Gabon

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Libreville **GMT +1**

FFA Juridique et Fiscal member of EY
Immeuble BDM
Boulevard du Bord de Mer
B.P. 1013
Libreville
Gabon

+241 01-74-32-17, +241 01-76-20-67
+241 01-74-33-29
Fax: +241 01-72-64-94

Business Tax Advisory

Nicolas Chevrinais
+241 01-74-21-68
Mobile: +241 05-30-10-03
Email: nicolas.chevrinais@ga.ey.com

A. At a glance

Corporate Income Tax Rate (%)	25/30/35 (a)(b)
Capital Gains Tax Rate (%)	25/30/35 (c)
Withholding Tax (%)	
Dividends	10/15/20 (d)
Interest	10 (e)
Royalties from Patents, Know-how, etc.	10 (f)
Payments for Services	10 (g)
Branch Remittance Tax	10 (h)
Net Operating Losses (Years)	
Carryback	0
Carryforward	3

(a) The minimum tax is 1% of turnover (unless exempt). See Section B for details.
(b) Oil companies' subcontractors with a permanent establishment in Gabon are subject to tax on taxable turnover. The tax rate for these subcontractors is currently 8.68% (see Section D).
(c) In certain circumstances, the tax is deferred (see Section B).
(d) The rate is 10% if the parent-subsidiary regime applies. The 15% rate applies to resident and nonresident legal entities. The 20% rate applies to payments made to resident and nonresident individuals.
(e) This 10% rate applies to interest paid to resident and nonresident individuals and nonresident legal entities, excluding interest on bonds.
(f) This withholding tax applies to payments to nonresidents.
(g) This withholding tax applies to payments made by resident companies to nonresidents for services, including professional services, rendered or used in Gabon.
(h) This tax applies if the profits are remitted to the head office.

B. Taxes on corporate income and gains

Corporate income tax. Gabonese companies are taxed on the territoriality principle. As a result, Gabonese companies carrying on a trade or business outside Gabon are not taxed in Gabon on the related profits. Gabonese companies are those registered in Gabon, regardless of the nationality of the shareholders or where the companies are managed and controlled. Foreign companies with activities in Gabon are subject to Gabonese corporate tax on Gabonese-source profits.

Tax rates. Under the 2013 Financial Act, the standard corporate income tax rate is reduced to 30%. However, oil and mining companies are still subject to tax at a rate of 35%. The reduced corporate tax rate of 25% applies to a limited number of companies. The minimum corporate tax payable is 1% of annual turnover, but not less than XAF1 million. The base for the calculation of the minimum corporate tax is the global turnover realized during the tax year. An exemption from the minimum corporate tax applies to the following companies:
- Companies exempt from corporate income tax, as provided in the general tax code
- New businesses
- Newly incorporated companies or legal entities, for their first two years, regardless of their activities

Capital gains. Capital gains are taxed at the regular corporate rate. The tax, however, can be deferred if all of the proceeds are used to acquire new fixed assets in Gabon within three years or in the event of a merger.

Administration. The tax year is the calendar year. Tax returns must be filed by 30 April.

Companies must pay the corporate tax (or the minimum tax) in two installments, which are due on 30 November and 30 January. The first installment equals 25% of the preceding year's corporate tax. The second installment equals 33.33% of such tax. Companies must pay any balance of tax due by the due date for the tax return, which is 30 April.

Late payments are subject to a penalty of 10% for the first month and 3% for subsequent months.

Dividends. Dividends paid to resident and nonresident individuals are subject to a 20% withholding tax. Dividends paid to resident and nonresident legal entities are subject to a 15% withholding tax.

If the parent-subsidiary regime applies, dividends received by parent companies are subject to a 10% tax. The parent-subsidiary regime applies if the following conditions are satisfied:
- The shares owned by the parent company represent at least 25% of the capital of the subsidiary.
- Both the parent and subsidiary have their seat in a Central African Economic and Monetary Community (CEMAC) member country (Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea and Gabon).
- The holding company retains the shares registered in its own name for at least two years from the date of issuance of the shares.

Foreign tax relief. In general, foreign tax credits are not allowed; income subject to foreign tax that is not exempt from Gabonese tax under the territoriality principle is taxable net of the foreign tax. However, Gabon's tax treaties with Belgium, Canada and France provide a tax credit that corresponds to the withholding tax on dividends.

C. Determination of trading income

General. Taxable income is based on financial statements prepared according to generally accepted accounting principles and the rules contained in the general accounting chart of the Organization for the Harmonization of Business Law in Africa.

Business expenses are generally deductible unless specifically excluded by law. To be deductible, an expense must satisfy the following general conditions:

- It must be made in the direct interest of the company or linked to the normal management of the company.
- It must be real and justified.
- It must result in the diminution of the net assets of the company.
- It must be registered in the company books as an expense of the related fiscal year.
- It must not be expressly excluded from deductible expenses by law.
- It must not be considered as an abnormal transaction.

