TAX ENSIGHT

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Africa tax in brief

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ANGOLA: Working group for negotiation of investment protection agreements and tax treaties created

The Ministry of Economics and Finances and the Ministry of Foreign Affairs issued Joint Order No.205/17 on 27 April 2017, creating a technical working group to coordinate the negotiation of investment protection and double tax agreements. The working group will be responsible for guiding negotiations and reporting to relevant ministers.

ANGOLA: Changes to registration rules on transferable securities

The Ministry of Finances issued Executive Decree No. 273/17 on 3 May 2017, providing new modalities for the registration of transferable securities by the issuer.

According to the Executive Decree, the issuance of securities must be registered on paper or electronically by the issuer.

If done electronically, the issuer must ensure that:

- a back-up copy of the register is stored outside the company's headquarters;
- access to the electronic register is limited to representatives of the company and protected by the use of security keys;
- contingency plans are in place to ensure the protection of the register in cases of force majeure; and
- the levels of intelligibility, durability and authenticity must be defined in line with those set out in the paper version.

The register remains subject to the legal framework provided for the certification of electronic documents and supervisory entities are authorised to test the programmes used for the electronic register.

ETHIOPIA: Treaty between Ethiopia and Portugal enters into force

The Ethiopia/Portugal Income Tax Treaty (2013) entered into force on 9 April 2017 and generally applies from 8 July 2017 for Ethiopia and from 1 January 2018 for Portugal.

GHANA: Implementation of VAT Flat Rate Scheme postponed

Following the introduction of a value-added tax ("**VAT**") Flat Rate Scheme ("**VFRS**") for retailers and wholesalers on 24 April 2017 (as reported on 17 May 2017), the Ghana Revenue Authority, on 5 June 2017, announced a postponement of the implementation of the value-added tax ("**VAT**") Flat Rate Scheme ("**VFRS**") from 1 June 2017 to 1 July 2017. However, retailers and wholesalers who have already implemented the VFRS are expected to account for it accordingly in their VAT returns for June.

MAURITIUS: 2017/18 Budget presented

Mauritius Finance Minister, Pravind Jugnauth, presented the National Budget 2017/2018 on Thursday, 8 June 2017.

In order to encourage domestic enterprises (especially SMEs) to expand their export capacity, their profits from the export of goods will be subject to a tax rate of 3% as compared to the standard 15%.

An eight-year income tax holiday is also to be granted to new companies (incorporated after 8 June 2017) engaged in the manufacturing of pharmaceutical products, medical devices and high-tech products. New companies involved in innovation-driven activities are also to benefit from an eight-year tax holiday in respect of income from intellectual property assets developed in Mauritius and the registration duty and land transfer tax on any transfer of immovable property for the setting up of a high-tech manufacturing business are to be scrapped. Various incentives and exemptions are to be granted to the tea industry and macadamia nut growers.

Research and development ("**R&D**") is to be encouraged by the introduction of incentives, including accelerated depreciation of 50% per annum for capital expenditure and a double deduction in respect of qualifying R&D expenditure.

The Financial Services Commission ("**FSC**") intends to review foreign investment regulations to encourage and secure foreign investment in Mauritius. However, the substance requirements for Global Business Category 1 ("**GBC1**") companies are to be increased, requiring that such companies must fulfil at least two of the six criteria established by the FSC (instead of the current obligation to comply with a minimum of one requirement).

A solidarity levy is to be introduced on individual high income earners at a rate of 5% on the excess of chargeable income and dividends above Rs3.5-million, but income exemption thresholds for individuals having more than one dependent and the maximum allowable tax deduction for medical insurance premiums are to be increased. Financial support is also to be granted to low income earners in the form of "negative income tax".

A number of tax administration measures have been introduced, including the re-introduction of the Tax Arrears Payment Scheme allowing for up to 100% waiver of penalties and interest if tax debt is settled in full by 31 May 2018 and the obligatory electronic filing of income tax returns and payment of taxes. It is also intended to introduce legislative amendments to enable the Tax Authority to meet Mauritius' international exchange of information commitments.

NIGERIA: 2017 Budget passed by National Assembly

The National Assembly passed the 2017 Budget, which was presented on 14 December 2016 and reported on 31 January 2017, on 11 May 2017. The Budget has yet to receive presidential assent.

NIGERIA: Federal Government approves new interest rate spread on unpaid taxes

The Federal Minister of Finance, Kemi Adeosun, has exercised her powers under section 32(1) of the Federal Inland Revenue Service (Establishment) Act, 2007 and approved a new interest rate spread of 5% on unpaid taxes for 2017. In terms of this section, unpaid taxes in both Naira and foreign currencies, are liable to interest charges at the prevailing Central Bank of Nigeria ("**CBN**") Minimum Re-Discount Rate ("**MRR**") plus the spread determined by the Minister. The CBN Monetary Policy Rate ("**MPR**"), which replaced the MRR in December 2006, is currently 14%, which means taxpayers would be liable to interest charges for non-payment and late payment of taxes at the rate of 19% with effect from 1 July 2017.

Sources include IBFD's Tax Research Platform; www.allafrica.com; http://tax-news.com

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