INTERNATIONAL

TAXES IN AFRICA & MIDDLE EAST

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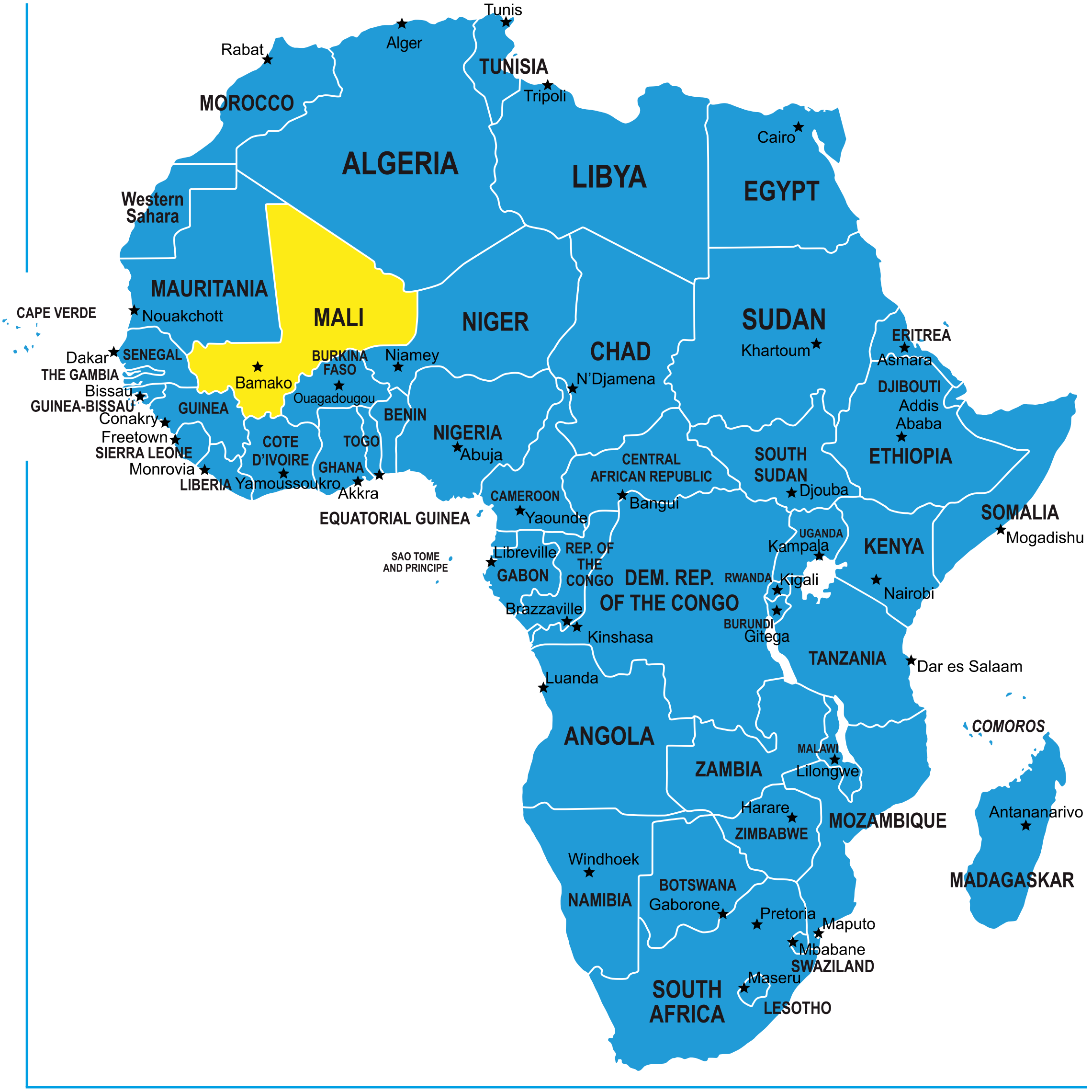
24, Rue de Londres - 75009 Paris - France
Tel: +33 (0) 1 44 15 95 23 - www.eaiinternational.org

Mali



Capital city :
Bamako

Language :
French

GDP/capita 2023 :
USD 2,519

Telephone code :
+223

Area :
1,241,238 km²

Political system :
Republic

Currency :
Franc CFA (XOF)

National day :
22 September

Population :
23,648,883

ISO Code :
MLI

Mali

1. Corporatie taxation

The category of taxable industrial and commercial profit includes profit from commercial, industrial, craft trade activities, professions, holders of charges and offices and all lucrative activities that are not the subject of particular taxation.

