



VAT in Africa

Digital Services

April 2024

**Job Kabochi**

PwC Africa Indirect Tax Leader
job.kabochi@pwc.com

Dear Esteemed Reader,

Welcome to the first edition of PwC's **2024 VAT in Africa: Digital services**. This publication is a **special edition** of our annual **VAT Guide in Africa**, focusing on new rules and measures that have been introduced to tax the digital economy unilaterally by countries in Africa especially for electronically supplied services across borders.

In recent years, the digital economy has transformed the way that businesses operate and consumers interact, in Africa and globally. As more and more transactions and activities are conducted online through digital platforms, the traditional concepts and rules of taxation based on physical presence, source and destination may no longer be adequate or effective to capture the value created by the digital economy. These new digital business opportunities have created taxation challenges for both businesses and revenue authorities.

Africa's digital transformation continues to reshape economies and societies. Soaring rates of mobile phone penetration and the rapid adoption of mobile technologies, rising levels of internet access and the innovative spirit of Africa's entrepreneurs, have all contributed to this ongoing transformation. Smartphone adoption in particular has enabled access to the internet and applications, even in remote areas, and facilitated mobile banking and e-commerce among many other services.

Africa's digital transformation has also fostered and supported the emergence of local tech hubs and startups that are developing solutions for the unique challenges and opportunities on the continent. Mobile money services like M-PESA in Kenya have revolutionised financial transactions, promoted financial inclusion and inspired a wide range of adjacent products and experiences, from gaming to e-commerce to insurance. Meanwhile, digital education platforms are addressing some of the gaps in Africa's educational systems and providing scalable opportunities for learning and development.

Governments in Africa clearly recognise the potential of this digital transformation and their investments in infrastructure (including broadband connectivity), digital skills development and regulatory frameworks continue to support this trajectory. Challenges certainly remain, such as the digital divide and cybersecurity concerns, as well as the need for robust data protection regulations. Even so, Africa's digital transformation continues to contribute significantly to economic growth, innovation and improved quality of life; the World Bank estimates that Africa's digital economy could contribute up to \$180 billion to GDP by 2025 and create millions of jobs and opportunities for entrepreneurs, particularly the youth and women.

Unsurprisingly, tax authorities have taken notice of Africa's growing digital economy. When digital activities and transactions take place within their jurisdictions or amongst residents of their jurisdictions, tax authorities have a vested interest in collecting the tax revenue due from these activities whilst hopefully avoiding double taxation, tax evasion and erosion of the tax base.

To that end, several African countries have introduced or amended their Value Added Tax (VAT) / Goods and Sales Tax (GST) and other indirect tax laws and regulations to tax the digital economy by expanding the scope of taxation to cover electronic services supplied by non-resident providers to local consumers. Some countries have also introduced a Digital Services Tax (DST) or a similar levy on the gross revenues derived by digital platforms and service providers from certain activities or transitions in their jurisdictions.



Unfortunately, there is no uniform or harmonised approach to taxing the digital economy in Africa. Different tax policies in different countries reflect significant variations and complexities amongst the definitions, value thresholds and rates and requirements associated with registration, compliance and enforcement. Non-resident suppliers often find that increasingly, most countries in Africa are taxing both Business-to-Business (B2B) and Business-to-Consumer (B2C) supplies. Additionally, the legal framework in many countries remains fluid with regard to the definition and scope of services that qualify for taxation as digital supplies. In short, rules and measures may not align to internationally accepted best practices and so create uncertainty, confusion and controversy for both tax authorities and taxpayers.

To better align with international best practices for taxing the digital economy, some countries in Africa have sought guidance from the Organisation for Economic Co-operation and Development (OECD)'s position that VAT should be levied in the jurisdiction where the consumer is located, regardless of the supplier's residence. Accordingly, we are seeing the following trends take shape in Africa:

- Adoption of simplified registration and compliance regimes for non-resident suppliers of Electronically Supplied Services (ESS), which may involve appointing a local tax agent or withholding VAT by the customer or an intermediary platform;
- A low or no registration threshold for non-resident suppliers of ESS, to avoid distortion and tax evasion;
- Restriction on claiming input tax such that taxation of ESS operates on a "pay only" regime; and
- A requirement for non-resident suppliers of ESS to issue invoices and keep records in accordance with the local VAT rules, which may vary from country to country.

As the digital economy continues to evolve, and as tax authorities continue to adjust to Africa's remarkable digital transformation, it is essential for businesses to understand and closely monitor tax developments affecting the digital economy in every country where they supply digital services.

PwC Africa is committed to providing the latest and most comprehensive information and guidance on the taxation of the digital economy in Africa. Of the 54 countries in Africa that are recognised by the United Nations, 21 have already enacted rules for non-resident suppliers to account for VAT/GST on ESS with five (5) more countries (Botswana, Ethiopia, Mali, Republic of Congo and Rwanda) in the pipeline.

In this special edition of PwC's VAT Guide in Africa, we cover what non-resident suppliers of ESS need to be aware of – the basic scope of the rules as well as practical and administrative insights. This publication is based on the information available as of 15 March 2024, and is subject to change as new developments and information emerges. Please consult your regular PwC tax advisor or any of the other experts profiled in this publication for more information.

We hope that this guide will serve as a useful and practical reference for tax professionals and businesses operating in or outside Africa and that it will stimulate further dialogue and cooperation amongst the stakeholders involved in the taxation of the digital economy in Africa. We look forward to engaging with you on this important and evolving topic.



Country	Page
1 Angola	6
2 Benin	9
3 Cameroon	11
4 Cape Verde	14
5 Côte d'Ivoire	17
6 Democratic Republic of Congo	19
7 Egypt	22
8 Ghana	25
9 Guinea	28
10 Kenya	31
11 Madagascar	34
12 Morocco	37
13 Mozambique	40
14 Nigeria	43
15 Senegal	47

16 Sierra Leone	50
17 South Africa	52
18 Tanzania	56
19 Uganda	59
20 Zambia	62
21 Zimbabwe	66



Country	Currency	Code
Angola	Angolan Kwanza	AOA
Benin	West African CFA franc	XOF
Cameroon	Central African CFA franc	XOF
Cape Verde	Cape Verdean Escudo	CVE
Côte d'Ivoire	West African CFA franc	XOF
Democratic Republic of Congo	Congolese Franc	CDF
Egypt	Egyptian Pound	EGP
Ghana	Ghanaian Cedi	GHS
Guinea	Guinean Franc	GNF
Kenya	Kenyan Shilling	KES
Madagascar	Malagasy Ariary	MGA
Morocco	Moroccan Dirham	MAD
Mozambique	Mozambican metical	MZN
Nigeria	Nigerian Naira	NGN
Senegal	West African CFA franc	XOF
Sierra Leone	Sierra Leonean Leone	SLE
South Africa	South African rand	ZAR
Tanzania	Tanzanian Shilling	TZS
Uganda	Ugandan Shilling	UGX
Zambia	Zambian Kwacha	ZMW
Zimbabwe	United States Dollar	USD

Acronym

B2B	Business-to-Business
B2C	Business-to-Consumer
DST	Digital Services Tax
ESS	Electronically Supplied Services
OECD	Organisation for Economic Co-operation and Development
GST	Goods and Sales Tax
GTC	General Tax Code
SIT	Special Income Tax
VAT	Value Added Tax



Angola



Contact

Susana Claro

Partner

susana.claro@pwc.com

Phone: +351 213 599 610

PT: +351 912 505 316

AO: +244 933 208 872

Esperança Clarice Gomes

Manager

esperanca.c.gomes@pwc.com

Phone: +244 227 286109/11/222 311 295

+244 923 913 728



Overview

According to the Angolan VAT Code, electronically supplied services are subject to VAT when:

- They are purchased by a taxable person established in Angola; as the provider is a non-resident entity, the liability to assess the VAT due is the responsibility of the acquirer through the reverse charge mechanism.
- They are purchased by private individuals who use and enjoy the services in Angola. In these cases, the supplier should register for VAT in Angola in order to charge the VAT due.

Although the VAT Code foresees VAT registration for non-resident entities, Angolan tax offices do not accept such registration and argue that foreign entities must be permanently established in Angola for CIT purposes.

Key provisions applicable to VAT on ESS

Particulars	Description
Scope	B2C when used and enjoyed in Angola, and B2B.
Liability to remit VAT	B2C: the supplier B2B: the acquirer through the reverse charge mechanism
VAT rate	Standard VAT regime — 14% on invoices Simplified VAT regime (turnover up AOA 350,000,000) — 7% on receipts VAT exclusion regime (turnover equal to or less than AOA 25,000,000) — No VAT
Taxable value	The price payable or paid
Effective date	1 October 2019
VAT registration threshold	Above AOA 25,000,000
Tax invoice	A tax invoice must be provided. The legislation allows electronic invoicing. However, it is not yet regulated.

Services in scope

There are no specific rules for ESS.

Registration and compliance

As mentioned above, the Angolan tax authorities are not accepting VAT registration for non-resident entities and require that branches be set up.

Invoicing

As mentioned above, the legislation allows electronic invoicing. However, this is not yet regulated.

Note that taxpayers with an annual turnover equal to or less than AOA 25,000,000 may issue invoices through the taxpayer website (not qualifying as electronic invoices, at least to date).

The Legal Regime for Invoices and Equivalent Documents states that all invoices and equivalent documents must be written in Portuguese and must be issued by a certified software system.

Invoices and equivalent documents issued must contain the following elements:

- Name
- Address
- Tax identification number
- Sequential and chronological numbering by type of document and economic year
- Description of the goods sold and services rendered
- Quantities or units purchased
- Unit price in kwanzas
- Total price in kwanzas
- Applicable tax rates (when applicable)
- Tax amount due (when applicable)
- The justification for the non-settlement of VAT, with an indication of the legal norm underlying it (when applicable)
- The date and place at which the goods were delivered to the buyer and/or the services were provided (not applicable in case of advance receipts)
- The date on which advance payments were made (if applicable)
- Written in Portuguese
- Identity of the computer system used to issue the invoice and its certification number

VAT on costs

Non-resident entities cannot recover VAT incurred on acquisitions of goods/services in Angola.



Benin



Contact

Dominique Taty

Partner

d.taty@pwc.com

Phone: +225 27 22 55 84 37/ 61

Mobile: +225 07 07 07 75 88

Hermann Gnango

Senior Manager

hermann.gnango@pwc.com

Phone: +225 27 22 55 84 66

Mobile: +225 01 72 27 32 00

Overview

VAT is due when a non-resident provides goods or services to a resident established in Benin via an electronic platform. VAT is charged by the non-resident regardless of the nature of the beneficiary. (Article 224 of GTC; Tax administration note of 2023).

Key provisions applicable to VAT on ESS

Particulars	Description
Scope	Both B2B and B2C
Liability to remit VAT	Non-resident supplier and local company beneficiary of the service that is subject to VAT
VAT rate	18%
Taxable value	The price payable by the recipient of the supply
Effective date	14 April 2023 (However, the tax authorities have not yet implemented the payment software.)
VAT registration threshold	Companies or individuals with a turnover that exceeds XOF 100,000,000
Tax invoice	Yes

Services in scope

VAT applies on:

- The supply of digitised products in general, including software and software modifications or upgrades
- Services providing or supporting a professional or personal presence on an electronic network such as a website or web page
- Services generated automatically from a computer via the internet or an electronic network in response to the input of specific data by the recipient
- The transfer for consideration of the right to offer a good or service for sale on an internet site operating as an online marketplace on which potential buyers make their bids by means of an automated procedure and on which the parties are notified of a sale by electronic mail generated automatically from a computer
- Internet service packages of information in which the telecommunications component forms an accessory and subordinate part (i.e. packages going beyond simple internet access and including other elements such as content pages giving access to news, weather or travel reports, playgrounds, website hosting, access to online debates, etc.)
- The services are listed as follows: Provision of websites, website hosting, remote maintenance of programs and equipment

Registration and compliance

Non-resident suppliers are required to register locally with the tax authorities. Once registered for VAT, they must complete and submit monthly VAT returns. VAT returns and payments are due by the 10th of every month for the preceding month.

Invoicing

The law does not specify the invoicing method to be adopted.

VAT on costs

Non-resident suppliers registered under the simplified tax registration are precluded from recovering any VAT incurred on costs in Benin as input tax, i.e. any Benin VAT incurred by the non-resident suppliers is an absolute cost.

Other considerations

A withholding tax of 20% applies to all remuneration for ESS provided or used in Benin paid to foreign electronic service suppliers located in a country with no double tax agreement with Benin.

