



# PRESENTATION FINANCE LAW 2022 (CÔTE D'IVOIRE)

**Nadia HAMILTON**  
Tax & Legal Partner

# summary

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# Introduction

Finance Law n°2021-899 of 21 December 2021 on the State budget for the year 2022

Published in the Official Gazette of 28 December 2021,

Effectively available on 31 December 2021.

Came into effect on 04 January 2022.

bringing the State budget for the year 2022 to FCFA 9,901,072,348,791.

## Composition of the law

The Finance Law 2022 contains 26 categories of measures set out by the Government, namely :



Reinforcement of the mobilization of the State's tax revenues (8 articles)



Measures to support the economy and employment (8 articles)



Technical measures and rationalization of the tax system (4 articles)



Other measures (5 articles)



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## Reinforcement of the mobilization of the state's tax revenues



### 1.1. Adjustment of provisions relating to excise duties (article 5)

In its process of improving the compliance with ECOWAS and WAEMU community provisions, the Government has decided to **raise the rate of excise duty**

from 39% to **40%** on tobacco products, and to apply this rate to electronic cigarettes, pipes and their parts, preparations for pipes, shisha and electronic cigarette products and devices.

Furthermore, it is decided to **reduce** the rate of excise duty from 50% to **15%** on cosmetic products containing hydroquinone.



## 1.2. Adjustment of tax provisions relating to intra-group transactions (article 6)

Subject to the provisions of international conventions, Ivorian companies that pay remuneration to non-resident service providers are required to **withhold tax at source** on the amount of the remuneration (Art. 92 of the CGI) and/or to apply VAT on behalf of third parties (Art. 442 of the CGI) on **amounts entered in an expense account or credited to a third-party account that remain unpaid after a period of two (2) years.**

In addition, the amounts booked must **appear on the statement of intra-group transactions (ETII)**, as well as the **description of the method used by the company to determine its transfer prices**, otherwise the tax return could be rejected.

## 1.3. Adjustment of the taxation on certain agricultural products (article 12)

In order not to complicate taxation in the rubber sector, it is proposed to replace the levy on specified granulated rubber and the levy on the profits of rubber producers with a **single rubber export tax on exporters of specified granulated rubber and cup bottoms at a rate of 1.5% of the reference price of dry rubber on the international market.**





In addition, a withholding tax on industrial and commercial profits payable by exporters of raw cashew nuts is introduced at the rate of 5 Francs per kilogram of product exported.

#### **1.4. Introduction of a tax on games of chance (Article 17)**

In order to subject the proceeds of gambling to effective taxation, a tax of 5% on the net proceeds of sales, commissions and brokerage transactions relating to gambling is provided for.

#### **1.5. Amendment of the provisions of the General Tax Code relating to forestry taxes (article 19)**

In order to reduce the tax burden of forestry sector companies under the normal tax regime and to capture sales of logs in classified forests, it is proposed to abolish the tax on sales of standing timber and to extend the scope of the tax on sales of logs (rate of 5%) to sales of wood species from classified forests, logging areas or other forest concessions intended for local sawmills.

#### **1.6. Adjustment of the special tax on certain plastic products (article 21)**

In the framework of the fight against insalubrity and the protection of the environment, it is decided to extend the special tax on certain plastic products, at the rate of 50 Francs per kilogram, to all plastic packaging put on the market by importers and local industries.

#### **1.7. Adjustment of the allocation of the proceeds of**

### **the special tax on motor vehicles and the transport tax (article 22)**

It is proposed to allocate to the Greater Abidjan Urban Mobility Authority (AMUGA) and the Domestic Transport Regulatory Authority (ARTI), a share of the proceeds of certain taxes related to transport.

### **1.8. Introduction of the tax regime for closed-end investment companies (article 23)**

A certain number of tax exemptions are provided to encourage the creation of closed-end investment companies, as provided for within the WAEMU, as follows:

- exemption from BIC tax for a period of fifteen (15) years from the date of creation of the company (under certain conditions);
- exemption from IRVM tax for a period of fifteen (15) years from the date of creation of the company;
- exemption from registration

duty in case of increase, reduction of capital or dissolution of companies;

- exemption under certain conditions of capital gains from the sale of securities;





## Nadia HAMILTON Tax & Legal Partner

If you have any questions, please  
do not hesitate to contact us:

[contact@mhconsultingafrica.com](mailto:contact@mhconsultingafrica.com)  
[www.mhconsultingafrica.com](http://www.mhconsultingafrica.com)

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Immeuble Palazzo Posillipo  
Cocody Danga





**2**

**Measures to support  
the economy and  
employment**



### **2.1. Strengthening the tax incentive scheme for innovation in patents and manufacturing processes (article 3)**

The tax credit rate for the acquisition of new patents and manufacturing processes for small and medium-sized enterprises will be increased from 20% to 30%.

