



Regional Updates

2024 KPMG Africa Tax Summit

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01

Key Legislative Changes

North Africa



Key Legislative Changes — Morocco

01

New tax framework to amend tax returns based on self amendment of tax returns

02

VAT rates change and joint liability introduced

03

VAT on digital services provided by non-resident

Key Legislative Changes — Morocco

VAT on digital services provided by non-resident



Digital services?

Any services rendered via a remote communication tool, including intangible and other immaterial assets



Amendment of scope of VAT

Digital services rendered to customer established/domiciled in Morocco irrespective of where the services are used



VAT compliance mechanism

- Standard mechanism: Appointment of a fiscal representative
- New simplified mechanism when dealing with B2C: registration and monthly reporting via the Tax Authorities platform (*Not yet available*)

Key Legislative Changes — Algeria

01

Abolishment of the Tax on Professional Activity (TAP) for all taxpayers

The TAP was determined at 1.5 percent of the turnover of companies liable for CIT

02

Extension for a period of 5 years of the exemption of income and capital gains on securities listed in the capital market for

03

Extension for a period of 3 years of the CIT reduction for companies newly listed in the capital market.

The tax reduction is set up to the rate of opening of the share capital

Key Legislative Changes — Tunisia

01

Four years income tax exemption for newly established entities that files an investment declaration in 2024 or 2025

02

New contribution in the years 2024 and 2025 due on taxable income at the rate of 4 percent by financial institutions and insurance companies

03

Entry in force of the MLI on November 2023

02

Key Legislative Changes

Southern Africa



Key Legislative Changes

1

Tax collection

- No inflationary adjustments to tax brackets, rebates and medical aid tax credits, resulting in increased personal income tax revenue [ZA].
- Temporary exemptions on sugar, food oil and soap were not renewed. Value of mineral production for Production Tax assessment purposes now being fixed by the local authorities, representing a general increase of tax paid [MOZ].
- Increase in corporate tax rate (back) to 25 percent and introduction of special 20 percent CGT on transfer of mining claims [ZW].

2

Incentives

- Reduced corporate income tax rate in the cotton value chain [ZM].
- An investment allowance equal to 150 percent of qualifying investment spend on new production capacity for electric and hydrogen-powered vehicles produced [ZA].
- Introduction of a Special Economic Zones regime to foster investment and economic growth.[NA].