Cameroon



Contact

Magloire Tchande

Partner

magloire.tchande@pwc.com

+237 677 48 24 14

Aurélien Djoufain

Senior Associate

aurelien.djoufain@pwc.com

+237 696 03 34 06

Overview

The 2020 Finance Law was promulgated on 24 December 2019, and was inserted in the 2020 General Tax Code (GTC), which came into force on 1 January 2020. The Code, and Circular Letter n°006/MINFI/DGI/LRI/L dated 21 February 2020, subjects non-residents supplying electronic services to Cameroonian individuals; services to both Cameroonian individuals (business to consumer [B2C]) and Cameroonian businesses (business to business [B2B]) to the payment of the VAT.

This law requires both resident and non-resident operators of e-commerce platforms that are operational in Cameroon to pay VAT on sales of goods and services carried out on Cameroonian territory and commissions made from these transactions. E-commerce platforms or digital platforms are defined as tools that connect people remotely by electronic means with the aim of selling goods or providing services.

Section 127 (15) of the Code stipulates that commercial operations relating to sales of goods and services carried out on Cameroonian territory or through foreign or local e-commerce platforms are subject to the payment of VAT. Section 127 (16) equally stipulates that commissions received from these commercial operations are equally subject to the payment of VAT.

Section 149 (c) of the Code provides that the VAT due on the sale of goods and services provided through e-commerce platforms shall be calculated, declared, and paid to the Treasury by the non-resident supplier, who is required to register for VAT in Cameroon.

Key provisions applicable to VAT on ESS

Particulars	Description
Scope	B2B and B2C
Liability to remit VAT	By non-resident supplier
VAT rate	19.25%
Taxable value	Price payable by the recipient of the supply
Effective date	B2B and B2C sales from 1 January 2020
VAT registration threshold	Not applicable
Tax invoice	There is a requirement to issue a tax invoice detailing the VAT paid for the services



Services in scope

This law applies to services of any kind that are provided in Cameroon through electronic platforms by non-resident vendors/suppliers as long as the customer is based in Cameroon. According to the Circular, an electronic platform is a digital tool that electronically connects people with a view to selling a good or providing a service. Such a platform may be used:

- by an operator who connects suppliers and customers; and
- by a supplier for the distribution of its products or services.

E-commerce platforms are considered foreign platforms when they are operated by non-residents. Similarly, when a non-resident supplier uses a Cameroonian platform, if their supplies are to consumers in Cameroon, then their services would be subject to VAT.

Neither the Finance Law nor its implementing circular lists any specific services that fall within the scope of application.

The scope is, therefore, broad, covering without distinction:

- Sales of goods and services carried out on Cameroonian territory or through foreign or local e-commerce platforms
- Commissions received by e-commerce platform operators in connection with transactions carried out

Registration and compliance

Non-resident suppliers are required to register themselves with the Cameroon tax authorities. These operators benefit from a simplified registration process that can be done remotely. Suppliers must apply for registration online via the Directorate General of Taxation's website (www.impots.cm). For platforms already operating in Cameroon, this obligation must be fulfilled within 15 days of the tax administration notifying them of their filing obligations. The tax authorities assume non-resident platform operators have been aware of their obligation to register since 1 January 2020. Non-residents operating newly created platforms must register as soon as they begin operations in Cameroon.

In addition, they are obliged to assess, collect, and remit VAT on all services and commissions received from the performance of services rendered on Cameroonian soil. Where transactions relate to the provision of services, the VAT can be collected and remitted by the platform operator. However, it should be noted that if a service has been acquired via the platform by a taxpayer liable for VAT in Cameroon and the non-resident platform operator has failed to fulfil their obligation to collect and remit VAT, the local customer liable for VAT is exceptionally entitled to assess, collect and pay the VAT (reverse charge mechanism).

Non-resident suppliers are obliged to complete and submit monthly VAT returns online via the Directorate General of Taxation's website. The deadline for submitting VAT returns and payment of VAT is by the 15th of the month following that in which the services were rendered.

Invoicing

Although non-resident suppliers providing the electronically supplied services are exempt from issuing electronic tax invoices, they are required to issue invoices or receipts showing the value of the supplies made to their Cameroonian customers and the VAT charged. The tax law lays down certain formal requirements for invoices issued. These include certain compulsory information that must appear on the invoice, as defined by the GTC.

The declaration and payment of the VAT by non-resident suppliers of ESS is done via the Directorate General of Taxation's website (www.impots.cm).

Non-residents are required to pay VAT to the following entity:

- "DIRECTION DU TRESOR CAMEROUN" is the recipient of the payment, whose account number is 10 311101 0 1001
- The beneficiary bank is the Bank of Central African States (BEAC: Banque des Etats de l'Afrique Centrale), whose SWIFT code is BEACCMCX100
- Its IBAN code is FR7630001000640000005104277
- The intermediary bank is the Banque de France, whose SWIFT code is BDFEFRPPCCT

In practice, the payment must include the reference for the month concerned and the non-resident's unique identification number obtained during registration.

VAT on costs

The law does not provide a specific answer for the case of non-resident suppliers of ESS.

The general principle in force in Cameroon is that only persons liable for tax who are registered and subject to the "actual earnings tax system" (i.e., those with an annual turnover excluding tax equal to or greater than FCFA 50 million) and who are on the list of active taxpayers who are up to date with their tax obligations, may recover VAT on costs. This can be obtained through the deduction mechanism. As such, given that the law is not clear on whether non-resident suppliers can recover input tax in Cameroon, the general rules should apply, i.e. VAT borne in Cameroon by these entities should be deductible if they meet the general rules for input tax deduction.

Other considerations

Non-resident suppliers should take note of the Special Income Tax (SIT) levied at a rate of 15% on amounts paid abroad as remuneration for various services provided from abroad but used in Cameroon. This is similar to withholding tax.





Cape Verde

Contact

Susana Monteiro Caetano
Director
susana.caetano@pwc.com
+351 917 246 647

Nicole Gomes da Silva
Senior Associate
nicole.gomes.silva@pwc.com
+351 910 729 087

Overview

The VAT regime for electronically supplied services was approved by Law 4/X/2021 (2022 State Budget) and entered into force on 1 January 2022.

This regime only applies to international e-commerce operations carried out by non-residents in Cape Verde provided that they are included in a list prepared by the Ministry of Finance. If a non-resident supplier is not on this list, they will not have to charge VAT on their supplies (under this regime) to consumers in Cape Verde.

This regime applies to international e-commerce operations, as defined below (see “Services in Scope”), whenever the consumer has their head office, permanent establishment or domicile in the national territory or when the payment originates in Cape Verde or is intermediated by a financial institution established therein.

Law 16/X/2022 of 30 December 2022 (2023 State Budget) introduced minor amendments, such as transferring the responsibility of publishing the list of main e-commerce operators and underlying responsibilities from the Ministry of Finance to the “government office responsible for the area of finance”, and republished the regime.

E-commerce operators appearing on the list must proceed with a simplified registration through the electronic page. In this regard, there are two different regimes applicable within the ESS regime:

- General regime: applicable to taxable persons who proceed with the simplified registration
- Subsidiary regime: applicable to the taxable persons who do not proceed with the registration

The VAT is due the moment the payment for the supply is authorised by the financial institution, at the VAT rate applicable (reduced or standard rate), if the taxable person is in the general regime or only at the standard rate of 15% if the taxable person is in the subsidiary regime. Currently, only a single rate of 15% is foreseen in the VAT legislation.

Key provisions applicable to VAT on ESS

Particulars	Description
Scope	The regime applies to all taxable persons identified in the list of main e-commerce operators. It does not distinguish between the electronic supply of goods or services provided to individuals (B2C) and those provided to businesses (B2B).
Liability to remit VAT	By the supplier of the electronic service
VAT rate	15%
Taxable value	The price payable by the recipient of the supply
Effective date	1 January 2022
VAT registration threshold	Not applicable
Tax invoice	Non-resident suppliers under the ESS regime are required to issue electronic tax invoices.

Services in scope

For purposes of applying the ESS regime, the following operations constitute e-commerce supplies as long as they are carried out via an electronic platform, portal, or similar interface:

- Distance sales of goods originating outside the national territory
- The provision of services for which the providers are not established, do not have a fixed establishment, nor a permanent address in Cape Verde

The regime only applies to remittances of up to CVE 10,000. Moreover, it does not apply to the supply of goods subject to excise duties.

Registration and compliance

Registration requirements under the ESS regime only apply to designated main e-commerce operators, regardless of whether their supplies are done under a B2B or B2C arrangement.

In this regard, financial institutions provide the Tax Authorities with data on the highest-value payments made to suppliers of electronic services, which are then compiled into a list of entities for which simplified registration is mandatory.

Provided that a non-resident supplier is included in this list, it is required to proceed with the registration until the end of June.

Once registered for VAT under the ESS regime, non-resident companies are required to submit quarterly VAT returns in calendar quarters. The corresponding VAT payments must be made by the end of the month following the end of the VAT return period (quarter).

Invoicing

Non-resident suppliers providing electronically supplied services are required to issue invoices in accordance with VAT legislation requirements.

Starting on 1 January 2024, the concept of “invoices issued in legal form”, granting the right to deduct input VAT, has been updated to cover invoices issued electronically.

Moreover, while it is acceptable for non-resident suppliers to invoice customers/recipients in a foreign currency, the invoice should always contain an explicit reference to the Cape Verdean VAT, regardless of the currency in which it is denominated.

VAT on costs

The special VAT regime for e-commerce is silent regarding VAT recovery on incurred costs. Thus, the general regime foreseen in the VAT Code applies, and input VAT incurred in Cape Verde may be recovered on the quarterly VAT returns.

Other considerations

While the ESS regime is in force, it has not come into effect as the relevant government office has not yet published the main list of e-commerce operators.



Côte d'Ivoire



Contact

Dominique Taty

Partner

d.taty@pwc.com

Phone: +225 27 22 55 84 37/ 61

Mobile: +225 07 07 07 75 88

Hermann Gnango

Senior Manager

hermann.gnango@pwc.com

Phone: +225 27 22 55 84 66

Mobile: +225 01 72 27 32 00

Overview

VAT on electronically supplied services (ESS) was introduced in 2022. The tax authorities clarified the conditions of its implementation through a note dated 9 October 2023.

Key provisions applicable to VAT on ESS

Particulars	Description
Scope	Both B2B and B2C
Liability to remit VAT	Non-resident supplier
VAT rate	18%
Taxable value	The price payable by the recipient of the supply
Effective date	4 May 2022. To allow companies concerned to adapt their management tools, tax filing and payment took effect within a period of six months from 9 October 2022.
VAT registration threshold	Companies or individuals with a turnover that exceeds XOF 200,000,000.
Tax invoice	Yes

Services in scope

- Online advertising services
- Online data services
- Online markets
- Digital content services
- Online gaming services
- Cloud computing services
- Social network platforms
- Search engines

Registration and compliance

In support of the simplified return, VAT must be paid quarterly by electronic means via the e-impôts portal of the tax administration. Payment is due by the 20th of the month following the end of each quarter, i.e. by 20 April, 20 July, 20 October and 20 January of each year.

Invoicing

For B2C invoicing, there are no particular rules. As such, non-resident companies can invoice in accordance with their own procedures.

For B2B invoicing, while companies will continue to use their current methods, non-resident companies must include the following details to allow VAT to be deducted for B2B customers: the customer's name, taxpayer account number, the nature of the service, the date of the service and the amount concerned.

VAT on costs

Non-resident suppliers registered under the simplified tax registration are precluded from recovering any VAT incurred on costs in Côte d'Ivoire as input tax, i.e. any VAT incurred in Côte d'Ivoire by non-resident suppliers is an absolute cost.

Other considerations

A withholding tax of 20% applies to all remuneration for ESS provided or used in Côte d'Ivoire paid to foreign electronic service suppliers located in a country with no double tax agreement with Côte d'Ivoire.



Democratic Republic of Congo



Contact

Laurent Pommera

Partner

laurent.pommera@pwc.com

+241 0176 23 71

Lia Loumingou

Director

lia.loumingou@pwc.com

+243 825 650 753



Overview

VAT was established in the Democratic Republic of the Congo by Ordinance Law no. 10-10 on 20 August 2010 and Decree no. 11-42 of 22 November 2011, which included implementing procedures.

According to the law, electronic services supplied online include the supply and hosting of computer sites, the online supply and updating of software, the supply of images, text, and information, the provision of databases, the supply of music, films, and games, the supply of digitised books and publications, the supply of distance learning services, and the remote maintenance of programs and equipment.

Foreign providers must appoint a tax representative in the Democratic Republic of the Congo; otherwise, VAT is collected and paid by the service consumer based in the DRC. To this end, the reverse charge mechanism is available to service consumers to automatically deduct the VAT declared on behalf of foreign service providers.

The law makes no distinction in applying legal provisions concerning services to individual consumers (B2C) or businesses (B2B). It is, therefore, difficult for the tax authorities to collect the VAT triggered on B2C transactions between foreign suppliers and local consumers that are not subject to VAT since they will not declare on behalf of foreign service providers who do not have tax representatives in DRC.