This category also includes remuneration allocated in the form of fees to any professional, including on an incidental basis, outside any company, design firm or other firm that is regularly registered with the tax authorities.

1.1 Tax base and regime

Tax is owed on profit made in Mali 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.

There are two taxation regimes for industrial and commercial profit:

- The regime of the synthetic tax applicable to companies with less than XOF 50,000,000 of annual turnover exclusive of tax, including those with several establishments;

- The regime of actual profit that is applicable:

    - to taxpayers with annual turnover that is greater than or equal to:
    - XOF 50,000,000 exclusive of tax;
    - to tax advisers, approved accountants and approved chartered accountants and companies approved under the investment code;
    - to any individual normally liable for synthetic tax but who has opted for the actual taxation regime.

In its turn, the actual profit regime comprises two taxation modes:

- the simplified actual mode for taxpayers whose turnover is greater than or equal to XOF 50,000,000 but below or equal to XOF 250,000,000;
- the standard actual regime for all the other taxpayers that cannot benefit from the synthetic tax or the simplified regime.

1.2 Residence and non-residence

Profit liable for tax is that which is made in companies operating in Mali and those where taxation is attributed to Mali under an international agreement on double taxation.

The following are deemed to operate in Mali:

- companies having their head office or actual place of management in Mali;
- companies domiciled elsewhere that have a permanent establishment in Mali. The term “permanent establishment” means a fixed place of business through which the business of an enterprise is wholly or partly carried on.

The profit made by companies is also taxable in Mali if they carry out activities that make up a complete commercial cycle in the country.

A withholding for tax applies to industrial and commercial profit, and amounts or income paid to remunerate economic activity carried out by parties who do not have a permanent professional installation in Mali. These sums or income particularly include:

- remuneration paid to professionals and holders of charges or offices;
- public contracts, regardless of their object.

The taxable amount is determined by applying a standard deduction of 50% to gross receipts and 90% to charges depending on the type of the service or contract.

1.3 Tax year and filing

The tax is established every year on the profit made during the previous year. The accounting year generally is the same as the calendar year.

Companies are required to declare the amount of their taxable profit for the previous year or financial year no later than:

- on 31 March of each year for those paying synthetic tax;
- on 30 April of the year following the close of the accounting year for those paying tax based on actual profit. If an operation makes a loss, the loss is declared within the same time.

Tax that is owed by taxpayers under the standard actual profit regime is paid in three instalments within the last fifteen days of the months of March, July and November.

1.4 Taxable income

Synthetic tax regime

The amount of the synthetic tax is established based on the exclusive criterion of the turnover declared by the taxpayer. The payment of synthetic tax by taxpayers discharges them from the payment of other taxes and duties.
For the first calendar year of activity, companies falling within its scope are exempt.

Actual profit regime

The taxable profit is calculated on the basis of the book profit of the company, with adjustments to take account of disparities between the accounting and tax methods for determining the profit, as illustrated in the figure below:

Taxable profit = Net book profit + Tax reinstatements - Tax deductions

Net book profit = Surplus income on costs + Disposal of assets + Incidental profit and miscellaneous

Net book profit = Value of net assets at the close - Value of net assets at the start of the period + Additional contributions by the operator or partners + Withdrawals made in the course of the period

The profit is established after deducting all the charges that meet the following conditions:

- those incurred in the direct interest of the company or are part of the normal management of the company;
- those that correspond to effective charges and are supported by sufficient substantiation;
- those that are reflected by a reduction of the net assets of the company;
- those that are included in the charges of the financial year during which they are incurred;
- those that contribute to income that is not exempted from income tax.

Other deductible charges include the depreciation and provisions applied accor-

ding to the conditions and modalities set by law.
These are provisions that are generally made in order to face losses and contingencies that are clearly specified and that are made likely by events under way, providing they have been effectively posted in the accounts of the year and stated in the statement of provisions under article 60 of the tax procedure handbook.