3

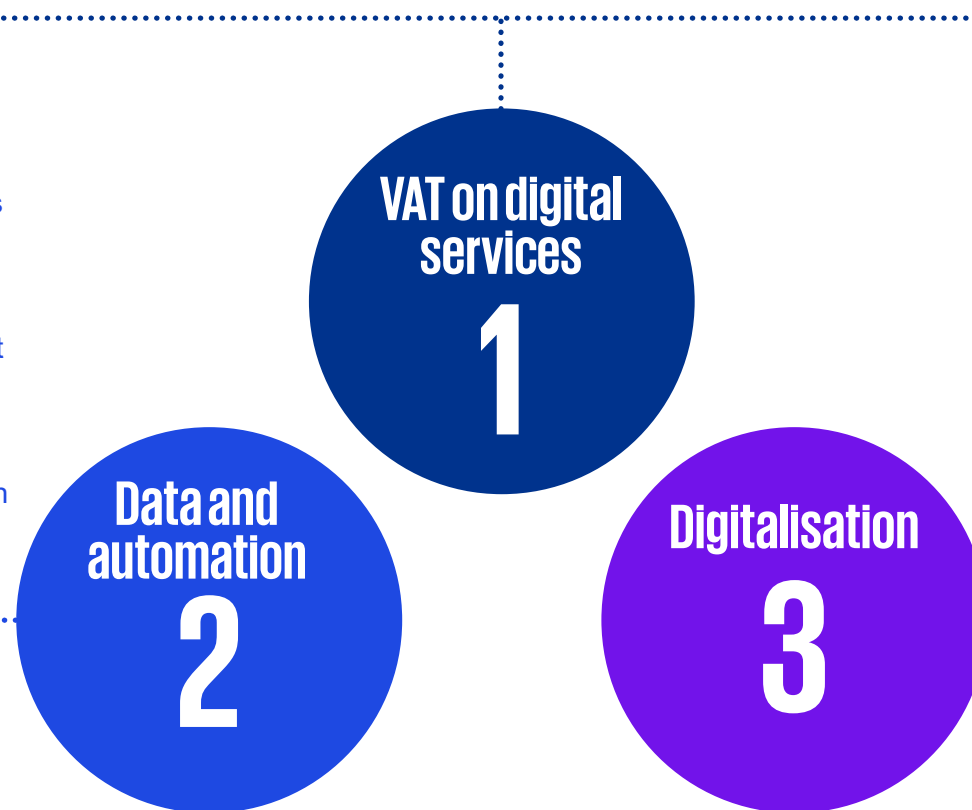
Financial services

- Unintended consequences with regard to the implementation of IFRS 17 [ZA]
- Legislation will be revised to remove tax exemptions for non-resident shareholders of foreign insurance companies. [NA]
- Banks will be taxed at a varying rate depending on the extent of chargeable income [MU]
- Application of the VAT reverse charge mechanism is being closely monitored especially for banks [MU]

Key Legislative Changes

- New legislation aimed at attracting a local registration for some non-resident online service companies [MOZ].
- VAT on cross border electronic services introduced [ZM]
- Tax of 5 percent on revenue from residents for electronic commerce operators [ZW].

- Data matching being carried out by comparing financial statements numbers with WHT, VAT, PAYE, and Mineral Royalty returns declarations [ZM].
- Matching output VAT declared with input claims across taxpayers. [ZM]
- Introduction of new tax management platform with increased digitalisation with taxpayers moving to Taxpayer Identification Number [ZW].



- The Tax Authority's services are continuously improving its processes on electronic filings [MOZ].
- Electronic invoicing introduced (SMART Invoicing) [ZM]
- It is mandatory to issue fiscal invoices as from 15 May 2024 [MU].
- Exploration of a VAT e-invoicing system in collaboration with NamRA will be introduced in the following financial year [NA].

Key Legislative Changes

1

Transfer pricing

- Intensified TP audits, focus on imputing interest on interest free shareholder loans to assess WHT [ZM].
- Proper agreements and basis of computations are being requested from companies having significant related party transactions to check whether they are in line with arm's length principles [MU].

2

Tax audits

- High amounts assessed on tax audits across several business areas [MOZ].
- Further breakdown are being requested for expenses on which TDS is applicable [MAU].
- Management & consultancy fees, royalties and commission paid offshore under specific scrutiny [BW].

3

BEPS Pillar II

- There has been no further developments in terms of BEPS & International arrangement [MU].
- BEPS Pillar II legislation for multinational enterprises. Two methods to levy top-up-tax in are to be introduced, namely the income inclusion rule and the domestic minimum top-up tax (DMTT), with effect from 1 January 2024 [ZA & ZW].

03

Key Legislative Changes

East Africa



Key Legislative Changes in East Africa

1

Kenya

- Implementation of electronic invoicing through eTIMS.
- Business expenses to be disallowed if not supported by eTIMS compliant invoices past 1 January 2024.
- Auto-population of VAT returns based on eTIMS generated invoices.

2

Uganda

- Implementation of the 5 percent digital services tax (DST) that was introduced by the Income Tax Amendment Act of 2023.

3

Tanzania

- 10 percent final withholding tax on payments made to a resident person in respect of verified carbon emission reduction.

Key Legislative Changes in East Africa

4

Rwanda

- Reduction of the corporate income tax rate from 30 percent to 28 percent. The lower rate takes effect from October 2023.
- 2023 implication — income for first 9 months computed at 30 percent while last 3 months computed at 28 percent.

5

Ethiopia

- Detailed Transfer Pricing rules issued in conformity to OECD TP guidelines, effective January 2024. These guidelines repeal those issued in 2015.
- Covers entities with annual turnover of at least Birr 500,000.