All foreign suppliers have the option of appointing a fiscal representative in the DRC, who will be able to collect VAT on invoices from local customers (registered for VAT purpose) and remit it to the public treasury. If they do not have a fiscal representative, it is the local customer who must declare the VAT on behalf of the foreign supplier.

Key provisions applicable to VAT on ESS

Particulars	Description
Scope	Non-residents supplying electronic services to DRC individuals (B2C) or businesses (B2B)
Liability to remit VAT	<p>A non-resident without a permanent establishment in DRC providing electronic services to DRC resident customers (B2B or B2C) is required to appoint a tax representative to comply with VAT regulations.</p> <p>If no tax representative is appointed, a reverse charge mechanism applies, whereby the local customer must declare the VAT on behalf of the foreign supplier and deduct it.</p>
VAT rate	16%
Taxable value	The price payable by the recipient of the supply
Effective date	20 August 2010
VAT registration threshold	<p>CDF 80,000,000 (circa USD 30,769)</p> <p>However, companies that have not reached this threshold may have an option to register.</p> <p>This threshold does not apply to foreign service providers.</p>
Tax invoice	The non-resident supplier must issue an invoice that allows the local customer to justify the expenditure. Otherwise, the tax authority may call into doubt the deductibility of the item.

Services in scope

According to the law, electronic services supplied online include:

- Supply and hosting of computer sites
- Online supply and updating of software
- Supply of images, text, and information
- Provision of databases
- Supply of music, films, and games
- Supply of digitised books and publications
- Supply of distance learning services and the remote maintenance of programs and equipment

Registration and compliance

Non-resident suppliers with no permanent establishment in the DRC are not required to register for VAT in the DRC. Instead, they are required to appoint a tax representative resident in the DRC. The representative must be designated by means of a legalised or notarised letter addressed to the tax authorities, which the tax authorities will then approve. If no fiscal representative is appointed, VAT will be collected by the local customer or consumer.

Invoicing

Non-resident suppliers must issue an invoice that allows the local customer to justify the expenditure. The invoice must contain certain information in order to identify the type of services rendered as well as the supplier and amount details. Otherwise, the deductibility of the item may be called into doubt by the tax authority.

VAT on costs

Foreign companies charged with VAT on goods or services consumed in the DRC cannot reclaim this VAT.

Other considerations

Non-resident suppliers are required to pay a 14% tax on income earned in the DRC.

The service consumer must withhold this tax at the time of payment of the bill. The amount must be declared and paid to the tax administration by the 15th day of the month following the payment.



Egypt



Contact

Ahmed Osama

Partner

ahmed.osama@pwc.com

+2 010 0158 0884

Mostafa Abdelazim

Senior Manager

mostafa.abdelazim@pwc.com

+2 010 1905 5548

Overview

In light of the Egyptian government's continual efforts in the digitalisation journey, the Egyptian Tax Authorities (ETA) has implemented a simplified VAT registration and compliance framework for non-resident vendors and electronic distribution platforms (EDPs) selling remote services to final consumers in Egypt.

Key provisions applicable to VAT on ESS

Particulars	Description
Scope	Both B2C and B2B
Liability to remit VAT	<p>B2C: The non-resident is to collect and remit the VAT due.</p> <p>B2B: The service 'recipient' resident in Egypt is to apply the reverse charge mechanism.</p>
VAT rate	<ul style="list-style-type: none"> Supplies made on the e-service are subject to VAT at the rate of 14%. Professional and consultancy services are subject to VAT at the rate of 10%.
Taxable value	The total amount of the provided service
Effective date	20 June 2023
VAT registration threshold	EGP 500,000, or equivalent in any other currency for any period of 12 months
Tax invoice	The service provider shall provide a tax invoice that includes the due VAT amount.

Services in scope

Relevant services include "Any services where at the time of the performance of the service, there is no necessary connection between the physical location of the recipient and the place of physical performance", as detailed below:

- Supplies of digital content such as e-books, movies, TV shows, music, and online newspaper subscriptions
- Website design or publishing services
- Online supplies of games, apps, software, and software maintenance
- Legal, accounting, or consultancy services

Registration and compliance

To register under the simplified vendor registration regime, the non-resident supplier must create an account on the ETA's website.

Filing VAT returns

- Non-resident suppliers who provide services to consumers not registered for VAT in Egypt are subject to a simplified electronic VAT return. They must file their monthly tax return with the ETA and pay the VAT due by the end of the month following the expiration of the taxable period.
- The VAT return is considered the taxable person's self-assessment of tax due for that period.
- Regarding payment to the ETA, the ETA currently accepts payments in EGP and USD only. Other currencies should be available shortly.

Invoicing

The invoice/receipt, which can be in any format, must contain the following information:

- Service description and amount, and the rate and the amount of VAT
- Invoice/receipt issuing date
- The name and registration number of the non-resident supplier
- Invoice/receipt number

VAT on costs

Non-resident suppliers registered under the simplified tax registration are precluded from recovering any VAT incurred on costs in Egypt as input tax on the monthly VAT returns. However, a non-resident can submit a letter directly to the ETA to request a VAT refund.

Other considerations

A new definition was introduced for an “electronic distribution platform”, and it was added to the definitions incorporated in Article no. (1) as follows:

“A digital platform, such as a website, internet portal, online store, digital market, or others that enables both the vendor of the commodity or the service provider and the beneficiary of the commodity or the service recipient to interact in order to supply the commodity or perform the service through it.”

The ministerial decree illustrates the mechanism of its application by addressing the conditions that need to be fulfilled in order for the platform not to be responsible for collecting and remitting tax to the authority:

1. An agreement between the service provider and the platform shall be in place confirming that the service provider is the party responsible for remitting the tax to the authority instead of the platform.
2. The invoice or the receipt that will be issued to the unregistered person (service recipient) shall indicate that the person who interacts through the platform for the service is the same person who provides this service, with an explicit mention of the nature of the service.
3. The general terms and conditions that regulate the platform’s activity clearly state that it does not deliver the service to its recipients and is not authorised to collect tax from those who provide services through it.

Additionally, these terms or conditions should not include anything expressly or implicitly indicating that the platform has a role in completing the provision of the service to its recipients.

Furthermore, the electronic distribution platform shall not be responsible for any tax that may be due in excess of the value of the tax acknowledged and paid by the service provider in case the platform has collected the tax and remitted it to the tax authority based on the data correctly provided by the service provider or any third party.



Ghana



Contact

Abeku Gyan-Quansah

Partner

abeku.gyan-quansah@pwc.com

+233 20 820 8106

Alexander Yankson

Senior Manager

alexander.f.yankson@pwc.com

+233 20 027 8285



Overview

Section 16 of Ghana's Value Added Tax Act, 2013 (Act 870) (VAT Act) requires non-resident persons who supply electronic commerce (e-commerce) or telecommunication services for use or enjoyment in Ghana, other than through a VAT-registered agent, to register for VAT if they make taxable supplies in excess of the general mandatory VAT registration threshold. The general mandatory VAT registration threshold is currently taxable supplies of GHS 200,000 (approximately USD 17,000) for a 12-month period or its quarterly equivalent.

Key provisions applicable to VAT on ESS

Particulars	Description
Scope	Both B2B and B2C
Liability to remit VAT	Non-resident supplier
VAT rate	VAT rate of 15%, National Health Insurance Levy (NHIL) of 2.5%, Ghana Education Trust Fund Levy (GETFL) of 2.5% and COVID-19 Health Recovery Levy (CHRL) of 1%. The effective rate is 21.9%
Taxable value	The taxable value (for VAT purposes) of the supply includes the base value (cost) plus NHIL, GETFL and CHRL of 6%.
Effective date	April 2022
VAT registration threshold	GHS 200,000 (approximately USD 17,000) for a 12-month period or its quarterly equivalent
Tax invoice	The non-resident supplier is required to provide its own system-generated tax invoice. The Revenue Authority is yet to roll out an electronic invoicing system for non-resident suppliers.

Services in scope

The services in scope include telecommunications services, electronic commerce and digital services. These are further explained below.

Electronic commerce includes a business transaction, including a digital service, that takes place through the electronic transmission of data over a communication network such as the internet.

Digital services include:

- Social networking
- Online gaming
- Cloud services
- Video or audio streaming
- Digital marketplace operations
- Online advertisement services

Telecommunication services include services that relate to:

- The transmission, emission or reception of signals
- Writings, images and sounds of information of any nature by wire, radio, optical or other electromagnetic systems, including the provision of access, transmission, emission or reception
- Political, social, cultural, artistic, sporting, scientific or entertainment broadcasts or events

Registration and compliance

Non-resident persons who supply electronic commerce or telecommunication services for use or enjoyment in Ghana, other than through a VAT-registered agent, are required to register for VAT if they make taxable supplies in excess of the general mandatory VAT registration threshold of GHS 200,000 (approximately USD 17,000) for a 12-month period or its quarterly equivalent.

Filing and payment of VAT are due on, or before the last working day of the month following the month the return relates to.

Invoicing

The non-resident supplier is required to provide its own system-generated tax invoice. The Revenue Authority is yet to roll out an electronic tax invoicing system for non-resident suppliers.

A tax invoice should contain the following:

- The name, address and tax identification number of that taxable person
- The date and time of supply
- The number of the invoice taken from a consecutive series
- The name of the customer or business name and address and tax identification number if a taxable person
- A description sufficient to identify the goods or services supplied including the quantity of the goods or the extent of the services supplied
- The type of transaction by reference to the following categories:
 - Sale
 - Hire purchase, hire, lease or rental
 - Exchange
 - Goods and services supplied from the taxable person's own supplies
- The tax-exclusive charge for each description of goods or services supplied
- The rate of the tax
- The total charge on the invoice, exclusive of the tax
- The rate of any discount
- The total tax charged
- The total charge inclusive of the tax

VAT on costs

Non-resident suppliers cannot recover (claim) VAT on costs incurred in the country. However, non-resident suppliers can recover the 7% withholding tax on VAT suffered.

Guinea



Contact

Paul Tchagna

Director

paul.tchagna@pwc.com

+224 664 00 00 31

Overview

Law L/2016/035/AN of 28 July 2016 on electronic transactions was instituted to promote the modernisation of the administration through the use of information and communication technologies. This law applies to any transaction of whatever nature, as long as it takes the form of an electronic message.

Decree D/2021/092/PRG/SGG relating to electronic transactions in the Republic of Guinea, taken in application of the law L/2016/035/AN of 28 July 2016, aims to specify the specific rules applicable to electronic transactions in Guinea. This decree applies to all players carrying out electronic transactions.

Law L/2021/032/AN adopting the new general tax code came into force on 1 January 2022, with articles 410 ter and 410 quater governing VAT on electronically supplied services in Guinea. Under this law, electronically supplied services are covered by the notion of an e-commerce platform. The law considers as an e-commerce platform any intermediary which, via its website or any other similar electronic means, puts service providers in contact with customers, determines or controls the conditions under which the transaction is concluded, where applicable, processes payments, and receives in return a fixed commission or commission proportional to the price of the service sold by the service provider.

Key provisions applicable to VAT on ESS

Particulars	Description
Scope	In Guinea, all persons involved in electronic transactions, whether B2B or B2C, are subject to the law on economic transactions.
Liability to remit VAT	The service provider who provides the service via the platform is deemed to be providing the service directly to the platform. When the service provider (non-resident supplier) is established in Guinea and whether or not the e-commerce platform is established in Guinea, the platform is liable for VAT on this operation under the provisions of II. of article 373 Bis of the General tax code. (reverse charge of VAT).
VAT rate	18%
Taxable value	The consideration received or to be received by the supplier or service provider from the buyer, the lessee or a third party. When the consideration is received totally or partially in kind, the value of this consideration is determined based on the “market price” of a delivery or similar service.
Effective date	The effective date is the VAT registration date.
VAT registration threshold	None
Tax invoice	The non-resident is not within the scope of electronic invoicing. However, there is a requirement to issue a document showing all of the compulsory information required (refer to “Invoicing” below).

Services in scope

The law on electronic transactions applies to any transaction of whatever nature, as long as it takes the form of an electronic message, including:

- Electronic commerce operations
- Electronic advertising
- The conclusion of contracts or legal acts electronically
- Streaming services
- Subscriptions to digital content
- Online storage services (cloud services or others)



Registration and compliance

Non-residents must register for VAT when they provide services in Guinea and are required to appoint a tax representative.

A taxable person (non-resident supplier) required to be registered for VAT in Guinea but not established in Guinea must appoint a single tax representative. This tax representative must be registered for VAT in Guinea and be up to date with its tax obligations.

