

Regional Treasury Centers in ADGM  
Africa Analysis



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# 1. Regional Tax and Regulatory Aspects

## 1.1 Introduction

As capital commands a price, multinational corporations (“**MNCs**”) operating in the Middle East, Africa and surrounding regions are increasingly looking to centralise their regional or global treasury function, and use cash pooling and other cash management solutions in an effort to improve their balance sheet, efficiently allocate working capital across the group, and to reduce external financing costs (amongst other things).

The issues and complexities associated with cash management solutions from a tax and regulatory perspective depend on both the type of cash management solution used and the jurisdictions involved. In this document, we provide an overview of the main tax and regulatory considerations associated with performing treasury operations in selected African countries (“**participating countries**”) from a Regional Treasury Centre (“**RTC**”) located in ADGM.

### 1.1.1 Double tax treaty network in Africa

With a number of the fastest growing African economies in close proximity to the Gulf, the UAE has become a gateway for MNCs doing business in Africa. This has been coupled with a favourable and growing double tax treaty network in the African continent.

With 13 in-force double tax treaties and 20 treaties awaiting ratification or entry into force, the UAE has the most double tax treaties in Africa compared to other commonly used holding and treasury/financing company locations. The UAE’s double tax treaty network in Africa includes in-force double tax treaties with key markets such as Algeria, South Africa, Morocco and Kenya. Out of the remaining 23 Africa countries with which the UAE currently does not have a double tax treaty, 13 also do not have treaties with countries such as Hong Kong, Ireland, the Netherlands, Singapore, Switzerland and the United Kingdom, placing the UAE on a comparable footing from a tax perspective but with a strong geographical advantage.

### 1.1.2 BEPS/Substance considerations

The UAE has joined the OECD Inclusive Framework on Base Erosion and Profit Shifting (“**BEPS**”), and recently ratified the Multilateral Convention (“**MLI**”) to Implement Tax Treaty Related Measures to Prevent BEPS.

The UAE, along with most of its treaty partners, has elected to include a so-called Principle Purpose Test (“**PPT**”) in most of its double tax treaties. The PPT is a general anti-abuse rule which denies treaty benefits where one of the main purposes of a transaction or arrangement is to access the double tax treaty, unless it can be shown that granting benefits would be appropriate in the circumstances.

Once the MLI is ratified by the relevant treaty partner countries and enters into force, it is important that UAE entities seeking to claim double tax treaty relief are able to demonstrate appropriate operational substance in the UAE and that they support a principal commercial purpose. This is in addition to meeting the recently introduced UAE economic substance regulations, the minimum substance and procedural requirements set by the UAE Ministry of Finance for obtaining a UAE tax residence certificate, and any treaty partner country specific treaty application requirements.

22 African countries are members of the OECD Inclusive Framework on BEPS and 11 have signed the MLI. In addition, BEPS inspired tax law changes are started being implemented in various African countries. As such, the broader impact of the OECD BEPS initiative and the expected increased scrutiny of taxing authorities in Africa need to be considered when performing treasury operations in Africa from a RTC located in ADGM.

## 1.2 Regional tax and regulatory aspects

The functions in an RTC generally include cash pooling and other typical treasury functions, depending on the needs of the organisation.

The term ‘cash pooling’ refers in the main to two different conceptual cash management techniques, namely, the physical transfer and pooling of liquidity, and the virtual transfer of cash, referred to as ‘notional pooling’. The ADGM RTC or parent of the ADGM RTC would typically be the “cash pool leader” and hold the “header account” that acts as a (notional or physical) aggregation point, with the ADGM RTC acting as the intermediary between the cash pool participants.

Under a ‘physical cash pool’, cash positions are aggregated across affiliates, with the potential for those with surplus cash positions to provide their cash to affiliates within the same group with deficit cash positions. This would involve the regular transfer by participating entities of either their entire cash surplus (“zero balancing”), or cash exceeding a certain surplus level (“target balancing”), into the header account in return for the ability to draw on the funds in that account to satisfy their own cash flow requirements. These transfers and drawdowns of funds to and from the header account by the cash pool participants have the nature of the grant and repayment of intra-group loans.

Notional cash pooling differs in that surplus positions are notionally offset against deficit positions of other affiliates within the same bank cash pool without any physical cash movements.

From a regional tax perspective, withholding tax on interest paid by the cash pool participants to the cash pool leader, characterisation of deposits made by the participants to the cash pool leader, transfer pricing requirements, and thin-capitalisation rules are the four most critical tax issues associated with physical cash pooling transactions between participants and the ADGM RTC.

In comparison, whilst a notional cash pooling arrangement would generally not result in the creation of intra-group loans and resulting interest payments, a notional cash pool will frequently involve the grant of cross-guarantees and security by the participants to the bank, in order to maximise the available overdraft facility. This may bring the notional positions within the scope of local thin capitalisation rules and result in withholding tax implications.

Where the ADGM RTC also provides treasury services, service fees paid by group entities to the RTC may attract local withholding taxes, transfer pricing requirements, and possible VAT / sales tax consequences.

## 1.2.1 Legal / regulatory considerations

### 1.2.1.1 Licensing requirements

Cash pooling is not specifically referred to in the laws and regulations of most African jurisdictions.

Although most countries in Africa permit local cash pooling, there are stringent foreign exchange controls and not all territories allow for all forms of cash pooling. Where cash pooling is permitted, regulatory constraints such as not allowing the cross-border legal right of offset, prohibiting the co-mingling of resident and non-resident accounts, licensing requirements, insolvency regulations, and central bank reporting requirements will all need to be considered.

In most African jurisdictions, the granting of loans requires a banking license, although exemptions from this requirement are generally available for intra-group lending. It is therefore important to confirm whether the members of the cash pool qualify as a group according to each relevant jurisdiction and whether the provision of liquidity to the header account (and vice versa) is regarded as lending from a legal/regulatory perspective.

### 1.2.1.2 Regulations regarding opening bank accounts / pooling

	Algeria	Angola	Botswana	Cameroon	Congo	DRC	Ethiopia	Ghana	Ivory Coast	Kenya	Mauritius	Morocco
Regulatory/licensing requirements for the ADGM RTC	No	Yes <sup>1</sup>	Yes	Yes <sup>1</sup>	No	No	No	No	No	No	No	Yes
Ability of the ADGM RTC to open a local currency account	No	Yes <sup>1</sup>	Yes <sup>1</sup>	Yes	No	Yes <sup>1</sup>	No	No	No	No	Yes	No
Ability of the ADGM RTC to open a local foreign currency account	No	Yes <sup>1</sup>	Yes <sup>1</sup>	Yes <sup>1</sup>	No	Yes <sup>1</sup>	No	No	Yes <sup>1</sup>	No	Yes	No
Ability of the local participant to open a local foreign currency account	Yes	Yes	Yes	Yes <sup>1</sup>	Yes	Yes <sup>1</sup>	Yes	Yes	Yes	Yes	Yes	Yes
Ability of local participant to open an overseas bank account	Yes	No	Yes	Yes <sup>1</sup>	Yes	Yes <sup>1</sup>	Yes	Yes	Yes	Yes	Yes	Yes
Is domestic notional pooling allowed?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

	Algeria	Angola	Botswana	Cameroon	Congo	DRC	Ethiopia	Ghana	Ivory Coast	Kenya	Mauritius	Morocco
Is cross-border notional pooling allowed?	Yes	No	Yes	Yes	Yes	No	Yes <sup>1</sup>	Yes	Yes	No	Yes	Yes
Is cross-border physical cash pooling/ zero balancing allowed?	Yes	No	Yes <sup>1</sup>	Yes <sup>1</sup>	Yes	No	Yes	Yes	Yes <sup>1</sup>	Yes <sup>1</sup>	Yes	Yes
Foreign exchange controls?	Yes	Yes	No	Yes (strict)	Yes	Yes <sup>3</sup>	Yes	Yes	Yes (strict)	No	No	Yes

	Mozambique	Namibia	Nigeria	Rwanda	Senegal	South Africa	Sudan	Tanzania	Tunisia	Uganda	Zambia	Zimbabwe
Regulatory/licensing requirements for the ADGM RTC	No	No	No	No	No	No	No	No	No	Yes <sup>1</sup>	No <sup>2</sup>	No
Ability of the ADGM RTC to open a local currency account	No	No	No	No	No	No <sup>2</sup>	No	No	No	Yes	Yes <sup>1</sup>	No
Ability of the ADGM RTC to open a local foreign currency account	No	No	Yes <sup>1</sup>	No	No	No <sup>2</sup>	No	No	No	Yes	Yes <sup>1</sup>	No
Ability of the local participant to open a local foreign currency account	Yes <sup>1</sup>	Yes	Yes	Yes	Yes <sup>1</sup>	Yes	Yes	Yes	Yes	Yes	Yes <sup>1</sup>	Yes
Ability of local participant to open an overseas bank account	Yes <sup>1</sup>	Yes	Yes.	Yes	Yes <sup>1</sup>	Yes <sup>1</sup>	Yes	Yes	Yes	Yes	Yes <sup>1</sup>	No <sup>2</sup>
Is domestic notional pooling allowed?	Yes <sup>1</sup>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes <sup>1</sup>	Yes	No
Is cross-border notional pooling allowed?	Yes <sup>1</sup>	Yes	Yes	Yes	Yes	No <sup>4</sup>	Yes	Yes	Yes	Yes <sup>1</sup>	Yes	No
Is cross-border physical cash pooling/ zero balancing allowed?	Yes <sup>1</sup>	Yes	Yes <sup>1</sup>	Yes	Yes <sup>1</sup>	No <sup>4</sup>	Yes	Yes <sup>1</sup>	Yes	Yes <sup>1</sup>	Yes <sup>1</sup>	No <sup>2</sup>

	Mozambique	Namibia	Nigeria	Rwanda	Senegal	South Africa	Sudan	Tanzania	Tunisia	Uganda	Zambia	Zimbabwe
Foreign exchange controls?	Yes	Yes	Yes (strict)	No	Yes (strict)	Yes	Yes	Yes	Yes <sup>5</sup>	No	No	Yes

Note:

1. Subject to certain conditions.
2. Exemptions may apply.
3. Approval required for the transfer of amounts exceeding a certain threshold.
4. Due to foreign exchange controls only resident accounts can participate in a cash pooling arrangement (i.e. no cross-border or cross currency pooling is permitted). South Africa Reserve Bank restrictions do not apply to a domestic treasury management company ("DTMC").
5. Pre-approval must be obtained from the central bank.

### 1.2.1.3 Exchange controls and reporting obligations

Foreign currency accounts can be maintained by residents and non-residents in most African countries including Angola, Ivory Coast, Democratic Republic of the Congo ("DRC"), Mauritius, Uganda and Zambia, but Central Bank approval is often required due to stringent exchange control regulations. There may also be Central Bank reporting obligations in respect of foreign currency and cross-border cash transactions. We refer to the appendix for further detail on local foreign exchange control and reporting obligations.

The *Communauté Financière Africaine* (Financial Community of Africa) ("CFA") Franc is the name of two currencies, the West African CFA Franc ("XOF"), used in eight West African CFA member countries (Benin, Burkina Faso, Ivory Coast (Cote d'Ivoire), Guinea-Bissau, Mali, Niger, Senegal and Togo) and the Central African CFA Franc ("XAF"), used in six member countries of the Central African Economic and Monetary Community ("CEMAC") (Cameroon, Central African Republic, Chad, Equatorial Guinea, Gabon and Congo). Although separate, the two CFA franc currencies have always been at parity (i.e. € = XOF or XAF 6.55957 exactly) and are effectively interchangeable. Transfers of the XOF or the XAF between these countries are not restricted by exchange control regulations.

## 1.3.2 Tax considerations

### 1.3.2.1 Corporate income tax (and interest deductibility)

	Algeria	Angola	Botswana	Cameroon	Congo	DRC	Ethiopia	Ghana	Ivory Coast	Kenya	Mauritius	Morocco
Corporate income tax	19-26% (see appendix)	30%	22%	30%	30%	30%	30%	25%	25%	30%	15%	Up to 37% (see appendix)

	Mozambique	Namibia	Nigeria	Rwanda	Senegal	South Africa	Sudan	Tanzania	Tunisia	Uganda	Zambia	Zimbabwe
Corporate income tax	32%	32%	30%	30%	30%	28%	5-35% (see appendix)	30%	25%	30%	35%	25.75%

Levels of corporate taxation are relatively high in African with most participant countries having a corporate tax rate of 30% or more.

Whilst interest payable by African participants with deficit balances may be tax deductible (subject to local transfer pricing and thin capitalisation rules) in most countries, the benefit of such deduction is reduced where interest paid to the foreign header attracts a withholding tax. Using ADGM as a location for the header may mitigate this withholding tax where there is a double tax treaty in place and the ADGM RTC is able to meet the double tax treaty conditions as broadly set out in 1.1.2.

### 1.3.2.2 VAT treatment of interest and service charges

	Algeria	Angola	Botswana	Cameroon	Congo	DRC	Ethiopia	Ghana	Ivory Coast	Kenya	Mauritius	Morocco
Standard VAT rate	19%	14% (not in force yet)	12%	19.25%	18% plus a surtax of 10%	16%	15%	12.5	18%	16%	15%	20%
VAT treatment of interest charged by local participants to the ADGM RTC	0%	0%	0%	0%	0%	0%	0%	Exempt	18%	0%	Exempt	Reduced rate of 10%
VAT treatment of services received by local participant from the ADGM RTC	19% (reverse charge) VAT	14% (reverse charge) VAT	12% (reverse charge) VAT	19.25% (reverse charge) VAT	18% (reverse charge) VAT	16% (reverse charge) VAT	15% (reverse charge) VAT	Imported service VAT of 12.5% plus levies of 5%	18% (reverse charge) VAT	16% (reverse charge) VAT	15% (reverse charge) VAT	20% (reverse charge) VAT

  

	Mozambique	Namibia	Nigeria	Rwanda	Senegal	South Africa	Sudan	Tanzania	Tunisia	Uganda	Zambia	Zimbabwe
Standard VAT rate	17%	15%	5%	18%	18%	15%	17%	18%	19%	18%	16%	15%
VAT treatment of interest charged by local participants to the ADGM RTC	0%	Exempt	0%	0%	0%	Exempt	0%	Exempt	0%	Outside the scope of VAT	0%	Exempt
VAT treatment of services received by local participant from the ADGM RTC	17% (reverse charge) VAT	15% VAT <sup>1</sup>	5% <sup>2</sup>	18% (reverse charge) VAT	18% (reverse charge) VAT	15% VAT <sup>1</sup>	17% (reverse charge) VAT	18% (reverse charge) VAT	19% (reverse charge) VAT	18% (reverse charge) VAT	16% (reverse charge) VAT <sup>3</sup>	15% (reverse charge) VAT

Note:

1. The recipient of the imported services is responsible for the declaration and payment of the VAT.
2. There is no VAT reverse charge mechanism under domestic Nigerian legislation. However, following a recent court judgement service fees payable to non-residents are subject to VAT and the Nigeria recipient of imported services is required to self-charge VAT on such services fees at the standard rate of 5% with no right of recovery.
3. The VAT cannot be credited as input VAT.

### 1.3.2.3 Withholding Tax

	Algeria	Angola*	Botswana*	Cameroon*	Congo	DRC	Ethiopia*	Ghana	Ivory Coast	Kenya	Mauritius	Morocco
WHT on inter-company interest expense paid to ADGM RTC	Domestic: 10% UAE DTT: 0%	15%	15%	Domestic: 16.5% UAE DTT: 7%	20%	20%	Domestic: 10% UAE DTT: 5%	8%	18%	Domestic: 15% UAE DTT: 10%	Domestic: 15% UAE DTT: 0%	Domestic: 0/10% <sup>1</sup> UAE DTT: 10%
WHT on services expense paid to ADGM RTC	Domestic: 20% UAE DTT: 0%	6.5%, plus 10% special tax	15%	Domestic: 10% UAE DTT: 0%	20%	14%	Domestic: 15% UAE DTT: 0%	20%	20%	Domestic: 20% UAE DTT: 0%	Domestic: 15% UAE DTT: 0%	Domestic: 10% UAE DTT: 10%
WHT on FX margins/commission	No	No	No	Yes	No	No	No	No	No	No	No	Yes

	Mozambique	Namibia	Nigeria*	Rwanda*	Senegal	South Africa	Sudan	Tanzania	Tunisia	Uganda*	Zambia	Zimbabwe*
WHT on inter-company interest expense paid to ADGM RTC	Domestic: 20% UAE DTT: 0%	10%	Domestic: 10% UAE DTT: 7.5%	Domestic: 15% UAE DTT: 10%	Domestic: 16% <sup>3</sup> UAE DTT: 5%	Domestic: 15% UAE DTT: 10%	Domestic: 7% UAE DTT: 0%	10%	Domestic: 20% <sup>4</sup> UAE DTT: 10%	15%	20%	Exempt
WHT on services expense paid to ADGM RTC	Domestic: 20% UAE DTT: 0%	10%	Domestic: 5/10% UAE DTT: 5%	Domestic: 15% UAE DTT: 10%	Domestic: 20% UAE DTT: 0%	Domestic: 0% UAE DTT: 0%	Domestic: 15% UAE DTT: 0%	15%	Domestic: 15% UAE DTT: 0%	15%	20%	15%
WHT on FX margins/commission	No	No	No	No	No	No	No	No	No	Yes	No	No

Note:

\* Awaiting ratification or entry into force.

