

Gabon

Income Tax

Residents

Residents are subject to tax on worldwide income.

Income Tax Rates for Resident Individuals		
Taxable Income as exceeds	But does not exceed	Rate
XAF	XAF	%
0	1 500 000	0%
1 500 001	1 920 000	5%
1 920 001	2 700 000	10%
2 700 001	3 600 000	15%
3 600 001	5 160 000	20%
5 160 000	7 500 000	25%
7 500 001	11 000 000	30%
11 000 001 +		35%

Notes:

1. Basis – Residents are taxed on global net income. Non-residents are taxed only on Gabon-source income.
2. Residence – Individuals having their usual abode, or having spent at least six months, in Gabon are considered resident. Normally an individual is considered having his/her usual abode in Gabon, if his/her principal residence, main business or professional activity, or centre of financial interests, is located in Gabon.
3. Taxable income – Taxable income includes: employment income, investment income, capital gains, income from real estate and business income.
4. Deductions and allowances – Deductions and allowances are available mainly based on family situations.
5. Rates – The tax rates on ordinary income are progressive, ranging from 0% to 35%.
6. Filing status – Married persons may file an individual or joint tax return.

Non-Residents

Non-residents are taxed only on Gabonese-source income.

Employment Income

The individual, or company, who pays taxable incomes, must withhold Personal Income Tax (PIT).

Companies

Income Tax Rates for Companies	
	Rate of Tax
Standard corporate rate (oil and mining sectors)	35%
Lower rate – companies operating in other sectors	30%
Lower rate – public businesses, associations, non-profit making communities, certain real estate companies, authorised companies in the tourism sector, companies holding intellectual property titles and the Gabonese Bank of Development	25%

Notes:

1. Residence – A corporation is resident if it is registered as a Gabonese company and it is incorporated in Gabon. Corporation tax is assessed on income earned by companies operating in Gabon, or from transactions carried out in Gabon, subject to double taxation treaties (DTAs).
2. Basis – A territorial tax system applies, under which tax is imposed only on profits derived by a resident or non-resident entity from operations in Gabon.
3. Alternative Minimum Tax (AMT) – Companies subject to corporate tax, or to revenue personal tax, are subject to minimum tax based on the global gross turnover. The minimum corporation tax is equal to 1% of the reference basis and cannot be less than XAF1 million. Companies newly incorporated are exempted from the AMT during the first two tax years, irrespective of their sector of activities.

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4. Chargeable income – The “taxable income” of both resident and non-resident companies is defined as “net income” determined by the overall results of operations during the taxable period, including without limitation transfers of any part of the assets. This also includes capital gains resulting from the transfer of shares from persons whose assets are mainly constituted of such shares or of shares directly or indirectly held in a company incorporated in Gabon. The “net income” represents the difference between the value of “net assets” at the opening and the close of the period, less additional contributions and increased with the levy realised during this period by the shareholders. “Net assets” is the excess of asset values on the total after taking into account liability claims by third parties, depreciation and justified provisions/reserves.
5. Dividends – Dividends received by a resident company, from a resident or non-resident company, are subject to a 20% withholding tax (WHT) (final tax). Where dividends are received by a corporate shareholder that holds at least 25% of shares of the payer company, the head offices of the shareholder and its affiliates are located in Gabon or another Central African Economic and Monetary Union (CEMAC) state, and the shares remain registered in the name of the shareholder for at least two consecutive years, the rate of the WHT on dividends is reduced to 10% (final tax). In the case of dividends received from a non-resident company, foreign tax paid on the dividends is not creditable against Gabon company tax unless a tax treaty provides for such a credit.
6. Losses – Tax losses may be carried forward for up to five years but may not be carried back.
7. Foreign tax credit – A foreign tax credit may be obtained only for tax paid to jurisdictions with which Gabon has concluded a tax treaty.



8. Holding company regime – Holding tax regime does not allow to file a consolidated tax return or to transfer losses between group members. Only Gabon resident companies are qualified to be group holding companies. However, resident and non-resident legal entities may qualify for the status of a subsidiary company in a group. The minimum (direct or indirect) participation between the companies is 50% of the share capital, and shall allow one or several of these companies, jointly, to control the others. Such control is deemed to be when the company detains directly or indirectly the majority of the voting rights or when the company appoints, during two consecutive years, the majority of the members of the board of another company. The group holding company must supply certain services to its subsidiaries which include, among other things, financial, technical, accounting, legal, management, information technology (IT), human resources, marketing and research and development (R&D). A holding company, whose sole purpose is to hold shares in its subsidiaries, is not qualified to participate in the group special tax regime. The following main specific rules apply under the group tax regime:
 - Capital gains on the transfer of assets between group member companies which are liable to Corporate Income Tax (CIT), are subject to a final 20% tax rate.
 - Head office expenses and technical assistance lump sum fees between group companies are deductible subject to an advance pricing agreement.
 - Interests on current accounts are fully deductible. However, the interest rate must not exceed the Central Bank Rate increased by two percentage points.
 - Rental payments for hiring movable assets between group members are deductible.
 - An exemption is granted from the 10% WHT on payments for fees, royalties, services provided or interest paid to non-resident group member companies.

