

Chad

Income Tax

Residents

Residents are subject to tax on worldwide income.

Note:

1. Personal Income Tax (PIT) is calculated according to a schedule provided by the General Tax Code (GTC). This is a progressive rates system, and for each bracket, the rate is applied to the corresponding part of the taxable income as shown in the table below.

Income Tax Rates for Resident Individuals		
Taxable Income as exceeds	But does not exceed	Rate
XAF	XAF	%
0	300 000	20%
300 000	800 000	25%
800 000	1 000 000	30%
1 000 000	1 500 000	40%
1 500 000	2 000 000	45%
2 000 000	3 000 000	50%
3 000 000	6 000 000	55%
6 000 000+		60%

Notes:

1. Basis – Residents are subject to tax on worldwide income. Non-residents are subject to tax on Chad-source income only under reserve of double taxation treaties (DTAs).
2. Residence – An individual is resident in Chad if he/she has a main residence in Chad or is present in Chad for at least 183 days in the relevant calendar year.
3. Rates – Individual income tax is levied at progressive rates up to 60%.
4. Interest income – Interest income is combined with the other categories of income for annual personal income tax calculation.
5. Deductions and allowances – Various deductions are available, such as allowances for housing, food and transportation etc.

6. Filing status – Joint returns are not permitted. Each tax household must file his/her own return separately.
7. Relief from double taxation is available through tax treaties to which Chad is signatory. Chad has signed a single tax treaty: CEMAC (Central African Economic and Monetary Community).

Employment Income

Employment income is taxable:

- When the employee is tax resident in Chad, notwithstanding the fact that his remunerative activities are performed outside Chad or the employer is not established in Chad.
- When the employee is not tax resident provided that his remunerative activities are performed in Chad and the employer is established in Chad.

Employers withhold PIT from employees' salaries each month. The taxable income is composed of the salaries, allowances, premiums and benefits in kind received by the employee after deduction of certain payments made by the employer for pension and retirement purposes, limited to 3.5% of the gross salary; the employee's social security contributions; and special allowances allocated to cover expenses inherent to the job, insofar as they are effectively used for the intended purpose. (This exemption is limited to 15% of the employee's gross salary).

Benefits in Kind

The benefits in kind are taxable for PIT according to their actual value. The benefits in kind listed below are, however, assessed according to the following rates calculated on the salary, or to their actual value if inferior:

- Housing – 15%
- Electricity – 4%
- Water – 2%
- Vehicle – 8%
- Food – 25%
- Gas – 1%
- Telephone – 3%
- Furniture – 5%
- Housekeeping/Guarding – 4%
- Food – 25% with a ceiling of XAF50 000

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Business and Professional Income

Individuals deriving industrial, commercial and non-commercial income in Chad, are subject to the General Income Tax (GIT). The computation varies depending on the type of income involved.

Companies

Income Tax Rates for Companies	
	Rate of Tax
Public institutions, communities and non-profit organisations	25%
Standard corporate tax rate	40%
Companies operating in hydrocarbons sector (actual rate specified in each individual petroleum contract)	40% to 75%

Notes:

1. Residence – Chad does not have a definition of residence.
2. Basis – Chad operates under a territorial system under which all income derived in Chad is subject to tax.
3. Rate – The normal tax rate is 40%. A minimum Corporate Income Tax (CIT) (Alternative Minimum Tax (AMT)) equal to 1.5% of gross turnover applies to most companies.
4. Chargeable income – Comprises profits derived from the operation of a business in Chad.
5. Losses – Net operating losses may be carried forward up to three years. Losses from depreciation may be carried forward indefinitely. The carryback of losses is not permitted.
6. Dividends – Dividends distributed by Chad companies are not subject to tax in Chad.
7. Foreign tax credit – None.
8. Holding company regime – None.



Withholding Taxes (WHTs)

The WHTs are set out below. For non-residents the WHT is a final tax:

WHT Rates			
	Note	Residents	Non-Residents
Dividends	1	20%	20%
Interest	2	20%	25%
Rents	3	15%	20%
Services provided by non-residents	4	-	12.5% or 25%
Other	5	-	20%

Notes:

1. Dividends – Dividends paid to non-residents are subject to a final WHT at the rate of 20% on the gross amount.
2. Interest – Interest payments made to non-residents are subject to a 25% WHT, unless the rate is reduced under a tax treaty.
3. Rents – Rents charged by a taxpayer, who is taxable on actual basis, are subject to a WHT of 15% or 20%.
4. Technical service fees – Technical service fees paid to non-residents generally are subject to a 25% WHT, unless the rate is reduced under a tax treaty, or by the Chad Law for some specific activities (reduced rate of 12.5%).
5. Other – Services provided by taxpayers who are not taxable on actual basis, are subject to a WHT of 20%.

