sugar whereby, import duty of 50% will be paid up front with a refund of 80% of this following provision of proof for proper use (so as to arrive at an ultimate effective rate of 10%).
- Various changes to the East African Community's Common External Tariff (CET) have been passed including a number of measures to protect local manufacturers.

Other changes

Various other changes include:

- Excise duty reduction on mineral and aerated water which does not contain added sugar or flavour;
- Changes to the taxation basis for the gaming industry; and
- Reintroduction of tax clearance certificate requirement for the purposes of renewing a business licence.

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

Value Added Tax Act 2014

The Value Added Tax Act 2014 came into force with effect from 1 July 2015 (replacing the Value Added Tax Act 1997).

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

Tax Administration Act 2014

The Tax Administration Act 2014 came into force with effect from 1 July 2015. See the previous edition of AfriTax for brief highlights in relation to this new legislation.

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Workers Compensation (Payment of Tariff) Regulations 2015

The Workers Compensation (Payment of Tariff) Regulations 2015 require employers in mainland Tanzania to account for the Workers Compensation Fund tariff with effect from 1 July 2015. The tariff is payable on a monthly basis and is calculated as a percentage of cash sums paid to employees – 1% for private sector, and 0.5% for public sector. Employers are required to file a new monthly return form.

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Uganda

On 11 June 2015, the Minister of Finance, on behalf of the Government of Uganda presented the Budget Speech for financial year 2015/16.

Following the budget speech, several bills were tabled and passed by Parliament. These took effect on 1 July 2015. Some of the significant tax amendments are set out below.

Income tax

- Amendment of the income source rules to include the following:
  - Income of a foreign branch of a non-resident person but excluding income attributable to a branch of a resident person outside Uganda;
  - Any payment for offshore services provided to a resident person or local branch; and
  - Income derived from the disposal of immovable property in Uganda;
- Definition of immovable property to include a mining or petroleum right, and mining or petroleum information;
- Introduction of definition of 'goods' to include 'all kinds of movable and immovable property' excluding money;
- Extended definition of a branch to include a place where a person furnishes services through personnel for the same or a connected project for a total period of more than 90 days over any 12-month period;
- Introduction of definitions of types of reorganisation entitled to roll-over relief;
- Increased thin capitalisation ratio from 1:1 to 1.5:1 and extension of restriction to apply to all interest- bearing debt of a foreign-controlled resident company;
- Changes to the special provisions for the taxation of petroleum and mining operations;
- Removal of 6% withholding tax exemptions for petroleum products, plant and machinery, human or animal drugs, scholastic materials and raw materials;
- Reduction of withholding tax on re-insurance premiums from 15% to 10%;
- Increased threshold for presumptive tax from UShs 50 million to UShs 150 million;
- Deductions to be disallowed on expenditure of over UShs 5 million per transaction involving goods and services where the supplier does not have a Tax Identification Number;
- Introduction of tax on transport operators; and
- Introduction of requirement for all persons applying for business licences to have a Tax Identification Number.

VAT

- Increased VAT registration threshold from UShs 50 million to UShs 150 million;
- Increased threshold for cash basis accounting from UShs 200 million to UShs 500 million;
- Reinstatement of zero rate on the supply of cereals where they are grown and milled in Uganda; and
- Various amendments affecting the mining and petroleum sector, including;
  - Introduction of voluntary VAT registration available to particular persons in mining and petroleum sector;
  - Introduction of special VAT treatment for the supply of goods or services from a contractor to a licensee; and
  - Amendment to the refund provision to allow a licensee to elect to have VAT refunded or offset in case of overpayment.

The Finance Act

- Increase in environmental levy on import of used motor vehicles (excluding goods vehicles) from 20% for those over eight years old to 35% import value for motor vehicles that are five to ten years old and 50% for those older than ten years;
- Introduction of annual operator licence fees in respect of vehicles and vessels from UShs 30,000 to UShs 1.5 million;
- Increase of single entry visa fees from USD 50 to USD 100; and
- Introduction of new non-refundable work permit application fee of USD 1,500.