### **2.2. Amendment of the duty on turnover of veterinary surgeries for the business licence tax (article 13)**

In order to encourage the establishment of veterinary practices in rural areas, it has been decided that only the duty on the rental value of the veterinary practice will be taken into account for the purposes of the business licence tax calculations.

Furthermore, the duty on the turnover of the main veterinary practice is determined based on the total turnover of the practice.

### **2.3. Extension of the validity period of the tax system certificate for income tax instalments in the informal sector (article 14)**

In order to obtain the tax system certificate of customers and suppliers to prove exemption from withholding tax on income from the informal sector (AIRSI), it is proposed to extend from one (1) year to three (3) years the period of validity of the tax system certificates issued by the Directorate General of Taxes.

However, the issuance of this certificate must take into account the situation of the taxpayer concerned at the time of the request.

### **2.4. Tax measures in favour of micro insurance (article 15)**

In order to enable disadvantaged populations to protect themselves against certain life risks, it is proposed to support microinsurance operations by :

- Reducing by 50% the rates of the tax on insurance contracts applicable to microinsurance contracts;
- Reducing from CFAF 18,000 to CFAF 5,000, the fixed registration fee on microinsurance agreements;

- Applying the 5% rate of the tax on banking operations applicable to bank agios of credits granted to small and medium-sized enterprises for the needs of their activities.

### **2.5. Amendment of the provisions on property taxation(article 16)**

It is proposed that the property tax declarations of companies and legal entities under the jurisdiction of the Regional Tax Directorates be moved from 15 February to 15 January.

In the event of a real estate transfer, the tax is now due only by the transferee and the notary, who are obliged



to file the information on the transferred property with the competent real estate tax office.

Moreover, in the framework of the tax on the landed heritage of non-built properties, the bounded land granted or allocated without being taxed for three (3) years can no longer be exempted from taxation in the hands of a new purchaser.

Finally, the rate of the tax on landed property applicable to unfinished constructions and registered in the balance sheet of companies is reduced from 15% to 10%.

## **2.6. Introduction of a tax on audiovisual communication (Article 20)**

It is proposed to introduce a special tax called "tax on audiovisual communication" on advertising messages of non-resident companies broadcast in Côte d'Ivoire at the rate of 20,000 francs per hour or fraction of an hour of advertising broadcast. This tax is paid by the broadcaster in Côte d'Ivoire of these advertising messages, regardless of the means of broadcasting.

## **2.7. Introduction of a reporting obligation for the minutes of general meetings (Article 24)**

In order to ensure that the minutes of general meetings.

In order to ensure that the minutes of the general meetings which, inter alia, decide on the allocation of the profit, are recorded, companies are obliged to declare all minutes of general meetings.

## **2.8. Amendment of the provisions of the General Tax Code relating to training, apprenticeship and employment (Article 2)**

