



SENEGAL

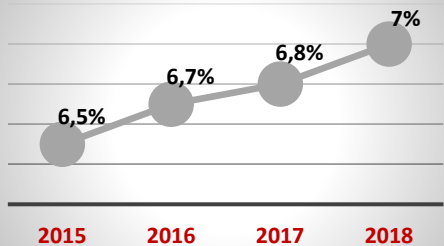


COUNTRY FACTSHEET – SENEGAL

Senegal is one of the top three fastest-growing economies in Africa. Its political transition in 2012 allowed it to reach one of the most impressive growth cycles of the last 40 years. Since 2015, its growth rate has accelerated to above 6% and has reached 7% in 2017. This cycle is supported by a will to free up the economy by implementing market – friendly reforms. Senegal is recognized as a competitive destination for investments in Africa, as it offers a stable political environment, a favorable geographic position and strong institutions with growing opportunities for foreign investment. Several international organizations, business and NGOs have chosen Dakar as their main base for operations across the West African region.

KEY FACTS

- Population: 15,4 million
- Demographic growth: 2,9%
- GDP per capita: \$958,07
- Life Expectancy: 67 years
- Literacy Rate: 49,7%
- Inflation: 0,8%
- Human development index (HDI) (over 188 countries): 162nd
- FDI (Net Inflows): \$ 393 Millions
- Current accounts: -7,1% to GDP
- Primary export: Hydrocarbons
- Last elections: 2017
- GDP Growth (%) :



INVESTMENT INCENTIVES

Senegal encourages investment from abroad, especially from developed countries. Tax incentives are automatically granted to investment projects meeting criteria defined by the law. The Investment Code also provides exemptions from income tax, other taxes, and duties.

TAX INCENTIVES KEY NUMBERS

Tax deductions are granted to enterprises that invest more than CFA100 million. The deduction rates are 40% of the investment’s value for the creation of a new business; and 30% of the investment’s value for the extension of an existing business. The deduction is capped at 50% of the taxable profits for enterprises created in Dakar and at 70% for enterprises created in other regions.

A 50% tax deduction from taxable income, is granted to enterprises that export more than 80% of their production or services. It results to a preferential corporate income tax of 15%.

Investments valued higher than CFA250 billion are entitled to particular advantages negotiated directly between the investor and the ministry in charge.

ATTRACTIVE INDUSTRIES

Senegal’s economy is driven by **mining, Construction, tourism, fisheries and**

Agriculture, which are the primary sources of employment in rural areas. The country’s key export industries include phosphate mining, fertilizer production, agricultural products and commercial fishing and it is also working on oil exploration projects.

TOP 5 COMPANIES

- SONATEL – SA
- SAR – SA (SOCIETE AFRICAINE DE RAFFINAGE)
- TOTAL SENEGAL
- SENELEC – SA
- ITOC – SA

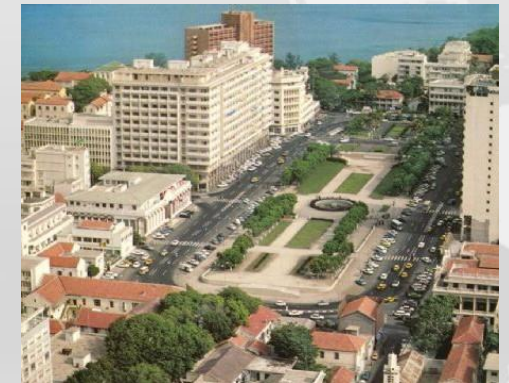
WORK PERMIT

To apply for a work permit, the employer must obtain an authorization from the labor director first a response will be given within 15 days. Prior to requesting an authorization, the employee must possess a resident permit.

DOCUMENTS REQUIRED FOR THE ISSUANCE OF A WORK PERMIT

A letter addressed to the Labor Director for its approval; Four copies of the application form issued by the Chamber of Commerce; a copy of the passport; a medical certificate; a copy of the police record; a copy of the work contract.

The completed application file must be sent to the Directorate of Labor and Social Security in Dakar.



INTEREST AND CURRENCY EXCHANGE

Monetary Policy Rate

‘R1’ Bank rate 4,5% (2016)
(source : Banque Centrale d’Afrique de l’Ouest)

Currency: Senegal belongs to the zone of the African financial community (CFA)

The CFA franc has a fixed exchange rate with the Euro (EUR 1= CFA 655.957) CFA Franc (XOF). It is used by eight independent states in West Africa: Benin, Burkina Faso, Ivory Coast, Guinea-Bissau, Mali, Niger, Senegal and Togo.