Excise duty

- Adoption of 'One-Network Area' by Uganda, Rwanda, Kenya and South Sudan which removes the existing USD 0.09 per minute excise duty on international calls from other member states;
- Increased excise duty rates on cigarettes, local-content beers, wine, petrol and diesel;
- Reduced excise duty rate on un-denatured spirits - this has a retrospective application effective 1 July 2014; and
- Introduction of excise duty on;
  - Motor vehicle lubricants- 5%;
  - Chewing gum, sweets and chocolates- 10%; and
  - Furniture- 10%.

Please click here for more information.

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Update on double tax treaties with African countries

This section provides an update on the double taxation treaties with African countries. The table below shows the highlights of the treaties concluded during the quarter under review.

Treaty countries and dates	Withholding Tax Rates		
	Dividend (%)	Interest (%)	Royalties (%)
Guinea-Bissau – Morocco *Signed: 28 May 2015* *Not yet in force*	5% or 10%[1]	10%	10%
Malawi – Netherlands *Signed: 19 April 2015* *Not yet in force*	10% or 15%[2]	10%	5%
Mauritius – South Africa *Signed: 17 May 2013* *Entry into force: 28 May 2015* *Effective date: 1 January 2016*	5% or 10%[3]	10%	5%
Nigeria – Spain *Signed: 23 June 2009* *Entry into force: 5 June 2015* *Effective date: 5 June 2015*	7.5% or 10%[4]	7.5%	7.5%
Ethiopia – United Arab Emirates *Signed: 12 April 2015* *Not yet in force*	The details are not yet available.		
Morocco – Saudi Arabia *Signed: 14 April 2015* *Not yet in force*	The details are not yet available.		
Rwanda – Jersey *Signed: 26 June 2015* *Not yet in force*	The details are not yet available.		
Uganda – United Arab Emirates *Signed: 9 June 2015* *Not yet in force*	The details are 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 per cent of the capital of the company paying the dividends; 10% of the gross amount of the dividends in all other cases.

[2] 10 per cent of the gross amount of the dividends in case the company paying the dividends is a resident of Malawi; 15 per cent of the gross amount of the dividends in case the company paying the dividends is a resident of the Netherlands.

[3] 5%of the gross amount of the dividends if the beneficial owner is a company which holds at least 10 per cent of the capital of the company paying the dividends; 10% of the gross amount of the dividends in all other cases.

[4] 7.5% of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 10 per cent of the capital of the company paying the dividends; 10% of the gross amount of the dividends in all other cases.

PwC Publications of interest

African tax publications

Updated one-page tax summaries for Africa

The Africa Desk continues to update its compilation of one-page tax summaries for 51 African countries. These documents give snapshots of the tax and regulatory environments in the various African countries. They are especially useful for making preliminary decisions and simultaneously comparing the tax regimes in multiple African countries. The one-page tax summaries are published on PwC's website.

Please click here to download the one-page tax summaries.

Country and regional tax and investment guides/data information

PwC professionals recently prepared various publications to highlight the tax and business environments in several African countries, including Namibia, Nigeria and South Africa.

Please click on the links below to access the related publication:

Namibia 2015 Tax Reference and Rate Card

Nigeria Tax Data Card 2015

Doing Business Guide in Nigeria

South Africa Pocket Tax Guide 2015/16

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 last three editions of Synopsis issued this past quarter:

May 2015 edition

June 2015 edition

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 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 last two editions of Tax First issued this past quarter:

April 2015 edition

May 2015 edition

June 2015 edition

PwC Africa Tax App

The *PwC Africa Tax App* delivers tax research and information for the African continent directly to your smart devices in real time. As a multimedia library housing all the latest PwC Africa tax research and information, the application offers crucial information on investing and doing business in Africa. The content provided on the PwC Africa Tax App comprises insightful information on the following core tax areas: corporate tax, international tax, indirect tax and human resource services.

It is compatible with tablet devices such as Apple and Android, and is available for download at their respective app stores. It is simple to use, and features offline viewing capabilities, social sharing and bookmarking. It also has 'push' functionality, which provides ongoing notifications of new tax research and information releases.