This tax representative must:

- Be subject to and registered for VAT in Guinea
- Be established in Guinea
- Be up to date with its tax obligations
- Be duly authorised by the taxable person represented (non-resident supplier) by virtue of a written mandate

The tax representative must also:

- Prepare invoices in the name and on behalf of the represented taxable person (the non-resident supplier)
- Indicate on the invoices referred to above that they act as a tax representative
- Submit VAT returns in the name and on behalf of the represented taxable person (the non-resident supplier)
- Complete all other tax formalities incumbent on the represented taxable person (the non-resident supplier)

Invoicing

Guinea introduced electronic invoicing through article 6 of the finance law for 2023, and it is only currently targeting companies resident in Guinea. As such, non-resident suppliers are exempt from electronic invoicing. However, they should provide a document/invoice.

Regarding the details of the invoice, the invoice must be in French and must contain the following mandatory information provided in article 383-VI of the General Tax Code:

- The name, address and telephone number of the taxable person
- The name, address and telephone number of the customer
- The taxable person's tax identification number (TIN) and VAT registration key of the taxable person (supplier)
- The tax identification number (TIN) and VAT registration key of the customer for services for which the customer is liable to pay VAT under provision II of article 373 bis

- Where the customer is liable for VAT: the reference to article 373 bis indicating that the customer is liable for VAT
- Where the person liable for VAT is a tax representative within the meaning of article 373 Quinquies: their tax identification number (TIN) and VAT registration key registration key, as well as their name, address and telephone number
- A unique invoice number based on a chronological and continuous sequence
- The invoice date
- If different from the invoice date:
 - The date on which the goods or services were supplied services
 - The date on which an advance payment is made
- For each of the goods delivered or services rendered: the quantity, the unit price exclusive of tax and the rate of VAT legally applicable or, where applicable, the reference to the provision of the code exempting the supply or service
- Any rebates, discounts, refunds or discounts earned and quantifiable at the time of the transaction and directly linked to the transaction
- The total amount of VAT payable on the transaction
- The total amount, exclusive of tax
- The total price, inclusive of all taxes
- If the option to charge VAT on debits is exercised: the words "VAT based on debits — article 366 bis du CGI"
- When the taxable person applies the margin regime: the statement "VAT on margin — article 410 bis of the CGI"

VAT on costs

Non-resident suppliers are precluded from recovering any VAT incurred on costs in Guinea. However, if non-residents have appointed a local tax representative, they can recover VAT if this VAT is deductible.

Other considerations

Regarding the tax on digital services, article 12 of the 2023 finance law provides that a tax of 5% is applied on revenues generated by digital services provided by foreign or local e-commerce platforms.

Kenya



Contact

Job Kabochi

Partner

job.kabochi@pwc.com

+254 702 420 397

Priya Shah

Senior Manager

priya.u.shah@pwc.com

+254 719 373 650

Overview

The VAT (Digital Marketplace Supplies) Regulations, 2020 (VAT DMS Regulations) came into effect in October 2020, subjecting non-residents supplying electronic services to Kenyan individuals – business to consumer (B2C) to VAT. These Regulations were effective from 1 April 2021.

With effect from 1 July 2022, the Finance Act, 2022 amended the VAT DMS Regulations by removing the distinction between business-to-business (B2B) and B2C. The change meant that recipients of B2B supplies from non-resident suppliers could no longer rely on the reverse charge mechanism for VAT compliance in Kenya. Furthermore, the Finance Act, 2022 also clarified that there is no VAT registration threshold for non-resident suppliers of taxable services.

The above changes mean that all non-resident suppliers of taxable services via a 'digital marketplace' must register for VAT in Kenya and charge VAT at the standard rate, currently 16%, on all relevant supplies. A digital marketplace is defined as an online platform that enables users to sell goods or provide services to other users.

The VAT DMS Regulations were later revoked and have now been replaced by the VAT (Electronic, Internet and Digital Marketplace Supply) Regulations, 2023 (VAT EIDMS Regulations) to take account of additional changes in relation to the taxation of supplies through a digital marketplace.

Key provisions applicable under the VAT EIDMS Regulations to non-resident suppliers

Particulars	Description
Scope	Non-residents supplying electronic services to Kenyan individuals (B2C) or businesses (B2B)
Liability to remit VAT	By the non-resident supplier
VAT rate	16%
Taxable value	Price payable by the recipient of the supply
Effective date	B2C sales from 1 April 2021 B2B sales from 1 July 2022
VAT registration threshold	Not applicable
Tax invoice	No requirement to issue electronic tax invoices, but there is a requirement to issue a document showing the VAT paid by the Kenyan consumer.

Services in scope

Regulation 3 of the VAT EIDMS Regulations states that the following services constitute 'taxable supplies' when made electronically, through the internet or through a digital marketplace:

- Downloadable digital content, including downloadable mobile applications, e-books and films
- Subscription-based media, including news, magazines and journals
- Over-the-top services, including streaming television shows, films, music, podcasts and any form of digital content
- Software programs, including software, drivers, website filters and firewalls
- Electronic data management, including website hosting, online data warehousing, file-sharing and cloud storage services
- Music and games
- Search engine and automated helpdesk services, including customisable search engine services
- Tickets for live events, theatres or restaurants
- Distance teaching through pre-recorded media or e-learning, including online courses and training but excluding education services exempted under the First Schedule to the Act

- Digital content for listening, viewing or playing on any audio, visual or digital media
- Services that link the supplier to the recipient, including transport-hailing services or platforms
- Electronic services under section 8(3) of the Value Added Tax Act, 2013 (VAT Act)
- Sales, licensing, or any other form of monetising data generated from users' activities
- Facilitation of online payment for, exchange or transfer of digital assets, excluding services exempted under the Act
- Any other service provided through an electronic, internet, or digital marketplace that is not exempt under the Act

Electronic services under section 8 (3) of the VAT Act, as stated in the extract above, means any of the following services when provided or delivered through a telecommunications network:

- Websites, web-hosting or remote maintenance of programs and equipment
- Software and the updating of software
- Images, text and information
- Access to databases
- Music, films and games, including games of chance
- Political, cultural, artistic, sporting, scientific and other broadcasts and events, including broadcast television

Registration and compliance

The non-resident supplier offering any of the above electronic services to customers/recipients in Kenya, irrespective of whether done under a B2B or B2C arrangement, is required to register for VAT under the simplified tax registration framework.

The Kenyan VAT law also contains a provision for non-residents to register for VAT using a tax representative, but, in practice, this option is more complex than registering under the simplified tax registration framework.

Once registered for VAT under the simplified tax framework in Kenya, the non-resident company will be required to complete and submit monthly VAT returns. VAT returns must be submitted by the 20th day of the month following the end of the VAT return period (calendar month). Where there are no sales to reflect in a month, the non-resident must file a nil VAT return. All VAT payments to the Kenya Revenue Authority (KRA) must be made by the 20th of the month.

Invoicing

While the non-resident supplier providing the electronically-supplied service is exempt from issuing electronic tax invoices, it should issue invoices or receipts showing the value of the supplies made to its Kenyan customers and the VAT charged.

For business customers in Kenya, the non-resident supplier is also required to reflect its customer's tax identifier, i.e. personal identification number (PIN), on the face of the invoice/receipt. Otherwise, the recipient of the services will not be able to recover the VAT charged as input tax. In Kenya, the PIN is equivalent to a VAT ID number in other jurisdictions.

In addition, while it is acceptable for the non-resident supplier to invoice in a foreign currency, such foreign currency amounts should be translated to Kenyan shillings on the face of the invoice using either the Central Bank of Kenya's daily exchange rate or any other universally accepted foreign exchange rate. This is to ensure that there are no forex differentials between the VAT amount declared and paid by the non-resident supplier to KRA (output tax) and the amount of VAT claimed by the Kenyan business as input tax.

VAT on costs

Non-resident suppliers registered under the simplified tax registration are precluded from recovering any VAT incurred on costs in Kenya as input tax, i.e. any Kenyan VAT incurred by the non-resident suppliers is an absolute cost.

Other

Non-resident suppliers of ESS to Kenya also need to be aware of digital services tax (DST), an income tax chargeable at 1.5% of sales.



Madagascar



Contact

Andriamisa Ravelomanana

Partner

andriamisa.ravelomanana@pwc.com

+261 32 07 005 24



Overview

There are no specific provisions for VAT on electronically supplied services (ESS) for non-residents. General rules on VAT on services are applicable.

All services performed in Madagascar are subject to VAT. Services are considered to be performed in Madagascar if such services are executed, used or enjoyed in Madagascar.

If the supplier of services is resident outside of Madagascar, they should appoint a tax representative to collect and pay VAT to the tax authority on its behalf. In the absence of such a tax representative, the recipient will be liable to account for VAT on the supply.

The recipient taxpayer or the tax representative must have a bank account in Madagascar for VAT payment purposes.

Key provisions applicable to VAT on ESS

Particulars	Description
Scope	VAT is applicable on all transactions (both B2C and B2B) related to any services performed in Madagascar by non-resident suppliers.
Liability to remit VAT	<p>If the supplier of the services is not resident in Madagascar and has appointed a tax representative to collect and pay VAT on its behalf, then the tax representative is liable to collect and remit the VAT.</p> <p>If the non-resident supplier has not appointed a tax representative, then the recipient or business consumer in Madagascar is liable to account for VAT on the services as per the reverse charge mechanism.</p>
VAT rate	The standard rate of VAT is 20%.
Taxable value	The taxable value is the amount of the service invoice.
Effective date	Not applicable — a non-resident supplier is not required to register for VAT.
VAT registration threshold	There is no VAT registration threshold for a non-resident supplier as it is not required to register for VAT in Madagascar, but the supplier should appoint a tax representative. If a non-resident supplier does not appoint a tax representative, the beneficiary of the services is liable for payment of VAT to the tax authority.
Tax invoice	The non-resident supplier needs to provide an invoice. Electronic invoices are acceptable.

Services in scope

All services are performed in Madagascar when physically performed and/or consumed there. If the services provided cannot be physically located, they will be subject to VAT in Madagascar when the service is rendered, the right assigned, the rented object used or exploited in Madagascar.

Registration and compliance

A non-resident supplier is not required to register for VAT in Madagascar but must appoint a tax representative to collect and pay VAT on its behalf. Failing this, the service recipient is liable to pay VAT directly to the tax administration on behalf of the non-resident supplier.

The tax representative must file VAT returns and pay the VAT due at the territorially competent tax office (online and/or via physical deposit), depending on the applicable internal rules of the tax office), no later than the 15th day of the month following the payment of the invoice. For example, if the invoice is paid during March, the VAT must be paid to the tax authorities on or before 15 April.

Depending on the tax centre, VAT must be paid via tele-payment or bank transfer.

Invoicing

There is no provision in the tax law regarding invoicing requirements for non-resident suppliers. The tax authority accepts electronic invoices if the supplier is a non-resident.

There are no particular requirements in respect of the currency for non-resident invoices. The currencies usually used by banks in Madagascar are the Malagasy Ariary (MGA), EUR and USD.

There are no requirements regarding the language used on a non-resident invoice. However, as the official languages in Madagascar are Malagasy and French, the invoice should show a translation in French or Malagasy. In practice, the tax authority generally accepts invoices in English without translation. In case of a tax audit, translation into French may be required.

VAT on costs

Non-residents cannot recover VAT on costs incurred.

Other considerations

The risk of permanent establishment exists if the service provider has a presence in Madagascar directly via an employee or indirectly via proxy for a period or periods totalling more than 90 days in a one-year period beginning or ending during the relevant fiscal year.



Morocco



Contact

Mahat Chraibi

Partner

mahat.chraibi@pwc.com

+212 661 507 453



Overview

Article 88 of the Moroccan Tax Code sets out the VAT territoriality rules and specifies that a transaction is deemed to have been carried out in Morocco:

- When the sale is made under the conditions of delivery of goods in Morocco.
- In case of any other transaction, when the service is provided, the right assigned or the object leased is exploited or used in Morocco, or when the online service is provided remotely by a non-resident person with no establishment in Morocco to a customer whose registered office, establishment or tax domicile is in Morocco, or to a customer who occasionally resides in Morocco.

Non-resident service providers that do not have a place of business in Morocco and carry out taxable transactions for a customer established in Morocco must appoint a tax representative who commits to complying with the reporting and payment obligations of taxpayers in Morocco.

Otherwise, the liability to pay VAT lies with the Moroccan customer. The payment obligations differ depending on the VAT status of the customer as follows:

- **The customer is subject to VAT:** VAT should be paid under the reverse charge mechanism, i.e. the Moroccan customer is required to report the VAT due on the taxable operations carried out by the non-resident service provider on its own VAT return and is entitled to deduct the VAT so declared in the same VAT return.