It is proposed to extend the tax credit granted in the

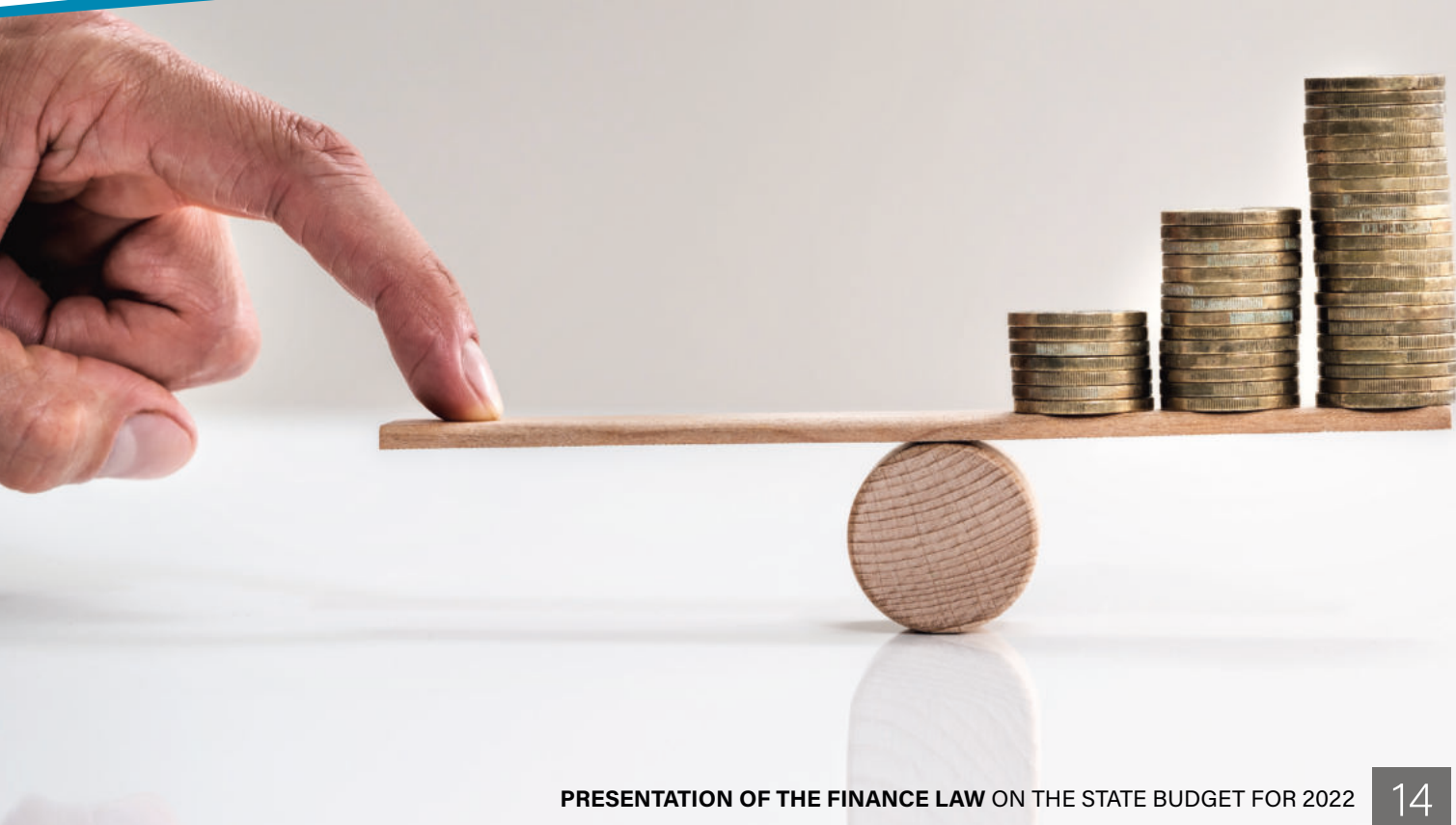


context of apprenticeship contracts to companies that conclude a training or work experience contract with individuals.

Furthermore, in order to make the conditions for granting the tax credit for job creation granted to companies more flexible, it is proposed to limit the

documents to be produced :

- to the declaration of newly hired employees to the National Social Security Fund (CNPS) by the employer;
- the medical certificate which must be issued by an occupational physician.





**3**

## **Technical and rationalisation measures**



### **3.1. Adjustment of the provisions relating to the reform of the taxation of small and medium- sized enterprises (Article 1)**

Following the reform of the tax regimes carried out in

the 2021 Finance Act, a number of inconsistencies and unequal treatment between tax regimes have been identified. To address this, it is proposed to:

- to reduce from 7% to 6%, the common law rate provided for the determination of the tax of microenterprises and to grant them the possibility of being monitored by a chartered accountant's



office registered with the Order of Chartered Accountants (Ordre des Experts- Comptables).

Thus, for members of approved management centres and those whose accounting services are provided by chartered accountants who have signed an agreement with the General Tax Directorate, the rate is reduced to 4% instead of 5%.

As a result, the minimum cumulative tax for the simplified regime and normal regime systems will be reduced from CFAF 10,000,000 to CFAF 8,000,000 and from CFAF 12,000,000 to CFAF 9,600,000 respectively;

,● to grant taxpayers subject to the microenterprise regime the possibility of opting for the production of financial statements according to the normal system as regards those formerly subject to the normal tax regimes which are reclassified to the state tax of the entrepreneur or to the microenterprise regime following the reform ;

● to grant taxpayers under the microenterprise regime the possibility of opting for their liability to tax on non-commercial profits tax;

● to set at 13.7% the share of the proceeds of the microenterprise tax to be allocated to local authorities and the Road Maintenance

Fund Road Maintenance Fund;

● to grant taxpayers benefiting from tax benefits under the General Tax Code or the Investment Code before the entry into force of the 2021 Finance law and reclassified in a flat- rate system, the possibility of opting for the simplified taxation regime in order to exhaust the benefits they enjoyed before the reform of the taxation of small and medium- sized enterprises;

### **3.2. Amendment of the provisions of the General Tax Code relating to value added tax (Article 8)**

It is proposed to extend the assimilation to exports to the operations of shipping agents and consignees.

In addition, in order to ensure the prompt and efficient processing of applications for VAT credit refunds, it is proposed to reduce from three (3) years to two (2) years the period required to make a request for a VAT credit refund.

### **3.3. Adjustment of the provisions relating to the declaration of regularisation of taxes on salaries and wages (Article 11)**

It appeared necessary to set the deadline for filing the Income Tax regularisation declaration (Article 132) as follows:

- For companies under the Directorate of Large Enterprises and the Directorate of Medium Enterprises:
  - no later than 10 February, for industrial enterprises and

oil and mining enterprises;

- no later than 15 February, for commercial enterprises;
- no later than 20 February, for service-providing companies.