Please click here to download the app.

Global tax publications

Paying Taxes 2015

Paying Taxes 2015 is a unique study by PwC and the World Bank Group in that, it is the only piece of research which measures the ease of paying taxes across 189 economies by assessing the time required for a case study company to prepare, file and pay its taxes; the number of taxes it has to pay; the method of payment; and the total tax liability as a percentage of its commercial profits.

The *Paying Taxes* data provides an objective basis for governments to initially benchmark their tax systems on a like-for-like basis and a platform for government and business to engage in constructive discussion around tax reform across a broad range of issues.

This year we provide an additional focus on tax administrations and tax compliance using information and views that we have collected beyond the three main sub-indicators of the *Paying Taxes* study.

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

Worldwide Tax Summaries – 2014/15 edition is now available

Worldwide Tax Summaries – Corporate Taxes 2014/15 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.

Written by local PwC tax specialists in each country, this guide covers 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, unless otherwise stated. The guide also includes a global directory of PwC contacts, organised by their speciality in tax areas.

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

International Tax News

Keeping up with the constant flow of international tax developments worldwide can be a real 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:

April 2015 edition

May 2015 edition

June 2015 edition

African general interest publications

Financial Services

Future shape of financial services in Africa

This 2015 edition of our annual Africa Financial Services Journal examines what the future of financial services might look like for Africa. We look at significant strategic, technical and operational issues and the roles these might play in changing the market landscape.

Globally, the outlook for financial services is solid. But the rise of disrupters in the market, especially from unexpected places, has provoked the need for financial services entities to rethink their strategies. It also means that innovation and technology have moved a few notches up on their agendas. This is particularly true for Africa where the market is less mature or saturated, giving rise to opportunities for new entrants to challenge the status quo.

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

Hospitality

Hospitality outlook: 2015–2019

The African Traveller

This is our fifth annual edition of this publication. We play a significant supporting role in hospitality businesses across the world using our local knowledge of cultures, laws and business needs to help clients make the most of changing market scenarios.

We understand how developments in the broader hospitality environment are affecting our clients and work with them as a trusted advisor to provide solutions to help improve organisational effectiveness and long-term success. More significantly, we focus on those issues and challenges that are most important to our clients. These include restructuring, talent management, changing revenue models, compliance, changing guest requirements and managing capital spend. We have made a substantial commitment to developing an understanding of the forces that are impacting these issues and continue to develop and deliver solutions to help our clients achieve their financial, operational and strategic objectives.

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

Mining

Developing the solid minerals sector in Nigeria Quick wins for the new government

There is no doubt that the new Nigerian administration is confronted with a huge financial burden partly caused by the reduced federation revenues which have been largely sourced from proceeds of crude oil sales. The reduction in global crude oil prices is not expected to reverse at least, not in the short run, thus the need to diversify the economy towards improving other sources of revenue. One key sector which offers great potential in achieving this is the solid minerals sector.

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Mine 2015 The gloves are off

This is our 12th annual review of the top trends in the global mining industry. Our analysis is based on the financial performance of the Top 40 mining companies by market capitalisation.

Everyone expected that the going would be tough. Commodity prices were down, with short-term volatility increasing, putting pressure on operating models. High expectations were set around cost efficiency, improved capital management and rewarding shareholders.

The initial scorecard for the Top 40 was mixed. Free cash flow has turned positive at $24 billion, but net profit excluding impairment was down by 9% and resulting ROCE was down to 8.4%. Capital velocity declined for the first time since 2010. Production was up, and a mix of productivity measures, currency devaluations and lower input costs boosted margins. Market values declined by a further 16%, and net assets declined for the first time. Dividend yields were at an all-time high.

The challenges are varied- but the opportunities are great. Government intervention has been widespread - some welcomed but most not. Participants have turned on each other, sparking a wide-ranging debate on strategies and their consequences as the impact of lower prices is felt in many quarters. Stakeholder activism continues to rise.