1.5 Group income and grouping arrangements

Gross income from the holdings of a parent company in the capital of a subsidiary are subtracted from the taxable income, after deducting a 5% share representing expenses and charges.

These provisions apply to the following cumulative conditions:

- the parent and subsidiary are joint stock companies or limited liability companies;
- the parent and/or its subsidiaries have their registered office in an UEMOA member state and are liable for corporation tax;
- the shares held by the former company account for at least 10% of the capital of the latter;
- the shares above have been subscribed or allocated upon issue and are registered in the name of the company or the company commits to keeping them for at least two consecutive years on a registered basis. The letter containing this commitment must be attached to the income tax return.

When the income from holdings is not eligible for the parent and subsidiary regime, 60% of its gross value contributes to the taxable income of the subsidiary.

1.6 Capital gains

Capital gains from the disposal of fixed assets during operation are deductible from the taxable profit when the taxpayer has committed to reinvesting an amount equal to the capital gains added to the cost price of the disposed assets in fixed assets within a period of 3 years in companies located in one or more UEMOA member states.

Capital gains from the disposal of long-term equity interests by holding companies under national law are exempted if the portfolio of said companies is made up of at least 60% of holdings in companies with registered offices in one of the member states of the West African Monetary and Economic Union.

Capital gains other than those made from goods, resulting from the allocation of shares (proprietary interest) following mergers of joint stock companies are exempted from tax on industrial and commercial profit or corporation tax.

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.

1.8 Exemptions

Some entities are however exempted from tax on industrial and commercial profit, such as:

- non-profit cooperative companies;
- non-profit voluntary organisations;
- economical housing offices;
- mutual relief companies;
- non-profit public establishments of the state or decentralised local authorities;
- public authorities;
- farming cooperatives;
- chambers of commerce, industry, craft trades, agriculture and non-profit trades.

1.9 Rates

The rates of tax on industrial and commercial profit are as follows:

- 3% of the turnover declared by companies liable for synthetic tax;
- 30% of the taxable profit of companies under the actual profit regime. The amount of the tax due may not be below 1% of the turnover exclusive of tax rounded down to the nearest thousand francs.

1.10 Relief for double taxation

Tax agreements signed by Mali provide for the avoidance of double taxation. These are the 8 UEMOA countries, France, Morocco, Russia, Tunisia and Monaco.

2. Personal income taxation

2.1 Tax base

Natural persons who are employees are liable for tax on salaries (ITS) on all the amounts paid in the year by public and private employers, directly or through other parties, in return for or on the occasion of work.

The tax base for STI is the gross salary minus allowable deductions.

These include:
Deductions made by the employer for retirement purposes up to 4% of gross salary. This rate is increased to 8% for members of parliament (Law No 95-071 of 25 August 1995).

Allowances intended to cover expenses inherent to the function of an employee's employment.

The tax scale varies according to income.

2.2 Residence and non-residence

The parties liable for tax on salaries are:

- those who usually reside in Mali and carry out remunerated salaried activity or receive taxable income in the country;
- those domiciled or residing outside Mali on some conditions;
- some parties who are on leave outside Mali;
- civil servants or public employees in foreign countries if they are exempted from similar tax.

2.3 Tax year and filing

Deductions relating to payments made during a given month must be declared and paid no later than the 15th of the following month or, where applicable, the first working day following this date if it falls on a non-working day.

Any private individual, company, association, Public Industrial or Commercial Establishment, State Company and Mixed Economy Company employing in Mali employees, clerks, workers or auxiliaries, in return for salary, wages or remuneration, is required to file in the month of January of each year with the territorially competent tax assessment service, a summary statement showing for each of the persons it has employed during the previous year, (Article 29 LPF).

When the deductions made from the remuneration are lower than the tax resulting from the declaration, they are considered as advance payments and are admitted as a deduction from the tax definitively due according to the annual salary declaration.

2.4 Taxable income

The income below attracts tax on salaries regardless of its name and form:

- salaries, allowances, earnings, commission, profit-sharing, bonuses, gratifications, wages, tips and other retributions;
- pensions and life annuities;
- remuneration through the allocation of shares to senior managers.