04

Key Legislative Changes

Francophone West Africa



Key Legislative Changes — Côte d'Ivoire



Payroll Tax reform (ordonnance n°2023-719)

- Following the revaluation of the SMIG (minimum wage) and the minimum wages for each category, we are now faced with the reform of taxes on salaries, pensions and life annuities payable by employees.
- The reform aims to simplify the system for calculating payroll taxes. Previously, the calculation of the taxable portion included the determination of cedular taxes such as the income tax (IS), the national contribution (CN) and the general income tax (IGR). The current reform puts an end to the old system by introducing a method of determining tax that is progressive, specifically by tranche.
- A tax reduction for family responsibilities (RICF) has also been introduced, which can be deducted from gross tax.

Monthly income category (XOF)	Rate (%)
0–75 000	9
75 001–240 000	16
240 001–800 000	21
800 001–2 400 000	24
2 400 001–8 000 000	28
More 8 000 000	32

Part number	Monthly income (XOF)	Annual income (XOF)
1	0	0
1.5	5 500	66 000
2	11 000	132 000
2.5	16 500	198 000
3	22 000	264 000
3.5	27 500	330 000
4	33 000	396 000
4.5	38 500	462 000
5	44 000	528 000

Key Legislative Changes — Côte d'Ivoire

1

Establishment of a single tax return for salaries, wages, pensions, annuities and social security contributions (art 126)

- Each payment must be accompanied by a single declaration of payroll taxes and social security contributions.
- However, employers will only be required to submit the single declaration once the platform dedicated to this declaration is operational.

2

Revisions to the rules relating to financial statements (art 36)

- The financial statements may be submitted in hard copy or electronically.
- However, companies belonging to the Large Companies Department, or the Medium-sized Companies Department must only send their financial statements electronically.

3

Adjustments to the rules relating to the format in which information is to be presented in the case of tax audit (art 2)

Where accounting is carried out using a computerized system, the taxpayer must submit the accounting documents referred to in Article 42 of this Code in a dematerialized form which complies to the provisions of the Uniform Act

Key Legislative Changes — Côte d'Ivoire

1

Measure to allow assistance with the recovery of international tax debts (art 106 LPF)

Subject to reciprocity, public accountants are authorized to recover foreign tax debts for which recovery is requested by the competent authorities of States that have concluded an international tax convention with Côte d'Ivoire providing for assistance in the recovery of cross-border tax debts.

2

Adjustment of the provisions relating to the statement of intra-group transactions and the obligation to file a statement of fees 36 bis CGI (art 36 bis)

From now on, companies that control companies located outside the Ivory Coast and that had consolidated sales excluding tax of XOF 491,967,750,000 or more in the previous financial year subject to the declaration are required to file an annual declaration with the tax authorities at the end of each financial year, including a country-by-country declaration of the group's profits and various aggregates.

3

Subordination of the benefit of tax or customs advantages or the performance of certain acts and formalities to the regularity of the tax and/or customs situation art (147 LPF)

In order to benefit from the tax and customs advantages, the company must be in a regular tax and/or customs situation. This obligation is applicable both to individual persons and to legal entities.

Key Legislative Changes — RDC

1

Revisions to the rules relating to payment of the installments on Corporate income Tax (art 3)

The DRC 2024 Finance Law has revised rules relating to payment of installments on Corporate Income Tax. Taxpayers are subject to payment of 3 installments. The first and the second installments are calculated at 30 percent and the third at 20 percent based on the Corporate Income Tax declared and paid for the previous FY increased by any supplements. The first Installment is paid before 01 August, the second before 1 October and the third before 1 December.

2

Introduction of tax and Royalties on the supply of digital services (art 42)

The 2024 Finance Law in DRC has introduced taxes and royalties on the supply of digital services. Any provider of digital services is subject to the payment of tax on authorization and to royalties on digital services as well.

3

Adjustments to the rules relating to taxation of expatriate remuneration working in the DRC (art 38)

The DRC Finance law for 2024 has adjusted the rules relating to taxation of expatriate salaries. The amount of the taxable salary of an expatriate in DRC, must not be less than that paid to worker having same grade and category in his country.

Key Legislative Changes — Cameroon

1

Instauration of actual beneficiary (art M8, M 99 and M 104 of the GTC)

- The Finance law for 2023 has introduced in Cameroon a new declaration related to actual beneficiary with the aim to strengthening the tax transparency. The modalities of application of this new provision has been provided by the decree n° 2023/06801/CAB/PM of September 27 th2023 and order n° 000000761/A/MINFI/DGI of 4 December 2023.
- As from 2024 , this provisions has entered into force and entities are therefore obliged to declared this along with the annual tax returns.