- Loans with a maturity equal to or exceeding ten years are exempt from withholding tax.
- Mozambique would impose WHT on payments to non-residents regardless of where the service is performed and may seek to impose WHT on FX margin/commission payments if shown as a separate charge rather than imbedded within the FX rate.
- Different rates of interest apply to treasury bonds, bank deposits and government bonds.
- 10% for interest paid to non-resident banks and 25% if the recipient is resident in a jurisdiction applying a preferential tax regime.

### 1.3.2.4 Stamp duty, capital tax, transactional taxes

Intercompany financing/treasury transactions and services should not be subject to stamp duty, capital tax or other transactional taxes in Botswana, DRC, Rwanda, South Africa and Zambia. However, the execution of intercompany loan and services agreements could give rise to stamp duty in Algeria, Cameroon, Congo, Ethiopia, Ghana, Mauritius, Mozambique, Nigeria, Senegal, Sudan, Tanzania, Tunisia, Uganda, and Zimbabwe.

Exemptions may apply to stamp duty obligations in Angola, Kenya, Mauritius (GBC), Mozambique, Namibia and Nigeria.

### 1.3.2.5 Transfer pricing considerations

Item	Algeria	Angola	Botswana	Cameroon	Congo	DRC	Ethiopia	Ghana	Ivory Coast	Kenya	Mauritius	Morocco
<b>Are there any transfer pricing rules in respect of interest charged on related party borrowings and services?</b>	Yes	Yes	Yes, from 1 July 2019	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Not in force yet (see appendix for further details)
<b>If yes, what are the transfer pricing documentation requirements?</b>	See appendix for further details <sup>1</sup>	See appendix for further details <sup>1</sup>	The guidelines are not yet released	In line with OECD guidelines <sup>1</sup>	See appendix for further details <sup>1</sup>	In line with OECD guidelines	In line with OECD guidelines	In line with OECD guidelines	See appendix for further details	In line with OECD guidelines	N/A	N/A

  

Item	Mozambique	Namibia	Nigeria	Rwanda	Senegal	South Africa	Sudan	Tanzania	Tunisia	Uganda	Zambia	Zimbabwe
<b>Are there any transfer pricing rules in respect of interest charged on related party borrowings and services?</b>	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes (see details in appendix)	Yes	Yes	Yes
<b>If yes, what are the transfer pricing documentation requirements?</b>	See appendix for further details <sup>1</sup>	See appendix for further details	See appendix for further details	See appendix for further details	In line with OECD guidelines <sup>1</sup>	In line with OECD guidelines <sup>1</sup>	N/A	See appendix for further details	See appendix for further details	In line with OECD guidelines	See appendix for further details	See appendix for further details

Note:

1. There are specific transfer pricing filing requirements for “large taxpayers” (or where turnover exceeds a certain threshold) which include submitting transfer pricing documentation to the tax authorities on an annual basis.
2. Transfer pricing documentation is fully in line with BEPS Action 13 (master file and local file).

Most African countries have a recognition of the arm’s length principle in their laws, with others applying general transfer pricing principles only by way of practical application of the tax authority’s interpretation of the arm’s length principle.

The transfer pricing regulations of Cameroon, DRC, Ethiopia, Kenya, Senegal, South Africa and Uganda follow the internationally accepted guidelines published by the OECD. The Regulations cover transactions between related parties and also prescribe the transfer pricing methods and documentation that entities are required to maintain and retain.

In addition, Senegal and South Africa have also implemented BEPS Action 13, which includes the three-tiered approach for transfer pricing documentation (Master file, Local file, and CbC reporting requirements). Botswana has recently introduced detailed transfer pricing regulations and documentation requirements.

### 1.3.2.6 Procedures and requirements for obtain double tax treaty relief in selected regional territories

Country	Domestic interest WHT rate	UAE DTT rate	Procedures and requirements
Algeria	10%	0%	The Algeria-UAE double tax treaty should be able to be automatically applied at source, subject to the ADGM RTC providing a valid UAE TRC to the participant.
Cameroon	16.5%	7%	The Cameroon-UAE double tax treaty (once it has entered into force) should be able to be automatically applied at source, subject to the ADGM RTC providing a valid UAE TRC to the participant.

Country	Domestic interest WHT rate	UAE DTT rate	Procedures and requirements
Ethiopia	10%	5%	While the Ethiopia-UAE double tax treaty may technically be automatically applied at source, in practice in addition to the ADGM RTC producing a valid UAE TRC, it is recommended that the Ethiopian participant approaches the Ministry of Revenue (MoR) to get prior approval for applying the reduced withholding tax rate. Once the letter of authorisation is issued by the MoR, the Ethiopian company can then apply double tax treaty relief at source.
Kenya	15%	10%	The Kenya-UAE double tax treaty (not yet in force) should be able to be automatically applied at source, subject to the ADGM RTC providing a valid UAE TRC to the participant, and subject to meeting the conditions of Kenyan domestic anti-treaty shopping regulations.
Mauritius	0/15%	0%	The Mauritius-UAE double tax treaty should be able to be automatically applied at source, subject to the ADGM RTC providing a valid UAE TRC to the participant.
Mozambique	20%	0%	<p>The application of treaty benefits at source by the local participant is not automatic in Mozambique and approval of Mozambican tax authorities is required in advance to claim the reduced double tax treaty rate. In addition to the ADGM RTC producing a valid UAE TRC, a specific double tax treaty claim form should be completed and stamped by the UAE Ministry of Finance and filed with the Mozambican tax authorities by the local participant.</p> <p>Upon approval of the Mozambican tax authorities, relief from taxation can be applied at source by the local participant on payments to the ADGM RTC.</p>
Nigeria	10%	7.5%	The Nigeria-UAE double tax treaty (once it has entered into force) should be able to be automatically applied at source, subject to the ADGM RTC providing a valid UAE TRC to the participant.
Rwanda	15%	10%	The Rwanda-UAE double tax treaty (once it has entered into force) should be able to be automatically applied at source, subject to the ADGM RTC providing a valid UAE TRC to the participant.
Senegal	16%	5%	The Senegal-UAE double tax treaty should be able to be automatically applied at source, subject to the ADGM RTC providing a valid UAE TRC to the participant.
South Africa	15%	10%	<p>The South Africa-UAE double tax treaty should be able to be automatically applied at source, subject to the ADGM RTC providing a valid UAE TRC to the participant and a declaration confirming that the ADGM RTC is a resident of the UAE and is entitled to relief under the South Africa-UAE double tax treaty.</p> <p>There is a specific form available on South African Revenue Service (SARS) website for interest payments:-  <a href="https://www.sars.gov.za/AllDocs/Documents/Withholding%20Tax%20on%20Interest%20WTID%20-%20Withholding%20Tax%20on%20Interest%20Declaration.pdf">https://www.sars.gov.za/AllDocs/Documents/Withholding%20Tax%20on%20Interest%20WTID%20-%20Withholding%20Tax%20on%20Interest%20Declaration.pdf</a></p> <p>The declaration is retained by the South African participant or withholding agent, and is not filed with SARS.</p>
Sudan	7%	0%	The Sudan-UAE double tax treaty should be able to be automatically applied at source, subject to the ADGM RTC providing a valid UAE TRC to the participant.
Tunisia	20%	10%	The Tunisia-UAE double tax treaty should be able to be automatically applied at source, subject to the ADGM RTC providing a valid UAE TRC to the participant.

# Appendices

# Appendix 1. Tax and Regulatory Framework of African Jurisdictions

Set out below are the tax and regulatory frameworks of Algeria, Angola, Botswana, Cameroon, Congo, Democratic Republic of the Congo, Ethiopia, Ghana, Ivory Coast, Kenya, Mauritius, Morocco, Mozambique, Namibia, Nigeria, Rwanda, Senegal, South Africa, Sudan, Tanzania, Tunisia, Uganda, Zambia and Zimbabwe (“the African territories”), with a focus on the key tax and non-tax implications of providing treasury services to those countries from ADGM.

## 1.1 Algeria

<b>Taxation</b>	
<b>Corporate income tax</b>	<p>The standard corporate income tax rate is 26%.</p> <p>The various applicable rates for special regimes are as follows:</p> <ul style="list-style-type: none"> <li>- 19% for manufacturing activities; and</li> <li>- 23% for building activities, public works, and hydraulics activities, as well as tourism activities, excluding travel agencies.</li> </ul>
<b>Treatment of notional and physical cash pooling for corporate income tax purposes</b>	<p>There are no specific tax rules dealing with income / costs relating to the participation in a cash pool. The accounting treatment under IFRS will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the Algerian participant that expense or income should be tax deductible / taxable.</p>
<b>Deductibility of interest and fees paid to the ADGM RTC / cash pool header</b>	<p>Interest is deductible for corporate income tax purposes when paid, subject to being on arm's length terms if paid to a direct shareholder (see below).</p> <p>Additionally, interest deductibility provisions may limit the deductible interest on related-party loans (see below). Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge is on an arm's length basis.</p>
<b>Withholding tax on interest paid to ADGM RTC on debit balances</b>	<p>Interest paid to a non-resident is subject to withholding tax of 10%. However, this rate can be reduced to 0% under the Algeria-UAE double tax treaty.</p>
<b>Thin capitalisation, interest capping and/or other interest deductibility restrictions</b>	<p>There are no restrictions in respect of interest paid to unrelated parties.</p> <p>The deductibility of related party interest paid to direct shareholders of the Algerian participant is subject to the following conditions:</p> <ul style="list-style-type: none"> <li>- The interest does not exceed the average effective interest rates communicated by the Bank of Algeria;</li> <li>- The capital of the Algerian company has to be fully paid-up; and</li> <li>- The amount of the loan must not exceed 50% of the company's share capital.</li> </ul>
<b>Transfer pricing rules and documentation requirements</b>	<p>Transactions with related parties are required to be undertaken on an arm's length basis (i.e. as between unrelated entities at market value). The transfer pricing rules allow the tax authorities to disallow the deduction or adjust income where they consider the transaction to not be on arm's length terms.</p> <p>All large-sized companies (i.e. companies with an annual turnover above DZD 2 billion (approximately USD 16.7 million)) must submit their transfer pricing documentation along with their annual tax returns (before 30 April of each year).</p> <p>Since 2017, companies should keep management accounts in order to justify their transfer pricing policies, which should be provided upon the request of the tax administration. In addition, companies that keep consolidated accounting records are required to present them to the tax administration upon request.</p>

<b>PE / taxable presence exposure for the ADGM RTC in Algeria</b>	Maintaining local bank accounts and entering into financing and service arrangements with Algerian group companies should, in itself, not create a PE or other form of taxable presence in Algeria for the ADGM RTC.
<b>VAT treatment of treasury transactions and services rendered by the ADGM RTC to the Algerian participant</b>	<p>The standard VAT rate is 19%.</p> <p>Interest earned by the ADGM RTC or the Algerian participant should generally be zero-rated.</p> <p>Reverse charge VAT would apply on services rendered by the ADGM RTC to the Algerian participant. Therefore the Algerian participant should declare both input and output VAT in its VAT return and its ability to recover the input VAT would depend on its VAT recovery profile.</p>
<b>Stamp duty/ transactional taxes applicable to intercompany financing agreements</b>	Yes
<b>Regulatory</b>	
<b>Regulatory/ licensing requirements for the ADGM RTC in Algeria</b>	No
<b>Ability of the ADGM RTC to open a local currency account</b>	No
<b>Ability of the ADGM RTC to open a local foreign currency account</b>	No
<b>Ability of the local participant to open a local foreign currency account</b>	Yes
<b>Ability of local participant to open an overseas bank account</b>	Yes
<b>Whether domestic notional pooling is allowed in Algeria</b>	Yes
<b>Whether cross-border notional pooling is allowed in Algeria</b>	Yes
<b>Whether cross-border physical cash pooling/ zero balancing is allowed in Algeria</b>	Yes
<b>Foreign exchange controls in Algeria</b>	Yes, foreign exchange control approval is required for certain types of payments.

## 1.2 Angola

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### Taxation

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<b>Corporate income tax</b>	The standard corporate income tax is 30%.
<b>Treatment of notional and physical cash pooling for corporate income tax purposes</b>	There are no specific tax rules dealing with income / costs relating to the participation in a cash pool. The local accounting treatment under Angolan Generally Accepted Accounting Principles (“GAAP”) will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the Angolan participant that expense or income should be tax deductible / taxable.
<b>Deductibility of interest and fees paid to the ADGM RTC / cash pool header</b>	Interest should be deductible for corporate income tax purposes, subject to being on arm’s length terms if paid to a related party (see below). Additionally, interest deductibility provisions may limit the deductible interest on related-party loans (see below). Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge is on an arm’s length basis.
<b>Withholding tax on interest paid to ADGM RTC on debit balances</b>	Interest paid to a non-resident is subject to withholding tax of 15%. If the loans are granted by shareholders (i.e. the ADGM RTC) or interest is derived from current or term deposits placed with financial institutions, the rate is reduced to 10%.
<b>Thin capitalisation, interest capping and/or other interest deductibility restrictions</b>	There are no thin capitalisation rules in Angola. The deductibility of related party interest on shareholder loans is accepted as a deductible cost, however any portion that exceeds the average annual interest rate established by the Central Bank shall be non-deductible.
<b>Transfer pricing rules and documentation requirements</b>	Transactions with related parties are required to be undertaken on an arm’s length basis (i.e. as between unrelated entities at market value). The transfer pricing rules allow the tax authorities to disallow the deduction or adjust income where they consider the transaction to not be on arm’s length terms. All large-sized companies (annual profits exceeding AOA 7 billion, approx. USD 20.1 million) and also included on a the list published by the Ministry of Finance, must submit their transfer pricing documentation no later than six months after the year-end.
<b>PE / taxable presence exposure for the ADGM RTC in Angola</b>	Maintaining local bank accounts and entering into financing and service arrangements with Angolan group companies should, in itself, not create a PE or other form of taxable presence in Angola for the ADGM RTC. Angola has no in force double tax treaties; consequently, its domestic tax provisions apply with regards to PE.
<b>VAT treatment of treasury transactions and services rendered by the ADGM RTC to the Angolan participant</b>	The standard VAT rate is 14% (expected to enter into force on 1 October 2019). Interest earned by the ADGM RTC or the Angolan participant should generally be zero-rated. Reverse charge VAT would apply on services rendered by the ADGM RTC to the Angolan participant. Therefore the Angolan participant should declare both input and output VAT in its VAT return and its ability to recover the input VAT would depend on its VAT recovery profile.
<b>Stamp duty/ transactional taxes applicable to intercompany financing agreements</b>	Exemptions may apply for loans bearing the characteristics of shareholder loans (e.g. made by shareholders to the company in for an initial period not shorter than one year and no repayment/payments are made before the end of that period). In addition, an exemption should be available for treasury management operations carried out between companies within the same group.