Therefore, VAT should be neutral, except for some specific cases:

- VAT credit reported by the Moroccan customer, where the latter is not allowed to offset the VAT due by the non-resident company with its VAT credit.
- VAT on the operations of the Moroccan company is below the VAT threshold on the transactions carried out by the non-resident company.

In such cases, VAT due by non-resident service providers should be reversed to the tax administration.

- **The customer is not subject to VAT:** VAT should be withheld at source and paid by the customer to the tax administration in the name and on behalf of the non-resident service provider.

It is worth mentioning that end customers, being individuals, are included in this category and are, therefore, required by law to withhold VAT upon payment of the services. However, in practice, individuals do not necessarily comply with such rules.

In this context, Finance Law 2024 introduced new reporting and payment measures for non-resident companies rendering online remote services to non-taxable customers (B2C). The provisions introduced by Finance Law 2024 will be clarified by the Decree, which is yet to be published.

Henceforth, in the absence of a tax representative in Morocco, non-resident service providers rendering online remote services to non-taxable customers are required to comply with the following obligations:

- Register on a dedicated electronic platform and obtain a Tax ID
- Submit an electronic VAT return via this platform before the end of each month. VAT withheld at source by non-taxable customers should not be reported by the non-resident service provider
- Pay VAT, without the deduction right, on services provided to non-taxable customers during the previous month
- Maintain a register of services provided in Morocco, to be presented to the tax administration electronically upon request. This register must be kept for a period of ten years

The Decree will lay down procedures for applying these provisions.

Key provisions applicable to VAT on ESS

Particulars	Description
Scope	B2C and B2B
Liability to remit VAT	<p>If a tax representative is appointed, they are responsible for paying VAT on both B2B and B2C transactions.</p> <p>If the non-resident supplier does not have a tax representative in Morocco:</p> <ul style="list-style-type: none"> • The B2B customer bears responsibility for VAT remittance • If the customer is B2C, it is the non-resident supplier's responsibility to report and remit the applicable VAT via the new mechanism.
VAT rate	20%
Taxable value	Invoiced remuneration of services
Effective date	1 January 2024, but awaiting publication of the Decree
VAT registration threshold	None
Tax invoice	<p>No specific measures were introduced for the specific case of digital services.</p> <p>Subject to the publication of implementation regulations, invoices issued by non-resident service providers performing online remote services should include general commercial information, particularly for B2B transactions for tax deductibility purposes.</p>

Services in scope

The Moroccan Tax Code defines “online remote service” as any service delivered through a remote communication tool, including intangible goods and other immaterial assets.

For guidance, a circular note regarding the 2024 Finance Law includes the following services in its definition of “online remote services”:

- Supply and hosting of websites, remote maintenance of programs and hardware
- Supply of software and applications and their update
- Supply of digital content (music, films, online games, gambling, images, videos, texts, information, etc.)
- Subscription to film and TV platforms dedicated to video-on-demand (VOD) services
- Subscription or provision of databases
- Remote provision of training, consulting or assistance services, etc.

Registration and compliance

The non-resident supplier can use a tax representative in both transactions (B2B and B2C). When a tax representative is not appointed:

- **B2B** — the non-resident supplier has no registration obligations. Its Moroccan customer must report the VAT due as explained in the overview.
- **B2C** — the non-resident supplier must register on a dedicated platform, submit monthly VAT returns and pay the tax due by the end of the month following the end of the tax period.

Invoicing

The invoice should include standard commercial information. When a non-resident service provider appoints a tax representative in Morocco, the invoice must also mention the VAT number. There are no currency restrictions.

VAT on costs

Non-resident suppliers of ESS cannot recover VAT on costs incurred in Morocco.

Mozambique



Contact

Patrícia Quirino

Partner

patricia.quirino@pwc.com

Phone: +258 21 350 400 / 21 307 620

Mobile: +258 84 312 25 36

Adriano João

Manager

adriano.joao@pwc.com

Phone: +258 21 350 400

Mobile: +258 87 60 51 863



Overview

VAT on electronically supplied service (ESS) was introduced by Law no. 13/2016 of 30 December, which amends and republishes Law no. 32/3007 of 31 December, which approves the VAT Code. This regulation was effective from 1 January 2017.

The changes extended the scope of VAT by including specific electronic services in cases where the supplier is a non-resident entity and the customer is a resident entity/person duly registered for VAT purposes in Mozambique.

Supplies of electronic services by non-resident suppliers are subject to VAT in Mozambique through the reverse charge mechanism, provided the customer is a taxable person (the same supplies would not be VATable if the customer is a foreign entity).

Key provisions applicable to VAT on ESS

Particulars	Description
Scope	Non-residents supplying electronic services to a Mozambican entity/person (no distinction is made between B2B and B2C)
Liability to remit VAT	Tax representative appointed by the non-resident supplier or the customer/recipient of the services in case no tax representative is appointed. Please refer to the comments later for more details.
VAT rate	16%
Taxable value	The price payable by the customer/recipient of the services
Effective date	Introduction of ESS regulation: 1 January 2017 VAT current rate application: 1 January 2023
VAT registration threshold	Not applicable
Tax invoice	There is no requirement to issue an electronic tax invoice, but it is a requirement to issue an invoice or equivalent document for each supply of services that proves the VAT paid (if any) by the Mozambican consumer.

Services in scope

By law, i.e. the VAT Code, electronic services include electronic or digital content supplied electronically (no distinction is made between B2B and B2C).

Examples of electronic services:

- Supply of websites, web hosting and distance maintenance of programs and equipment
- Supply of software and respective updates
- Supply of images, text and information and provision of databases
- Supply of music, films and games, including games of chance and gambling games, and political, cultural, artistic, scientific and entertainment broadcasting and events
- Supply of distance learning
- Other similar services

Registration and compliance

Non-resident taxable persons for VAT purposes are required to register for VAT and appoint a resident tax representative to comply with their respective VAT obligations. In practice, however, it is not expected to find non-residents registering themselves for VAT purposes, as the ability to claim input VAT on upstream transactions is limited, and the Mozambique Tax Authority (MTA) creates practical hurdles for registrations for VAT purposes (e.g., by forcing the interpretation that registration for VAT purposes creates an automatic permanent establishment in Mozambique).

Where a non-resident entity does not register for VAT purposes and does not appoint a tax representative in Mozambique, the entity that purchases the services or the recipient of the services becomes responsible for compliance with the VAT obligations through application of the VAT reverse charge mechanism.

It is important to note that the VAT amount may only be added to input VAT if 90 days have not passed from the date of issuance of the invoice and the date on which the VAT is reported (timeframe to claim input VAT). If this timeframe is not respected, the VAT amount may no longer be added to the input VAT or, if added, may be disallowed, resulting in additional VAT being payable.

Invoicing

Where a non-resident supplier appoints a tax representative (which is not common, as mentioned above) to comply with its VAT obligations (e.g. register for VAT purposes and issue an invoice on behalf of the non-resident supplier), the invoice must be in Portuguese, although the MTA does accept them if English is used alongside Portuguese. The amounts must be indicated in Mozambican Meticals (MZN), although the MTA does accept a reference to the counter value in a foreign currency being used alongside the local currency.

In addition, the invoice will only be valid for VAT purposes if it is printed by a local printing company authorised by the Ministry of Economy and Finance (MEF) or issued using invoicing software authorised by the MEF. VAT invoices must contain the following information:

- Name, address and tax registration number (NUIT) of the supplier and customer
- Date and unique sequential invoice number
- Number and type of goods supplied
- The price net of VAT
- The VAT rate (16%), the value of the VAT charged and (separately) any exempt services, with specific indication of the legal article granting exemption
- Bank identification number, abbreviated as BIN (or NIB), to which state payments are made
- If the invoice is issued by an authorised printer, the name of the printer and their authorisation number and tax registration number
- If the invoice is issued using software previously authorised by the MEF, the expression “Processed by Computer”

VAT on costs

Technically, a non-resident can recover input VAT incurred in Mozambique through a tax representative on services that are not excluded from the right of deduction by the VAT Code.

However, non-residents do not commonly register to recover VAT incurred in Mozambique due to the practical hurdles created by the MTA (e.g. by forcing the interpretation that registration for VAT purposes creates an automatic permanent establishment in Mozambique).

Other considerations

The appointment of the representative is made through a power of attorney and must be communicated to the other contracting party before the operation is carried out.

Nigeria



Contact

Chijioke Uwaegbute

Partner

chijioke.uwaegbute@pwc.com

+234 803 402 1029

Tunde Adedigba

Associate Director

tunde.adedigba@pwc.com

+234 814 127 8681

Overview

Following the amendments to the Value Added Tax Act by the Finance Act 2020 and 2023, non-resident suppliers (NRSs) making taxable supplies of goods and services to Nigeria now have VAT compliance obligations.

A NRS is now required to register for VAT if it provides taxable goods and services to Nigerian customers (B2C and B2B). This registration obligates the NRS to include VAT on its invoices and file monthly VAT returns. The standard VAT rate is fixed at 7.5% for all qualifying goods and services, except those specified as zero-rated in the VAT Act.

The relevant law that outlines the VAT compliance requirements of NRSs in Nigeria is Section 10 of the VAT Act. Based on Section 10(6) of the VAT Act:

“The Service may issue a guideline for the purpose of giving effect to the provisions of this section, including the form, time and procedure for filing returns and payment by non-resident suppliers appointed by the Service.”

Accordingly, the Federal Inland Revenue Service (FIRS) issued an Information Circular, Guidelines on Simplified Compliance Regime for Value Added Tax (VAT) for Non-Resident Suppliers (the Circular), designed specifically for NRSs.

The Circular, which was effective from 1 January 2022, is based on Section 10 of the VAT Act, which requires a NRS to register for VAT, obtain a Tax Identification Number (TIN) and include VAT on its invoice to customers in Nigeria. It also empowers the FIRS to appoint taxpayers to collect and remit VAT on its behalf.

As VAT agents, the appointed NRSs are responsible for collecting VAT from their Nigerian customers and remitting it to FIRS before the 14th day of the following month. The VAT payment is made in the currency of the transaction.

Generally, a NRS must register for VAT with FIRS if its annual supplies are expected to reach the minimum threshold of \$25,000 (or its equivalent in other currencies). If the NRS does not meet this threshold for three consecutive years, they can request deregistration for VAT purposes. However, if the threshold is subsequently met, the earlier registration can be reactivated.



Key provisions based on the FIRS Circular

Particulars	Description
Scope	Non-residents supplying electronic services to Nigerian consumers ("B2C") or businesses ("B2B")
Liability to remit VAT	<p>A NRS has the primary obligation to remit the VAT to the FIRS where digital services are supplied via electronic means. The Nigerian customer in a B2B transaction will be required to self-charge VAT where the NRS fails to add VAT to its invoice and remit the same to the FIRS. For a B2C transaction, accounting for VAT may be difficult if the NRS did not charge VAT on its invoice.</p> <p>A NRS that makes a taxable supply to Nigeria may designate a representative for the purpose of compliance with its tax obligations.</p>
VAT rate	7.5%
Taxable value	VAT is applicable on the value of the taxable supply.
Effective date	1 January 2022
VAT registration threshold	Total annual supplies of at least \$25,000 (or its equivalent in other currencies)
Tax invoice	NRSs are required to issue a tax invoice.



Services in scope

Based on the FIRS Circular, the following services are covered by the scope:

- Streaming, downloading or accessing digital content, including movies, music, e-books, magazines, news, applications, games, library services or like services
- Online gaming
- Online ticketing, excluding international air travel and freight charges
- Online betting services
- Online intermediation platform services, including online marketplaces, payment platforms, ride-hailing, travel and accommodation booking, rental services or like services
- Online advertising services
- Subscription-based social media platforms, including video conferencing applications, instant messaging, chat, dating, image/video sharing or like services
- Standardised online education services such as e-learning, webinars or similar services
- Cloud computing services, including cloud storage services
- Auction services
- Automated online professional and consultancy services
- Online stores
- E-libraries

Registration and compliance

The requirement for a NRS to register for VAT in Nigeria is that its total supplies to Nigerian customers within a 12-month period meet or exceed the \$25,000 (or its equivalent in other currencies) threshold. Successful registration results in the issuing of a tax identification number (TIN). A NRS that meets the VAT registration threshold is required to maintain relevant transaction records and issue electronic tax invoices to its Nigerian customers.

Where a NRS is a FIRS-appointed VAT agent, the NRS becomes responsible for collecting VAT on their invoices and remitting it to the FIRS before the 14th day of the following month. Failure to charge and collect VAT on taxable supplies to Nigerian customers places the responsibility on the customer to self-charge the VAT and remit it to the FIRS before the 21st day of the following month.

If the NRS is not a FIRS-appointed agent, the Nigerian customer is required to withhold the VAT on the invoice and remit it to the FIRS before the 21st day of the following month.