2.5 Capital gains and securities, land revenue (IRVM)

Tax on income from securities

- Taxable income

Income from securities, interest, dividend, arrears, capital gains from the disposal of securities and any other income from shares held by a taxpayer in a joint stock company is liable for income tax.
Tax agreements also avoid double taxation.

- Exemptions

Some financial income is exempted from IRVM.

In particular, that includes:

- income distributed by investment funds;
- other forms of mutual investment approved by the regional council for public savings and financial markets (CREPMF);
- depreciation on the realisation of assets;
- interest and arrears of bonds issued by the state, regional or local authorities when the term of the bonds is greater than 10 years;
- capital gains resulting from the free allocation of securities following mergers of companies;
- income from current accounts between industrialists, merchants, farmers or mining operators in some conditions.

- Base and applicable rates

The tax base and the taxable income vary depending on the type of financial income.

In the case of Securities Tax, the element that gives rise to the tax debt vis-à-vis the Treasury, even if in fact the tax liability is postponed to a later date for practical reasons, is the distribution.
The taxable event is the date from which the beneficiary is legally entitled to demand payment of the distributed sums or proceeds from the distributing entity.

The IRVM rates are as follows depending on the type of tax:

Type of income	Tax rate (%)
Interest from bonds of Malian companies	0, 3 and 6
Shares paid to creditors and bond-holders	6
Interest from sight deposits, fixed-term deposits or current accounts	9
Dividend	7 and 10
Interest, arrears and other income from bonds, marketable securities with a representative or head office in Mali	13
Payments to creditors and bond-holders	15
All other income from securities	18

Tax on income from land

- Taxable income

Income from buildings in masonry, steel or wood, permanently fixed or resting on special foundations, with the exception of that included in the profit of a company liable for corporation tax.

Tax base

The tax base is the gross disposable income for the tax period. The gross income is the gross amount of rents and ancillary property gains received during the year, irrespective of the period to which they relate. It is increased by the expenses and charges normally payable by the owner but borne by the tenant, and reduced by those borne by the owner.

NB:

- Rents and gains incidental to ownership relating to a period are (unless the taxpayer can prove otherwise) deemed to have been received during that same period.

- Capital gains realised on the sale of buildings are not subject to the proportional tax on property income. However, these capital gains are taxable when the properties sold are included in the assets of the balance sheet of a company subject to corporate income tax.

• Exemptions

Unrented properties occupied by the owner, its employees and buildings that are part of the assets of the balance sheet of a company liable for corporation tax and public railway tracks are exempted.

• Rates

The rate of tax on income from land is fixed as follows:

- 12% for permanent and semi-permanent buildings;
- 8% for buildings in mud brick.

2.6 Exemptions

In addition to taxpayers governed by international, bilateral or multilateral agreements who are not liable for tax on salaries, the following also do not come within the field of application of the tax on salaries, 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 annuity and temporary allowances to victims of workplace injuries;
- severance pay or retirement pay.

2.7 Reductions and rates

Tax on salaries is based on all the remuneration, salaries or earnings including benefits in kind, bonuses and miscellaneous allowances, to the exclusion of those that are refunds for expenses. The rates applicable to the taxable income are set as follows for each income bracket:

Brackets (XOF)		Rates (%)
0	330,000	0
330,001	578,400	5
578,401	1,176,400	12
1,176,401	1,789,733	18
1,789,734	2,384,195	26
2,384,196	3,494,130	31
3,494,131		37

The reduction for family charges applicable to the gross tax is obtained as follows:

- married, with no dependent children: 10%;
- per dependent child, up to the 10th inclusive: 2.5%;
- major disabled children entitle the taxpayer to a 10% tax deduction.

2.8 Social security

General

The Malian social security system covers employees in the public and private sectors.

All employers are required to inform the Institute of any recruitment or dismissal of staff within eight days.

It provides the persons concerned with protection against the following risks:

- sickness and maternity;
- occupational accidents and diseases;
- old age, disability, death and survivors;
- family benefits.