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### Regulatory

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<b>Regulatory/ licensing requirements for the ADGM RTC in Angola</b>	<p>Yes, in accordance with the Financial Institutions Law (as approved by Law 12/15, of 17 June 2015), pooling would be deemed as a financial operation exclusive of financial institutions. It would however be allowed between resident entities in local currency provided that a group relationship exists between these entities.</p> <p>However, due to the strict foreign exchange controls, pooling between a resident and non-resident entity may not be feasible in practice.</p>
<b>Ability of the ADGM RTC to open a local currency account</b>	<p>Yes, provided that the account is used in accordance with the Central Bank's rules. The Central Bank limits the credit flows allowed for local currency held by non-resident entities. Permitted credit flows are: (i) funds resulting from the conversion of foreign currency transferred from abroad or deposited in foreign currency bank accounts held by the non-resident entity, (ii) remuneration resulting from the business activity performed in the country, and (iii) remuneration resulting from financial applications made with a commercial bank.</p>
<b>Ability of the ADGM RTC to open a local foreign currency account</b>	<p>Yes, provided the foreign currency account is only used in the following ways: (i) receives funds transferred from abroad or from remuneration generated by the financial application of these funds with a financial institution; (ii) pays residents in local currency, for transfers abroad allowed under the foreign exchange legislation, in-country transfer to other companies in group relationship.</p>
<b>Ability of the local participant to open a local foreign currency account</b>	<p>Yes, with the same restrictions as described above.</p>
<b>Ability of local participant to open an overseas bank account</b>	<p>No, the Foreign Exchange Law only allows resident individuals to open an overseas bank account.</p>
<b>Whether domestic notional pooling is allowed in Angola</b>	<p>Yes, in local currency and between resident entities provided that a group relationship exists between these entities.</p>
<b>Whether cross-border notional pooling is allowed in Angola</b>	<p>No, due to strict foreign exchange controls, cross-border notional pooling may not be feasible in practice.</p>
<b>Whether cross-border physical cash pooling/ zero balancing is allowed in Angola</b>	<p>No, due to strict foreign exchange controls, cash pooling between resident and non-resident entities may not be feasible in practice. However, a case by case analysis should be performed in order to assess if it would be feasible to setup a cash pooling model which might have grounds to be accepted by the Central Bank.</p>
<b>Foreign exchange controls in Angola</b>	<p>Yes, any transfer of monies abroad is subject to foreign exchange controls.</p> <p>In addition, commercial banks must declare to the Central Bank details on all relevant transactions involving foreign currency. The exchange rate to be used is provided by the Central Bank.</p>

## 1.3 Botswana

### Taxation

#### Corporate income tax

The standard corporate tax rate is 22%.

A special tax rate of 15% applies to manufacturing companies (subject to approval from the Ministry of Finance).

Concessionary corporate tax rates of 5% (first five years) and 10% thereafter are applicable for approved business operations in the Selibi Phikwe Economic Diversification Unit region.

#### Treatment of notional and physical cash pooling for corporate income tax purposes

There are no specific tax rules dealing with income / costs relating to the participation in a cash pool. The accounting treatment under IFRS will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the Botswanan participant that expense or income should be tax deductible / taxable.

#### Deductibility of interest and fees paid to the ADGM RTC / cash pool header

Interest is deductible for corporate income tax purposes, subject to being on arm's length terms if paid to a related party shareholder (see below).

Additionally, from 1 July 2019, interest deductions on both related and unrelated party debt are restricted to 30% of EBITDA (see below).

Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge is on an arm's length basis.

#### Withholding tax on interest paid to ADGM RTC on debit balances

Interest paid to a non-resident company is subject to withholding tax of 15%.

Interest is exempt from withholding tax if it is paid by a Botswanan Investment and Trade Centre company.

#### Thin capitalisation, interest capping and/or other interest deductibility restrictions

The deductibility of interest paid has a general limitation of interest deduction rule (which applies to all companies other than banks and insurance companies) that (effective 1 July 2019) restricts both related party interest deductions to 30% of EBITDA.

In addition, Botswana applies thin capitalisation rules specifically in relation to the taxation of mining and International Financial Services Centre (IFSC) companies.

#### Transfer pricing rules and documentation requirements

Transfer pricing rules are applicable from 1 July 2019. The guidelines are yet to be released. Consequently it is unclear what the scope of the rules will be at this stage.

#### PE / taxable presence exposure for the ADGM RTC in Botswana

Maintaining local bank accounts and entering into financing and service arrangements with Botswanan group companies should, in itself, not create a PE or other form of taxable presence in Botswana for the ADGM RTC.

#### VAT treatment of treasury transactions and services rendered by the ADGM RTC to the Botswanan participant

The standard VAT rate is 12%.

Interest earned by the ADGM RTC or the Botswanan participant should be zero-rated.

Reverse charge VAT would apply on services rendered by the ADGM RTC to the Botswanan participant. Therefore the Botswanan participant should declare both input and output VAT in its VAT return and its ability to recover the input VAT would depend on its VAT recovery profile.

#### Stamp duty/ transactional taxes applicable to intercompany financing agreements

No, there is no stamp duty applicable in Botswana.

### Regulatory

#### Regulatory/ licensing requirements for the ADGM RTC in Botswana

Yes, an entity dealing in financial services in Botswana has to be licensed either by Bank of Botswana or the Non-Bank Financial Institutions Regulatory Authority, depending on the specific nature of the financial transactions performed by the ADGM RTC.

<b>Ability of the ADGM RTC to open a local currency account</b>	Yes, subject to licensing terms and conditions.
<b>Ability of the ADGM RTC to open a local foreign currency account</b>	Yes, subject to licensing terms and conditions.
<b>Ability of the local participant to open a local foreign currency account</b>	Yes
<b>Ability of local participant to open an overseas bank account</b>	Yes
<b>Whether domestic notional pooling is allowed in Botswana</b>	Yes
<b>Whether cross-border notional pooling is allowed in Botswana</b>	Yes, there are no regulatory restrictions which state that cross-border notional pooling is not allowed.
<b>Whether cross-border physical cash pooling/ zero balancing is allowed in Botswana</b>	Yes
<b>Foreign exchange controls in Botswana</b>	No

## 1.4 Cameroon

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### Taxation

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<b>Corporate income tax</b>	<p>The standard corporate income tax rate is 30%. An additional 10% local council tax is applied on the corporate income tax due, making the total tax rate 33%.</p> <p>An alternative corporate income tax rate applies to specific types of companies (i.e. upstream petroleum, oil pipeline companies).</p>
<b>Treatment of notional and physical cash pooling for corporate income tax purposes</b>	<p>There are no specific tax rules dealing with income / costs relating to the participation in a cash pool. The accounting treatment under IFRS will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the Cameroon participant that expense or income should be tax deductible / taxable.</p>
<b>Deductibility of interest and fees paid to the ADGM RTC / cash pool header</b>	<p>Interest is deductible for corporate income tax purposes, subject to being on arm's length terms if paid to a related party shareholder (see below).</p> <p>Additionally, interest deductibility provisions may limit the deductible interest on related-party loans (see below).</p> <p>Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge is on an arm's length basis.</p>
<b>Withholding tax on interest paid to ADGM RTC on debit balances</b>	<p>Interest paid to a non-resident company is subject to withholding tax of 16.5% (0% withholding tax may apply on interest on a foreign loan where the maturity period exceeds 7 years). However, this rate can be reduced to 7% under the Cameroon-UAE double tax treaty (once it has entered into force).</p>
<b>Thin capitalisation, interest capping and/or other interest deductibility restrictions</b>	<p>The deductibility of related party interest paid to shareholders of the Cameroon participant is generally deductible if it does not exceed the reference rate of the Central Bank increased by two percentage points.</p> <p>However, the deduction of interest payments with respect to shareholders who directly or indirectly own at least 25% of the share capital or corporate voting rights is limited by the application of the following two tests:</p> <ul style="list-style-type: none"><li>- The sums of money made available by all the shareholders does not exceed two and a half times the amount of equity; and</li><li>- Interest must not exceed 25% of EBITDA.</li></ul>
<b>Transfer pricing rules and documentation requirements</b>	<p>Transactions with related parties are required to be undertaken on an arm's length basis (i.e. as between unrelated entities at market value). The transfer pricing rules allow the tax authorities to disallow the deduction or adjust income where they consider the transaction to not be on arm's length terms.</p> <p>All large-sized companies as from January 2018 must submit their transfer pricing documentation with their tax return (i.e. by 15 March following the end of the tax year).</p>
<b>PE / taxable presence exposure for the ADGM RTC in Cameroon</b>	<p>Maintaining local bank accounts and entering into financing and service arrangements with Cameroon group companies should, in itself, not create a PE or other form of taxable presence in Cameroon for the ADGM RTC.</p>
<b>VAT treatment of treasury transactions and services rendered by the ADGM RTC to the Cameroonian participant</b>	<p>The standard VAT rate is 19.25%.</p> <p>Interest earned by the ADGM RTC from the Cameroonian participant should generally be zero-rated.</p> <p>Reverse charge VAT would apply on services rendered by the ADGM RTC to the Cameroonian participant. Therefore the Cameroonian participant should declare both input and output VAT in its VAT return and its ability to recover the input VAT would depend on its VAT recovery profile.</p>
<b>Stamp duty/ transactional taxes applicable to intercompany financing agreements</b>	<p>Yes, stamp duty is levied on all official documents and judicial instruments and documents to be used as evidence in court proceedings.</p>

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### Regulatory

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<b>Regulatory/ licensing requirements for the ADGM RTC in Cameroon</b>	Yes, for example obtaining a license to exercise commercial activities if the majority of the share capital is held by foreigners.
<b>Ability of the ADGM RTC to open a local currency account</b>	Yes
<b>Ability of the ADGM RTC to open a local foreign currency account</b>	Yes, subject to conditions.
<b>Ability of the local participant to open a local foreign currency account</b>	Yes, subject to conditions.
<b>Ability of local participant to open an overseas bank account</b>	Yes, subject to conditions.
<b>Whether domestic notional pooling is allowed in Cameroon</b>	Yes
<b>Whether cross-border notional pooling is allowed in Cameroon</b>	Yes
<b>Whether cross-border physical cash pooling/ zero balancing is allowed in Cameroon</b>	Yes
<b>Foreign exchange controls in Cameroon</b>	Yes

## 1.5 Congo

### Taxation

<b>Corporate income tax</b>	<p>The standard corporate income tax is 30%.</p> <p>A reduced rate of 25% corporate income tax applies to certain companies such as micro-finance companies and private schools organised as companies.</p> <p>Newly created agricultural companies are exempt from corporate income tax for a 5-year period from commencement of their activities after which the reduced rate applies.</p>
<b>Treatment of notional and physical cash pooling for corporate income tax purposes</b>	<p>There are no specific tax rules dealing with income / costs relating to the participation in a cash pool. The accounting treatment under IFRS will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the Congolese participant that expense or income should be tax deductible / taxable.</p>
<b>Deductibility of interest and fees paid to the ADGM RTC / cash pool header</b>	<p>Interest is deductible for corporate income tax purposes, subject to being on arm's length terms if paid to a related party shareholder (see below).</p> <p>Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge is on an arm's length basis.</p>
<b>Withholding tax on interest paid to ADGM RTC on debit balances</b>	<p>Interest paid to a non-resident company is subject to withholding tax of 20%. No withholding tax applies on interest paid by holding companies to non-resident financial institutions or to shareholders in order to finance the acquisition of a company or the subscription to the share capital of another company.</p>
<b>Thin capitalisation, interest capping and/or other interest deductibility restrictions</b>	<p>There are no thin capitalisation rules in Congo or other interest deductibility capping rules.</p>
<b>Transfer pricing rules and documentation requirements</b>	<p>Transactions with related parties are required to be undertaken on an arm's length basis (i.e. as between unrelated entities at market value). The transfer pricing rules allow the tax authorities to disallow the deduction or adjust income where they consider the transaction to not be on arm's length terms.</p> <p>All resident companies with turnover of EUR 762,000 (approx. USD 860,000) or more must submit simplified transfer pricing documentation on the transfer prices to the tax administration annually, within six months following the deadline for filing the financial statements for the financial year.</p> <p>In addition as a fine, one-third of the sums invoiced by the foreign company that are presumed not to reflect the arm's length conditions are reinstated into the taxable profit of the Congolese company for the relevant financial year.</p>
<b>PE / taxable presence exposure for the ADGM RTC in Congo</b>	<p>Maintaining local bank accounts and entering into financing and service arrangements with Congolese group companies should, in itself, not create a PE or other form of taxable presence in Congo for the ADGM RTC</p>
<b>VAT treatment of treasury transactions and services rendered by the ADGM RTC to the Congolese participant</b>	<p>The standard VAT rate is 18%, plus a surtax of 10% of the VAT.</p> <p>Interest earned by the ADGM RTC or the Congolese participant should generally be zero-rated.</p> <p>Reverse charge VAT would apply on services rendered by the ADGM RTC to the Congolese participant. Therefore the Congolese participant should declare both input and output VAT in its VAT return and its ability to recover the input VAT would depend on its VAT recovery profile.</p>
<b>Stamp duty/ transactional taxes applicable to intercompany financing agreements</b>	<p>Yes, stamp duty is levied on all documents used as official documents and judicial instruments and documents to be used as evidence in judicial proceedings.</p>

### **Regulatory**

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<b>Regulatory/ licensing requirements for the ADGM RTC in Congo</b>	No
<b>Ability of the ADGM RTC to open a local currency account</b>	No
<b>Ability of the ADGM RTC to open a local foreign currency account</b>	No
<b>Ability of the local participant to open a local foreign currency account</b>	Yes
<b>Ability of local participant to open an overseas bank account</b>	Yes
<b>Whether domestic notional pooling is allowed in Congo</b>	Yes
<b>Whether cross-border notional pooling is allowed in Congo</b>	Yes
<b>Whether cross-border physical cash pooling/ zero balancing is allowed in Congo</b>	Yes
<b>Foreign exchange controls in Congo</b>	Yes, prior declaration applicable for non-CEMAC zone. Also, there is a 1.5% transfer tax on funds transferred outside the CEMAC Zone.

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## 1.6 Democratic Republic of the Congo (“DRC”)

<b>Taxation</b>	
<b>Corporate income tax</b>	The standard corporate income tax rate is 30%.
<b>Treatment of notional and physical cash pooling for corporate income tax purposes</b>	There are no specific tax rules dealing with income / costs relating to the participation in a cash pool. The accounting treatment under IFRS will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the DRC participant that expense or income should be tax deductible / taxable.
<b>Deductibility of interest and fees paid to the ADGM RTC / cash pool header</b>	Interest is deductible for corporate income tax purposes, subject to being on arm’s length terms if paid to a related party shareholder (see below). Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge is on an arm’s length basis.
<b>Withholding tax on interest paid to ADGM RTC on debit balances</b>	Interest paid to a non-resident company is subject to withholding tax of 20%. Interest paid on foreign loans paid by mining companies is exempt from tax.
<b>Thin capitalisation, interest capping and/or other interest deductibility restrictions</b>	There are no thin capitalisation rules in DRC or other interest deductibility capping rules in DRC, beyond the interest limitation rule that can apply on interest payments to shareholders or other related parties. Outbound interest payments to a foreign shareholder or any other related party are deductible only if the loan is repayable within a maximum period of 5 years and the interest rate does not exceed the annual average rate applied by banks in the country of the lending entity.
<b>Transfer pricing rules and documentation requirements</b>	Transactions with related parties are required to be undertaken on an arm’s-length basis (i.e. as between unrelated entities at market value). The transfer pricing rules allow the tax authorities to disallow the deduction or adjust income where they consider the transaction to not be on arm’s length terms.  All resident companies that are part of a multinational enterprise group must maintain documentation to justify their transfer pricing practices and must make this information available to the tax administration for “spot verification” from the date of the relevant transaction. In addition, companies must submit, either in paper form or electronically, simplified transfer pricing documentation in a format prescribed by the tax administration, within six months (i.e. by 31 October of the subsequent year) following the filing deadline for the corporate income tax return.
<b>PE / taxable presence exposure for the ADGM RTC in DRC</b>	Maintaining local bank accounts and entering into financing and service arrangements with DRC group companies should, in itself, not create a PE or other form of taxable presence in DRC for the ADGM RTC
<b>VAT treatment of treasury transactions and services rendered by the ADGM RTC to the DRC participant</b>	The standard VAT rate is 16%. Interest earned by the ADGM RTC or the DRC participant should generally be zero-rated. Reverse charge VAT would apply on services rendered by the ADGM RTC to the DRC participant. Therefore the DRC participant should declare both input and output VAT in its VAT return and its ability to recover the input VAT would depend on its VAT recovery profile.
<b>Stamp duty/ transactional taxes applicable to intercompany financing agreements</b>	No, there is no stamp duty applicable in DRC.
<b>Regulatory</b>	
<b>Regulatory/ licensing requirements for the ADGM RTC in DRC</b>	No
<b>Ability of the ADGM RTC to open a local currency account</b>	Yes

<b>Ability of the ADGM RTC to open a local foreign currency account</b>	Yes
<b>Ability of the local participant to open a local foreign currency account</b>	Yes
<b>Ability of local participant to open an overseas bank account</b>	Yes, subject to the approval of the Central Bank.
<b>Whether domestic notional pooling is allowed in DRC</b>	Yes, there is no specific provision relating to notional cash pooling.
<b>Whether cross-border notional pooling is allowed in DRC</b>	No specific provision relating to notional cash pooling but would require Central Bank approval due to stringent exchange control regulation.
<b>Whether cross-border physical cash pooling/ zero balancing is allowed in DRC</b>	No specific provision relating to physical cash pooling but would require Central Bank approval due to stringent exchange control regulation.
<b>Foreign exchange controls in DRC</b>	Yes, in general, there is no exchange control restriction on the repatriation of profit for a foreign investor except a holder of mining titles. However, the transfer or exchange of an amount exceeding a certain threshold needs a form to be issued by an approved intermediary and certain documents justifying the transfer must be provided.