- For enterprises under the jurisdiction of the tax centres, no later than 15 February.

### **3.4. Amendment of the provisions of the book of tax procedures relating to tax audits and tax litigation (Article 18)**

It appeared necessary to



standardize the time limits for confirming tax adjustments by setting them at three (3) months for document-based and on-site audits, with the exception of spot checks.

Furthermore, following the decentralisation of the management of tax disputes, it appeared appropriate to give the possibility to taxpayers whose claims are totally or partially rejected by the central or regional directors, to bring their claims before the Director General of Taxes within a maximum period of thirty (30) days.



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**Other measures**





#### **4.1. Rationalisation of various tax exemptions (Article 4)**

With a view to pursuing the policy of broadening the tax base, in particular by gradually reducing the number of tax exemptions and tax rate adjustments, it is proposed to eliminate :

- the five (5) year exemption provided for in terms of tax on industrial and commercial profits for the benefit of agricultural enterprises covered by the provisions of Article 12 bis of the General Tax Code.

However, it is specified that eligible companies already created continue to benefit from the advantages provided for by the Investment Code and by Order No. 2019-587 of 03 July 2019;

- the exemption from tax on industrial and commercial profits provided for consumer cooperative societies;
- the exemption from the

business licence tax provided for by paragraph 29 of Article 280 of the General Tax Code as well as the condition related to the issuance of a ministerial order for the implementation of this tax (article 36) for the benefit of small and medium-sized enterprises; ☒ the exemption provided for by Article 217 of the General Tax Code in respect of income tax on movable capital.

With regard to the exemption of mining companies in terms of patents, it is proposed to delete point 7 of Article 280 of the General Tax Code by providing for the replacement of the provisions of Article 169-d)

of the Mining Code by those provided for by Regulation No. 18/2003/CM/UEMOA adopting the WAEMU Community Mining Code. Finally, it is proposed to :

- limit the VAT exemption provided for by Article 355-23 of the General Tax Code for mining and oil companies to match only the exemptions applicable by these sector Codes,
- to adjust accordingly the provisions of Article 383 bis of the said Code relating to the single annual attestation procedure.

#### **4.2. Clarification on the VAT liability of online sales and digital services platforms (Article 7)**

It is proposed that, with regard to VAT, for online sales and digital services falling within the scope of the said tax:

- to provide for a simplified procedure for remote tax registration, as well as a simplified procedure for remote declaration and payment of the VAT due, for operators of online sales platforms or digital services, with no business premises on Ivorian territory;
- to provide for a specific system of sanctions for operators of digital platforms not established in Côte d'Ivoire, by suspending the access to their platform in the event of non-compliance with the

obligation to register for remote taxation or the obligation to pay taxes;

- to expressly specify the territoriality rules applicable to VAT, namely:

- For services rendered by operators of online service platforms, at the place of residence of the beneficiary of the service;

- For commissions received by operators of online sales platforms or digital services in respect of sales or services in the territory of Côte d'Ivoire, once the operator of the digital platform, the seller of the goods or the buyer, the supplier of the service or the user, are in the territory of

Côte d'Ivoire, at the time of the sale of the goods or the performance of the online service:

#### **4.3. Adjustment of the simplified tax regime for oil service providers (Article 9)**

Following the relevant stipulations of the transactional agreement signed on 17 December 2020 between the General Tax Directorate and oil service providers, it is proposed to specify that the above- mentioned single tax rates of 6% and 2.17% according to the phases of the activities, apply to the entire turnover excluding taxes made in Côte d'Ivoire.



#### **4.4. Amendment of the provisions of the general tax code relating to the reduction of tax on profits in the case of investment in Cote d'Ivoire (Article 10)**

It is decided to raise from 10,000,000 FCFA to FCFA100,000,000, the minimum amount of investment programs to be carried out in order to be eligible for the benefit of the provisions of Article 110 of the General Tax Code.

Furthermore, in order to combat money laundering and illicit capital flows, it is proposed to expressly exclude from the benefit of the provisions of Article 110, investment programs financed by bank loans or by any other means than the

reinvestment of actual profits.

Proof of the origin of the sums invested must be provided in support of the application for the benefit of these provisions.

#### **4.5. Amendment of the provisions on the tourist development tax (Article 25)**

It is proposed to include in the scope of the tourist development tax, taxpayers under the microenterprise taxpayers i.e., those whose turnover is between FCFA 50 000 000 and FCFA 200 000 000.





27 22 54 26 16



contact@mhconsultingafrica.com



Immeuble Palazzo Posillipo Cocody Danga



www.mhconsultingafrica.com

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