



TAXES IN AFRICA

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Guinea



 **Capital city :**
Conakry

 **Language :**
French

 **GDP/capita**
2019 :
USD 879

 **Telephone code :**
+224

 **Area :**
245,857 km²

 **Political system :**
Republic

 **Currency :**
Guinean franc
(GNF)

 **National day :**
2 October

 **Population :**
11,855,411

 **ISO Code :**
GIN

1. Corporation tax

1.1 Tax base

Tax is owed on the profit made in Guinea by legal entities that engage in an activity there, regardless of their legal status or the validity of the operations carried out in view of non-tax legislation. Companies and entities liable for corporation tax are taxed on their taxable profit.

1.2 Residence and non-residence

A company is liable for corporation tax in the Republic of Guinea if:

- they are Guinean companies;
- or they have a permanent establishment in the Republic of Guinea;
- or if they carry out their activities through a representative which is not an independent entity.

That means that they must have the following in Guinea:

- their registered office;
- or their principal establishment;
- or a fixed place of business.

1.3 Frequency and declaration

The annual tax declaration of companies covers periods identical to that of its financial year. That is generally 12 months.

Tax is to be declared and paid no later than on 30 April of the following year by filing a single monthly declaration (DMU).

Minimum standard tax (IMF) is owed for 15 January N in the minimum amount of GNF 15,000,000 and a maximum amount of GNF 100,000,000 depending on the category of the company (department of medium or large enterprises).

After that, 2 instalments, each representing a third of the corporation tax payable on the profits of the last year where the taxation date has elapsed, are paid on 15 June and 15 September of each year.

Lastly, the balance of the corporation tax is declared and paid before 30 April N +1.

1.4 Taxable income

The taxable income or taxable profit is determined as follows:

- book profit;
- plus reinstatements (e.g. non-deductible expenses);
- less deductions (e.g. revenue included but exempted);
- less previous losses;
- less deferred depreciation allowance (ARD).

There are limits on the deductions of the following expenses:

- gifts and legacies;
- head office overheads;
- depreciation in general;
- depreciation of private cars;
- interest paid to shareholders.

Provisions are deductible when they relate to a deductible charge that is clearly specified, with a probable risk of realisation. They must be stated in the depreciation and provisions list provided in the general tax code.

1.5 Group income and group agreements

N/A

1.6 Capital gains

N/A

1.7 Losses

When the taxable profit is not sufficient for the deduction of earlier losses to be applied in full, the remainder of the loss is carried forward successively to the three fiscal years following the year in which the loss was made.

Depreciation that is applied and deemed to be deferred (ARD) in the loss-making period can be carried forward with no time limit. However, the carry-forward is contingent upon the registration of the depreciation with the special system provided by the general tax code (CGI).

1.8 Exemptions

Some entities are however exempted from corporation tax, such as:

- cooperatives and their unions;
- companies and organisations recognised to be in the public interest responsible for rural development or agricultural promotion;
- non-profit organisations that are legally formed, managed with no profit motive.

Companies that benefit from the provisions of the investment code are temporarily exempted, entirely or in part, from some taxes such as corporation tax.

The conditions for securing the exemption are:

- being in an eligible sector (mining, industry, education, healthcare etc.);
- carrying out the administrative formalities with the ministry responsible for the industry of the company and the ministry for the budget.

1.9 Rates

The corporation tax rate is fixed:

- | | |
|---|-----|
| - For telephone companies, bank and insurance and companies that import, warehouse, store and distribute petroleum products | 35% |
| - For other legal entities, liable for corporation tax | 25% |

1.10 Relief for double taxation

Tax agreements signed by Guinea provide for the avoidance of double taxation. These are with France and Morocco (which have been ratified but have not come into force).

2. Tax on the income of natural persons

2.1 Tax base

Natural persons are liable for income tax on their income sourced in Guinea.

However, tax agreements between countries limit double taxation of income

derived from outside Guinea.

2.2 Residence and non-residence

Natural persons who are deemed to have their tax domicile in Guinea are those who:

- have a permanent home or those who live in the country for more than 6 months a year;
- have an occupation, salaried or otherwise, unless they can demonstrate that the activity is incidental in relation to that carried out in other countries;
- have their centre of economic interest in the country.