## 1.7 Ethiopia

### Taxation

<b>Corporate income tax</b>	The standard corporate tax rate for non-mining companies is 30%. Companies engaged in large scale mining operations are subject to corporate income tax of 25%.
<b>Treatment of notional and physical cash pooling for corporate income tax purposes</b>	There are no specific tax rules dealing with income / costs relating to the participation in a cash pool. The accounting treatment under IFRS will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the Ethiopian participant that expense or income should be tax deductible / taxable.
<b>Deductibility of interest and fees paid to the ADGM RTC / cash pool header</b>	Interest is deductible for corporate income tax purposes, subject to being on arm's length terms if paid to a related party (see below). Additionally, interest limitation and thin capitalisation rules may limit deductible interest on related-party loans (see below). Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge is on an arm's length basis and the service could not be obtained locally in Ethiopia or at a lower cost.
<b>Withholding tax on interest paid to ADGM RTC on debit balances</b>	Interest paid to a non-resident company is subject to withholding tax of 10%. However, this rate can be reduced to 5% under the Ethiopia-UAE double tax treaty.
<b>Thin capitalisation, interest capping and/or other interest deductibility restrictions</b>	<ul style="list-style-type: none"> <li>- Interest paid by the Ethiopian participant on both related and unrelated party debt should be deductible provided it meets any of the following conditions: The interest charged is no more than 2% higher than the rate issued by the Central Bank and the commercial rates;</li> <li>- The interest charged on shareholder loans does not exceed 12%; or</li> <li>- The lending institution is recognised by the Central Bank.</li> </ul> <p>Additionally interest paid on shareholders loans is not deductible to the extent that the loans are in excess of a 2:1 debt-to-equity ratio.</p>
<b>Transfer pricing rules and documentation requirements</b>	Transactions with related parties are required to be undertaken on an arm's length basis (i.e. as between unrelated entities at market value). This allows the tax authorities to disallow the deduction or adjust income where they consider the transaction to not be on arm's length terms. To ensure just and efficient application of the arm's length principle, it is possible for advance agreements to be agreed with the tax authority. Taxpayers are required to include details of transactions with related parties in their annual tax returns.
<b>PE / taxable presence exposure for the ADGM RTC in Ethiopia</b>	Maintaining local bank accounts and entering into financing and service arrangements with Ethiopian group companies should, in itself, not create a PE or other form of taxable presence in Ethiopia for the ADGM RTC
<b>VAT treatment of treasury transactions and services rendered by the ADGM RTC to the Ethiopian participant</b>	The standard VAT rate is 15%. Interest earned by the ADGM RTC or the Ethiopian participant should generally be zero-rated. Reverse charge VAT would apply on services rendered by the ADGM RTC to the Ethiopian participant. Therefore the Ethiopian participant should declare both input and output VAT in its VAT return and its ability to recover the input VAT would depend on its VAT recovery profile.
<b>Stamp duty/ transactional taxes applicable to intercompany financing agreements</b>	Yes

### Regulatory

<b>Regulatory/ licensing requirements for the ADGM RTC in Ethiopia</b>	No, however based on our experience in dealing with similar issues, we have noted that the Central Bank does not allow companies to engage in such treasury transactions as it falls under the activities of banking. However, it may be possible to obtain a special exemption from the Central Bank.
<b>Ability of the ADGM RTC to open a local currency account</b>	No
<b>Ability of the ADGM RTC to open a local foreign currency account</b>	No
<b>Ability of the local participant to open a local foreign currency account</b>	Yes
<b>Ability of local participant to open an overseas bank account</b>	Yes
<b>Whether domestic notional pooling is allowed in Ethiopia</b>	Yes
<b>Whether cross-border notional pooling is allowed in Ethiopia</b>	Yes, subject to obtaining a banking license.
<b>Whether cross-border physical cash pooling/ zero balancing is allowed in Ethiopia</b>	Yes
<b>Foreign exchange controls in Ethiopia</b>	Yes, foreign exchange transactions can only be performed with banks or authorised dealers or with special permission of the Central Bank.

## 1.8 Ghana

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### Taxation

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#### Corporate income tax

The standard corporate income tax rate is 25%.

Mining and upstream petroleum companies pay corporate income tax at a rate of 35%, while companies principally engaged in the hotel industry pay a reduced rate of 22%.

The corporate income tax rate for companies engaged in non-traditional exports is 8%, while banks lending to the agricultural and leasing sectors pay a corporate income tax rate of 20% on income from those businesses.

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#### Treatment of notional and physical cash pooling for corporate income tax purposes

There are no specific tax rules dealing with income / costs relating to the participation in a cash pool. The accounting treatment under IFRS will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the Ghanaian participant that expense or income should be tax deductible / taxable.

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#### Deductibility of interest and fees paid to the ADGM RTC / cash pool header

Interest is deductible for corporate income tax when accrued, subject to being on arm's length terms if paid to a related party (see below).

Additionally, interest deductibility provisions may limit the deductible interest on related-party loans (see below).

Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge is on an arm's length basis.

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#### Withholding tax on interest paid to ADGM RTC on debit balances

Interest paid to a non-resident company is subject to withholding tax of 8%.

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#### Thin capitalisation, interest capping and/or other interest deductibility restrictions

The deductibility of related party interest paid to shareholders of the Ghanaian participant are subject to the following conditions:

- The shareholding is not held by an exempt person; and
- The Ghanaian participant is not thinly capitalised. An entity controlled by an exempt person is deemed to be thinly capitalised if its debt-to-equity ratio exceeds the ratio 3:1.

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#### Transfer pricing rules and documentation requirements

Transactions with related parties are required to be undertaken on an arm's length basis (i.e. as between unrelated entities at market value). The transfer pricing rules allow the tax authorities to disallow the deduction or adjust income where they consider the transaction to not be on arm's length terms.

All companies must submit their annual transfer pricing returns (disclosing initial information such as types and value of the transactions, as well as the counterparty to the transactions) together with their income tax returns not later than 4 months from the end of its basis period. For completeness transfer pricing documentation (covering areas such as functional analysis and benchmarking exercise) is required to be made available to the tax authorities upon request.

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#### PE / taxable presence exposure for the ADGM RTC in Ghana

Maintaining local bank accounts and entering into financing and service arrangements with Ghanaian group companies should, in itself, not create a PE or other form of taxable presence in Ghana for the ADGM RTC.

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#### VAT treatment of treasury transactions and services rendered by the ADGM RTC to the Ghanaian

The standard VAT rate is 12.5%. There are two other levies that go together with VAT, being National Health Insurance Levy at 2.5% and Ghana Education Trust Fund Levy at 2.5%.

Interest earned by the Ghanaian participant should generally be exempt from VAT because financial services are exempt supplies.

Services rendered by ADGM RTC to the Ghanaian participant will generally be subject to 12.5% imported service VAT, which cannot be claimed as deductible input or otherwise recovered by the Ghanaian participant. Similarly, these services will be subject to the above levies totalling 5%. In the event that the imported services can clearly be linked to taxable supplies made by the Ghanaian participant, the imported service VAT will not apply, although the levies will still apply.

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<b>Stamp duty/ transactional taxes applicable to intercompany financing agreements</b>	Yes, stamp duty on secured borrowings in Ghana is 0.5% of the loan amount. For an unsecured loan, there is a nominal fee.
<b>Regulatory</b>	
<b>Regulatory/ licensing requirements for the ADGM RTC in Ghana</b>	No, there are no registration nor specific licensing requirements in Ghana for the ADGM RTC in relation to making a loan to Ghanaian participants. The ADGM RTC should not need to obtain preapprovals from Ghanaian authorities before making loans to Ghanaian participants.
<b>Ability of the ADGM RTC to open a local currency account</b>	No
<b>Ability of the ADGM RTC to open a local foreign currency account</b>	No
<b>Ability of the local participant to open a local foreign currency account</b>	Yes
<b>Ability of local participant to open an overseas bank account</b>	Yes
<b>Whether domestic notional pooling is allowed in Ghana</b>	Yes
<b>Whether cross-border notional pooling is allowed in Ghana</b>	Yes
<b>Whether cross-border physical cash pooling/ zero balancing is allowed in Ghana</b>	Yes
<b>Foreign exchange controls in Ghana</b>	<p>Yes, foreign exchange controls are administered by the Central Bank.</p> <p>Loans made by the ADGM RTC can be denominated in GHS or foreign currency, i.e. USD.</p> <p>The payment of foreign currency, outside of Ghana, must be made through the Central Bank. Where the repatriation of funds exceeds USD 50,000, documentation must be provided to the commercial bank performing the transaction in Ghana. This documentation includes (i) loan agreement for payment of interest (ii) a tax clearance certificate to confirm the tax compliance status of the entity transferring the foreign currency outside of Ghana and (iii) any other information which may be requested from time to time.</p>

## 1.9 Ivory Coast (Côte d'Ivoire)

### Taxation

<b>Corporate income tax</b>	<p>The standard corporate income tax rate is 25%. An alternative minimum tax may also be payable by the Ivorian participant if the final corporate income tax liability does not exceed a certain threshold.</p> <p>The rate is 30% for companies in the telecommunication, information technology, and communication sectors.</p>
<b>Treatment of notional and physical cash pooling for corporate income tax purposes</b>	<p>There are no specific tax rules dealing with income / costs relating to the participation in a cash pool. The accounting treatment under local GAAP will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the Ivorian participant that expense or income should be tax deductible / taxable.</p> <p>In practise in some cases, the tax administration has taken the view that funds transferred to a related company for cash pooling purposes is loaned by a local taxpayer, and has requested that interest is charged on such loaned funds. This has resulted in taxation on the deemed interest (VAT, interest tax and corporate income tax).</p>
<b>Deductibility of interest and fees paid to the ADGM RTC / cash pool header</b>	<p>Interest is deductible for corporate income tax purposes, subject to the interest limitation rule (see below).</p> <p>Additionally, the rate of interest charged may not exceed the normal rate charged by the Banque Central des Etats de l'Afrique de l'Ouest (BCEAO) plus two percentage points.</p> <p>Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge is on an arm's length basis and does not exceed 5% of turnover and 20% of overhead expenses.</p>
<b>Withholding tax on interest paid to ADGM RTC on debit balances</b>	<p>Interest paid to a non-resident company is subject to withholding tax of 18%.</p>
<b>Thin capitalisation, interest capping and/or other interest deductibility restrictions</b>	<p>The deductibility of [related party] interest is dependent on showing the following conditions are met:</p> <ul style="list-style-type: none"><li>- The amount of the loan must not exceed the amount of the company's share capital;</li><li>- The reimbursement of the loan must take place within five years; and</li><li>- Total interest must not exceed 30% of the company's pre-tax book income before interest, depreciation and provisions.</li></ul> <p>There are no thin capitalisation rules in Ivory Coast or other interest deductibility capping rules beyond those set-out above (see deductibility of interest section above).</p>
<b>Transfer pricing rules and documentation requirements</b>	<p>The profits directly or indirectly transferred to related non-resident companies through related party transactions are disallowed from the income tax basis.</p> <p>All companies must submit their transfer pricing documentation with their annual financial statements.</p>
<b>PE / taxable presence exposure for the ADGM RTC in Ivory Coast</b>	<p>Entering into financing and service arrangements with Ivorian group companies should, in itself, not create a PE or other form of taxable presence in Ivory Coast for the ADGM RTC.</p>
<b>VAT treatment of treasury transactions and services rendered by the ADGM RTC the Ivorian participant</b>	<p>The standard VAT rate is 18%.</p> <p>Interest earned by the Ivorian participant should generally be subject to VAT at 18%.</p> <p>Reverse charge VAT would apply on services rendered by the ADGM RTC to the Ivorian participant. Therefore the Ivorian participant should declare both input and output VAT in its VAT return and its ability to recover the input VAT would depend on its VAT recovery profile.</p>
<b>Stamp duty/ transactional taxes applicable to</b>	<p>Yes, a direct tax is paid for any document subject to a registration procedure or for an acknowledgement of a cash payment (nominal stamp duty of XOF 18,000 plus</p>

<b>intercompany financing agreements</b>	XOF 1,000 per page for the grant of a loan).
<b>Regulatory</b>	
<b>Regulatory/ licensing requirements for the ADGM RTC in Ivory Coast</b>	No
<b>Ability of the ADGM RTC to open a local currency account</b>	No
<b>Ability of the ADGM RTC to open a local foreign currency account</b>	Yes, but subject to prior authorisation of the Central Bank and Ministry of Finance.
<b>Ability of the local participant to open a local foreign currency account</b>	Yes, a foreign currency resident account can be maintained but would require Central Bank approval due to stringent exchange control regulation.
<b>Ability of local participant to open an overseas bank account</b>	Yes, a non-resident account can be maintained but would require Central Bank approval due to stringent exchange control regulation.
<b>Whether domestic notional pooling is allowed in Ivory Coast</b>	Yes
<b>Whether cross-border notional pooling is allowed in Ivory Coast</b>	Yes
<b>Whether cross-border physical cash pooling/ zero balancing is allowed in Ivory Coast</b>	Yes, subject to the strict application of foreign exchange rules around transfers out of the country.
<b>Foreign exchange controls in Ivory Coast</b>	Yes, Loans made by the ADGM RTC can be denominated in XOF or foreign currency, i.e. USD. Payments for services and interest are subject to scrutiny of the Central Bank. The Ivorian participants can remit funds out of Ivory Coast, providing such payments are made through a local Ivorian commercial bank. The local bank, however, may ask for supporting documentation regarding the payment (i.e. loan instrument, invoices, withholding tax certificates etc.) and the purpose of the payment (e.g. to meet interest obligations under the loan instrument).