Invoicing

NRSs are mandated to issue an electronic tax invoice for their taxable supplies in Nigeria, which must include the following basic information:

- Name and the TIN of the NRS
- Description of supply
- Date of supply
- Value of supply
- VAT charged

VAT on costs

In Nigeria, input VAT is not claimable on services purchased by residents and non-resident suppliers. The VAT Act does not allow NRSs to recover any input tax paid from the VAT collected. The input VAT incurred by NRSs is an additional cost to the business.

Other considerations

NRSs that operate intermediary platforms are required to fulfil VAT registration, invoicing and filing requirements regarding sales completed through their platforms as if they were the actual suppliers. Such platform owners are also required to maintain relevant records of transactions with Nigerian customers completed through their platforms.

NRSs can appoint a representative to act on their behalf in carrying out some of their administrative responsibilities in Nigeria. However, a NRS is still required to register for VAT in its name and has the ultimate responsibility for its obligations under the Act.



Senegal



Contact

Mahi Hamet Kane

Partner

mahi.kane@pwc.com

+221 77 740 54 64

Baba Aly Barro

Manager

baba.aly.barro@pwc.com

+33 849 05 00

Overview

VAT on digital services was introduced by Law no. 2022-22 on 19 December 2022, effective from 1 April 2024. The decree governing the application of the tax was adopted on 8 November 2023.

Article 355 bis of the General Tax Code (GTC) states that “When, in application of the provisions of article 357 of the GTC, the place of taxation for a digital service supplied by a foreign natural or legal person is located in Senegal, VAT is collected and paid, on behalf of the supplier, by the intermediary who carried out the transaction.”

Key provisions applicable to VAT on ESS

Particulars	Description
Scope	B2B and B2C
Liability to remit VAT	Suppliers residing abroad who have their own technology and provide the services referred to in article 357. Suppliers involved in online sales, in particular digital platforms, online markets or marketplaces that put suppliers and their customers in contact to enable them to conclude transactions through the use of information technology.
VAT rate	18%
Taxable value	VAT is charged on the price of digital services and, where applicable, on commissions received by intermediaries.
Effective date	1 April 2024
VAT registration threshold	Nil
Tax invoice	The issuance of an invoice is compulsory for any profession or activity.

Services in scope

- Advertising services
- Digital intermediation services
- Downloading/broadcasting of music, films and online games
- Provision of SAAS solutions or cloud software
- Data storage and processing
- Provision of databases
- Electronic data management
- Provision of articles, newspapers and online information
- E-learning, distance learning
- Website, image and text hosting
- Provision of travel, accommodation and transport information
- Broadcasting or provision of websites
- Data software hosting
- Sales of software and software updates
- Remote software maintenance service
- Distribution of images, text and information
- Organisation of political, cultural, artistic, sporting, scientific and other programmes and events
- Provision of advertising platforms
- Provision of streaming platforms and subscription services
- Payphone paging services
- Cloud storage services
- Provision of downloadable content (applications, books, films)
- Media subscription services, streaming, and software programmes
- Audiovisual content offerings
- Supplier-recipient link services
- Performance of any other electronic service

Registration and compliance

Foreign direct suppliers and digital platform operators benefit from a simplified remote electronic registration procedure. To register, suppliers must fill in the online registration form provided by the tax authorities, available at <https://eservices.dgid.sn/fimfipnet>.

Once registered for VAT in Senegal, a non-resident supplier is obliged to settle, collect and remit VAT on digital transactions and related commissions to the tax department responsible for large companies no later than the 15th day of the month following the chargeable event of the VAT.

For non-resident suppliers, the VAT return must include this information:

- The total amount, excluding tax, of transactions concluded with customers established in Senegal during the month.
- The amount of VAT invoiced and collected from customers established in Senegal.

In the absence of proof that the operator of the foreign platform is duly registered in Senegal, local VAT taxpayers must apply the VAT using the reverse charge mechanism.

Invoicing

The taxable person's invoice must clearly show:

- Their exact name and address, together with their tax ID number
- A serial number based on a chronological and continuous sequence
- The turnover tax payable on the transaction concerned, with an indication of the rate
- The specific tax payable, where applicable, on the transaction concerned, with an indication of the rate
- The price inclusive of all taxes

There are no specific requirements on what currency must be used for invoices. As such, invoices can be in any currency.

VAT on costs

The VAT borne by foreign service providers cannot be refunded in the absence of VAT collected in return in Senegal.

The reverse VAT charge applied by a local entity is deductible only if the conditions set out in decree no. 039532 of 02 December 2021 are met.

Other considerations

Information sharing: A company, regardless of its location of residence, which, in its capacity as a platform operator, puts persons in contact at a distance by electronic means with a view to the sale of a good, the provision of a service or the exchange or sharing of goods or services, whatever the nature of the goods or services, must:

- Send by electronic means to sellers, service providers or parties involved in the exchange or sharing of a good or service who have received, in their capacity as a user of a platform, sums in respect of transactions carried out of which it has knowledge, by no later than 31 January of the year following that in respect of which the information is given, a document mentioning, for each of them, the following information:
 - Details identifying the operator of the platform concerned.
 - The identification details of the platform user.
 - Whether the platform user is a private individual or a professional.
 - The number and total gross amount of transactions carried out by the operator with each user during the previous calendar year.
 - If known to the operator, the details of the bank account into which the sums are paid.
- Send to the tax authorities, no later than 30 April of the year following the year for which the information is provided, a document summarising all the information mentioned in the points above. In the event of express authorisation from the tax administration, the information may be sent electronically.



Sierra Leone



Contact

Abeku Gyan-Quansah

Partner

abeku.gyan-quansah@pwc.com

+233 (0) 20 8208106

Laura T. Fiagome

Associate Director

laura.t.fiagome@pwc.com

+233 (0) 27 3571255

Overview

Sierra Leone introduced a Goods and Services Tax (GST) on digital services in the 2021 year of assessment. The Finance Act 2021 amended the Goods and Services Tax Act of 2009 to include digital market supply and digital services as taxable supplies in Sierra Leone.

Subsequently, the Finance Act 2023 amended the initial provision to provide for a broader scope of digital services, which are listed below.

The law does not specify that GST applies to electronically supplied services (ESS) supplied by non-residents. However, non-resident suppliers of these services may be required to register and charge GST on ESS to consumers in Sierra Leone.

Key provisions applicable to VAT on ESS

Particulars	Description
Scope	B2C and B2B (through reverse charge mechanism)
Liability to remit VAT	Non-resident supplier, agent or importer of the service
VAT rate	15%
Taxable value	The value of the supply
Effective date	1 January 2021
VAT registration threshold	General threshold of SLE 500,000
Tax invoice	No requirement has been specified in the law to issue a tax invoice for ESS by non-residents. General rules may apply.

Services in scope

Digital market supply or digital services through a digital marketplace refers to e-platforms, whether e-medium, e-commerce, peer-to-peer (P2P), advertising-based, agency or subscription-based, that include:

- Downloadable digital content
- Subscription-based media
- Software programs
- Electronic data management
- Supply of music, film, and games electronically, including satellite TV
- Online sale of goods and any online or digital gambling and betting activities
- Search engines and automated help desk services, online tickets, e-learning platforms, audio, vision or digital media, and transport hailing platforms, among others

Registration and compliance

There is no specific requirement for non-residents to register if they supply the services directly to customers in Sierra Leone. However, if the services are provided through an agent in Sierra Leone, the agent must register and account for the GST.

Invoicing

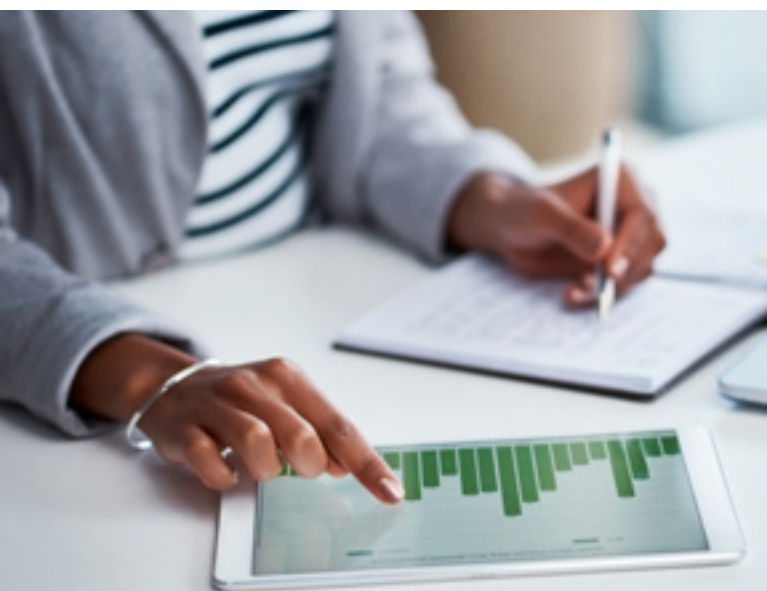
In Sierra Leone, all taxable persons are generally required to issue invoices using the electronic cash register (ECR) system.

VAT on costs

The law does not specify if non-resident suppliers can deduct input GST incurred in Sierra Leone. General rules may apply.

Other considerations

Non-residents who derive income from digital services and products from consumers in Sierra Leone are required to pay income tax on the profits accruing to them for a year of assessment.



South Africa



Contact

Matthew Besanko
Partner
m.besanko@pwc.com
+27 (78) 827 6376

Rodney Govender
Partner
rodney.govender@pwc.com
+27 (82) 211 8568

Annemarie Janse van Rensburg
Associate Director
annemarie.janse.van.rensburg@pwc.com
+27 (71) 326 5925

Overview

South Africa introduced VAT in 1991. It is levied on the supply of goods and services by vendors as well as on the importation of goods and certain services into South Africa.

South Africa introduced its first ESS rules in 2014. It amended the definition of ‘enterprise’ in the Value Added Tax Act No 89 of 1991 (VAT Act) to include the supply of “electronic services” as defined in the VAT Act, by a person from a place outside South Africa, where at least two of the following criteria exist:

- To a recipient at a business address, residential or postal address in South Africa
- Where that recipient is a resident of South Africa
- Where any payment originates from a bank registered or authorised in terms of South African law

Key provisions applicable to VAT on ESS

Particulars	Description
Scope	Non-residents supplying electronic services to South African individuals (B2C) or businesses (B2B)
Liability to remit VAT	By the non-resident supplier, unless intermediary provisions are applicable
VAT rate	15%
Taxable value	The price payable by the recipient of the supply
Effective date	1 April 2019
VAT registration threshold	ZAR 1 million
Tax invoice	Tax invoices are required to be issued

Note that the budget tax proposals made on 21 February 2024 refer to excluding B2B suppliers from the ESS provisions. Further information will only be available later in 2024.

2014 VAT Regulation prescribing electronic services

The scope of electronic services was limited to a predefined list of electronically supplied services set out in a regulation (the 2014 Regulation) published by the minister of finance.

The 2014 Regulation did not distinguish between B2B and B2C supplies but effectively attempted to capture B2C electronically supplied services. Foreign suppliers that provided electronic services listed in the 2014 Regulation were required to be registered as a VAT vendor where the consideration for supplies to South African recipients exceeded the annual threshold of ZAR 50,000 (approximately USD 2,500). This was regardless of whether the supply was made to a business or consumer recipient.

2019 VAT Regulation prescribing electronic services

The 2014 Regulation was amended with effect from 1 April 2019 and the definition of electronic services was broadened. This was achieved by removing the predefined list of electronically supplied services and replacing it with the following definition:

“Electronic services include any services supplied by means of an electronic agent, electronic communication or the Internet for any consideration.”

Due to its broad application, guidance was published to clarify the policy intention, that is, to subject to VAT those services that are provided using minimal human intervention.¹ The revenue authority also confirmed the policy intention by indicating that electronic services are services the supply of which:

- Is dependent on information technology
- Is automated, and
- Involves minimal human intervention

Examples of electronic services

Electronic services covered by the regulations include:

- Educational services, such as distance teaching programmes, educational webcasts, courses or education programmes and webinars (excluding educational services that are specifically excluded)
- Games and games of chance, such as electronic games, interactive games, electronic betting or wagering
- Auction services
- Online advertising or the provision of advertising space
- Online shopping portals
- Web-based broadcasting
- Access to or downloading of e-books, audiovisual content, still images, music and films
- Access to blogs, journals, magazines, newspapers, games, publications, social networking, webcasts, webinars, websites, web applications and web series
- Website hosting, data warehousing and application hosting
- Downloads of or access to software
- Software applications (apps) downloaded by users on mobile devices
- Software applications allowing users to provide sharing services such as ridesharing and accommodation
- Supplies of electronic services where the non-resident company supplies procured services to the resident company and the non-resident and resident company form part of the same “group of companies”
- Online booking services
- Online automated maintenance of programmes

The scope includes any service supplied electronically and the above list is not exhaustive

Excluded from the Regulation:

- Telecommunications
- Educational services provided by a person regulated by an educational authority
- Certain intercompany transactions

In addition, the legislation was amended to allow for “intermediaries” to account for the VAT in certain circumstances, as well as an increase in the VAT registration threshold from ZAR 50,000 (approximately USD 3,000) to ZAR 1 million (approximately USD 50,000), which is in line with the domestic VAT registration threshold.