The contribution rates are:

Branches	Employer's share	Employee's share
Family benefits Daily maternity allowances	8%	-
Benefits in kind (AMO)	3,5%	3,06%
Occupational accidents and diseases from 1 to 4% depending on the risks incurred	de 1 à 4 % depending on the risks incurred	-
Old age, disability and death (survivors) ANPE unemployment	5,4% 1%	3,6%

Contributions are paid on the entire salary. The amount of The amount of the salary taken into consideration for the basis of calculation of the contributions be less than the minimum wage.

Sickness and maternity

The AMO guarantees that part of the health costs will be covered directly by the fund, the other part remaining at the expense of the beneficiary.
by the fund, the other part remaining payable by the insured person in the form of a co-payment. The insured may take out supplementary insurance
to cover the remaining costs.

The premiums and allowances are:

- marriage bonus (worker's home allowance);
- prenatal allowances;
- maternity allowances;
- family allowances;
- daily allowance for pregnant employees;
- birth leave.

2.9 Expatriates

The tax on salaries and wages is applicable to all sums paid by a private or public employer.

Foreign personnel residing in Mali and employed by the holder of a Petroleum Contract are guaranteed free conversion and free transfer, in their country of origin, of all or part of the sums due to them, provided that they have paid their taxes and various contributions in accordance with the regulations in force in Mali.

However, the employment contracts of expatriate employees may validly derogate from certain provisions of the Labour Code and social regulations with regard to :

- affiliation to an approved social security organisation in Mali;
- affiliation to an inter-company medical service;
- the duration of and reasons for using a fixed-term contract;
- the rules applicable to recruitment.

These derogations may not have the effect of undermining the rights of employees as recognised by the international conventions and agreements to which Mali has subscribed.

Specialised expatriate employees are automatically granted a professional resident visa.

Employees of foreign diplomatic and consular missions as well as those of international organisations must personally ensure that their employer makes monthly deductions from their salaries for the Tax on Wages and Salaries.

The amount of the tax deductible expatriation allowance for expatriate executives in the public or private sector is set at 15% of emoluments, excluding family allowances, allowances to cover expenses inherent to the function or employment and benefits in kind.

2.10 Pensions

An insured person who is 58 years old and has completed at least 13 years of insurance may to an old-age pension. This pension can be paid from the age of from the age of 53 without an early retirement coefficient in the event of premature old age or with an anticipation coefficient if the claimant is not unfit. The amount will be reduced by 5% per year of anticipation.
The pension is equal to 26% of the monthly salary for the last 8 years of multiplied by the number of years of insurance plus 2% per 12-month period for 120 months. The amount of the amount of the pension may not exceed 80% of the insured person's average monthly wage and may cannot be less than 60% of the minimum wage

On the death of an insured person receiving an old-age or disability pension, the spouse and orphans are entitled to a benefit in the form of a paid of a survivor's pension. If the insured person was not a pensioner, a pension, a survivor's allowance is paid as a lump sum.

A spouse who was married to the deceased for at least 2 years is entitled to a survivor's pension, provided that the spouse was or could have been received an old-age or disability pension.

3. Inheritance and gift tax

3.1 Inheritances

Public funds, shares, bonds, interest shares, debts and generally all foreign securities, of whatever nature, belonging to an estate governed by Malian law or the estate of a foreigner domiciled in Mali are subject to death duties.

When the heirs or universal legatees are burdened with particular legacies and sums of money not existing in the estate and they have paid the duty on all the property of this same estate, the same duty is not due for these legacies; consequently, the duties already paid by the particular legatees must be deducted from those due by the heirs or universal legatees.

The taxes established after the death of a taxpayer and due by the heirs of the deceased constitute a debt deductible from the inheritance assets.

The following are not deductible
Debts that have been due for more than three years before the opening of the succession, unless a certificate is produced by the creditor certifying their existence at that time, in the form of a certificate.

3.2 Donations

In the case of gifts by marriage contract and shared gifts, the duty on inter vivos transfers is reduced by 25%.

The following are subject to a duty of 2% :

- donations and bequests to public utility companies whose resources are allocated to assistance or educational works;
- donations and legacies made to organisations whose purpose is the conservation and enhancement of cultural heritage;
- donations and legacies made to public low-cost housing offices
- donations and bequests to public utility establishments whose resources are exclusively allocated to non-profit scientific works;
- donations and legacies to missions and religious communities authorised and established in Mali.

