

Policies and tax benefits

Policies and tax benefits

1. Corporate taxation

1.1 Taxation systems and regimes

Equatorial Guinea has a territorial taxation system, with the main types of taxes including direct taxes on corporate and personal income, dividends and interest, value added taxes and property transfer taxes. Currently, Equatorial Guinea is experiencing economic hardship and declining fiscal revenues and tax incentives are basically not implemented.

1.2 Major taxes and rates

Corporate income tax: a corporate income tax rate of 35%.

Minimum corporate income tax: a minimum corporate income tax of 3% on turnover if the company is making a loss.

Withholding tax: 25% withholding tax on dividends paid to foreign companies

Value Added Tax (VAT): In 2008, Equatorial Guinea introduced a VAT system with a VAT rate of 15%; exports are exempt from VAT and individual products are subject to a VAT rate of 6%;

Royalties: 10% royalty is payable for foreign-owned enterprises;

Real estate tax: 100 CFA francs per hectare of land for real estate tax; urban real estate tax is 1% on the sum of 40% of the land's value and the value of the buildings on the land;

Property transfer tax: 3% transfer tax on the transfer of

movable property between nationals and foreigners and between foreigners; 5% tax on the transfer of real estate between nationals and 25% tax on the transfer of real estate between nationals and foreigners;

Petroleum and natural gas withholding tax: 10% for foreigners and 6.25% for nationals;

Personal income tax: a progressive system of personal income tax with a maximum rate of 35%.

Personal Capital Income Tax: Equatorial Guinea levies a 25% withholding tax on foreigners' income from shares, bonds, interest on deposits, sales of real estate;

Stamp duty: stamp duty ranging from 1-10%:

Inheritance tax: 10% on inheritance, 5% on gifts and 10% on life insurance;

Social security contributions: 21.5% of total wages paid monthly by the employer to the National Social Security Fund of Equatorial Guinea and 1% to the Work Protection Fund;

【Penalties】 A fine of 200,000 CFA francs per month shall be imposed for failure to pay tax on time until the tax is paid. In addition to the above penalties, a monthly interest tax of 10% on the taxable amount will be levied on failure to pay personal income tax on time.

2. Procedures for filing tax returns in Equatorial Guinea

2.1 Tax filing period

(1) Corporate income tax is due by April 30th of the following year.

(2) Taxes such as personal income tax are due by the 15th of each month. Social security contributions payable by individuals are deducted by the employing entity from the wages and salaries of individuals.

(3) VAT is payable from the end of each month until the 15th of the following month.

2.2 Tax filing channels

The company's financial officer or the accountant of a local accounting firm can do the tax filing with the tax authority on your behalf.

2.3 Tax filing procedures

Pick up the tax filing forms from the local tax authority, fill in the relevant forms and pay tax at the local tax authority.

2.4 Documents for tax filing

The documents required for filing tax returns include business licence, personal income tax certificate, staff payroll, VAT invoice for the previous month, social fund declaration form, employee payroll and completed declaration forms.

Source: People's Republic of China Ministry of Commerce "Country (region) guide for foreign investment co-operation

(Equatorial Guinea)”