## 1.10 Kenya

<i>Taxation</i>	
<b>Corporate income tax</b>	The standard corporate income tax rate is 30%.
<b>Treatment of notional and physical cash pooling for corporate income tax purposes</b>	There are no specific tax rules dealing with income / costs relating to the participation in a cash pool. The accounting treatment under IFRS will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the Kenyan participant that expense or income should be tax deductible / taxable.
<b>Deductibility of interest and fees paid to the ADGM RTC / cash pool header</b>	<p>Interest is deductible for corporate income tax purposes, subject to being on arm's length terms if paid to a related party (see below).</p> <p>Additionally, interest deductibility provisions may limit deductible interest on related-party loans (see below).</p> <p>Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge is on an arm's length basis.</p>
<b>Withholding tax on interest paid to ADGM RTC on debit balances</b>	<p>Interest paid to a non-resident company is subject to withholding tax of 15%. This rate applies for payments made to both residents and non-residents.</p> <p>However, the withholding tax rate can be reduced to 10% under the Kenya-UAE double tax treaty if the anti-treaty abuse provision does not apply.</p> <p>Under domestic law, a deemed interest expense (calculated based on a prescribed rate by the Kenyan tax authorities) would arise on any loan provided or secured by a non-resident to the Kenyan participant that has been provided on an interest-free basis. The deemed interest would give rise to a WHT liability at 15%. However, no deduction would be available on the deemed interest.</p>
<b>Thin capitalisation, interest capping and/or other interest deductibility restrictions</b>	<p>The deductibility of related party interest paid by the Kenyan participant are subject to the following conditions:</p> <ul style="list-style-type: none"> <li>- The company is controlled by a non-resident person alone or together with four or fewer persons;</li> <li>- The company is not a bank or financial institution; and</li> <li>- The highest amount of all loans held by the company at any time exceeds the sum of three times the revenue reserves (including accumulated losses) and the issued and paid up share capital of all classes of shares of the company.</li> </ul> <p>If the above conditions are met the company is treated as thinly capitalised and is not permitted to claim a deduction on interest incurred by the company on loans in excess of the debt-to-equity ratio of 3:1 noted above. The company also cannot claim a deduction for any foreign exchange loss realised by the company with respect to any loans from its shareholders in the period that the company remains thinly capitalised.</p> <p>For companies in the extractive sector, the debt-to-equity ratio is 2:1.</p>
<b>Transfer pricing rules and documentation requirements</b>	Transactions with related parties are required to be undertaken on an arm's length basis (i.e. as between unrelated entities at market value). The transfer pricing rules allow the tax authorities to disallow the deduction or adjust income where they consider the transaction to not be on arm's length terms.
<b>PE / taxable presence exposure for the ADGM RTC in Kenya</b>	Maintaining local bank accounts and entering into financing and service arrangements with Kenyan group companies should, in itself, not create a PE or other form of taxable presence in Kenya for the ADGM RTC.
<b>VAT treatment of treasury transactions and services rendered by the ADGM RTC to the Kenyan participant</b>	<p>The standard VAT rate is 16%.</p> <p>Interest earned by the ADGM RTC or the Kenyan participant should generally be zero-rated.</p> <p>Reverse charge VAT would apply on services rendered by the ADGM RTC to the Kenyan participant. Therefore the Kenyan participant should declare both input and output VAT in its VAT return and its ability to recover the input VAT would depend on its VAT recovery profile.</p>

<b>Stamp duty/ transactional taxes applicable to intercompany financing agreements</b>	Yes, stamp duty is payable on a variety of instruments or transactions. Unsecured loans are subject to a nominal stamp duty. Loans secured by Kenyan shares or assets are typically subject to 0.1% stamp duty and a nominal registration fee.
<b>Regulatory</b>	
<b>Regulatory/ licensing requirements for the ADGM RTC in Kenya</b>	No, there are no registration nor specific licensing requirements in Kenya for the ADGM RTC, and the ADGM RTC should not need to obtain preapprovals before making loans to Kenyan participants.
<b>Ability of the ADGM RTC to open a local currency account</b>	No
<b>Ability of the ADGM RTC to open a local foreign currency account</b>	No
<b>Ability of the local participant to open a local foreign currency account</b>	Yes
<b>Ability of local participant to open an overseas bank account</b>	Yes
<b>Whether domestic notional pooling is allowed in Kenya</b>	Yes
<b>Whether cross-border notional pooling is allowed in Kenya</b>	No
<b>Whether cross-border physical cash pooling/ zero balancing is allowed in Kenya</b>	Yes
<b>Foreign exchange controls in Kenya</b>	<p>No, there are no foreign exchange controls in Kenya. However, the Central Bank has the authority to limit the amount of payment if it is of the view that the payments might interfere with compliance with international treaties.</p> <p>Pursuant to these regulations, payments out of Kenya below USD 10,000 can be made freely. Commercial banks are required to obtain documentary evidence specifying the purpose for which remittances above USD 10,000 are made.</p> <p>Commercial banks are required to notify the Central Bank regarding remittances exceeding USD 500,000. Payments must be effected through an authorised bank.</p>

## 1.11 Mauritius

### Taxation

<b>Corporate income tax</b>	<p>The standard corporate income tax rate is 15%.</p> <p>Companies engaged in the exporting goods are taxable at the rate of 3%.</p> <p>Banks (as from the year of assessment commencing 1 July 2020) are taxed at progressive rates up to 15%.</p> <p>A Category 1 Global Business Company (“<b>GBC1</b>”) is taxed at 15% but an 80% deemed foreign tax credit is available on foreign source income. The new regime from January 2019 is phasing out the deemed foreign tax credit and replacing it with a Partial Exemption regime.</p>
<b>Treatment of notional and physical cash pooling for corporate income tax purposes</b>	<p>There are no specific tax rules dealing with income / costs relating to the participation in a cash pool. The accounting treatment under IFRS will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the Mauritius participant that expense or income should be tax deductible / taxable.</p>
<b>Deductibility of interest and fees paid to the ADGM RTC / cash pool header</b>	<p>Interest is deductible for corporate income tax purposes when accrued (provided it is paid within the following 18 months), subject to being on arm’s length terms if paid to a related party (see below).</p> <p>Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge is on an arm’s length basis.</p>
<b>Withholding tax on interest paid to ADGM RTC on debit balances</b>	<p>Interest paid to a non-resident company is subject to withholding tax of 15%. However, if the company is holding a Global Business License, interest paid out of its foreign source income would be exempted from withholding tax in Mauritius.</p> <p>However, this rate can be reduced to 0% under the Mauritius-UAE double tax treaty.</p>
<b>Thin capitalisation, interest capping and/or other interest deductibility restrictions</b>	<p>There are no thin capitalisation rules in Mauritius or other interest deductibility capping rules beyond those set-out above. (see deductibility of interest section above).</p>
<b>Transfer pricing rules and documentation requirements</b>	<p>Mauritius does not currently have formal transfer pricing legislation and consequently there are no formal documentation filing requirements. However, under the domestic law, all related party transactions have to be conducted at arm’s length basis and the tax authorities can disallow the deduction or adjust income where they consider the transaction to not be on arm’s length terms.</p>
<b>PE / taxable presence exposure for the ADGM RTC in Mauritius</b>	<p>Maintaining local bank accounts and entering into financing and service arrangements with Mauritius group companies should, in itself, not create a PE or other form of taxable presence in Mauritius for the ADGM RTC.</p>
<b>VAT treatment of treasury transactions and services rendered by the ADGM RTC to the Mauritian participant</b>	<p>The standard VAT rate in Mauritius is 15%.</p> <p>Interest earned by the Mauritian participant should generally be exempt from VAT because financial services are exempt supplies.</p> <p>Where a Mauritian participant receives services from abroad, and the service is being utilised in Mauritius, reverse charge may apply. Therefore the Mauritian participant should declare both input and output VAT in its VAT return and its ability to recover the input VAT would depend on its VAT recovery profile.</p>
<b>Stamp duty/ transactional taxes applicable to intercompany financing agreements</b>	<p>Yes, stamp duty in Mauritius is a maximum of USD 30. Global Business companies are exempt from stamp duty.</p>

### Regulatory

<b>Regulatory/ licensing requirements for the ADGM RTC in Mauritius</b>	No
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<b>Ability of the ADGM RTC to open a local currency account</b>	Yes
<b>Ability of the ADGM RTC to open a local foreign currency account</b>	Yes
<b>Ability of the local participant to open a local foreign currency account</b>	Yes
<b>Ability of local participant to open an overseas bank account</b>	Yes
<b>Whether domestic notional pooling is allowed in Mauritius</b>	Yes
<b>Whether cross-border notional pooling is allowed in Mauritius</b>	Yes
<b>Whether cross-border physical cash pooling/ zero balancing is allowed in Mauritius</b>	Yes
<b>Foreign exchange controls in Mauritius</b>	No, there are no foreign exchange control restrictions in Mauritius.

## 1.12 Morocco

### Taxation

#### Corporate income tax

There are progressive corporate income tax rates up to 31%. A higher corporate income tax rate of 37% applies to credit institutions and insurance companies.

#### Treatment of notional and physical cash pooling for corporate income tax purposes

There are no specific tax rules dealing with income / costs relating to the participation in a cash pool. The accounting treatment under Moroccan GAAP will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the Moroccan participant that expense or income should be tax deductible / taxable.

#### Deductibility of interest and fees paid to the ADGM RTC / cash pool header

Interest is deductible for corporate income tax when accrued, including on loans granted by direct shareholders, subject to the interest deductibility provisions (see below).

Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge is on an arm's length basis.

#### Withholding tax on interest paid to ADGM RTC on debit balances

Interest paid to a non-resident company is subject to withholding tax of 10% (no further reduction is available under the Morocco-UAE double tax treaty). However, the Moroccan law provides that interest on loans granted in a foreign currency with a maturity period equal to or exceeding ten years is exempt from withholding tax.

#### Thin capitalisation, interest capping and/or other interest deductibility restrictions

The deductibility of related party interest is subject to the following conditions being met:

- Borrower's share capital is fully paid up;
- The debt-to-equity ratio does not exceed 1:1; and
- the interest rate does not exceed the official annual rate of interest provided by the Ministry of Finance (2.19% in 2018).

There are no thin capitalisation rules in Morocco or other interest deductibility capping rules beyond those set-out above.

#### Transfer pricing rules and documentation requirements

Historically there has been no formal transfer pricing legislation in Morocco and consequently no formal documentation filing requirements. However, transactions between related parties must be at arm's length basis (i.e. as between unrelated entities at market value) and the tax authorities can disallow the deduction or adjust income where they consider the transaction to not be on arm's length terms.. Two transfer pricing methodologies are used by the tax authorities:

- Comparable uncontrolled price method; and
- Direct assessment of transfer prices based on available information.

Recently the Finance Bill 2019 has introduced the mandatory requirement for Moroccan companies having related party transactions with non-resident companies to have transfer pricing documentation. This transfer pricing requirement will enter into force by 1 January 2020.

#### PE / taxable presence exposure for the ADGM RTC in Morocco

Maintaining local bank accounts and entering into financing and service arrangements with Moroccan group companies should, in itself, not create a PE or other form of taxable presence in Morocco for the ADGM RTC. We note that the concept of a PE is not explicitly defined under Moroccan tax law.

#### VAT treatment of treasury transactions and services rendered by the ADGM RTC to the Moroccan participant

The standard VAT rate is 20%.

Interest earned by the ADGM RTC or the Moroccan participant should generally be subject to a reduced rate of 10%.

Reverse charge VAT would apply on services rendered by the ADGM RTC to the Moroccan participant. Therefore the Moroccan participant should declare both input and output VAT in its VAT return and its ability to recover the input VAT would

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depend on its VAT recovery profile.

In case the Moroccan entity is in VAT credit position, the reverse charge VAT on services received from non-resident entities (i.e. ADGM RTC) will be paid separately in the event there is any irrecoverable input VAT.

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**Stamp duty/ transactional taxes applicable to intercompany financing agreements**

Yes, legal documents are subject to stamp duty at a rate of up to MAD 1,000. (approximately USD 104)

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**Regulatory**

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**Regulatory/ licensing requirements for the ADGM RTC in Morocco**

Yes, being a lending-borrowing activity, the banking regulation should normally apply.

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**Ability of the ADGM RTC to open a local currency account**

No

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**Ability of the ADGM RTC to open a local foreign currency account**

No

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**Ability of the local participant to open a local foreign currency account**

Yes

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**Ability of local participant to open an overseas bank account**

Yes

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**Whether domestic notional pooling is allowed in Morocco**

Yes, subject to the approval of the Moroccan Exchange Office.

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**Whether cross-border notional pooling is allowed in Morocco**

Yes

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**Whether cross-border physical cash pooling/ zero balancing is allowed in Morocco**

Yes, subject to the approval of the Moroccan Exchange Office.

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**Foreign exchange controls in Morocco**

Yes, international financial transactions are subject to the control of the Moroccan Exchange Office (Office des Changes). Remittances of capital to non-residents are guaranteed. Cash pool operations are subject to the authorisation of the "Office des Changes".

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## 1.13 Mozambique

### Taxation

<b>Corporate income tax</b>	The standard corporate income tax rate is 32%.
<b>Treatment of notional and physical cash pooling for corporate income tax purposes</b>	There are no specific tax rules dealing with income / costs relating to the participation in a cash pool. The accounting treatment under IFRS will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the Mozambican participant that expense or income should be tax deductible / taxable.
<b>Deductibility of interest and fees paid to the ADGM RTC / cash pool header</b>	<p>Interest is deductible for corporate income tax purposes, subject to being on arm's length terms if paid to a related party shareholder (see below).</p> <p>Additionally, interest deductibility provisions may limit deductible interest on related-party loans (see below).</p> <p>Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge is on an arm's length basis.</p>
<b>Withholding tax on interest paid to ADGM RTC on debit balances</b>	Interest paid to a non-resident company is subject to withholding tax of 20%. However, this rate can be reduced to 0% under the Mozambique-UAE double tax treaty.
<b>Thin capitalisation, interest capping and/or other interest deductibility restrictions</b>	The deductibility of related party interest paid to shareholders of the Mozambican participant are subject to the debt not being seen to be "excessive". Excessive debt is that part of the borrower's total debt to each non-resident related party which exceeds, at any time in a tax period, twice the corporate borrower's net worth held by the non-resident.
<b>Transfer pricing rules and documentation requirements</b>	<p>Transactions with related parties are required to be undertaken on an arm's length basis (i.e. as between unrelated entities at market value). The transfer pricing rules allow the tax authorities to disallow the deduction or adjust income where they consider the transaction to not be on arm's length terms.</p> <p>All companies with an annual turnover above MZN 2.5 million (approximately USD 40,000) must submit their transfer pricing documentation along with their annual tax returns (before 30 April of each year).</p> <p>All companies must prepare transfer pricing documentation to support transactions between related parties where the value of the transactions is at least MZN 2.5 million (approximately USD 40,000).</p> <p>For payments to companies in low tax jurisdictions, the authorities will need to be satisfied that the payment was genuine and reasonable. For these transactions there is no transaction threshold, instead the transfer pricing documentation must be prepared where the taxpayer in the previous year reached a turnover of MZN 2.5 million (approximately USD 40,000). The taxpayer is required to indicate in its annual return the existence (or not) of transactions with related parties.</p>
<b>PE / taxable presence exposure for the ADGM RTC in Mozambique</b>	Maintaining local bank accounts and entering into financing and service arrangements with Mozambique group companies should, in itself, not create a PE or other form of taxable presence in Mozambique for the ADGM RTC
<b>VAT treatment of treasury transactions and services rendered by the ADGM RTC to the in Mozambican</b>	<p>The standard VAT rate is 17%.</p> <p>Interest earned by the ADGM RTC or the Mozambican participant should generally be zero-rated.</p> <p>Reverse charge VAT would apply on services rendered by the ADGM RTC to the Mozambican participant. Therefore the Mozambican participant should declare both input and output VAT in its VAT return and its ability to recover the input VAT would depend on its VAT recovery profile.</p>
<b>Stamp duty/ transactional taxes applicable to intercompany financing agreements</b>	Yes, stamp duty is levied on all acts, deeds, documents, securities, books, papers and other transactions in Mozambique which are not subject to, or expressly exempt from VAT. Shareholders' loans granted for a period less than a year or reimbursed before this period are subject to stamp duty. Shareholders' loans exceeding one year are exempt from stamp duty, provided that the repayment is made after one year.

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**Regulatory**

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<b>Regulatory/ licensing requirements for the ADGM RTC* in Mozambique</b>	No
<b>Ability of the ADGM RTC to open a local currency account</b>	No
<b>Ability of the ADGM RTC to open a local foreign currency account</b>	No
<b>Ability of the local participant to open a local foreign currency account</b>	Yes, subject to Central Bank prior approval via the local participant's commercial bank.
<b>Ability of local participant to open an overseas bank account</b>	Yes, subject to Central Bank prior approval. Special regime may apply to companies operating in the LNG sector but always subject to specific Excon provisions and rules.
<b>Whether domestic notional pooling is allowed in Mozambique</b>	Yes, Notional Pooling is not regulated in Mozambique. Theoretically notional pooling may be admissible to the extent that only virtual movements are made and there is no effective inflow nor outflow of funds.
<b>Whether cross-border notional pooling is allowed in Mozambique</b>	Yes, provided that all legal requirements in Mozambique are met and prior approvals and/or registrations are obtained and executed in Mozambique (namely from a foreign exchange control standpoint) cross border notional pooling is allowed.
<b>Whether cross-border physical cash pooling/ zero balancing is allowed in Mozambique</b>	Yes, provided that when an actual inflow and/or outflow of funds occurs all legal requirements in Mozambique are met (namely from a foreign exchange control standpoint), cross-border physical cash pooling may be allowed.
<b>Foreign exchange controls in Mozambique</b>	Yes, mandatory use of the national banking system for foreign exchange operations, mandatory declarations and conditions to open bank accounts in foreign currency. There are specific requirements for the repatriation of funds and there is an obligation to register inflow of funds. Local payments in foreign currency between Mozambican entities are very limited; regulated use of foreign currency in other situations (loans denominated in foreign currency, import of funds). Proceeds from exports and income deriving from foreign currency have to be deposited in a specific foreign currency account, but funds have to be converted into local currency upon payment to resident entities.