2.3 Frequency and declaration

The tax declaration of natural persons is to be sent to the tax authorities no later than:

- salaries: on the 15th of the month following the receipt of the salary. The employer applies the withholding from the salary (RTS), and declares the payment to the tax authorities using the single monthly declaration (DMU).
- for other natural persons (non-commercial, commercial and industrial or farming profit): 30 April of the year following the fiscal year.

2.4 Taxable income

Income is divided into four broad categories:

- salaries and pensions;
- income from securities;
- income from land;
- other professional income: commercial, non-commercial and farming).

Tax on salaries

Salaries are taxable, regardless of the location where they are collected, providing:

- the employee is a resident in Guinea, even if the activity is carried out in another country and the employer also resides there;
- the employee is domiciled in another country, providing the activity is carried out in Guinea.

Income tax is withheld, declared and paid by the employer. The taxes on salaries are:

- Employee's share: salary withholding tax (RTS), which represents the share of the income tax to be paid by the employee to the State;
- Employer's share:
 - standard payment (VF)
 - apprenticeship tax (TA)

Salary withholding tax (RTS)

- Taxable gross amount:

Basic gross amount + bonuses + taxable allowances (particularly excluding allowances for transport, housing, meals, cost of living, teaching, dismissal):

- employee's contributions to social security
- withholdings applied by the employer to contribute for retirement benefits
- professional expenses when they are not covered by special allowances.

Only the bonuses and allowances that are expressly excluded by the law are not taxable.

Standard payment (VF)

- Base:

The overall value of salaries, allowances and earnings that are effectively paid to employees, including benefits in cash or in kind, after deducting contributions for family allowance;

Family contributions: 6% of the salary liable for social contributions.

Apprenticeship tax (TA)

- Base:

The overall value of salaries, allowances and payments of any kind, benefits in cash or in kind;

- Exception:
 - companies where the tax base does not exceed GNF 300,000;
 - workers working from home and craft tradespeople;
 - companies with the exclusive purpose of different teaching orders;
 - partnerships that have opted to be liable for corporation tax.

Vocational training contribution (CFP):

- CFP is relevant to companies with at least 10 employees;
- Social contribution managed by the national social security fund (CNSS) on behalf of the national office for vocational training and upgrading.

Applicable rates

- For salary withholding tax (RTS)

This is a progressive schedule

The withholdings are to be declared by the employer on behalf of the employee and paid to the national tax directorate (DNI) no later than on the 15th of the following month.

The employee is exempted from completing the tax return of their household if that is the only income received in the household.

- For inclusive payment (VF)

The rate is 6% of the taxable base.

The tax to be paid is to be declared no later than on the 15th of the following month to the national tax directorate (DNI).

- For apprenticeship tax (TA)

The rate is 3% of the taxable base.

The tax to be paid is to be declared no later than on the 15th of the following month to the national tax directorate (DNI).

Interest for delays and penalty

Failure to file the declaration on time makes the entity liable for the payment of 10% interest and 100% penalty for late payment if there is no evidence of a declaration during an audit by the DNI.

Income from securities

- Income from securities (IRVM) applies to interest, dividend, arrears, other income from current accounts that are part of revenue from an industrial, commercial or mining profession.
- Income from securities is taxable at the rate of 10%.

Income from land

- Income from land is income for immovable property;
- Rent from immovable property attracts income tax after deducting service charges;
- Income from land is taxable at the rate of 10%;
- Other professional income (industrial, commercial, farming or non-commercial profit).

2.5 Non-professional capital gains on immovable property

Capital gains made from the sale of immovable property are taxed at the fixed rate of 15% with 10% relief depending on the number of years of holding.

2.6 Losses

Only the losses made from professional activities are deductible.

2.7 Exemptions

In addition to taxpayers governed by international, bilateral or multilateral agreements, the following are also left out of the field of application of the salary withholding tax or income tax, among others:

- family allowance and assistance to families;
- increases in balances for family burdens (if they are allocated to all the employees of a company);
- veterans' pensions.
- life annuities and temporary allowances to victims of workplace injuries;
- severance pay or retirement pay.

2.8 Reductions and rates

N/A

2.9 Social security

In Guinea, social security includes family allowance, health insurance, workplace injuries and retirement.

