

South Sudan

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A. At a glance

Corporate Income Tax Rate (%)	10/15/20 (a)
Capital Gains Tax Rate (%)	10/15/20 (a)(b)
Branch Tax Rate (%)	10/15/20 (a)(c)
Withholding Tax (%)	
Dividends	10 (e)
Interest	10 (d)(e)
Royalties	10 (d)
Rent	10 (d)
Branch Remittance Tax	0
Net Operating Losses (Years)	
Carryback	0
Carryforward	5

- (a) For details regarding these rates, see Section B.
(b) Capital gains are recognized as business income, while capital losses are recognized as business losses.
(c) The taxation of a branch is similar to that of a company or subsidiary.
(d) This withholding tax applies to payments to both residents and nonresidents.
(e) This is considered to be a final tax.

B. Taxes on corporate income and gains

Corporate income tax. Business organizations pay South Sudan corporate income (business profits) tax. Business organizations are organizations that are required to be registered under the provisions of the Taxation Act except for insurance companies and individuals.

A resident taxpayer is a company, partnership or other entity that is established in South Sudan or that has its place of effective management in South Sudan. Taxable profit for a resident taxpayer is the taxable profit from South Sudan and foreign sources.

Corporate tax rates. The corporate income tax rates range from 10% to 20%, depending on the level of turnover. The following are the rates for resident and nonresident companies.

Type of business	Annual turnover (USD)*	Tax rate (%)
Small business enterprises	Up to 316,456	10
Medium business enterprises	From 316,456 to 23,734,177	15
Large business enterprises	Above 23,734,177	20

* The exchange rate for the South Sudanese pound (SSP) against the US dollar (USD) is SSP3.16 = USD1.

To encourage industrial growth and attract foreign investment, certain incentives are available to certified investors under the Investment Promotion Act of 2009.

Capital gains. Capital gains are recognized as business income, while capital losses are recognized as business losses.

Administration. The tax period is the calendar year. A company must notify the Directorate of Taxation if its financial accounting year is not the calendar year.

A company must make payments for each quarter by 15 April, 15 July, 15 October and 15 January. The months of payment may be adjusted if the financial year is not the calendar year. The payments are estimated on a current-year basis. The tax balance, if any, must be paid by 1 April of the following year or an equivalent date if the financial year is not the calendar year.

A company must file the tax return on or before 1 April of the year following the tax year or the equivalent date if the financial year is not the calendar year.

Late filing of a return results in a penalty of 5% of the tax reportable on the return per month, up to a maximum of 25% of the tax reportable. Late payment of tax results in a penalty of 5% per month until the tax is paid. The interest rate payable on late payment of tax is published annually by the Directorate of Taxation and is 120% of the prime commercial rate (this is the average rate that commercial banks in South Sudan charge other banks and financial institutions).

Dividends and interest. A 10% withholding tax is imposed on payments of dividends and interest. This tax is deemed to be a final payment of tax.

Foreign tax relief. Tax paid by resident taxpayers that derive profits from business activities outside South Sudan through permanent establishments is allowed as a foreign tax credit if the jurisdiction (country) in which the permanent establishment is located allows similar treatment for tax paid in South Sudan.

Relief for foreign taxes paid will also be granted in accordance with tax treaties with other countries. However, South Sudan has not yet signed any tax treaties.

C. Determination of business profits

General. Business profit is accounting income adjusted for certain non-taxable income and nondeductible expenses, such as depreciation. Expenses are deductible if incurred wholly and exclusively in the production of income.

Representation costs are all costs related to the promotion of the business or its products. These are allowed as deductible expenses, up to a maximum of 2% of gross income.

Inventories. The normal accounting basis of the lower of cost or net realizable value is generally accepted for tax purposes.

Bad debts. Bad debts are allowable deductions if they meet the stipulated conditions contained in the Taxation Act.

Tax depreciation. Depreciation charged in the financial statements is not deductible for tax purposes. It is replaced by the following tax depreciation allowances.

Asset class	Description	Rate (%)	Method
Category 1	Buildings and other structures	10	Straight line (a)
Category 2	Vehicles, office equipment and computers	33	Reducing balance (b)
Category 3	All other property	25	Reducing balance (b)

(a) The initial cost for buildings and other structures includes taxes, duties and interest attributable to the property before they are placed in service.

(b) Expenditure on property in Categories 2 and 3 of less than SSP1,000 is allowed as a current expense.

Amounts expended on repair, maintenance or improvement of a category of capital assets are allowed as deductions, up to a maximum of 5% of the written-down value of that category of capital assets.

Relief for losses. Business losses can be carried forward for up to five successive tax periods and may be claimed as a deduction against any income in those years.

Groups of companies. The income tax law does not permit consolidated returns combining the profits and losses of affiliated companies or the transfer of losses from loss companies to profitable members of the same group of companies.

D. Other significant taxes

The following table summarizes other significant taxes.

Nature of tax	Rate (%)
Sales tax; on the production and importation of goods into South Sudan and on the supply of specified services	
General rate	5
Austerity rate (applicable to periods in which no oil is produced)	15
Social security scheme	8/17
(The country has not yet set up a national social security scheme. However, deductions of 8% from wages and employer contributions of 17% of wages are required.)	

E. Miscellaneous matters

Foreign-exchange controls. The Bank of South Sudan imposes certain foreign-exchange controls.

Transfer pricing. The arm's-length price should be determined under the comparable uncontrollable price method. If this is not possible, the resale-price method or the cost-plus method can be used.

Debt-to-equity rules. No debt-to-equity ratio restrictions are imposed.

F. Tax treaties

South Sudan has not yet signed double tax treaties with other countries.