Mauritania

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A. At a glance

Corporate Income Tax Rate (%)	25 (a)
Capital Gains Tax Rate (%)	25 (b)
Branch Tax Rate (%)	25 (a)
Withholding Tax (%)	
Dividends	10
Interest	10
Royalties from Patents, Know-how, etc.	3 (c)
Directors' Fees	10
Payments for Services	3 (c)
Branch Remittance Tax	10 (d)
Net Operating Losses (Years)	
Carryback	0
Carryforward	5

(a) The minimum tax is 2.5% of annual turnover. However, the tax may not be less than MRO750,000.
(b) The tax may be deferred (see Section B).
(c) Applicable to payments by residents to nonresidents. A tax treaty may reduce the rate applicable to nonresidents.
(d) See Section B.

B. Taxes on corporate income and gains

Corporate income tax. Mauritanian companies are taxed on the territoriality principle. As a result, Mauritanian companies carrying on a trade or business outside Mauritania are not taxed in Mauritania on the related profits. Foreign companies with activities in Mauritania are subject to Mauritanian corporate tax on Mauritanian-source profits only.

Tax rates. The regular corporate income tax rate is 25%. The minimum tax (Impôt Minimum Forfaitaire, or IMF) is 2.5% of turnover. However, the tax may not be less than MRO750,000.

Profits realized in Mauritania by branches of foreign companies are deemed to be distributed and, consequently, are subject to a branch withholding tax of 10% on after-tax income.

The new investment code provides only for one preferential tax regime, which is available to companies producing goods or services for export exclusively and companies working exclusively for them.

Recently, a simplified regime of taxation (RSI) for foreign companies that carry out activities in Mauritania with a duration of less than six months was introduced. Companies that benefit from this tax regime are subject to a withholding tax of 15% on their Mauritanian-source revenue and are exempt from all other taxes.

Capital gains. Capital gains are taxed at the regular corporate income tax rate. However, the tax may be deferred if the proceeds are used to acquire new fixed assets in Mauritania in the following three fiscal years.

Administration. The fiscal year is the calendar year. Tax returns must be filed by 31 March of the year following the fiscal year.

Companies must pay the IMF (see *Tax rates*) in two equal installments, which are due on 31 March and 30 June of the year following the tax year. Companies must pay any balance of tax due by 30 April.

Dividends. Dividends are subject to a 10% withholding tax, which may be a deductible expense if the recipient is subject to corporate income tax.

Foreign tax relief. Foreign tax credits are not allowed. Income subject to foreign tax that is not exempt from Mauritanian tax under the territoriality principle is taxable net of the foreign tax.

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 National General Accounting Plan.

Business expenses are generally deductible unless specifically excluded by law. The following expenses are not deductible:

- Interest paid on loans from shareholders to the extent that the rate exceeds the current rate of the central bank and all of the interest on shareholder loans if the capital of the company is not fully paid
- Corporate income tax and IMF (see Section B)
- Certain specified charges
- Taxes, penalties, gifts and most liberalities (payments exceeding 0.5% of trading income that do not produce a compensatory benefit)

Inventories. Inventory is normally valued at the lower of cost or market value.

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 maximum rates specified by the tax law. The following are some of the applicable straight-line rates.

Asset	Rate (%)
Commercial buildings	4
Industrial buildings	5
Office equipment	10
Motor vehicles	25
Plant and machinery	20

Certain industrial assets may be depreciated using the declining-balance method. The Mauritanian tax law does not allow accelerated depreciation methods.

Relief for tax losses. Losses may be carried forward for five years. Losses may not be carried back.

Groups of companies. Fiscal integration of Mauritanian companies equivalent to a consolidated filing position is not allowed.

D. Other significant taxes

The following table summarizes other significant taxes.

Nature of tax	Rate (%)
Value-added tax, on sales of goods and services, and on imports and exports	
Standard rate	14
Business activity tax (*patente*); calculated based on the turnover of the business	Various
Registration duties, on transfers of real property or businesses	0.25 to 15
Social security contributions, on an employee's annual gross salary up to MRO840,000; paid by	
Employer	15
Employee	1

E. Foreign-exchange controls

The Mauritanian currency is the ouguiya (MRO).

Exchange-control regulations exist in Mauritania for foreign financial transactions.

F. Tax treaties

Mauritania has entered into double tax treaties with France, the Maghreb Arab Union, Senegal and Tunisia.