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## 1.14 Namibia

### Taxation

<b>Corporate income tax</b>	The standard corporate tax rate is 32%.
<b>Treatment of notional and physical cash pooling for corporate income tax purposes</b>	There are no specific tax rules dealing with income / costs relating to the participation in a cash pool. The accounting treatment under IFRS will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the Namibian participant that expense or income should be tax deductible / taxable.
<b>Deductibility of interest and fees paid to the ADGM RTC / cash pool header</b>	Interest is deductible for corporate income tax purposes when accrued, subject to being on arm's length terms if paid to a related party (see below). Additionally, thin capitalisation provisions may limit deductible interest on related-party loans (see below). Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge is on an arm's length basis.
<b>Withholding tax on interest paid to ADGM RTC on debit balances</b>	Interest paid to a non-resident company is subject to withholding tax of 10%.
<b>Thin capitalisation, interest capping and/or other interest deductibility restrictions</b>	The deductibility of related party interest paid to shareholders of the Namibian participant are subject to whether the Minister of Finance considers such lending to be excessive in relation to the fixed capital of the resident company. For this purpose, a debt-to-equity ratio of 3:1 is applied. This same test also includes debt channelled through an independent third-party intermediary
<b>Transfer pricing rules and documentation requirements</b>	Transactions with related parties are required to be undertaken on an arm's-length basis (i.e. as between unrelated entities at market value). This allows the tax authorities to disallow the deduction or adjust income where they consider the transaction to not be on arm's length terms.  Namibia does not have guidelines or rules on what transfer pricing documentation is required to be submitted. That being said, Practice Note 2/2006 states that it is in taxpayers interests to prepare transfer pricing documentation to demonstrate that they have developed sound transfer pricing policies under which prices are determined in accordance with the arms-length principle.
<b>PE / taxable presence exposure for the ADGM RTC in Namibia</b>	Maintaining local bank accounts and entering into financing and service arrangements with Namibia group companies should, in itself, not create a PE or other form of taxable presence in Namibia for the ADGM RTC.
<b>VAT treatment of treasury transactions and services rendered by the ADGM RTC to the Namibian participant</b>	The standard VAT rate is 15%. Interest earned by the Namibian participant would generally be regarded as an exempt supply. Treasury services performed by ADGM RTC which are imported by the Namibian participant may be subject to 15% imported services VAT, if it was utilised to generate supplies other than taxable supplies. Imported services VAT is a final tax and cannot be deducted / claimed as an input tax credit by the Namibian participant. Imported services VAT can be recovered by the Namibian participant where the expenses are incurred in the making of the Namibian participant's taxable supplies.
<b>Stamp duty/ transactional taxes applicable to intercompany financing agreements</b>	No

### Regulatory

<b>Regulatory/ licensing requirements for the ADGM RTC in Namibia</b>	No
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<b>Ability of the ADGM RTC to open a local currency account</b>	No
<b>Ability of the ADGM RTC to open a local foreign currency account</b>	No
<b>Ability of the local participant to open a local foreign currency account</b>	Yes
<b>Ability of local participant to open an overseas bank account</b>	Yes
<b>Whether domestic notional pooling is allowed in Namibia</b>	Yes, however there is no legislation in Namibia, therefore it is uncertain how the authorities will deal with the notional pooling.
<b>Whether cross-border notional pooling is allowed in Namibia</b>	Yes, however there is no legislation in Namibia, therefore it is uncertain how the authorities will deal with the notional pooling. For completeness, there is no legislation which states that cross-border notional pooling is not allowed.
<b>Whether cross-border physical cash pooling/ zero balancing is allowed in Namibia</b>	Yes
<b>Foreign exchange controls in Namibia</b>	Yes, capital inflows from non-residents intended for equity investments should be introduced through normal banking channels and the share certificates should be stamped as "non-resident" in order to repatriate dividends at a later stage. Debt financing by a non-resident is subject to controls.

## 1.15 Nigeria

### Taxation

#### Corporate income tax

The standard corporate income tax rate is 30%. Tertiary Education Tax ("TET") of 2% of a Nigerian company's assessable income would also apply.

For small companies in the agriculture, mining, manufacturing industry and wholly export-oriented companies with turnover less than NGN 1 million, the corporate income tax rate is reduced to 20% in the first five calendar years of operation.

Banks, insurance companies, pension related companies, other financial institutions, telecommunication companies, cyber companies and internet service providers are liable to contribute an additional levy of 1% of their profit before tax to the National Information Technology Development Fund. IT levy is tax deductible when the amount is paid.

#### Treatment of notional and physical cash pooling for corporate income tax purposes

The accounting treatment under IFRS will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the Nigerian participant that expense or income should be tax deductible / taxable.

Notional interest cost/income (not supported by cash or intercompany set-off/credit) are not tax deductible and non-taxable income respectively. Foreign interest income received by a Nigerian company and brought in through government approved channels are exempt from corporate income tax.

#### Deductibility of interest and fees paid to the ADGM RTC /cash pool header

Interest is deductible for corporate income tax when accrued, subject to being on arm's length terms if paid to a related party (see below).

Additionally, interest deductibility provisions may limit deductible interest on related-party loans (see below).

Service fees payable to the ADGM RTC for treasury services should in principle be tax deductible provided the charge is on an arms length basis.

#### Withholding tax on interest paid to ADGM RTC on debit balances

Interest paid to a non-resident company is subject to withholding tax of 10%. However, this rate can be reduced to 7.5% under the Nigeria-UAE double tax treaty once it has been ratified

In addition, the Nigerian tax laws provide for a partial or total exemption from withholding tax for foreign loans brought into Nigeria if the terms of the loan meets certain term and repayment criteria.

#### Thin capitalisation, interest capping and/or other interest deductibility restrictions

Nigeria does not currently have thin capitalisation rules. However, in practice, the tax authority considers a 3:1 debt to equity ratio as a benchmark and may classify any excess debt as equity and therefore disallow interest on such debt for corporate income tax purposes.

We understand that Nigeria is looking to introduce interest limitation rules in line with the outcome of the BEPS project. Although the rules are yet to be introduced, the tax authority is inclined to introduce a cap of between 10%-40% of EBITDA for all interest (i.e. related and third party interest)

#### Transfer pricing rules and documentation requirements

Transactions with related parties are required to be undertaken on an arm's length basis (i.e. as between unrelated entities at market value). The transfer pricing rules allow the tax authorities to disallow the deduction or adjust income where they consider the transaction to not be on arm's length terms.

All resident companies must submit their transfer pricing documentation each year within 6 months after the end of the accounting period.

#### PE / taxable presence exposure for the ADGM RTC in Nigeria

Maintaining local bank accounts and entering into financing and service arrangements with Nigerian group companies should, in itself, not create a PE or other form of taxable presence in Nigeria for the ADGM RTC.

#### VAT treatment of treasury transactions and services rendered by the ADGM RTC to the Nigerian participant

The standard VAT rate in Nigeria is 5%.

Interest earned is a return on investment and is not liable to VAT in Nigeria.

Although the reverse charge mechanism is not expressly stated in the Nigerian VAT law, a recent court judgement requires a Nigerian recipient of imported services to

	self charge VAT on such services fees at 5%.The recoverability of input VAT against output VAT is restricted to input VAT suffered on goods bought directly for resale, or on goods that form stock in trade used in the production of a product on which output VAT is charged. Input VAT suffered on services is not recoverable and should be expensed in the income statement.
<b>Stamp duty/ transactional taxes applicable to intercompany financing agreements</b>	Yes, stamp duty rates varies depending on the type of agreement. However, for loan agreements, the applicable stamp duty rate is 0.125%.. However, stamp duties are not payable if the physical agreement does not have to be brought into Nigeria.
<b>Regulatory</b>	
<b>Regulatory/ licensing requirements for the ADGM RTC in Nigeria</b>	No, there are no registration nor specific licensing requirements in Nigeria for the ADGM RTC in respect of lending to Nigerian participants, as long as the ADGM RTC is not carrying on business in Nigeria (which should not be the case). The ADGM RTC should not need to obtain preapprovals before making loans to Nigerian participants.
<b>Ability of the ADGM RTC to open a local currency account</b>	No
<b>Ability of the ADGM RTC to open a local foreign currency account</b>	Yes, subject to certain special conditions.
<b>Ability of the local participant to open a local foreign currency account</b>	Yes
<b>Ability of local participant to open an overseas bank account</b>	Yes
<b>Whether domestic notional pooling is allowed in Nigeria</b>	Yes
<b>Whether cross-border notional pooling is allowed in Nigeria</b>	Yes
<b>Whether cross-border physical cash pooling/ zero balancing is allowed in Nigeria</b>	Yes, in practice, cross border cash pooling in Nigeria is common.
<b>Foreign exchange controls in Nigeria</b>	Yes, certain restrictions contained in the Central Bank of Nigeria Act and the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act apply to the export of capital and repatriation of income.  Specified documentation needs to be provided to the local bank (such as evidence of tax being withheld and loan agreement). The documentation requirements would not be applicable if the Nigerian participant is making a remittance from its own FX balances.

## 1.16 Rwanda

<i>Taxation</i>	
<b>Corporate income tax</b>	<p>The standard corporate income tax is 30%.</p> <p>Small businesses pay corporate income tax of 3% lump-sum on turnover.</p> <p>Micro-enterprises pay corporate income tax at progressive rates based on an annual turnover bracket.</p>
<b>Treatment of notional and physical cash pooling for corporate income tax purposes</b>	<p>There are no specific tax rules dealing with income/costs relating to the participation in a cash pool. The accounting treatment under IFRS will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the Rwandan participant that expense or income should be tax deductible / taxable.</p>
<b>Deductibility of interest and fees paid to the ADGM RTC / cash pool header</b>	<p>Interest is deductible for corporate income tax purposes, subject to being on arm's length terms restrictions if paid to a related party (see below).</p> <p>Additionally, interest deductibility provisions may limit deductible interest on related-party loans (see below).</p> <p>Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge is on an arm's length basis.</p>
<b>Withholding tax on interest paid to ADGM RTC on debit balances</b>	<p>Interest paid to a non-resident company is subject to withholding tax of 15%. However, this rate can be reduced to 10% under the Rwanda-UAE double tax treaty (once it has entered into force).</p>
<b>Thin capitalisation, interest capping and/or other interest deductibility restrictions</b>	<p>The deductibility of related party interest paid to shareholders of the Rwandan participant is subject to not exceeding a 4:1 debt to equity ratio. This equity should not include provisions or reserves according to the balance sheet, which is drawn up in accordance with the GAAP.</p>
<b>Transfer pricing rules and documentation requirements</b>	<p>Transactions with related parties are required to be undertaken on an arm's length basis (i.e. as between unrelated entities at market value). This allows the tax authorities to disallow the deduction or adjust income where they consider the transaction to not be on arm's length terms. The transfer pricing rules have not been legislated as yet.</p>
<b>PE / taxable presence exposure for the ADGM RTC in Rwanda</b>	<p>Entering into financing and service arrangements with Rwandan group companies should, in itself, not create a PE or other form of taxable presence in Rwanda for the ADGM RTC.</p>
<b>VAT treatment of treasury transactions and services rendered by the ADGM RTC to Rwandan participant</b>	<p>The standard VAT rate is 18%.</p> <p>Interest earned by the ADGM RTC or the Rwanda participant should generally be zero-rated.</p> <p>Reverse charge VAT would apply on services rendered by the ADGM RTC to the Rwandan participant i.e. both input and output VAT would need to be declared by the Rwandan participant and the recovery of input VAT would depend on whether services similar to those imported from the ADGM RTC are deemed available in the local market. If deemed available, then the Rwandan participant cannot recover the reverse charge VAT as part of it input VAT.</p>
<b>Stamp duty/ transactional taxes applicable to intercompany financing agreements</b>	<p>No, there is no stamp duty applicable in Rwanda.</p>
<i>Regulatory</i>	
<b>Regulatory/ licensing requirements for the ADGM RTC in Rwanda</b>	<p>No</p>

<b>Ability of the ADGM RTC to open a local currency account</b>	No
<b>Ability of the ADGM RTC to open a local foreign currency account</b>	No
<b>Ability of the local participant to open a local foreign currency account</b>	Yes
<b>Ability of local participant to open an overseas bank account</b>	Yes
<b>Whether domestic notional pooling is allowed in Rwanda</b>	Yes
<b>Whether cross-border notional pooling is allowed in Rwanda</b>	Yes, there is no legislation which states that cross-border notional pooling is not allowed.
<b>Whether cross-border physical cash pooling/ zero balancing is allowed in Rwanda</b>	Yes
<b>Foreign exchange controls in Rwanda</b>	No

## 1.17 Senegal

### Taxation

#### Corporate income tax

The standard corporate income tax rate is 30%.

A minimum tax is levied on the annual turnover (excluding taxes) realised during the previous tax year at the rate of 0.5%. This minimum tax may not be less than XOF 500,000 (approximately USD 900) or exceed XOF 5 million (approximately USD 9,000).

A simplified regime is applicable for companies with an annual turnover (including taxes) of less than XOF 100 million (approximately USD 171,000). These companies are eligible for a reduction of 15% of their taxable profits if they register with a chartered management centre.

#### Treatment of notional and physical cash pooling for corporate income tax purposes

There are no specific tax rules dealing with income / costs relating to the participation in a cash pool. The accounting treatment under IFRS will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the Senegalese participant that expense or income should be tax deductible / taxable.

#### Deductibility of interest and fees paid to the ADGM RTC / cash pool header

Interest is deductible for corporate income tax purposes, subject to being on arm's length terms if paid to a related party (see below).

Additionally, thin capitalisation provisions may limit deductible interest on related-party loans (see below).

Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge is on an arm's length basis.

#### Withholding tax on interest paid to ADGM RTC on debit balances

Interest paid to a non-resident company is subject to withholding tax of 16%. However, this rate can be reduced to 5% under the Senegal-UAE double tax treaty.

#### Thin capitalisation, interest capping and/or other interest deductibility restrictions

The deductibility of related party interest paid to shareholders of the Senegalese participant are subject to whether the Minister of Finance considers such lending to be excessive in relation to the fixed capital of the resident company. For this purpose, a debt-to-equity ratio of 3:1 is applied. This same test also includes debt channelled through an independent third-party intermediary.

#### Transfer pricing rules and documentation requirements

Transactions with related parties are required to be undertaken on an arm's length basis (i.e. as between unrelated entities at market value). The transfer pricing rules allow the tax authorities to disallow the deduction or adjust income where they consider the transaction to not be on arm's length terms.

The related party requirement does not apply where the transaction involves companies incorporated in a low tax jurisdiction or a non-cooperative state or territory. Specific payments to non-residents are not allowed as deductible expenses for income tax purposes where the recipient is subject to a privileged tax regime or is based in a non-cooperative country.

Transfer pricing documentation requirements apply to Senegal resident companies:

- With annual turnover, excluding taxes, of at least XOF 5 billion (approximately USD 8.6 million); or
- Which hold, directly or indirectly, more than 50% of the capital or voting rights of a company that meets the criterion in 1 above; or
- Whose capital is more than 50% owned, directly or indirectly, by a legal entity that meets the criterion in 1 above.

All companies meeting the above requirements must submit their transfer pricing documentation along with their annual financial statements by 30 April of the subsequent financial year.

#### PE / taxable presence exposure for the ADGM RTC in Senegal

Maintaining local bank accounts and entering into financing and service arrangements with Senegalese group companies should, in itself, not create a PE or other form of taxable presence in Senegal for the ADGM RTC.

#### VAT treatment of treasury transactions and services

The standard VAT rate is 18%.