The following expenses are deductible, subject to the conditions mentioned above:

- Head office overhead and remuneration for certain services (studies and technical, financial or administrative assistance) paid to nonresidents. The deduction is limited to 10% of chargeable income before taking into account such expenses.
- Royalties from patents, brands, models or designs paid to a non-CEMAC corporation participating in the management of, or owning shares in, the Gabonese corporation.

The following expenses are not deductible:

- Rent expense for movable equipment paid to a shareholder holding, directly or indirectly, more than 10% of the capital
- A portion of interest paid to a shareholder in excess of the central bank annual rate plus two points and, if the shareholder is in charge of management, on the portion of the loan exceeding one-half of the capital stock
- Commissions and brokerage fees exceeding 5% of purchased imports
- Certain specific charges, penalties and corporate tax
- Most liberalities (payments that do not produce a compensatory benefit, such as excessive remuneration paid to a director), gifts and subsidies

Inventories. Inventories are normally valued at cost or market value. Cost must be determined on a weighted-average cost price method. A first-in, first-out (FIFO) basis is also generally acceptable.

Provisions. In determining accounting profit, companies must establish certain provisions, such as a provision for a risk of loss or for certain expenses. These provisions are normally deductible for tax purposes if they provide for clearly specified losses or expenses that are probably going to occur and if they appear in the financial statements and in a specific statement in the tax return.

Capital allowances. Land and intangible assets, such as goodwill, are not depreciable for tax purposes. Other fixed assets may be depreciated using the straight-line method at rates specified by the tax law. The following are some of the applicable straight-line rates.

Asset	Rate (%)
Buildings	8 to 20
Plant and machinery and transport equipment	8 to 33.3
Office equipment	15 to 20

An accelerated depreciation method may be used for certain fixed assets, subject to the approval of the tax authorities.

Relief for tax losses. Losses may be carried forward three years; losses attributable to depreciation may be carried forward indefinitely. Losses may not be carried back.

Groups of companies. Gabonese law does not allow the filing of consolidated tax returns. Tax rules applicable to groups of companies are discussed below.

Corporate income tax. Costs incurred within a group are deductible for tax purposes. These costs include assistance fees, interest on partner current accounts and rentals of goods within the group.

Capital gains derived from intragroup operations are taxable at a reduced rate of 20% instead of a rate of 30%, unless they are subject to other favorable exemption regimes.

Tax on Income from Movable Capital. Gabonese-source income from movable capital (for example, dividends) paid to companies of the same group are exempt from the Tax on Income from Movable Capital (Impôt sur le Revenu des Capitaux Mobiliers, or IRCM). This income is normally taxable at a rate of 15% (or 10% if the company is located in the CEMAC area).

A reduced rate of 10% applies if the income is paid to a partner who is an individual or legal entity.

Subject to conditions, a tax credit in Gabon may be granted even for tax paid to countries that have not entered into a tax treaty with Gabon.

D. Other significant taxes

The following table summarizes other significant taxes.

Nature of tax	Rate (%)
Business activity tax (*license*); calculated based on the nature of the business, the value of equipment and the number of employees	Various
Special tax on subcontractors of petroleum companies; a global tax including a contractual payment amount, income tax and payroll tax; on taxable turnover	8.68
Registration duties, on transfers of real property or businesses	4 to 8
Social security contributions, on an employee's gross salary; limited to XAF1,500,000 a month	
Employer	20.1
Employee	2.5

Nature of tax	Rate (%)
Value-added tax (VAT); imposed on corporations realizing annual turnover in excess of XAF60 million from general business activities and on corporations realizing annual turnover in excess of XAF500 million from forestry development activities	
Standard rate	18
Reduced rate, on certain items such as sugar	10
Reduced rate on sales of cement and the rendering of services related to cement	5
Exports and international transport	0
Withholding tax on local service providers that are not subject to VAT; tax based on the total amount of the invoice	9.5

E. Foreign-exchange controls

The CEMAC Act, dated 29 April 2000, provides exchange-control regulations, which apply to financial transfers outside the franc zone, which is a monetary zone including France and its former overseas colonies.

F. Treaty withholding tax rates

Gabon has signed a multilateral tax treaty with the CEMAC members, which were formerly members of the Central African Economic and Customs Union (UDEAC). Gabon has also entered into the African and Mauritian Common Organization (OCAM) multilateral tax treaty, as well as tax treaties with Belgium, Canada and France. The withholding rates under these multilateral treaties and the treaties with Belgium, Canada and France are listed in the following table.

	Dividends %	Interest %	Royalties %
Belgium	15	15	10
Benin	15	15	– (a)
Cameroon	15	15	– (a)
Canada	15	10	10 (a)
Central African Republic	15	15	– (a)
Chad	15	15	– (a)
Congo (b)	15	15	– (a)
Côte d'Ivoire	15	15	– (a)
Equatorial Guinea	15	15	– (a)
France	15	10	10
Senegal	15	15	– (a)
Togo	15	15	– (a)
Non-treaty countries	15	10 (c)	10

(a) Withholding tax is not imposed, but the income is subject to tax in the state of the recipient.

(b) Congo and Gabon have signed both the CEMAC (UDEAC) and OCAM treaties. The withholding rates are the same under each treaty.

(c) See footnote (e) to Section A.