Intermediaries

The intermediary rules state that electronic services supplied by an intermediary will be deemed to be made by such intermediary and not the principal where the principal is a non-vendor foreign supplier of electronic services.

An intermediary is a person who facilitates the supply of electronic services by a foreign electronic services supplier in circumstances where that person is responsible for the issuing of invoices and collecting payment in respect of the supply of electronic services.

The phrase “facilitating the supply” may include a range of services in addition to being responsible for issuing invoices and collecting payment, as mentioned above. For example, it could include advertising or listing the electronic services for sale on a platform or electronic marketplace with or without making it known that the sale of the electronic services is being made on behalf of the principal. However, a person cannot qualify as an intermediary if that person is not responsible for the issuing of invoices and collecting payment.

Where a non-vendor foreign principal supplies electronic services to South African residents and has a South African intermediary, the South African intermediary will be required to pay the VAT on electronic supplies to the South African Revenue Service (SARS).

¹ Explanatory Memorandum on the Regulations prescribing electronic services for the purpose of the definition of ‘electronic services’ in section 1(1) of the VAT Act (18 March 2019), p 5.

Registration and compliance

Effective 1 April 2019, every person conducting an enterprise in the context of electronic services that has made taxable supplies in excess of ZAR 1 million in any consecutive 12-month period is required to obtain a VAT registration and account for VAT at the rate of 15% on the supply of electronic services.

The registration process for foreign suppliers of electronic supplies can be done via email. The following information, translated into English, will need to be submitted (and, thus, attached to the email):

- The completed VAT registration form (VAT 101)
- The certificate of incorporation of the foreign entity
- Proof of registration with a foreign tax authority
- The ID or passport of the tax representative and/or director
- Copy of a recent bank statement for a South African or foreign bank account, whichever is applicable

A non-resident electronic service entity or a non-resident intermediary is not required to appoint a representative vendor in South Africa. Further, a non-resident electronic service entity or a non-resident intermediary is not required to open a South African bank account. It should be noted that this may change in the near future, given recent budget tax proposals released on 21 February 2024.

Although a South African bank account is not required for VAT registration, difficulties arise in the unusual occasion that an ESS VAT vendor requires a VAT refund from SARS.

Once registered for VAT under the ESS Regulation in South Africa, the non-resident electronic service entity will be required to complete and submit monthly or bi-monthly VAT returns. VAT returns must be submitted by the last business day of the month following the end of the VAT return period (calendar month). Where there are no sales to reflect in a month, the non-resident is required to file a nil VAT return. All VAT payments to SARS must be made by the last business day of the month.

Invoicing

A tax invoice must be issued within 21 days of the date of a taxable supply and must be in ZAR.

SARS has issued a regulation on the requirements for tax invoices for electronic services, which must include the following information:

- The name and VAT registration number of the electronic services supplier
- The name and address (physical, postal or email address) of the electronic services recipient
- An individual serialised number
- The date of issue
- A description of the electronic services supplied
- The value of the consideration for the supply in the currency of any country. If ZAR is used, the amount of the VAT charged or a statement that it includes a VAT charge and the rate at which the VAT is charged must be reflected. If another currency is used, the amount of the tax charged in ZAR, converted at the prescribed exchange rate, or a separate document, must be issued by the electronic services supplier reflecting the amount of tax charged in ZAR
- The exchange rate, at the prescribed rate, used

Electronic invoicing is generally accepted, provided the above requirements are satisfied.

VAT on costs

In principle, where a non-resident company electronic service entity incurs South African VAT on its expenditure for purposes of supplying electronic services, it is entitled to claim the input tax credit provided it is in possession of the valid supporting documentation.



Tanzania



Contact

Joseph Lyimo

Partner

joseph.lyimo@pwc.com

+255 (0) 767 992 506

Fadhila Tiisekwa

Manager

fadhila.tiisekwa@pwc.com

+255 (0) 764 890 428

Overview

A supply of electronic services delivered from outside Tanzania to a customer that is not registered for VAT in Mainland Tanzania at the time when the service is provided is subject to VAT in Tanzania. The person responsible for accounting for the VAT is the supplier of such services. Initially, the VAT legislation required non-resident suppliers of electronic services to appoint a local representative for compliance purposes. The Finance Act, 2022 (FA 2022) introduced changes to the VAT legislation to allow non-resident electronic service providers to register for VAT (in accordance with procedures prescribed in the Regulations) without requiring a local VAT representative (i.e. simplified registration). The Regulations were subsequently issued and provided, among other components, the scope, registration, filing and payment requirements, penalties, interest and offences. The Regulations are effective from 1 July 2022, providing a grace period of six months (see Regulation 4(7) for non-resident suppliers to register (i.e. at the latest by 1 January 2023)).

A non-resident supplier of electronic services would have to check whether their customers are VAT registered or not to determine whether they have VAT obligations in Tanzania. While there is no legislated mechanism for doing so, we recommend that the non-resident supplier collects the VAT Registration Number (VRN) and VAT Registration certificate from their customers. There is no publicly available portal to check such information.

Key provisions applicable to VAT on ESS

Particulars	Description
Scope	Unregistered persons (regardless of whether they are B2B or B2C)
Liability to remit VAT	Non-resident supplier
VAT rate	18%
Taxable value	Sales value, including any duty, levy, fee, or charge (exclusive of VAT)
Effective date	1 July 2022
VAT registration threshold	No threshold
Tax invoice	Currently, there are no explicit invoicing requirements for non-residents supplying digital services. See further details in the “Invoicing” section below.

Services in scope

The scope of electronic services is limited to the following as defined under section 51(2) of the Value Added Tax Act, 2014 (VATA 2014). “Electronic services” means any of the following services provided or delivered through a telecommunications network:

- Websites, web hosting, or remote maintenance of programs and equipment
- Software and the updating thereof
- Images, text, and information
- Access to databases
- Self-education packages
- Music, films, and games, including gaming activities
- Political, cultural, artistic, sporting, scientific, and other broadcasts and events, including broadcast television
- Online intermediation services
- Online advertisement services

The Regulations expound on the above definitions.



Registration and compliance

Registration

The registration portal for non-residents is now live for registration and can be found at <https://taxpayerportal.tra.go.tz/#/>. For registration to be completed, Regulation 4 of the Regulations provides the necessary details to be included in the registration:

- The name of the business, including its business trading name
- The applicant's certificate of incorporation issued in the non-resident's home country
- The name of the contact person for tax matters
- The registered address of the business
- The telephone number of the contact person
- The email address of the business and the contact person
- The website or uniform resource locator of the supplier through which the business is conducted

Other information not listed in the Regulations is also required, such as social media information and the contact person's passport number, etc.

Compliance

Once registered for VAT, a person shall be required to file a return online in a prescribed form, and the return shall be accompanied with tax payable in respect of electronic services rendered in the tax period.

The registered person shall pay tax and file a return to the Commissioner General on or before the twentieth (20th) day of the month following the month to which the return relates. Where the twentieth day falls on a Saturday, Sunday or a public holiday, the return shall be lodged on the first working day following a Saturday, Sunday or public holiday.

Invoicing

The Electronic Services Regulations exempt non-resident registrants from having to acquire and use electronic fiscal devices for invoicing purposes. Currently, there are no explicit invoicing requirements for non-residents who supply digital services. However, tax invoice requirements are covered under section 86 of the VATA 2014. Invoices must show the following:

- Date of issue
- Name of the supplier
- Taxpayer identification Number (TIN) of the supplier (once registered for VAT, a TIN will also be issued to the supplier)
- Value Added Tax registration number (VRN) of the supplier
- Description, quantity, and other relevant specifications of the services supplied
- The total consideration payable for the supply and the amount of VAT included in that consideration

It is unclear at this point whether non-resident suppliers must abide by the above requirement for invoicing purposes, as there is no exemption from this requirement nor special rules. To be prudent, we recommend that the non-residents include this information in their invoices.

VAT on costs

Non-residents cannot recover VAT on costs.

Other considerations

Requirement to appoint a tax representative

The non-resident service provider may appoint a tax representative or register directly using the online portal.

Applicability of Digital Service Tax (DST)

A non-resident supplier must account for DST (2%) on payment received from a customer where electronic services are supplied to a resident individual customer (i.e. B2C). On the other hand, DST does not apply when the service is provided to a resident business (i.e. B2B).

Uganda



Contact

Richard Marshall
Associate Director
richard.marshall@pwc.com
+256 (0) 312 354 439

Juliet Najjinda
Senior Manager
juliet.najjinda@pwc.com
+256 (0) 312 354 460

Overview

The VAT Act amended the place of supply rules with effect from 1 July 2018 to create a Uganda place of supply for electronic services supplied by non-residents to non-VAT registered persons.

Subsequently, in December 2018, the Uganda Revenue Authority (URA) issued a public notice that provided guidance on how a non-resident supplying electronic services to a non-VAT registered person in Uganda is required to account for VAT, subject to meeting the registration threshold. (The VAT registration threshold is USD 40,000 for a given 12-month period or USD 10,000 for a three-month period).

The implementation of ESS commenced on 1 July 2022, with all non-resident suppliers of electronic services required to file a quarterly VAT return and remit the VAT collected to the URA within 15 days from the end of every calendar quarter.

Key provisions applicable to VAT on ESS

Particulars	Description
Scope	VAT on electronic services is charged on B2C only, and the URA classifies B2C transactions only to include transactions made with Ugandan customers who are not VAT-registered in Uganda.
Liability to remit VAT	Non-resident supplier of electronic services
VAT rate	18%
Taxable value	The price payable by the recipient of the electronic service (Ugandan customer that is not VAT-registered)
Effective date	1 July 2022
VAT registration threshold	UGX 150 million (USD 40,000) per annum (UGX 37.5 million or USD 10,000 per quarter)
Tax invoice	There is no requirement for a non-resident supplier to issue an electronic invoice.



Services in scope

Section 16(5)(a) of the VAT Act defines electronic services to include the following:

- Websites, web-hosting or remote maintenance of programs and equipment
- Software and the updating of software
- Images, text, and information
- Access to databases
- Music, films and games, including games of chance
- Political, cultural, artistic, sporting, scientific and other broadcasts and events, including television
- Advertising platforms.
- Streaming platforms and subscription-based services
- Cab-hailing services
- Cloud storage
- Data warehousing

Registration and compliance

Non-resident suppliers of any of the above electronic services to persons in Uganda are required to register for VAT under the simplified tax registration framework on the URA portal.

Once non-resident suppliers of electronic services are registered, a tax identification number (TIN) is issued by the URA. The non-resident supplier is required to file VAT returns every calendar quarter and remit the respective VAT collected to the URA within 15 days from the end of every quarter.

Where there are no B2C transactions made in a specific quarter, the non-resident must file a nil quarterly VAT return.

It is also worth noting that as part of its quarterly compliance, a VAT-registered non-resident supplier of electronic services is required to submit a CSV file of all B2B transactions for the quarter by the 21st day from the end of every quarter.

Invoicing

Non-resident suppliers of electronic services are exempt from issuing electronic tax invoices. However, they should issue invoices or receipts showing the value of the supplies made to Ugandan customers and the VAT charged. These invoices or receipts should also reflect the customer's TIN to help validate the customer's VAT registration status in Uganda.

Non-resident suppliers of electronic services can invoice in any foreign currency. However, this should be translated to Ugandan shillings on accounting for VAT using the monthly VAT exchange rates provided on the URA portal.

VAT on costs

There is no recoverability of the VAT costs incurred by non-resident suppliers of electronic services.

Other considerations

Non-resident suppliers of electronic services need to be aware of digital service tax (DST) imposed on non-resident providers of digital services to customers in Uganda, with effect from 1 July 2023. DST is charged at a rate of 5% on non-residents' income derived from the provision of digital services delivered over the internet, electronic network, or online platform to Ugandan customers.



Zambia



Contact

George Chitwa
Director

george.chitwa@pwc.com
+260 (0) 971 027 555

Emmanuel Chulu
Associate Director

emmanuel.e.chulu@pwc.com
+260(0) 977 240 282

Emily Wayua
Assistant Manager

emily.w.wayua@pwc.com
+260(0) 770570131

Overview

VAT on Cross Border Electronic Services (“CBES”) in Zambia is regulated by:

- The Value Added Tax Act, 1995, as amended (“the VAT Act”);
- The Value Added Tax (Cross Border Electronic Services) Regulations, 2024 (“VAT CBES”); and
- The Zambia Revenue Authority (ZRA) Practice Notes.