Capital Gains Tax (CGT)

Capital gains are taxable in Chad. Their taxation will depend on the duration of the possession of the goods and the rate will depend on the nature of the goods. Some exemptions have been provided by the GTC.

Companies

Generally, capital gains are taxed as ordinary income and are subject to CIT at the standard rate. However, under certain circumstances, capital gains are subject to a special tax regime.

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Individuals

Capital gains derived by individuals from business activities, are generally, subject to the GIT, except in the following cases:

- In the case of the sale or transfer (total or partial) of shares in a continued business, the net gains (selling price less acquisition price) will be subject to PIT for one-sixth of the amount, provided that the seller or his spouse, ascendants and descendants, has exercised during the last five years an executive or managerial function in the company, and if their total share in the benefits were higher than 25% during the same five-year period. Another condition is that the capital gain is higher than XAF100 000.
- Capital gains derived from the sale, exchange, sharing or expropriation of a land (built or non-built) are subject to a tax of 25% provided that it was bought, or built, less than seven years before.
- Capital gains derived from the disposal of assets at the cessation of a company, or partial transfer, as well as any amount received in compensation for the cessation of business activities, or transfer of clientele, will be included in the taxable income for half of their value only. When the sale or transfer takes place more than five years after the start-up, only a quarter of the capital gain will be included in the taxable income. The five-year deadline does not apply to a surviving spouse of a deceased or his/her direct successors.

Anti-avoidance

Transfer Pricing

There is a provision to prevent the illicit transfer of profits abroad for the benefit of parent companies, or companies or groups not resident in Chad. In making transfer pricing adjustments, taxable profits are determined based on a comparison with the profits of local companies carrying on similar activities. There is no provision for Advance Pricing Agreements.

Thin Capitalisation

There are no thin capitalisation rules in Chad.

Value Added Tax (VAT)

VAT	Rate
Standard rate	18%

Notes:

1. VAT is imposed on the supply of goods or services in Chad, and on the import of goods or services.
2. The standard rate is 18%. Exports and international transport are zero-rated.
3. VAT registration is required upon the establishment of a company in Chad.
4. VAT returns and payments are due monthly by the 10th of the following month for companies with a turnover higher than XAF500 million, and by the 15th of the following month for other taxpayers.

Customs and Excise Duties

Chad is a member state of the CEMAC Customs Union (including Cameroon, the Central African Republic, Chad, Congo (Rep.), Gabon and Equatorial Guinea), which provides for the free movement of goods within the Union. Like other member states of the Union, Chad applies the CEMAC Customs Code to the importation, exportation and re-exportation of goods. The importation of goods and merchandise from third states, is subject to customs duties, except where exemptions or the bonded customs regimes are applicable. Customs duties are levied on the customs value of most imported goods, at rates ranging from 5% to 30%. In addition to the common external tariff, VAT is levied on imported goods at the standard rate.

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Excise duties are levied on certain goods; notably cigarettes, drinks (i.e. water, beer and wines), cosmetics and luxury products. The applicable excise duty rates depend on the type of goods, and range from 5% to 30%. The tax base is as follows: for goods manufactured in the CEMAC Zone: the price of the goods delivered at the factory; and for other goods: the same valuation used for customs duty purposes.

Miscellaneous Taxes

Stamp Duty

Stamp duty (*droit de timbre*) is levied on all paper used for official documents and judicial instruments and documents to be used as evidence in judicial proceedings. Receipts are exempt from stamp duty. The rates vary between XAF200 and XAF50 000, according to the type of document. Certificates of Origin, for Chadian products meant for export, are exempt from stamp duty.

Capital Duty

Capital duties, or registration duties (*droits d'enregistrement*), are levied at various rates on documents issued in connection with capital contributions to a company. Registration duties may consist of fixed duties, or ad valorem duties, depending on the nature of the deed.

Property Tax

Property Tax has a rate of 11% or 12% (depending on the city) and is due by the owners of the property, regardless of whether or not they reside in Chad, as follows:

- On an annual basis – Annual Real Estate Tax.
- In case of acquisition of real estate – Due on transfer.
- In case of qualifying capital gains – At the moment of sale.

The transfer of real property located in Chad is subject to a flat tax of 12.5%.

Inheritance/Estate Tax

Inheritance tax is levied in the form of registration duty (*droits d'enregistrement*) on transfers of property for no consideration to resident individuals, and on the transfer of Chadian-situs property to non-residents.



Wealth Tax

There is no net wealth tax in Chad.

Payroll Tax

Payroll tax in Chad is very similar to income tax but is paid by the employer on the basis of "Pay-As-You-Earn" (PAYE). Social security fees, public health insurance and other deductions, are all included in this payment, and other deductions in Chad are dependent on the individual's income.