5% contributions are withheld from salaries by employers.

Employers also pay 18% contributions.

The lower limit for contributions is 440,000 GNF and the upper limit is 2,500,000 GNF per employee.

For now, professionals (merchants, craft tradespeople, farmers) do not have any obligation to pay contributions. That means that they are optional.

2.10 Expatriates

Individuals who are not permanently settled in Guinea for professional purposes are liable for withholding tax.

These sums or income particularly include:

- amounts paid to remunerate activity carried out as part of a profession;
- income received by inventors or under a copyright or assimilated rights, and any income derived from patents or commercial property or assimilated rights;
- amounts paid to remunerate services of any type materially supplied or effectively used in Guinea.

The withholding tax rate is set to 15% of the gross amount of the sums paid or income collected. The operative event of the tax is the collection of the income. That tax is paid back to the authorities.

2.11 Stock options

N/A

2.12 Associations and partnerships

N/A

2.13 Pensions

N/A

3. Taxes on successions and gifts

N/A

4. Wealth tax

N/A

5. Value-added tax

5.1 Taxation and application

These are operations as part of economic activity carried out in Guinea for a consideration by a taxable party (natural person or private or public legal entity) carrying out its activity habitually or occasionally in an independent manner

The following are particularly considered to be economic activities:

- deliveries of goods;
- provision of services;
- commercial subsidies, regardless of their type, received for the;
- taxable activity;
- deliveries to self;
- import of goods and services.

Some taxation is automatic, depending on the nature of the activity, based on the turnover, the level of investment, by option and VAT on behalf of third parties.

Automatic taxation by nature of the activity

All natural persons or legal entities engaging in the activities below are automatically liable for VAT:

- transit
- transport of petroleum products

- hotels and similar establishments with at least 10 rooms
- modern printing
- modern carpentry
- building construction and public works
- supermarkets
- merchants importing alcoholic beverages and cigarettes
- modern laundry
- purchase of goods and services for the operating of companies holding mining rights

Automatic taxation based on turnover

When the annual turnover of a company must be at least equal to GNF 500,000,000, taxation is automatic.

Automatic taxation based on the investment level (new companies)

The level of investment must be at least equal to GNF 500,000,000.

Taxation by option

- If their annual turnover is between GNF 150,000,000 and GNF 500,000,000;
- On condition, from the first day of the month that follows the month during which the total turnover since 1 January of the past year exceeds GNF 60,000,000.

VAT on behalf of third parties

When the taxpayer is located in a foreign country, the taxable party is the customer located in Guinea.

5.2 Exemptions

Non-taxable operations include:

- the sale of stamps for the state budget and the import of such goods;
- interest, premium and other income received by banks;
- the transfer of immovable property and tangible movable property liable for registration fees to the exclusion of operations of the same type carried out by estate agents or leasing operations;
- operations relating to the rental of undeveloped land or bare premises;
- sales, imports, printing and composition of printed periodical publications mainly made up of news text and general-interest information to the exclusion of advertising income;

- social, educational, sporting, cultural, philanthropic or religious services provided by non-profit organisations managed by volunteers with no profit motive, unless these organisations are in the competitive sector;
- the following goods: rice, wheat, flour and additives for its production, bread, edible oils and palm kernel oil, fish, pharmaceutical and plant-protection products, fertiliser, books and school supplies;
- sales of used goods by individuals who have used them for their operations;
- mooring, towing, port pilotage of vessels for the loading of goods for export and operations relating to the transit, boarding and transfer of goods for export.

5.3 Rates

The general rate is 18% and the exceptional rate is 0% applicable to export and international transport.

5.4 Residence and non-residence

This relates to all business carried out in Guinea that is not included in the list of exemptions.

The fact that the domicile of the natural person or the registered office of the taxable company is located in a foreign country is immaterial.

Operative event for the sale of goods: delivery of goods in Guinea.

Operative event for the provision of services: the service must be carried out or provided in Guinea, whether or not the provider has a permanent establishment.

6. Local and other taxes

Two main local taxes: the single land contribution and business tax.

6.1 Single land contribution

Tax collected on built properties (houses, factories, properties etc.) and unbuilt properties (undeveloped land for commercial or industrial use etc.).