2

Instauration of electronic monitoring of purchasing and payment transactions (art 8 bis, 22(3) and 149(2) of the GTC)

The Finance Law 2024 reinforces the obligation to issue invoices and introduces the obligation to issue withholding tax certificates only from the General Tax Directorate system. Any invoice or withholding tax certificate issued outside this computer system will not be accepted. In practice, this measure has not yet been fully implemented.

3

Instauration of the system for non-professionals and rationalization of personal income tax on salaries (art 93 ter)

- The Finance law 2024 introduced the non-professional tax regime (any person receiving non-commercial income), requiring taxpayers in this tax regime to file an annual tax return by 30 June each year at the latest. In addition, for taxpayers receiving salaried income, the new Finance law now makes allowances representing benefits in kind subject to personal income tax in their actual amount and caps the annual standard allowance at FCFA 4,800,000 of the gross taxable amount. Previously this standard allowance was capped at 30 percent of the gross salary.
- It is important to note that due to the impact of this measure on employees' salaries, the minister of finance has suspended its application until new notice.

Key Legislative Changes — GABON

1

Removal of the right to reimbursement of VAT credits for creditor companies: In Gabon, many sectors are exempt from VAT (oil sector, mining, etc.). Therefore, removing the right to reimbursement will result in a significant increase in utility costs for many taxpayers.

2

The rate of withholding tax applicable to remuneration paid to non-residents increases from 20 to 25 percent. To the extent that Gabon has only concluded 5 tax conventions, this rate change accentuates the double taxation of sums paid to non-resident companies.

3

The deductibility of general head office costs, study costs, technical, financial or accounting assistance costs, commissions and fees, interest, arrears and other income from bonds, receivables, deposits is now limited to 5 percent of general costs before deduction of said costs. Previously the 5 percent limit was calculated on taxable profit.

Key Legislative Changes — CONGO

1

..... Requirement to comply with COBAC regulations for the deductibility of provisions for doubtful debts of financial institutions

2

..... Insertion into Congolese tax legislation of the CEMAC Directive on VAT

3

- Extension of the scope of application of VAT on services provided by non-residents via electronic platforms;
- Removal of the VAT exemption on operations carried out by certain service providers in the upstream oil sector.

07

Key Legislative Changes

Anglophone West Africa



A blue-tinted photograph of a city skyline. The most prominent feature is a tall, cylindrical telecommunications tower with a complex antenna structure at the top. The tower is surrounded by various other buildings, including several high-rise apartment blocks. In the foreground, there are lower-rise buildings with flat roofs, some of which have satellite dishes. The sky is a clear, light blue. On the left side of the image, there is a vertical gradient bar transitioning from dark blue at the top to light blue at the bottom. The word "NIGERIA" is written in large, white, bold, sans-serif capital letters across the middle of the image, partially overlapping the gradient bar and the city skyline.

NIGERIA

Key Legislative Changes — Nigeria



Our aim is to transform the tax system to support sustainable development and achieve a minimum of 18% Tax to GDP ratio within the next 3 years without stifling investment or economic growth ...

Zacch Adedeji,
Presidential adviser on Revenue



Finance Act, 2023 is the fourth in the series of legislative amendments to be enacted by the Federal Government (FG) on an annual timeframe. It was signed by the former president Muhammadu Buhari on the eve of his last day in office (i.e. 28 May 2023)

The passage of the Act reinforces FG's commitment to making incremental changes to Nigeria's fiscal framework that continues to be pivotal in achieving Nigeria's economic growth and sustainable development imperatives.

As stated in the 2023 Budget Speech, the changes introduced by the Act focus on five (5) key areas:

- Tax equity reforms,
- Economic growth,
- Revenue generation/Tax administration,
- Reforming tax incentives and
- Climate change.

Afterward, in July 2023, President Bola Tinubu approved the establishment of a presidential committee on fiscal policy and tax reforms, tasked with reorganizing and building a better template for tax administration and fiscal policies for Nigeria.