Employers are required to pay a lump sum tax on employment income (*taxe forfaitaire*) at a rate of 7.5% on gross income paid to employees, including the portion of benefits in kind. In addition, companies subject to CIT, are also subject to the Apprenticeship Tax.

Other

Business Licence Duty

Individuals carrying on a business are subject to the business licence duty (*contribution des patentes*) in the same manner as companies.

Apprenticeship Tax

Any individual, subject to GIT in the categories of industrial and commercial, non-commercial or agricultural profits, is subject to Apprenticeship Tax (*taxe d'apprentissage et de formation professionnelle*) in the same manner as a company.

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Tax Administration

Corporations

- Tax year – Calendar year. A company cannot request a different 12-month period.
- Filing requirements – The tax return must be filed before 31 March of the following year. A 15-day extension may be requested from the General Tax Authorities. Companies must make advance payments of tax before 15 July and 15 October of each year. Advance tax paid may be credited against the final corporate tax liability for the year.
- Penalties – Late payment penalties are imposed at the following rates: 1.5% per month, or fraction thereof, with a maximum of 50% or 100% (if deemed deliberate).

Individuals

- Tax year – The tax year runs from 1 January to 31 December.
- Filing and payment – Individuals carrying out a trade must file returns by 1 March, except for individuals carrying professional activities (i.e. industrial, commercial, agricultural), who benefit from an extension until 31 March.
- Penalties – Late payment penalties are assessed at the following rates: 1.5% per month, or fraction thereof, if the tax authorities have to intervene.



General Investment Information

Investment Incentives

General Incentives

Chad has enacted several laws to encourage foreign investment in the industrial, services, finance and tourism sectors. Various incentives (i.e. exemptions, reduced rates, financial support, investment bonuses, and full tax allowances etc.) are provided for by the Investment Incentives Code. This has increased investment in Chad.

Exchange Controls

Foreign-owned companies, and branches of foreign companies, may freely repatriate profits provided applicable taxes have been paid. Certain transfers, however, must be approved by the Central Bank.

Expatriates and Work Permits

Inward Expatriates

There is no special regime for expatriates in Chad. Employees with no habitual residence in Chad are subject to income tax on wages and salaries received in respect of their employment in Chad. The family circumstances of an expatriate are not taken into consideration in calculating the total income tax payable, unless his/her family members reside permanently in Chad.

Outward Expatriates

Wages and salaries from employment exercised abroad by an individual, with habitual residence in Chad, are taxable in Chad, unless tax treaties provide to the contrary.

Persons who leave Chad before 31 December in any year, and who retain their interests in the country, will remain liable to tax if they have not given prior notice that they intend to leave for good.

Employment Visas

In order to be in compliance with both the labour and immigration authorities, all expatriates working in Chad must hold the following legal documents:

- An employment authorisation that cannot exceed a

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- one-year period of time (*autorisation d'emploi*).
- A work permit (*permis de travail*).
- A resident card (*carte de séjour*).
- A long-term visa and a return visa (*visa long séjour et visa retour*).
- A labour contract to be stamped by the National Office for the Employment Promotion. The employment contract cannot start before this stage. (The delivery of these legal documents is interconnected and therefore, their duration will not exceed a one-year period (renewal possible)).

Notes:

- There is no need to register for tax and social security purposes since this is handled by the employer. It is, however, necessary to register with immigration services within three days after arrival in Chad.
- The assignee leaving Chad shall file a tax return reporting all income earned during the period between 1 January (or the date of his arrival in Chad) and the date of his departure.

Trade Relations

- Memberships – World Trade Organization (WTO), Organization for Economic Cooperation and Development (OECD).
- Tax treaties – Countries with which Chad currently has double taxation agreements (DTAs) include: Cameroon, Congo (Brazzaville), Gabon, Central African Republic and Equatorial Guinea (under CEMAC Treaty).

Interest and Currency Exchange Rates

Monetary Policy Rate
2.95% (July 2014) (source: Trading Economics)
Currency: Chad's currency is the Central African Franc (CFA Franc)
R1 = 46.2845 XAF (December 2014) (source: Oanda)
US\$1 = 538.030 XAF (December 2014) (source: Oanda)
€1 = 655.957 XAF (fixed rate) (source: Oanda)

Key Economic Statistics

GDP (approx.)
US\$17.769 billion (2015 forecast) (source: IMF)
US\$15.986 billion (2014 estimate) (source: IMF)
Market Capitalisation
Not available.
Rate of Inflation
0.221% (2013 average) (source: IMF)
2.377% (2014 average) (source: IMF)
3.213% (December 2014) (source: IMF)