Interest earned by the ADGM RTC or the Senegalese participant should generally be

<b>rendered by the ADGM RTC to the Senegalese participant</b>	zero-rated. Reverse charge VAT would apply on services rendered by the ADGM RTC to the Senegalese participant. Therefore the Senegalese participant should declare both input and output VAT in its VAT return and its ability to recover the input VAT would depend on its VAT recovery profile.
<b>Stamp duty/ transactional taxes applicable to intercompany financing agreements</b>	Yes, stamp duty is levied according to the size of the deed. The rate varies from XOF 2,000 to XOF 6,000 (approximately USD 10). Registration duty and stamp duty are paid at the same time on the same deed.
<b>Regulatory</b>	
<b>Regulatory/ licensing requirements for the ADGM RTC in Senegal</b>	No
<b>Ability of the ADGM RTC to open a local currency account</b>	No
<b>Ability of the ADGM RTC to open a local foreign currency account</b>	No
<b>Ability of the local participant to open a local foreign currency account</b>	Yes, subject to authorisation (in practice rarely granted).
<b>Ability of local participant to open an overseas bank account</b>	Yes, subject to authorisation (in practice rarely granted).
<b>Whether domestic notional pooling is allowed in Senegal</b>	Yes
<b>Whether cross-border notional pooling is allowed in Senegal</b>	Yes
<b>Whether cross-border physical cash pooling/ zero balancing is allowed in Senegal</b>	Yes
<b>Foreign exchange controls in Senegal</b>	Yes, mainly with non-West African Economic and Monetary Union (WAEMU) countries.

## 1.18 South Africa

### Taxation

<b>Corporate income tax</b>	<p>The standard corporate income tax rate is 28%.</p> <p>Small business corporations (i.e. companies with only natural persons as members/owners and with gross income of not more than ZAR 20 million (approximately USD 1.4 million)) are taxed at progressive rates up to 28%.</p>
<b>Treatment of notional and physical cash pooling for corporate income tax purposes</b>	<p>There are no specific tax rules dealing with income / costs relating to the participation in a cash pool. The accounting treatment under IFRS will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the South African participant that expense or income should be tax deductible / taxable.</p>
<b>Deductibility of interest and fees paid to the ADGM RTC / cash pool header</b>	<p>Interest is deductible for corporate income tax purposes, with the timing of the deduction determined under special rules and subject to being on arm's length terms if paid to a related party (see below).</p> <p>Additionally, interest that is incurred to produce income that is tax exempt will not be deductible. However, a special dispensation applies to the deduction of interest on debt used to acquire shares in a company, provided certain requirements are met.</p> <p>Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge is on an arm's length basis.</p>
<b>Withholding tax on interest paid to ADGM RTC on debit balances</b>	<p>Interest paid to a non-resident company is subject to withholding tax of 15%. However, this rate can be reduced to 10% under the South Africa-UAE double tax treaty.</p>
<b>Thin capitalisation, interest capping and/or other interest deductibility restrictions</b>	<p>Thin capitalisation provisions are part of the general transfer pricing rules (see below).</p>
<b>Transfer pricing rules and documentation requirements</b>	<p>Transactions with related parties are required to be undertaken on an arm's length basis (i.e. as between unrelated entities at market value). The transfer pricing rules allow the tax authorities to disallow the deduction or adjust income where they consider the transaction to not be on arm's length terms.</p> <p>Where a transfer pricing adjustment is required to be made, that adjustment is subject to a secondary adjustment where it is deemed to be either a dividend or a donation and subject to tax accordingly.</p> <p>All resident companies with potentially affected transaction in excess of ZAR100m (approximately USD 7.1 million) must file a master file and local file with the tax authority within 12 months from the end of the accounting reference period. Additionally the annual corporate tax return contains specific questions relating to transfer pricing and the existence of documentation that supports an arms' length price.</p>
<b>PE / taxable presence exposure for the ADGM RTC in South Africa</b>	<p>Maintaining local bank accounts and entering into financing and service arrangements with South African group companies should, in itself, not create a PE or other form of taxable presence in South Africa for the ADGM RTC.</p>
<b>VAT treatment of treasury transactions and services rendered by the ADGM RTC to the South African participant</b>	<p>The standard VAT rate is 15%.</p> <p>Interest earned by the South African participant should generally be exempt from VAT.</p> <p>VAT at the standard rate is payable on the supply of "imported services". An imported service is a supply of services by a supplier who is not a resident of South Africa or who carries on a business outside South Africa (e.g. ADGM RTC) to a recipient who is a resident of South Africa (e.g. South African participant) and such services are utilised or consumed in South Africa for non-taxable purposes. In this situation the recipient of the imported services is responsible for the declaration and payment of the VAT and are unable recover or claim an input VAT deduction for this amount.</p>
<b>Stamp duty/ transactional taxes applicable to intercompany financing</b>	<p>No</p>

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**agreements**

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**Regulatory**

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<b>Regulatory/ licensing requirements for the ADGM RTC in South Africa</b>	No
<b>Ability of the ADGM RTC to open a local currency account</b>	No, unless registered as an external company (branch).
<b>Ability of the ADGM RTC to open a local foreign currency account</b>	No, unless registered as an external company (branch).
<b>Ability of the local participant to open a local foreign currency account</b>	Yes
<b>Ability of local participant to open an overseas bank account</b>	Yes, but approval via authorised dealer required and restrictions may apply such as regular repatriation (30 days), no deposits from South Africa etc.
<b>Whether domestic notional pooling is allowed in South Africa</b>	Yes, due to foreign exchange controls only resident accounts can participate in a cash pooling arrangement (i.e. no cross-border or cross currency can be included in cash pooling arrangements). However, a domestic treasury management company ("DTMC") allows both domestic and cross border notional pooling as Central Bank restrictions do not apply to a DTMC.
<b>Whether cross-border notional pooling is allowed in South Africa</b>	No, unless a DTMC is able to be used.
<b>Whether cross-border physical cash pooling/ zero balancing is allowed in South Africa</b>	No, unless a DTMC is able to be used.
<b>Foreign exchange controls in South Africa</b>	Yes, prior approval and/or notification of contract and/or transaction is required.

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## 1.19 Sudan

### Taxation

<b>Corporate income tax</b>	<p>The standard corporate income tax rate depends on a company's industry, specifically:</p> <ul style="list-style-type: none"><li>- 10% for industrial companies;</li><li>- 15% for trading, service, insurance and fund management companies;</li><li>- 30% for banks, cigarette and tobacco companies;</li><li>- 35% for companies engaged in the exploration, extraction and distribution of oil and gas, and their subcontractors;</li><li>- 5% (which is not income tax but is a social development tax) for all companies which are exempt from tax under the Investment Encouragement Act or any other Act; and</li><li>- 7% minimum tax on annual turnover for telecommunication companies.</li></ul>
<b>Treatment of notional and physical cash pooling for corporate income tax purposes</b>	<p>There are no specific tax rules dealing with income / costs relating to the participation in a cash pool. The accounting treatment under IFRS will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the Sudanese participant that expense or income should be tax deductible / taxable.</p>
<b>Deductibility of interest and fees paid to the ADGM RTC / cash pool header</b>	<p>Interest is deductible for corporate income tax purposes, subject to the general anti-avoidance provision if paid to a related party (see below).</p> <p>Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge does not trigger the general anti-avoidance provision.</p>
<b>Withholding tax on interest paid to ADGM RTC on debit balances</b>	<p>Interest paid to a non-resident company is subject to withholding tax of 7%. However, this rate can be reduced to 0% under the Sudan-UAE double tax treaty.</p>
<b>Thin capitalisation, interest capping and/or other interest deductibility restrictions</b>	<p>There are no thin capitalisation rules in Sudan or other interest deductibility capping rules beyond those set-out above. (see deductibility of interest section above).</p>
<b>Transfer pricing rules and documentation requirements</b>	<p>The Income Tax Act ("ITA") contains a general anti-avoidance provision, which empowers the Taxation Chamber to adjust the profits of a resident person who carries on business in Sudan with a related non-resident person where the business is so arranged to produce to the resident person either no profit or less than normal profits that would have occurred in a genuine situation.</p> <p>The ITA also provides that where the Taxation Chamber is of the opinion that the main purpose or one of the main purposes for which a transaction was effected was the avoidance or reduction of liability to tax, it may direct that adjustments be made as it considers appropriate to counteract the avoidance or reduction of liability to tax. This provision affects both resident and non-resident companies.</p> <p>The ITA does not provide for anti-avoidance rules targeting transactions between closely held companies and their shareholders</p>
<b>PE / taxable presence exposure for the ADGM RTC in Sudan</b>	<p>Maintaining local bank accounts and entering into financing and service arrangements with Sudanese group companies should, in itself, not create a PE or other form of taxable presence in Sudan for the ADGM RTC.</p>
<b>VAT treatment of treasury transactions and services rendered by the ADGM RTC to the Sudanese participant</b>	<p>The standard VAT rate is 17%.</p> <p>Interest earned by the ADGM RTC or the Sudanese participant should generally be zero-rated.</p> <p>Reverse charge VAT would apply on services rendered by the ADGM RTC to the Sudanese participant. Therefore the Sudanese participant should declare both input and output VAT in its VAT return and its ability to recover the input VAT would depend on its VAT recovery profile.</p>
<b>Stamp duty/ transactional taxes applicable to intercompany financing agreements</b>	<p>Yes</p>

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**Regulatory**

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**Regulatory/ licensing requirements for the ADGM RTC in Sudan** No

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**Ability of the ADGM RTC to open a local currency account** No

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**Ability of the ADGM RTC to open a local foreign currency account** No

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**Ability of the local participant to open a local foreign currency account** Yes

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**Ability of local participant to open an overseas bank account** Yes

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**Whether domestic notional pooling is allowed in Sudan** Yes

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**Whether cross-border notional pooling is allowed in Sudan** Yes

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**Whether cross-border physical cash pooling/ zero balancing is allowed in Sudan** Yes

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**Foreign exchange controls in Sudan** Yes

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## 1.20 Tanzania

<i>Taxation</i>	
<b>Corporate income tax</b>	The standard corporate income tax rate is 30%.
<b>Treatment of notional and physical cash pooling for corporate income tax purposes</b>	There are no specific tax rules dealing with income / costs relating to the participation in a cash pool. The accounting treatment will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the Tanzanian participant that expense or income should be tax deductible / taxable.
<b>Deductibility of interest and fees paid to the ADGM RTC / cash pool header</b>	Interest is deductible for corporate income tax purposes when accrued, subject to being on arm's length terms if paid to a related party (see below). Additionally, interest deductions are restricted by the thin capitalisation rules (see below). Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge is on an arm's length basis.
<b>Withholding tax on interest paid to ADGM RTC on debit balances</b>	Interest paid to a non-resident company is subject to withholding tax of 10%.
<b>Thin capitalisation, interest capping and/or other interest deductibility restrictions</b>	The deductibility of related party interest paid by the Tanzanian participant is subject to a thin capitalisation restriction on the amount of deductible interest for what are termed 'exempt-controlled resident entities' (which includes a resident entity where 25% or more of its ownership is held by a non-resident entity), where the debt-to-equity ratio exceeds 7:3.
<b>Transfer pricing rules and documentation requirements</b>	Transactions with related parties are required to be undertaken on an arm's length basis (i.e. as between unrelated entities at market value). The transfer pricing rules allow the tax authorities to disallow the deduction or adjust income where they consider the transaction to not be on arm's length terms. All resident companies must submit their transfer pricing documentation along with their annual corporate income tax return if related party transactions exceed TZS 10bn (approximately USD 4.3 million). Otherwise, the documentation is required to be made available within 30 days upon request by the tax authorities.
<b>PE / taxable presence exposure for the ADGM RTC in Tanzania</b>	Maintaining local bank accounts and entering into financing and service arrangements with Tanzanian group companies is unlikely, in itself, to create a PE or other form of taxable presence in Tanzania for the ADGM RTC.
<b>VAT treatment of treasury transactions and services rendered by the ADGM RTC to the Tanzanian participant</b>	The standard rate of VAT is 18%. Interest earned by the Tanzanian participant would be exempt from Tanzanian VAT. The Tanzanian participant would have the obligation to account for reverse charge VAT on the imported services from ADGM RTC (unless its exempt supplies amount to less than 10% of its total supplies, in which case it will not be required to account for the imported services).
<b>Stamp duty/ transactional taxes applicable to intercompany financing agreements</b>	Yes, stamp duty on loan agreements is charged at the nominal value of TZS 500 (less than USD 1). This is payable by the borrowing party within 30 days of execution of the agreement.
<i>Regulatory</i>	
<b>Regulatory/ licensing requirements for the ADGM RTC in Tanzania</b>	No, based on the understanding that the ADGM RTC would not have any operations in Tanzania.
<b>Ability of the ADGM RTC to open a local currency account</b>	No, in order to open a local bank account, ADGM RTC would need to have a local presence. In addition, the Central Bank requires local bankers to conduct a site visit of the customer for the purpose of account opening.

<b>Ability of the ADGM RTC to open a local foreign currency account</b>	No, in order to open a local bank account, ADGM RTC would need to have a local presence. In addition, the Central Bank requires local bankers to conduct a site visit of the customer for the purpose of account opening.
<b>Ability of the local participant to open a local foreign currency account</b>	Yes
<b>Ability of local participant to open an overseas bank account</b>	Yes
<b>Whether domestic notional pooling is allowed in Tanzania</b>	Yes
<b>Whether cross-border notional pooling is allowed in Tanzania</b>	Yes
<b>Whether cross-border physical cash pooling/ zero balancing is allowed in Tanzania</b>	Yes
<b>Foreign exchange controls in Tanzania</b>	Yes

## 1.21 Tunisia

<b>Taxation</b>	
<b>Corporate income tax</b>	The standard corporate income tax rate is 25%. In addition to corporate income tax, a social solidarity contribution is due at the rate of 1% of the taxable income, starting from 1 January 2018.
<b>Treatment of notional and physical cash pooling for corporate income tax purposes</b>	There are no specific tax rules dealing with income /costs relating to the participation in a cash pool. The accounting treatment will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the Tunisian participant that expense or income should be tax deductible / taxable.
<b>Deductibility of interest and fees paid to the ADGM RTC / cash pool header</b>	Interest is deductible for corporate income tax purposes, subject to the interest deductibility provisions (see below) Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge is on an arm's length basis.
<b>Withholding tax on interest paid to ADGM RTC on debit balances</b>	Interest paid to a non-resident company is subject to withholding tax of 20%. However, this rate can be reduced to 10% under the Tunisia -UAE double tax treaty. The withholding tax rate is increased to 25% if the recipient is tax resident in a country applying a preferential tax regime. Although this concept covers any jurisdiction where the income tax rate is lower than 50% of the income rate applicable in Tunisia, the UAE is not on the list of jurisdictions determined by the Minister of Finance.
<b>Thin capitalisation, interest capping and/or other interest deductibility restrictions</b>	The deductibility of related party interest is subject to the following conditions being met: <ul style="list-style-type: none"><li>- Borrower's share capital is fully paid up;</li><li>- The debt-to-equity ratio does not exceed 1:2; and</li><li>- The interest rate does not exceed 8%.</li></ul> There are no thin capitalisation rules in Tunisia or other interest deductibility capping rules beyond those set-out above.
<b>Transfer pricing rules and documentation requirements</b>	Transactions with related parties are required to be undertaken on an arm's length basis (i.e. as between unrelated entities at market value). The transfer pricing rules allow the tax authorities to disallow the deduction or adjust income where they consider the transaction to not be on arm's length terms. All resident companies with a gross annual turnover equal to or exceeding TND 20 million (approximately USD 6.8 million) from 1 January 2020 must submit their transfer pricing documentation in a specified format along with their annual tax return (i.e. by 25 March of the subsequent year if the tax period corresponds to the calendar year). The specified format will require detailed information related to the group of entities to which the company is related and information related to the activity of the company itself including financial and commercial transactions with related companies.
<b>PE / taxable presence exposure for the ADGM RTC in Tunisia</b>	Maintaining local bank accounts and entering into financing and service arrangements with Tunisian group companies should not, in itself, create a PE or other form of taxable presence in Tunisia for the ADGM RTC.
<b>VAT treatment of treasury transactions and services rendered by the ADGM RTC to the Tunisian participant</b>	The standard VAT rate is 19%. Lower rates of 7% and 13% apply to specifically designed operations (list of products and services subject to these rates are enumerated in the VAT Code). Interest earned by the ADGM RTC or the Tunisian participant should generally be zero-rated. Reverse charge VAT would apply on services rendered by the ADGM RTC to the Tunisian participant. Therefore the Tunisian participant should declare both input and output VAT in its VAT return and its ability to recover the input VAT would depend on its VAT recovery profile.
<b>Stamp duty/ transactional taxes applicable to</b>	Yes, stamp duty is levied on all contracts, agreements and documents which are subject to registration duty (except for those to which a flat rate duty applies). They