Field of application

The following are liable:

- any natural person or legal entity possessing built or unbuilt properties

- on 1 January of the year of taxation regardless of the location of the property;
- any natural person or legal entity liable for corporation tax or tax on industrial or commercial profit owning constructions or tools that are permanently fixed or are supported on foundations that form integral part of the building.

Exemptions

The following buildings are not excluded:

- property of the State and local authorities that are used to provide public service or further the general interest;
- places and buildings of worship;
- properties for public pre-school and school use;
- properties for private pre-school and school use when they are built by developers.

Taxable party

The liable party is the taxpayer. If the payment is not made by the owner, the tax authorities may demand from the party with possession, assignee, tenant, legatee or other occupant to pay the amount owed on behalf of the owner; the paying party may then seek a refund from the owner.

Base

The tax base is the actual annual rental value on 1 January of the year of taxation. If the property is not rented, the price that may be secured in the event of rental is used.

For owners liable for corporation tax or tax on industrial and commercial profit, the rental value is equal to 10% of the market value, itself equal to 70% of the cost price of the property and facilities.

Frequency and declaration

The rate is:

- 10% for properties occupied by the owners themselves
- 15% for properties that are rented out

The single land contribution is paid no later than on 30 June of each year; however, instalments or withholdings are possible with properties rented to the State

or companies.

Case of withholdings from rent

The single land contribution is mandatorily paid by means of withholdings applied by the company that rents a property belonging to a natural person in any manner. It is to be declared to the property taxation division, on pain of penalties up to 100%.

6.2 Business tax

Business tax is a tax relating to effective and independent professional activity with a profit motive.

The tax is owed from each establishment and not from each company and is personal. Business tax on contracts is owed when the work is carried out in Guinea and supplies are delivered in the country, even if the taxpayer resides in another country. Business tax is owed for the whole year by all parties engaging in a taxable profession on 1 January.

Field of application

The following are liable:

- all natural persons or legal entities engaging in Guinea in trade, industry or a profession that is not expressly exempted;
- some exemptions: productive farming cooperatives and their unions, partners in partnerships, renters of furnished rooms, artists such as painters, sculptors, engravers etc.

Frequency and declaration

There is fixed tax and a proportional tax.

- **Fixed tax:**
the amount is derived from the business tax schedule and depends on the profession.
- **Proportional tax:**
proportional tax is owed when the premises or installations are available to the taxpayer, whether for a consideration or free of charge.

The base for determining the proportional tax is:

- the annual rental value of professional premises used for the profession and the value of the fixed tooling and installations of all types liable for the single land contribution;
- professional premises: offices, stores, shops, factories, workshops, sheds, sites, storage land, wharves etc.)
- exception: apartments that are used as dwellings or homes.

The proportional rate is:

- merchants and industry: 15%
- other professions: 10 to 15%

Business tax is payable in one early instalment no later than on 15 January of each year.

6.3 Single business tax

Natural persons or legal entities that habitually engage in commercial, industrial or craft trade activities who achieve annual turnover below GNF 150,000,000 for sales and GNF 600,000,000 for the provision of services are liable for single business tax.

Parties liable for the single business tax are exempted from business tax, tax on industrial and commercial profit, corporation tax and the minimum standard tax.

Single business tax is based on the turnover achieved in the course of the previous year. The rate is 5%. Declaration and payment must be completed no later than on 15 February of each year.

6.4 Other taxes

There is a large number of taxes paid by companies and natural persons.

The main ones are as the following:

- Owed by the natural persons and legal entities:
 - single tax on motor vehicles;
 - taxes collected for the benefit of local authorities (hygiene, possession of weapons);
 - tax on financial activities;
 - tax on insurance

- tax on tourist promotion;
 - beach tax;
 - vehicle rental tax;
 - tax on dish antennas;
 - tax on craft trade operations and marketing of diamonds and other gems;
 - registration fees;
 - stamp duty;
 - vehicle stamp duty;
 - tax on aircraft
 - transfer duty
- Owed by companies with a specific business sector;
 - tax on access to telecommunications networks (TARTEL);
 - tax on telephony consumption (TCT);
 - tax on gambling;
 - tax on alcoholic beverages;
 - levies on lottery tickets;
 - duties on industrial fishing licences.

7. Foreign income

N/A

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