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Oil and gas

Kenya Petroleum Sector Master Plan

The Ministry of Energy and Petroleum in Kenya (MoEP), with the assistance of the World Bank, is undertaking the development of a Petroleum Master Plan, for Kenya in its efforts to maximise the monetary, social and environmental value of oil and gas discoveries in the country.

This publication which was developed together with PwC covers the following:

- Current status of the oil and gas supply situation and market in Kenya;
- Future projections of oil and gas supply and demand up to 2040; and
- Identification of the key decisions and steps to be taken in the development of certain sectors.

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Financial reporting

Optimising the benefits of IFRS Transition in Nigeria

Over the last 5 years, so much been said in the media and in other for a about Nigeria adopting and transiting to the International Financial Reporting Standards (IFRS). The much talked about transition period is finally over Nigeria now officially ranks amongst countries reporting using IFRS.

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Economic Analysis

What next for Nigeria's economy? Navigating the rocky road ahead

Oil is Nigeria's main source of foreign exchange earnings and government financing. As a result, growth expectations for the economy have deteriorated following the recent decline in oil prices. The Nigerian Ministry of Finance projects growth this year of 5.5%, down from 6.4% at the start of 2014. The downgrade is forecasted to have a significant impact on Nigeria's economy.

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Global general interest publications

World economic trends

This report on the World in 2050, presents economic growth projections for 32 of the largest economies in the world, accounting for around 84% of global GDP. It is projected that the world economy will grow at an average of just over 3% per annum in the period 2014 – 50, doubling in size by 2037 and nearly tripling by 2050.

A slowdown in global growth after 2020 has been forecasted, as the rate of expansion in China and some other major emerging economies moderates to a more sustainable long-term rate, and as working age population growth slows in many large economies.

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City trends

City – business interaction: current trends and future outlook

Cities are centres of society, commerce and politics, home to more than half of the world's population, and key drivers of economic growth, generating more than 80 percent of the world's GDP.

Global economic activity is predominantly centred on those business capitals with strong international links that have at least five million inhabitants and a GDP of more than $200 billion. These cities are leading hubs for creativity, talent and innovation, opening up opportunities for business and city leaders to work together to help increase their commercial competitiveness while at the same time ensuring they are good places to live and work in.

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Public value creation

State-owned enterprises: Catalysts for public value creation?

The motivations for state ownership can change over time, but state-owned enterprises (SOEs) appear to be an enduring feature of the economic landscape and will remain an influential force globally for some years to come. As such, it is important to ensure that –the state's investments, whether held nationally, regionally or locally – actually deliver the societal outcomes desired.

In this report, we look at how SOEs can be more actively owned and managed and, in particular, the need for leaders of the SOE of the future, particularly the board of directors and the executive team, to have:

- Clarity – Clear understanding of the purpose and objectives of the SOE and their role in delivering this.
- Capacity – Time and resources to conduct their role well.
- Capability – Required and relevant expertise and experience to steer and manage the SOE.
- Commitment to integrity – Serving the citizen for the purpose of societal value creation.

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Professional services

2015 State of the Internal Audit Profession Study

Finding True North in a period of rapid transformation

Transformative business strategies designed to confront dynamic market shifts are exposing companies to new and more complex risks. The 2015 State of the Internal Audit Profession Study talks through how Internal Audit functions that are aligned with a business' new direction and are operating at the forefront of the companies' most relevant risks, are highly valuable contributors to the organisation. The findings have expanded significantly upon last year's focus on the alignment of expectations for the function and delved into areas that included the following:

- Understanding how Internal Audit functions must evolve to meet the needs of ever changing and often transforming businesses;
- Providing insight into how Internal Audit must advance its capabilities and skills in order to contribute value;
- Looking closely at the growing importance of Data Analytics and at strategies for advancing their use; and
- Positioning Internal Audit to collaborate with other lines of defence to help strengthen overall risk management.

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PwC Africa Desk in Johannesburg

The 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 and the Africa Desks in *New York* (USA), *Perth* (Australia) and *Rotterdam* (Netherlands) 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 into Africa or to restructure their Africa operations may contact the people listed below.

The PwC African footprint

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Please contact any of the following persons to find out how we can be of assistance.

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