The definition of “Electronic Services” was introduced on 1 January 2020, to mean *“a service capable of delivery via data across multiple electronic commerce platforms.”*

The definition was subsequently amended with effect from 1 January 2024, to define Electronic Services as *“... services provided or delivered on or through the internet, electronic or digital network.”*

In addition, Cross Border Electronic Services has also been defined *“...as electronic services supplied in the Republic by a supplier who is resident or carries on business outside the Republic.”*

In this respect, a non-resident supplier of CBES who does not have a permanent business address or a registered office in Zambia is required to register for VAT under the simplified registration regime. Where the non-resident supplier is unable to register under the simplified regime, they are required to obtain the Commissioner General’s approval to appoint a person resident in Zambia to act as a local tax agent on their behalf.

The non-resident supplier once registered for VAT will be required to account for VAT on services provided or delivered to Zambian residents at the rate of 16% and issue a simplified tax invoice.

Key provisions applicable to VAT on ESS

Particulars	Description
Scope	Business to Business (B2B), Business to Customer (B2C) and Business to Government (B2G) transactions
Liability to remit VAT	Non-resident supplier / the “local tax agent” appointed by the non-resident supplier
VAT rate	16%
Taxable value	The VAT Act specifies that where services are supplied for monetary consideration, the taxable value is the price charged for or the open market value of the services
Effective date	1 January 2024
VAT registration threshold	The VAT threshold on ZMW 800,000 per annum is applicable.
Tax invoice	<p>A non-resident supplier of CBES who is registered under the simplified registration regime must issue a simplified invoice that contains features determined by the tax authority.</p> <p>The invoice must be in Zambian Kwacha converted using the exchange rate provided by the tax authority as determined by the Bank of Zambia</p>



Services in scope

Regulation 3 of VAT CBES regulation provides that:

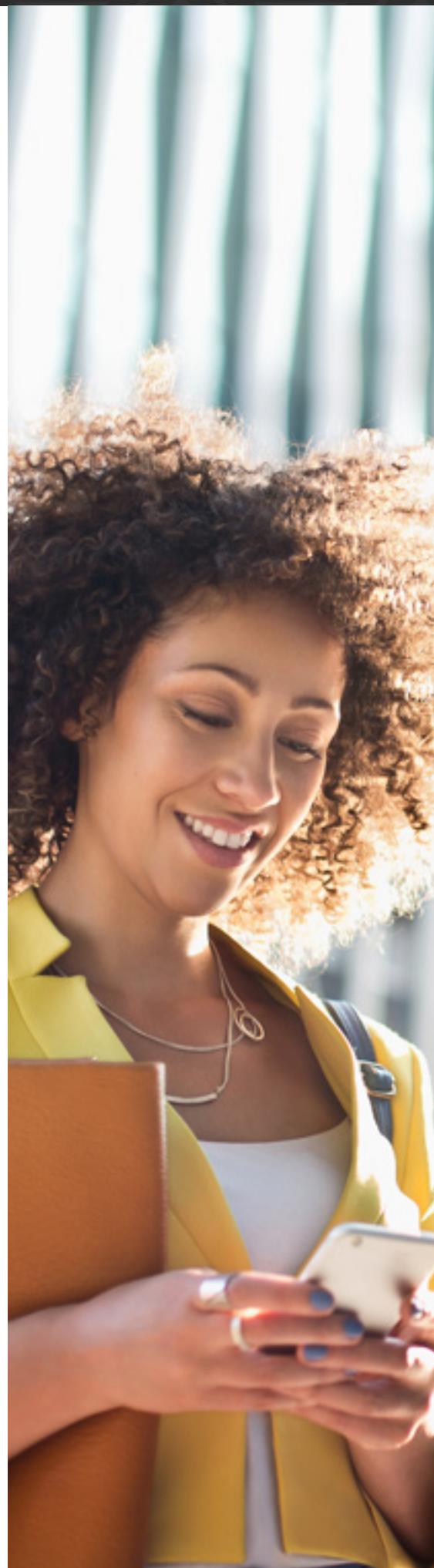
...tax shall be levied, collected and paid on the following supply of cross border electronic services:

- streaming services including films, television shows, music, games, sporting, political, cultural, artistic, scientific and entertainment events, video on demand and podcasts
- software services, including software drivers, website filters, firewalls, virtual private network services, banner blockers and the provision of after sale services at a consideration, software updates, software version upgrades and other software support services
- downloadable digital content including computer and mobile applications, electronic books, films, television shows, music, games, podcasts, images and text
- website related services, including website supply, web hosting, remote maintenance of programmes and equipment
- subscription based media including news services, magazines, weather or travel reports and virtual playgrounds
- search engines and automated help desk service, including customisable search engine services
- electronic data management services, including online warehousing, file sharing and cloud storage services
- online presence services, including advertising services and services providing or supporting a business or personal presence on an electronic network such as a website or a webpage
- ticketing services for events, theatres, restaurants and similar services
- online market services linking the supplier to the customer including the right to put goods or services up for sale on an online market
- data monetisation including sales, licensing or any other form of monetising data generated from a user's activities

The list above is not exhaustive. The examples are provided as a guide.

Further, Regulation 3(2) exempts the following supplies:

- broadcasting and telecommunication services
- physical media including read only memory compact disk, floppy disks and similar tangible media
- physical audio or video media including compact disks, audio cassettes, video cassettes and digital video disks
- physical game media such as games on a read only memory compact disk
- professional services such as advice given by lawyers and financial consultants to clients by electronic mail



Registration and compliance

A non-resident supplier who does not have a permanent business address or a registered office in Zambia is required to register under the simplified registration regime. Upon registration, the tax authority will provide the supplier with a Taxpayer Identification Number ("TPIN"). Where the non-resident supplier is unable to register for VAT under the simplified VAT regime, they can request for approval from the Commissioner General to appoint a local tax agent.

The non-resident supplier or the appointed local tax agent must submit a VAT return and make payments on or before the twenty fifth day of the month following the end of the month in which the services were rendered (prescribed accounting period).

Note: The simplified registration in itself will not trigger a permanent establishment under the Income Tax Act.

Invoicing

A supplier of CBES who is registered under the simplified registration regime must issue a simplified invoice that contains features as determined by the Commissioner General. The invoice must be in Zambian Kwacha (ZMW) converted using the exchange rate provided by the Commissioner General as determined by the Bank of Zambia.

In addition, where a tax agent is appointed, the tax agent will arrange for tax invoices to be issued on behalf of the non-resident supplier.

VAT on costs

The supplier of CBES shall not claim input tax.

The Input tax incurred by a recipient of the CBES shall be claimed or deducted in accordance with Section 18 of the VAT Act and the relevant regulations. A recipient of CBES shall claim input tax in Zambia Kwacha.

Other Considerations

The records and accounts of a supplier of CBES may be kept at a location outside the Republic and shall be made available to the tax authority on demand. The VAT Act requires that a taxpayer maintains records for six years or such a longer period as the Commissioner General may, by notice in writing,



Zimbabwe





Overview

Electronically Supplied Services (ESS) provided by non-resident suppliers were brought into taxation for VAT purposes through the Finance Act (No. 3) of 2019, effective 1 January 2020. The amendment to the VAT Act under section 13A deemed “certain imported services to be locally supplied” and specifically covers the following services:

- The supply of radio and television services from outside Zimbabwe to an address in Zimbabwe
- The supply of electronic services by an electronic commerce operator domiciled outside Zimbabwe to a person resident in Zimbabwe

The above services are liable for VAT when supplied to any person in Zimbabwe. The VAT Act defines a person to include “any public authority, local authority, company or body of persons, whether corporate or unincorporated, the estate of any deceased or insolvent person and any trust fund”.

At the commencement of the taxation of ESS, an electronic commerce operator was not defined. The respective definition was included in the VAT statutes by the Finance Act (No. 8) of 2022 to mean “an operator selling, providing or delivering services from outside Zimbabwe by the use of telecommunications network or other electronic means (and whether mediated by computers, mobile telephones or other devices) to customers or users in Zimbabwe”.

The obligation to charge and account for VAT on ESS lies with the supplier of the services or their duly appointed representative in Zimbabwe.

Key provisions applicable to VAT on ESS

Particulars	Description
Scope	B2C and B2B
Liability to remit VAT	The supplier of the services or their duly appointed representative in Zimbabwe
VAT rate	15%
Taxable value	Invoice value
Effective date	1 January 2020
VAT registration threshold	USD 40,000 up to 31 December 2023 and USD 25,000 from 1 January 2024
Tax invoice	It is generally required to issue a tax invoice given that there are no specific provisions to cover this aspect – we have defaulted to the general provisions that cover a registered operator. A schedule of supplies made in a tax period will suffice for accounting purposes.

Services in scope

The in-scope services include radio and television services supplied by foreign service providers and electronic services provided by electronic commerce operators domiciled outside Zimbabwe.

Registration and compliance

A supplier of qualifying services who meets the VAT registration threshold as prescribed is required to register with the Zimbabwe Revenue Authority for the purposes of accounting for VAT on ESS. The general VAT rules are applicable in this regard. The annual turnover achieved by the supplier will define the VAT registration category, which will, in turn, determine the accounting dates. Once registered for VAT in Zimbabwe, the non-resident supplier must submit monthly VAT returns by the 25th of the month following the end of the tax period.

Invoicing

There are no specific rules governing this aspect. As such, the general invoicing rules will apply. A registered operator must issue a tax invoice for each supply, and the reporting currency is US dollars.

VAT on costs

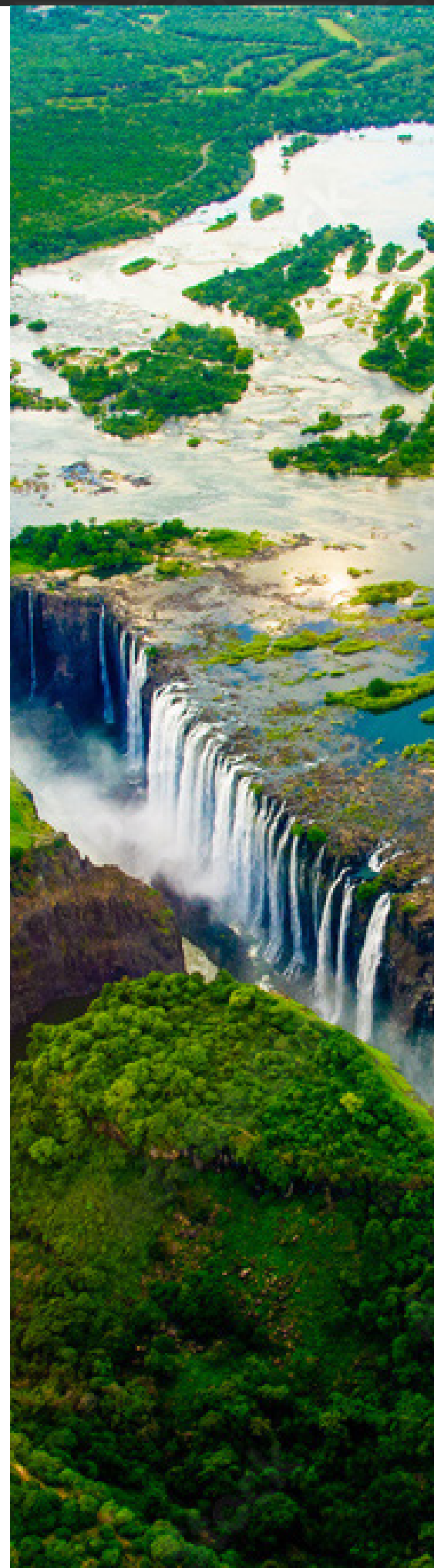
Like any other VAT-registered operator, the foreign service provider is entitled to claim VAT incurred on operating costs provided the operator holds qualifying purchase invoices, as governed by section 20 or 21 of the VAT Act.

Other considerations

As most service providers lack local physical presence, they generally account for VAT on ESS through local representatives.

Digital Services Tax (DST) is also applicable, with suppliers of ESS required to account for the tax at a rate of 5% of gross turnover. The tax is accounted for quarterly as per the quarters listed below, and the return and payment are due on or before the 25th day of the month following the quarter end:

- December, January and February
- March, April and May
- June, July and August
- September, October and November





pwc

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 151 countries with over 360,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com.

PwC refers to the South African network firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity.

Please see www.pwc.com/structure for further details.

© 2024 PricewaterhouseCoopers Incorporated. All rights reserved (24-30988)