ZAR1 = XAF44,38 (JAN 2018) source: Oanda

USD1= XAF 527,654 (JAN2018) source: Oanda

EUR1 = CFA 655,957(JAN 2018) source: Oanda

CORPORATE TAXES

Corporate Tax

Rates The standard corporate tax rate in Senegal is 30%, with a 15% rate applying to companies with “Free Exporting Enterprise” status.

Withholding Taxes (WHTs)

For non-residents, the WHT is a final tax. Dividends paid to a non-resident company are subject to a 10% WHT, unless the rate is reduced under a tax treaty. Interest paid to a company, or individual, is subject to a 16% WHT, unless the rate is reduced under a tax treaty. The rate is 8% for interest on a bank or stockbroker account, and 20% on interest on cash vouchers.

Capital Gains Tax

Capital gains are treated as operating profits and included in the corporate income tax base.

Anti-avoidance

Senegal has integrated in the General Tax Code a regulation regarding transfer pricing. Tax authorities are entitled to reintegrate to the taxable profits of Senegal resident companies or branches of foreign companies the profits indirectly transferred to non-resident related companies. Two companies are considered related if:

- One of them has a direct or indirect minimum holding of 50% in the capital of the other or exercises de facto control over the other company; or
- A third party has a direct or indirect minimum holding of 50% in the capital of both companies or exercises de facto control over both companies. However, the related company requirement does not apply where the transaction involves companies incorporated in a low tax jurisdiction or in non-cooperative states or territories.

Value-Added Tax (VAT)

All economic activities are within the scope of VAT, including activities of independent professionals. The main exemptions relate to healthcare, education, banking, insurance and reinsurance, farming and transportation. Banking transactions are subject to the tax on financial transactions (Taxe sur les opérations financières). The standard single rate

in Senegal is 18%. Banking transactions are subject to 17% tax. This rate is reduced to 10% for services provided by approved accommodations, catering and tourist establishments.

Customs and Excise Duties

Senegal customs operate under the authority of the Ministry of Finance. Payment of taxes and duties are performed through a customs and excise bond. The customs and excise bond is handled by the Treasury.

Import Duties

Customs duty is levied on the customs value of imported goods at different rates. However, most products coming from member countries of WAEMU are exempt from customs duty.

Stamp Duty

Stamp duty is levied on cash transactions based on the amount of the transaction. Capital Duty - The initial capital duty is 1% of capital if the amount of capital is higher than 100m CFAF, and 25 000 CFAF in all other cases. The tax on a capital increase is 1% of the amount of the increase, with 3% surtax in the case of contributions of real property.

Real Property Tax

Tax is charged at 5% of the value of real property other than factories and industrial premises, and 7.5% of the value of factories and industrial premises.

Transfer Tax

The tax rate depends on the nature of the transfer.

Inheritance/Estate Tax

Tax deeds of pure and simple acceptance of succession or legacy are imposed on the fixed amount of 25 000 CFAF.

Real Estate Tax

Property tax is due at a 5% or 7.5% rate. Payroll Tax The payroll tax is 3% of taxable gross salary.

Starting a Business – Rank 63 out of 189

Since November 2007, entrepreneurs can register at the one-stop shop which takes care of what was formerly done in seven different procedures. Approximate time: 6 calendar days Approximate cost: XOF 260,000 to XOF 560,000

Steps to start a limited liability company

- 1- Deposit the founding capital with a bank
- 2- Check the company name at the Court
- 3- Notarize the company bylaws and bank deposit of subscribed capital
- 4- Register your company at the one-stop shop

DOING BUSINESS

DOING BUSINESS RANKING 2018: 140 out of 168



USEFUL LINKS / SOURCES

- <http://www.investinsenegal.com/>
- https://www2.deloitte.com/content/dam/Deloitte/za/Documents/africa/za_ASG_Country%20Reports_Senegal_Repro.pdf
- <https://www.bceao.int/>
- <https://www.cciad.sn/>
- <https://openknowledge.worldbank.org/bitstream/handle/10986/25619/WP-DB17-PUBLIC-Senegal.pdf?sequence=1&isAllowed=y>
- <http://www.eulerhermes.com/economic-research/country-reports/Pages/Senegal.aspx>
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