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- A tax-sparing credit is granted on incomes from moveable capital received from foreign sources which have been subject to a similar taxation in the source country, even in the absence of a tax treaty between Gabon and the source country. The tax credit may be carried forward for two years. Under the group tax regime, a 5% WHT applies on dividends paid by a Gabonese member company to another group member company. Also, a 10% WHT is due on dividend payments made by the holding company to its shareholders.

Withholding Taxes (WHTs)

The WHT rates are set out below:

WHT Rates			
	Note	Residents	Non-Residents
Dividends	1	20%	20%
Interest	2	10%	10%
Royalties	3	10%	10%
Technical service fees	4	9.5%	10%
Branch remittance tax	5	n/a	15%

Notes:

1. Dividends – Dividends paid by a Gabonese company to a resident or non-resident individual or corporate shareholder are subject to a 20% WHT, unless a tax treaty provides for a lower rate. Dividends paid by a Gabonese company to a corporate shareholder are subject to a 15% WHT. In the case of a dividend received from a non-resident company, foreign tax paid on the dividend is not creditable against Gabon company tax unless a double tax treaty (DTA) provides for such a credit. The treatment of dividends received by corporate shareholders differs when cumulatively: (i) the shareholder owns at least 25% of the shares in the affiliate; (ii) the head offices of the shareholder and its affiliate are located in Gabon or another CEMAC state; and (iii) the shares remain registered in the name of the shareholder for at least two consecutive years. In this situation, dividends are subject to a 10% WHT.
2. Interest – Interests paid by a Gabonese company to a non-resident entity are subject to a 10% WHT calculated on the gross amount paid (excluding tax on turnover).
3. Royalties – Royalties paid by a Gabonese company to a non-resident entity, as well as commissions, consultancy fees and fees for services performed in Gabon, are subject to a WHT of 10%.
4. Technical service fees – Technical service fees paid by Gabonese entities to resident entities liable to CIT but not subject to Value Added Tax (VAT) are subject to a WHT of 9.5%. Technical service fees paid by Gabonese entities to non-resident entities are subject to a WHT of 10%, subject to a DTA. If the technical service performed by resident or non-resident entity is provided in Gabon, technical service fees are also subject to VAT at 18%.
5. Branch remittance tax – After taxation to corporate tax, net profits realised by one or several Permanent Establishments (PEs) in Gabon belonging to a public limited liability company, or to a private limited liability company having its head office outside Gabon, are subject to a WHT of 15% (10% in the case that the non-resident company is located in a country having signed a DTA with Gabon).

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Maximum WHT Rates once a DTA is applied

WHT on payments to countries with which Gabon has a DTA					
	Belgium	France	Canada	OCCAM	CEMAC
Dividends	18%	15%	15%	-	-
Interest	15%	10%	10%	-	-
Royalties	10%	10%	10%	-	-
Technical service fees	10%	10%	10%	-	-
Branch remittance tax	10%	10%	10%	-	-

Capital Gains Tax (CGT)

Individuals

Capital gains derived from the sale of securities are taxed at 20%. Capital gains from the sale of real estate property are exempt from PIT in certain cases.

Companies

Capital gains are treated as ordinary business income and are taxed at the normal CIT rate. This notably includes capital gains made on the transfer of shares owned by persons whose assets are mainly constituted with such shares, or with shares directly or indirectly held in a company located in Gabon. However, capital gains realised on the disposal of a fixed asset in the course of trading, are excluded from income for a period of three years, if the taxpayer records the capital gain in a special account and reinvests the gains in new fixed assets for business within this period. Capital gains resulting from the free allocation of shares, founder's



shares or debentures on the merger of limited liability companies, or limited partnerships with share capital, are also excluded if the surviving or new company has its registered office in Gabon. The same exemption is available in case of split or partial transfer of assets operated by a limited liability company or limited partnership, when the companies benefiting from the transfer have their seat in Gabon and the transfer occurs at the same date for all the beneficiary companies and results in the immediate winding up of the transferring company.

Anti-avoidance

Transfer Pricing

Non-arm's length expenses and payments between companies that are under the control of, or that are controlling a company located outside the CEMAC Zone, are considered abnormal management acts and income may be adjusted by the tax authorities.

Thin Capitalisation

There are no thin capitalisation rules in Gabon.