Key Legislative Changes — Direct taxes

1

Capital Gains Tax (CGT)

- Digital assets are now chargeable assets for capital gains purposes. Therefore, chargeable gains derived from the disposal of digital assets such as cryptocurrencies & NFTs will be subject to CGT at the rate of 10 percent.
- Shares and stocks have been included as eligible for roll-over relief. However, the sales proceeds must be reinvested in acquiring shares in a Nigerian company within the same year of assessment.

2

Company Income Tax (CIT)

Repeal of the provision that allowed a 10 percent investment allowance on capital expenditure incurred on plant and equipment. Also, deletion of rural investment allowance granted to companies that provide certain facilities such as roads, electricity, etc. in a rural community.

3

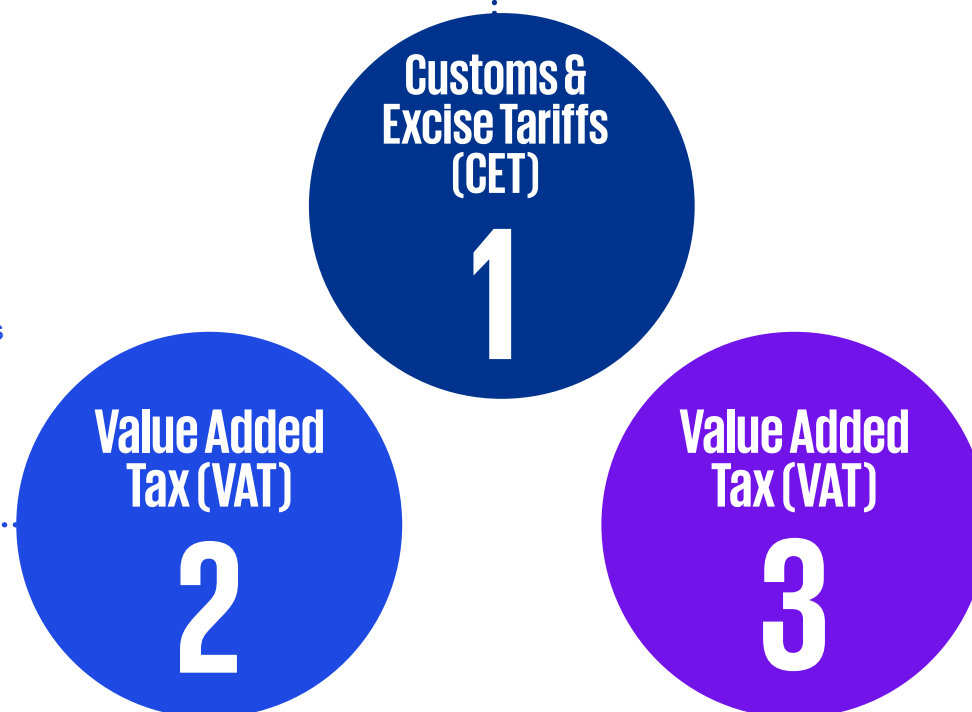
Petroleum Profit Tax (PPT) Act

- Amended to recognize the Nigerian Upstream Petroleum Regulatory Commission (“NUPRC”), as the regulator of the Nigerian upstream petroleum sector.
- Application for permits and licenses now have to be channeled through the NUPRC.
- Companies engaged in upstream and midstream gas operations are entitled to fully relieve their capital allowances against their assessable profits like those in the manufacturing Industry

Key Legislative Changes — Indirect taxes

- Introduction of import levy of 0.5 percent on all eligible goods imported into Nigeria from outside Africa.
- This levy is meant to finance Nigeria's capital contributions, subscriptions and other financial obligations to multilateral institutions such as African Union, United Nations, AFREXIM etc.

- Requirement for non-resident suppliers (NRS), to charge and collect VAT.
- Therefore, a prerequisite for a NRS is a registration with the Federal Inland Revenue Service (FIRS) and the issuance of a tax invoice upon supplying a good/service.



- Hithero, the FIRS was empowered to make appropriate adjustments to fictitious transactions with related parties or third parties for the purpose of calculating CIT.
- The VAT Act has now been amended to ensure that in adjusting transactions to reflect arm's length principles, where a lesser VAT was computed due to a lesser transaction price, the additional VAT due on the adjusted price would have to be paid as back duty taxes.

