

# Policies and tax benefits

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## In Sao Tome and Principe the main taxes are:

- Corporate Income Tax, whose application rate is 25%. Corporate Income Tax covered by the current investment regime is 10% (Decree-Law No. 19/2016 of 17 November).
- Personal income tax (Law no. 11/2009).

Tax Type	Incidences
Personal Income Taxes	Individuals
Corporate Income Taxes	Collective of people
Consumption Taxes	Individuals and Collectives

## Tax Incentives and Benefits

The government guarantees to investments that meet the eligibility requirements a regime of tax incentives in the form of exemptions, tax reductions, deductions from taxable income and tax due, accelerated amortizations and reintegration or investment tax credit, in accordance with the established tax benefits code.

Investments eligible under the Investment code benefit from:

Total exemption from payment of import duties on goods and equipment destined for launching new activities or expansion of any activity in progress.

Income tax benefits, that is, payment of a corporate income tax (CIT) rate of only 10%.

Accelerated amortization and reintegration – referring to investments made in tourism, education, health, new technologies, as well as the entire export-oriented sector.

Deduction from taxable income for the purpose of calculating the CIT up to a maximum limit of 50% of the amount invested in specialized equipment during the first five years from the date of commencement of activity.

Deduction from taxable income for the purpose of calculating the personal income tax up to a maximum limit of 50% of the amount invested in specialized equipment during the first five years from the date of commencement of activity.

The amount of investment costs on the professional training of Sao Tome workers will be deducted from the taxable income for the purpose of calculating the CIT.

## **Other Benefits:**

Stamp duty exemption – acts relating to the amendment of the Articles of Incorporation are exempt from stamp duties for the first five years, from the commencement of the operation.

Reduction in the transfer tax rate for ventures covered by the investment code benefit a total exemption of the transfer tax rate in the acquisition of the real estate.

## **Specific Benefits to Different Activity Sectors**

# **Agriculture, Livestock and Fisheries**

Income tax rates in the area of Agriculture, Livestock and Fisheries, carried out under the Investment code benefit from a 50% reduction in the CIT rate in the first 7 years of activity. At the end of the seven-year period, the new ventures covered by the sectors mentioned above will be entitled to a 25% reduction in taxable income, valid for a period of 2 years.

## **Hotel Tourism**

The reinvested capitals will benefit from a deduction of the taxable income of an amount equal to 30% of the value of the profits invested in the year until the fifth year following the investment, provided that these contribute to the creation of more than 20 job postings for a period of 7 years from the beginning of exploration.

## **Special Development Zone**

In order to attract development in free zones, new enterprises located in geographical areas considered as special development zones (District of Cantagalo, Lembá, Lobata, Caúe, as well as the Autonomous region of Principe and all others decided by the Council of Ministers) are considered to benefit from:

- Exemption from SISA;
- The capital that will be reinvested benefit from the same advantages as the initial venture;
- Expenses indispensable for carrying out Initial investments, provided that they are duly proven, are considered as tax costs for the determination of the CIT.

Source: [Trade and Investment Promotion Agency – STP Investor Guide 2018](#)