Value Added Tax (VAT)

VAT	
Standard rate	18%

Notes:

- VAT is imposed on the supply of goods or services in Gabon and on the import of goods or services.
- The standard rate is 18%. A reduced rate of 10% applies to some goods, including mineral water produced in Gabon, imported meat and chickens, sugar, laptops and desktops, canned vegetables and fruits and replacement parts for cars, etc. A rate of 5% applies to cement. A rate of 0% applies to qualifying exports that have been properly declared to customs and international carriages.
- Registration – For the provision of services, operators fall outside the scope of VAT and are not required to register where annual revenue is below XAF60 million. VAT returns must be filed monthly by the 20th of the following month.

Miscellaneous Taxes

Stamp Duty

Stamp duty is imposed on various instruments, such as corporation charters, corporation minutes and the transfer of shares and deeds.

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Capital Duty

A fixed or proportional duty applies to transactions that impact a company's share capital (e.g. increase of share capital by cash contribution is subject to a fixed duty of XAF20 000 and increase by capitalising reserves is subject to a proportional duty of 1%).

Real Property Tax

Owners are liable for a tax based on the rental of the property at a rate of 15% on developed property, and 25% on undeveloped property.

Transfer Tax

Transfers of shares are subject, in particular, to a transfer tax equal to 3% of the sales price. Transfer of a business, or customers, is subject to a transfer tax equal to 15%, with additional tax equal to 2% when the goods are located in Libreville or Port-Gentil.

Inheritance/Estate Tax

Tax rates vary according to the family tie and the net amount of the inheritance (i.e. exemption or from 3% to 35%).

Payroll Tax

Payroll tax on salaries and premiums must be withheld at the progressive applicable rate by the employer and remitted to the tax authorities within the first 15 days of the month following the salary paid. An additional tax on salaries must be withheld at a rate of 5% by the employer and remitted within the same deadline.

Other

As an advance payment of income tax, a 9.5% WHT applies to all payments made by a Gabonese resident to a Gabonese residential provider of services subject to CIT or PIT but not subject to VAT. The basis of the tax is the amount corresponding to the service provided, VAT excluded. Sums paid to casual or interim workers are subject to a 9.5% WHT.

A WHT of 10% applies to certain payments made by a resident to a foreign services provider that is subject to CIT or, in some cases, PIT, and that does not have a professional PE in Gabon.

Social Security

Social security contributions are levied at source by the employer from salary payments and remitted as follows:

- Payment of social contributions to the National Fund for Social Security (CNSS) – Annual upper limit of XAF18 million including benefits in kind and excluding reimbursement of expenses and allowances, at a rate of 2.5% for the employee, and 16% for the employer.
- Payment of social contributions to the National Fund for Health (CNAMGS) – Monthly upper limit of XAF6 million, at a rate of 2.5% for the employee and 4.1% for the employer.

Tax Administration

Corporations

- Tax year – Calendar year but can be shorter or longer in certain cases.
- Consolidated returns – There is no system of group taxation in Gabon. Taxable companies are taxed separately.
- Filing requirements – Corporate tax returns are normally due by 30 April of the year following the tax year.
- Penalties – Taxpayers that file their returns late are subject to a 5% penalty before notice and to a 10% penalty within seven days following the notice. Those who fail to file their tax returns within seven days following the notice are subject to an automatic (estimated) taxation and a 100% penalty (150% in case of second offence). Late payments are subject to a 10% penalty for the first month and a 3% penalty for the following months.
- Rulings – Rulings are not a regular practice but may be obtained from the tax authorities.

Individuals

- Tax year – Calendar year.
- Filing and payment – The income tax return generally must be filed before the 1st day of March of the following tax year. Tax on employment income is withheld by the employer from employee's salary and remitted to the tax administration by the 15th of the following month.
- Penalties – Taxpayers that file their tax returns late are subject to a 5% penalty. Those who fail to file their returns are subject to a 100% penalty. Special penalties may apply in the case of bad faith or abuse of law.

General Investment Information

Investment Incentives

General Incentives

- Gabon provides certain legal guarantees, such as non-discrimination between enterprises owned by nationals and those owned by foreigners and no expropriation or nationalisation without just and equitable prior compensation as determined by an independent third party.
- There are specific incentives for some activities, such as the oil, timber and cement industries, hardware, airport infrastructure development, regulatory “agency of posts” and telecommunications, mines and tourism, as well as for new businesses.
- Specific tax, social and custom regimes for economic zones (such as Mandji Island and Nkok) have been introduced to promote new investment in industry, commerce and services through the establishment of new enterprises. The most significant investment incentives are corporate tax exemption for 10 years for new companies, VAT exemption for 25 years, WHT exemption for 25 years, property tax exemption for 25 years and import duty exemption for 25 years.
- Other social incentives include the recruitment of employees in an economic zone with a special regime done by an employment contract freely negotiated.