Other regulatory developments, FIRS Circular & court rulings

1

Nigeria Data Protection Act

- Data controllers and processors are mandated to implement appropriate technical & organizational measures to ensure the security, integrity and confidentiality of personal data in its care.
- The penalty and fines for data breach may range from ₦2mn to N10mn or 2 percent of gross turnover, whichever is higher.

2

Expatriate Employment Levy (EEL)

- The Federal Government (FG), had on Tuesday, 27 February 2024, launched the Expatriate Employment Levy (EEL).
- \$15,000 annual payments for expatriates on Director level and \$10,000 for other expatriates, met mixed reactions.
- The FG suspended its implementation to allow for consultations with the Nigerian Association of Chambers of Commerce, Industry, Mines, and Agriculture and other vital stakeholders.

3

High Court nulifies provisions prescribing payment of deposit pending hearing of Appeal

- By virtue of this ruling, a company would now be able to appeal any tax matters with the High Court without constraint of payment of 50 percent of 100 percent of the assessed amount in dispute.



GHANA



Key Legislative Changes — Ghana (1)

The Parliament of Ghana on 31 March 2023 approved three (3) tax bills presented by the Minister of Finance in the 2023 Budget Statement. The following three (3) enactments received gazette notification on 3 April 2023:



The Excise Duty (Amendment) Act, 2023 (Act 1093)

Act 1093 amends the existing Excise Duty Act 2014 (Act 878) to increase the excise duty in respect of cigarettes and tobacco products, wine, malt drinks and spirits. The amendment also imposes excise duty on sweetened beverages, including fruit juice and on electronic cigarette liquids, electronic cigarettes, and electronic smoking devices.



The Income Tax (Amendment) Act, 2023 (Act 1094)

Act 1094 provides for the revision of the income tax rates and bands for resident individuals by introducing an additional income tax bracket; introduction of a withholding tax rate on the realization of assets and liabilities and on winnings from lottery, revision of the treatments of foreign exchange losses as well as the revision of the upper limits of the quantification of motor vehicle benefits-in-kind.



The Growth and Sustainability Levy Act, 2023 (Act 1095)

Act 1095 widens the scope of the existing National Fiscal Stabilization Levy (NFSL) by introducing the Growth and Sustainability Levy (GSL) to replace the NFSL.

Key Legislative Changes — Ghana (2)

On 15 November 2023 the Minister of Finance, Hon Ken Ofori-Atta presented the 2024 Budget Statement and Economic Policy under the theme "Pursuing Growth & Development within a Stable Macroeconomic Environment". Corresponding bills were proposed to the Parliament, with some tax initiatives receiving gazette notification on 29 December 2023. They include:

1

Value Added Tax (Amendment) Act, 2023 (Act 1107)

- VAT flat rate of 5 percent on commercial properties
- Zero tax rate on sanitary towels manufactured locally
- Extension of zero-rated VAT Supply of locally assembled vehicles and local African print textile manufacturers
- Amendment of exempt supplies

2

Excise Duty (Amendment) (No.2) Act, 2023 (Act 1108)

- Increase the excise duty rate on cider beer from 20 percent to 47.5 percent, to align with the excise duty rate on beer.
- Reduce the excise duty on plastics to 5 percent of the ex-factory price and expand its coverage to imported plastic packaging.

3

Exemptions (Amendment) Act, 2023 (Act 1110)

- Waiver of customs duties and customs taxes on the importation of fishing gear for agricultural purposes.
- Fishing gear must be certified by the Minister responsible for Fisheries and Aquaculture Development and approved by the Minister responsible for Finance.

Key Legislative Changes — Ghana (3)

4

Income Tax (Amendment) (No. 2) Act, 2023 (Act 1111)

- Amends the First schedule of the Income Tax Act, 2015 (Act 896) with respect to the graduated personal income tax bands for resident individuals.

5

Customs (Amendment) Act, 2023 (Act 1106)

- Act 1106 provides amendments among other things to include a provision of waiver of duty on importation of raw materials for the local manufacture of sanitary towel.

6

Emissions Levy Act, 2023 (Act 1112)

- The Emissions was passed to impose an emissions levy on carbon dioxide equivalent emissions from specified sectors and internal combustion engine vehicle emissions



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