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<b>intercompany financing agreements</b>	are due on each invoice at 0.600 TND per invoice (approximately USD 0.2).
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***Regulatory***

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<b>Regulatory/ licensing requirements for the ADGM RTC in Tunisia</b>	No
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<b>Ability of the ADGM RTC to open a local currency account</b>	No
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<b>Ability of the ADGM RTC to open a local foreign currency account</b>	No
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<b>Ability of the local participant to open a local foreign currency account</b>	Yes
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<b>Ability of local participant to open an overseas bank account</b>	Yes
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<b>Whether domestic notional pooling is allowed in Tunisia</b>	Yes
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<b>Whether cross-border notional pooling is allowed in Tunisia</b>	Yes
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<b>Whether cross-border physical cash pooling/ zero balancing is allowed in Tunisia</b>	Yes
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<b>Foreign exchange controls in Tunisia</b>	Yes, a request for a pre-approval must be filed with the Central Bank.
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## 1.22 Uganda

### Taxation

<b>Corporate income tax</b>	The standard corporate income tax rate is 30%. Tax holidays and rates may be available in specified cases (e.g. for small companies).
<b>Treatment of notional and physical cash pooling for corporate income tax purposes</b>	There are no specific tax rules dealing with income / costs relating to the participation in a cash pool. The accounting treatment under IFRS will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the Ugandan participant that expense or income should be tax deductible / taxable.
<b>Deductibility of interest and fees paid to the ADGM RTC / cash pool header</b>	Interest is deductible for corporate income tax purposes when paid, subject to being on arm's length terms if paid to a related party (see below). Additionally, interest deductions on related-party loans are limited to 30% of EBITDA (see below). Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge is on an arm's length basis.
<b>Withholding tax on interest paid to ADGM RTC on debit balances</b>	Interest payable to a non-resident company is subject to withholding tax of 15%.
<b>Thin capitalisation, interest capping and/or other interest deductibility restrictions</b>	There are no thin capitalisation rules or other interest deductibility capping rules in Uganda, beyond the introduction of the interest limitation rule effective from 1 July 2018 that restricts related party interest deductions to 30% of EBITDA.
<b>Transfer pricing rules and documentation requirements</b>	The commissioner is granted powers to recharacterise income or transactions between (resident and/or non-resident) related parties using the anti-avoidance provisions where the commissioner is of the opinion that the transactions do not reflect an arm's length relationship. The use of the anti-avoidance provisions results in there being no formal transfer pricing filing requirements.
<b>PE / taxable presence exposure for the ADGM RTC in Uganda</b>	Maintaining local bank accounts and entering into financing and service arrangements with Ugandan group companies should, in itself, not create a PE or other form of taxable presence in Uganda for the ADGM RTC
<b>VAT treatment of treasury transactions and services rendered by the ADGM RTC to the Ugandan participant</b>	The standard VAT rate is 18%. Interest earned by the ADGM RTC or the Ugandan participant should generally be outside the scope of VAT. Reverse charge VAT would apply on services rendered by the ADGM RTC to the Ugandan participant. Therefore the Ugandan participant should declare both input and output VAT in its VAT return and its ability to recover the input VAT would depend on its VAT recovery profile.
<b>Stamp duty/ transactional taxes applicable to intercompany financing agreements</b>	Yes, stamp duty is levied on a wide range of instruments and documents. Instruments subject to stamp duty include bills of exchange, cheques or promissory notes accepted or paid, or presented for acceptance or payment, or endorsed, transferred or otherwise negotiated in Uganda and instruments executed outside of Uganda that relates to any property situated, or to any transaction carried out in Uganda.

### Regulatory

<b>Regulatory/ licensing requirements for the ADGM RTC in Uganda</b>	Yes, for a corporate entity.
<b>Ability of the ADGM RTC to open a local currency account</b>	Yes
<b>Ability of the ADGM RTC to open a local foreign currency</b>	Yes

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**account**

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**Ability of the local participant to open a local foreign currency account**      Yes

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**Ability of local participant to open an overseas bank account**      Yes

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**Whether domestic notional pooling is allowed in Uganda**      Yes, subject to required approvals.

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**Whether cross-border notional pooling is allowed in Uganda**      Yes, subject to required approvals.

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**Whether cross-border physical cash pooling/ zero balancing is allowed in Uganda**      Yes, subject to required approvals.

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**Foreign exchange controls in Uganda**      No

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## 1.23 Zambia

### Taxation

#### Corporate income tax

The standard corporate income tax rate is 35%.

The various applicable tax rates for special regimes are as follows:

- 35% (40% above ZMW 250,000 (approximately USD 20,000)) for Telecommunication companies;
- 10% for Farming and agro-processing companies;
- 15% for public benefit organizations, fertilizer manufacturer companies, exporters of non-traditional products, and manufacturers of products from copper cathodes;
- 30% for mining operations for industrial minerals;
- 30% for mining operations other than industrial minerals;
- 35% for mineral processing companies;
- Rate reductions of between 2%-7% for companies listed on Lusaka Stock Exchange. 4% on turnover for small and medium businesses with an annual turnover of ZMW 800,000 (approximately USD 64,000) or less..

#### Treatment of notional and physical cash pooling for corporate income tax purposes

There are no specific tax rules dealing with income / costs relating to the participation in a cash pool. The accounting treatment under IFRS will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the Zambian participant that expense or income should be tax deductible / taxable.

Notional income and expenses are generally non taxable/deductible.

#### Deductibility of interest and fees paid to the ADGM RTC / cash pool header

Interest is deductible for corporate income tax purposes when accrued, subject to being on arm's length terms if paid to a related party (see below).

Additionally, interest deductibility is limited to 30% of EBITDA on related party loans (see below). Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge is on an arm's length basis.

#### Withholding tax on interest paid to ADGM RTC on debit balances

Interest paid to a non-resident company is subject to withholding tax of 20%.

#### Thin capitalisation, interest capping and/or other interest deductibility restrictions

There are no thin capitalisation rules or other interest deductibility capping rules in Zambia, beyond the introduction of the interest limitation rule effective from 1 January 2019 that restricts related party interest deductions to 30% of EBITDA.

#### Transfer pricing rules and documentation requirements

Transactions with related parties are required to be undertaken on an arm's length basis (i.e. as between unrelated entities at market value). The transfer pricing rules allow the tax authorities to disallow the deduction or adjust income where they consider the transaction to not be on arm's length terms..

The transfer pricing legislation in Zambia has been enhanced to include requirements for companies to maintain documentation in prescribed formats. Effective 1 January 2019, the penalty for non compliance has been increased from ZMK 3,000 to ZMK 24 million (approximately USD 2,400,000).

Although transfer pricing documentation is required to be ready at the time that the annual income tax return is due for submission (i.e. 21 June following the end of the year), it only has to be submitted to the tax authority upon request or within 30 days from the date of request.

Although there are no specific transfer pricing documentation requirements in Zambia outside of the above prescribed formats, the Zambian tax authorities' approach has been to follow the OECD guidelines regarding transfer pricing documentation (transfer pricing and benchmarking documentation).

#### PE / taxable presence exposure for the ADGM RTC in Zambia

Maintaining local bank accounts and entering into financing and service arrangements with Zambian group companies should, in itself, not create a PE or other form of taxable presence in Zambia for the ADGM RTC.

<b>VAT treatment of treasury transactions and services rendered by the ADGM RTC to the Zambian participant</b>	<p>The standard VAT rate is 16%.</p> <p>Interest earned by the ADGM RTC or the Zambian participant should generally be zero-rated.</p> <p>Reverse charge VAT would apply on services rendered by the ADGM RTC to the Zambian participant. Therefore the Zambian participant should declare both input and output VAT in its VAT return and its ability to recover the input VAT would depend on its VAT recovery profile.</p>
<b>Stamp duty/ transactional taxes applicable to intercompany financing agreements</b>	No, there is no stamp duty applicable in Zambia.
<b>Regulatory</b>	
<b>Regulatory/ licensing requirements for the ADGM RTC in Zambia</b>	No
<b>Ability of the ADGM RTC to open a local currency account</b>	Yes, but it will depend on the KYC that the local banks will require.
<b>Ability of the ADGM RTC to open a local foreign currency account</b>	Yes, but it will depend on the KYC that the local banks will require.
<b>Ability of the local participant to open a local foreign currency account</b>	Yes, subject to meeting the conditions of the local bank.
<b>Ability of local participant to open an overseas bank account</b>	Yes, subject to meeting the conditions of the local bank.
<b>Whether domestic notional pooling is allowed in Zambia</b>	Yes
<b>Whether cross-border notional pooling is allowed in Zambia</b>	Yes
<b>Whether cross-border physical cash pooling/ zero balancing is allowed in Zambia</b>	Yes, there are no legislative restrictions with regards to cross border cash pooling in Zambia.
<b>Foreign exchange controls in Zambia</b>	No

## 1.24 Zimbabwe

<b>Taxation</b>	
<b>Corporate income tax</b>	The standard corporate income tax rate is 25.75%. This rate includes a base rate of 25% plus a 3% AIDS levy (surtax).
<b>Treatment of notional and physical cash pooling for corporate income tax purposes</b>	There are no specific tax rules dealing with income / costs relating to the participation in a cash pool. The accounting treatment under IFRS will form the starting point for determining the tax treatment, such that to the extent that any costs or income are included in the income statement of the Zimbabwean participant that expense or income should be tax deductible / taxable.
<b>Deductibility of interest and fees paid to the ADGM RTC / cash pool header</b>	Interest is deductible for corporate income tax purposes, subject to being on arm's length terms if paid to a related party (see below). Additionally, interest deductions are restricted by the thin capitalisation rules (see below). Service fees payable to the ADGM RTC for treasury services should be deductible provided the charge is on an arm's length basis.
<b>Withholding tax on interest paid to ADGM RTC on debit balances</b>	Interest paid to a non-resident company is exempt from withholding tax.
<b>Thin capitalisation, interest capping and/or other interest deductibility restrictions</b>	The deductibility of related party interest paid to shareholders of the Zimbabwean participant is subject to not exceeding a 3:1 debt to equity ratio. The thin capitalisation rule does not apply if: <ul style="list-style-type: none"> <li>- The debt is locally contracted (i.e. both lender and borrower are residents);</li> <li>- The lender and borrower are not associated (i.e. are unrelated); and</li> <li>- The transaction is not entered into for the purpose of avoiding tax.</li> </ul>
<b>Transfer pricing rules and documentation requirements</b>	Transactions with related parties are required to be undertaken on an arm's length basis (i.e. as between unrelated entities at market value). This allows the tax authorities to disallow the deduction or adjust income where they consider the transaction to not be on arm's length terms. [Any filing requirements?] Companies should submit their transfer pricing documentation by 30 April after the year-end.
<b>PE / taxable presence exposure for the ADGM RTC in Zimbabwe</b>	Maintaining local bank accounts and entering into financing and service arrangements with Zimbabwean group companies should, in itself, not create a PE or other form of taxable presence in Zimbabwe for the ADGM RTC
<b>VAT treatment of treasury transactions and services rendered by the ADGM RTC to the Zimbabwean participant</b>	The standard VAT rate is 15%. Financial transactions are exempt from VAT (included Interest earned by the Zimbabwean participant). Reverse charge VAT would apply on services rendered by the ADGM RTC to the Zimbabwean participant. Therefore the Zimbabwean participant should declare both input and output VAT in its VAT return and its ability to recover the input VAT would depend on its VAT recovery profile.
<b>Stamp duty/ transactional taxes applicable to intercompany financing agreements</b>	Yes, stamp duty applies on a number of instruments and at the time of issuance or transfer of a specified instrument.
<b>Regulatory</b>	
<b>Regulatory/ licensing requirements for the ADGM RTC in Zimbabwe</b>	No, there is no regulatory obligation although any loans flowing into Zimbabwe need to be formerly registered by the local borrower with their local bank in order to pay any interest and to ultimately repay the capital portion.
<b>Ability of the ADGM RTC to open a local currency account</b>	No

<b>Ability of the ADGM RTC to open a local foreign currency account</b>	No
<b>Ability of the local participant to open a local foreign currency account</b>	Yes
<b>Ability of local participant to open an overseas bank account</b>	No, in order for the local participant to open an offshore account, an approval must be obtained from the Central Bank, which is rarely given.
<b>Whether domestic notional pooling is allowed in Zimbabwe</b>	No
<b>Whether cross-border notional pooling is allowed in Zimbabwe</b>	No
<b>Whether cross-border physical cash pooling/ zero balancing is allowed in Zimbabwe</b>	No legislation in place. Specific applications would need to be made to the Central Bank for this type of arrangement.
<b>Foreign exchange controls in Zimbabwe</b>	Yes, carried out mostly by commercial banks with supervision of the Central Bank.

# Appendix 2. Glossary

Key	Term
<b>ADGM</b>	Abu Dhabi Global Market
<b>BEPS</b>	Base Erosion and Profit Shifting
<b>CEMAC</b>	Central African Economic and Monetary Community
<b>CFA</b>	<i>Communauté Financière Africaine</i> (Financial Community of Africa)
<b>CFC</b>	Controlled Foreign Company
<b>DRC</b>	Democratic Republic of the Congo
<b>DTMC</b>	Domestic treasury management company (South Africa)
<b>DTT</b>	Double tax treaty
<b>EBITDA</b>	Earnings Before Interest, Taxes, Depreciation and Amortisation
<b>EUR</b>	Euro
<b>IFRS</b>	International Financial Reporting Standards
<b>KYC</b>	Know your client
<b>MLI</b>	Multilateral Convention
<b>MUR</b>	Mauritian Rupee
<b>MZN</b>	Mozambican Metical
<b>NBE</b>	National Bank of Ethiopia
<b>NGN</b>	Nigerian Naira
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>Participating countries or the African territories</b>	Algeria, Angola, Botswana, Cameroon, Congo, Democratic Republic of the Congo, Ethiopia, Ghana, Ivory Coast, Kenya, Mauritius, Morocco, Mozambique, Namibia, Nigeria, Rwanda, Senegal, South Africa, Sudan, Tanzania, Tunisia, Uganda, Zambia and Zimbabwe
<b>PE</b>	Permanent establishment
<b>PPT</b>	Principle Purpose Test
<b>SMEs</b>	Small to Medium Enterprises
<b>TET</b>	Tertiary Education Tax
<b>TND</b>	Tunisian Dinar

<b>TZS</b>	Tanzanian Shilling
<b>UAE</b>	United Arab Emirates
<b>UGX</b>	Ugandan Shilling
<b>VAT</b>	Value Added Tax
<b>XAF</b>	Central African CFA Franc (common currency of Cameroon and Congo)
<b>XOF</b>	West African CFA Franc (common currency of Ivory Coast and Senegal)
<b>ZAR</b>	South African Rand
<b>ZMW</b>	Zambian Kwacha

**For information relating to ADGM please contact:**

**Martin Tidestrom**

*Business Development Director*  
Registration Authority  
[Martin.Tidestrom@adgm.com](mailto:Martin.Tidestrom@adgm.com)  
Direct: +971 (0) 2 333 8733  
Mobile: +971 (0) 56 177 2128

**Farrell Sheridan**

*Head of Strategic Development*  
Registration Authority  
[Farrell.Sheridan@adgm.com](mailto:Farrell.Sheridan@adgm.com)  
Direct: +971 (0) 2 333 8724  
Mobile: +971 (0) 56 177 1706

**Mohammad Akmol Ali**

*Head of Corporate*  
Registration Authority  
[Mohammad.Ali@adgm.com](mailto:Mohammad.Ali@adgm.com)  
Direct: +971 (0) 2 333 8719  
Mobile: +971 (0) 56 177 2107

**For information relating specifically to the tax analysis contained in this report please contact:**

**Jochem Rossel**

Tax Partner, Middle East M&A /  
International Tax Services Leader  
Direct: +971 (0) 4 304 3445  
Mobile: +971 (0) 50 225 6909  
Email: [jochem.rossel@pwc.com](mailto:jochem.rossel@pwc.com)

**Steven Ireland**

Senior Manager, M&A and  
International Tax  
Direct: +973 1711 8881  
Mobile: +971 (0) 56 663 2999  
Email: [steven.ireland@pwc.com](mailto:steven.ireland@pwc.com)

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