Tax Incentives

On 2 January 2012, the President of Gabon promulgated Decree No.0001 on the Finance Law for 2012, that provides the following tax incentives:

- Companies in the cement production sector will enjoy a seven-year period of exemption from CIT; reduction of the WHT rate from the standard 15% rate to 10% on distribution of dividends and interest payments; full deduction of interest incurred for business purposes; a seven-year period of exemption from VAT on certain operating expenses; and possible refunds of input VAT on equipment used for business purposes.
- Benefits for companies engaged in the wood industry include a five-year period of exemption from CIT and from the minimum lump sum tax; a five-year period of exemption from WHT on distribution of dividends

and interest payments; application of the declining balance depreciation method for certain equipment; and creation of a special renewal reserve for certain equipment.

- In addition, the Law applies a reduced 5% customs duty rate on imports of personal computers, and a registration duty of 1% on the contribution in kind upon a company's formation or increase of share capital.
- The Law also requires that oil subcontractors keep their local accounts under the OHADA Simplified Accounting Standards.

The Finance Law for 2013 provides the following incentives:

- Enterprises operating a hotel business in the tourism sector, that realise a new minimum investment of XAF300 million (taxes excluded), are exempted from CIT during the first three years of activity.
- Concerning the investments in the tourism sector below XAF300 million (authorised by the ministries in charge of tourism and finance), the CIT is reduced within the limit of this tax by the tax credit corresponding to 50% of the amount of the investment (taxes excluded), during a five-year period.
- Enterprises operating in the tourism sector (as defined under the Order No.02/2002 dated 12 February 2002), are exempted from the CIT/PIT during the first five years of activity following the end of the construction period of the project. After the period of total exemption, only half of the taxable profit is subject to CIT/PIT.
- Companies newly incorporated are exempted from the minimum corporate tax during the first two tax years, irrespective of their sector of activity.
- The Law requires that oil subcontractors benefiting from the simplified tax regime, exclusively operate within the framework of petroleum operations. The option for the simplified tax regime is not revocable during a two-year period renewable once, without exceeding a total period of four years.

Exchange Controls

Inward direct investment requires prior declaration when the investment exceeds XAF100 million. “Inward direct investment” means the participation up to 10% of the share capital of a company (below 10% participation to the share capital of a company assimilated to a loan). Loans obtained by Gabonese

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companies from a foreign company, also require prior authorisation when the amount exceeds XAF100 million. The reinvestment of undistributed profits is not subject to prior declaration. Transfers outside the CEMAC Zone require prior declaration, except those below XAF1 million.

The transfers must be made through banks authorised by the Central Bank to act as intermediaries. An import licence permitting the importation of merchandise, also constitutes an authorisation to pay the relevant invoice.

Expatriates and Work Permits

Both a visa and a work permit are required by anyone entering Gabon with the intention to work.

Business Visa

If entering Gabon to work for a period of less than 90 days, it is possible to enter the country on a simple business visa, which is available from the nearest Gabonese Embassy in the applicant's country of residence. This process takes approximately five working days. Costs depend on the country of residence's embassy.

Work/Resident Permit

There are three stages to the work/resident permit application:

Work Authorisation Application

An application for "work authorisation" must be sent to the Gabonese Ministry of Labour and Employment before entering the country. This process takes approximately one month, costing XAF250 000.

Entry Authorisation Application

Once "work authorisation" is received, the applicant must apply to the *Direction Générale à la Documentation et l'Immigration* (DGDI) in order to obtain "entry authorisation". This process takes approximately 10 working days, costing XAF45 000.

Residence Permit Application

If the applicant is planning on staying in Gabon for a period in excess of 90 days, a residence permit is also required. Applications must be sent to the DGDI. This process takes two days. Costs depend on the nationality of the individual concerned.

Expatriate employees staying in Gabon for more than three months, and their Gabonese employer, have to contribute to the CNSS and CNAMGS.

Trade Relations

- Memberships – UA, OHADA, CEMAC, UDEAC, UMAC, OCAM.
- Tax treaties – CEMAC, OCAM, Belgium, France and Canada.

Interest and Currency Exchange Rates

Lending Interest Rate
18.08% (10-year average) (source: The Global Economy)
Currency: CFA Franc (XAF) which is linked to the euro (€) at a fixed exchange rate
R1 = 46.248 XAF (December 2014) (source: Oanda)
US\$1 = 531.981 XAF (December 2014) (source: Oanda)
US\$1 = 490.973 XAF (2014 average) (source: Oanda)

Key Economic Statistics

GDP (approx.)
US\$20.675 billion (2014 estimate) (source: IMF)
US\$21.724 billion (2015 forecast) (source: IMF)
Market Capitalisation
Not available.
Rate of Inflation
0.480% (2013 average) (source: IMF)
4.735% (2014 average) (source: IMF)
1.701% (December 2014) (source: IMF)