4. Value-added tax

4.1 Taxation and application

Operations relating to economic activity involving the delivery of goods and services in Mali for a consideration by a taxable party are liable for VAT.

The following are liable for VAT as of right, when they achieve turnover exclusive of taxes equal to or above XOF 50,000,000:

- those who sell products they have imported or bought in the local market as they are;
- those who sell new buildings;
- producers;
- building work contractors;
- water, electricity, gas and telecommunications suppliers;
- service providers.

The same applies to importers, regardless of their turnover.

4.2 Exemptions

Some activities are expressly excluded from the field of application of VAT.

4.3 Rates

There are two VAT rates:

- 5% applicable only to computer equipment and solar, wind and bio-energy production equipment; agricultural equipment; accommodation and catering services provided by approved hotels, restaurants and similar organisations and services provided by approved tour operators;
- 8% for other non-exempt products and services.

5. Other taxes

Special tax on certain products:

The products listed below are subject to a special tax called "Special Tax on Certain Products", the rates of which are set by decree by the Council of Ministers within the following ranges.

Products	Minimum rate (%)	Maximum rate (%)
Cola	10	30%
Coffee	5	12%
Non-alcoholic beverages except water : - Carbonated, energy and power drinks - Fruit or vegetable juices	 10 5	 20 20
Alcoholic beverages	20	70
Food broths	10	15
Natural or artificial mineral waters, treated and/or packaged, carbonated or not, carbonated waters	5	10
Weapons and ammunition	15	40
Perfumery and cosmetic products	5	15
Plastic bags	5	10
Marbles	5	15
Gold ingots	5	15
Passengers vehicles	5	10

The basis for calculating the Special Tax on Certain Goods is :

- on import, by the customs value plus the duties and taxes due on entry, with the exception of VAT
- in the domestic regime, i.e. in the case of locally manufactured products, by the ex-factory selling price, excluding VAT.

In the case of transfers free of charge or at a price lower than the cost price and of withdrawals made by manufacturers for their own needs, the basis of calculation is the cost price of the goods which are the subject of these transfers or these withdrawals

Tax on Financial Activities (TAF):

Tax base :

The Tax on Financial Activities applies to the proceeds of operations relating to banking or financial activities, and generally to any product relating to the trade in securities and money.

The following are subject to the tax on financial activities, professionals in the securities and money trade, in particular

Persons subject to the tax

- banks and financial institutions
- natural or legal persons engaged in financial intermediation
- natural or legal persons carrying out money transfer operations
- stockbrokers and other persons carrying out banking or financial transactions on a principal basis
- discounters;
- remisiers.

By way of derogation from the provisions of Article 245 of the General Tax Code, operations which are not specifically related to the trade in securities and money and leasing operations are not liable to the Tax on Financial Activities.

The taxable event is the receipt of the price or remuneration.

The rate of the tax on financial activities is set at 17%.

This rate is reduced to 15% for interest, commissions and fees received on the occasion of all transactions financing export sales

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

- Owing from companies:

  - contributions of patents and licences;
  - tax on automotive vehicles;
  - standard income tax;
  - road tax;
  - standard contribution paid by employers (CFE);
  - tax on land operations;
  - special tax on some products such as gold, tobacco, alcoholic beverages etc.
  - tax on access to telecommunications networks open to the public (TARTOP);
  - registration fees;
  - stamp duty.

- Owed by companies;

  - regional and local development tax;
  - road tax;
  - firearms tax;
  - tax on automotive vehicles;
  - solidarity contribution on air tickets;

- tax owed by exporters of gold and other mining products not governed by the Mining Code;
- registration fees;
- stamp duty.

Seydou Zerbo

Contact

Pyramis Mali Hamdallaye ACI 2000
Rue 380, face Palais des Sports
BPE 1925, Bamako-Mali
www.pyramis-ac.com
Tél. : +223 66 74 16 27
Fax. : +223 20 29 06 78
Email: contact@pyramis-ac.com
Seydou Zerbo