



Managing the Impacts of COVID-19

Locally rooted - Globally connected

COVID-19 fiscal & economic stimulus in Africa

WEBINAR May, 2020

wts global

Agenda: Update on COVID-19 tax measures

1 WTS Global CEO's welcome

2 Overview

3 Introduction to Africa

4 Central Africa

5 East Africa

6 Francophone Africa

7 North Africa

8 Portuguese-speaking African countries

9 South Africa

10 West Africa

11 Q & A

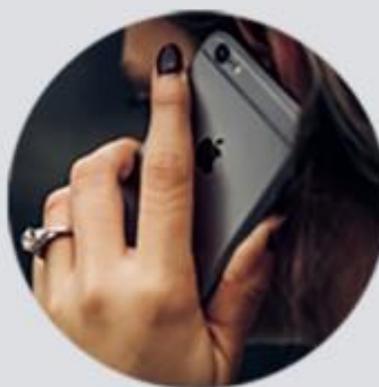
Introduction

Guidance in Uncertain Times: **3 C's**

Caring



Communicating



Creativity



WTS Global at a glance



Founded in 2003
By WTS Germany



Locally rooted - Globally connected:
Present in more than 100 countries with more than 3,000 tax professionals



Tax-focused:
Coverage of the entire range of tax advisory services



Independent & free of conflict:
No audit



Quality assurance:
Stringent quality reviews

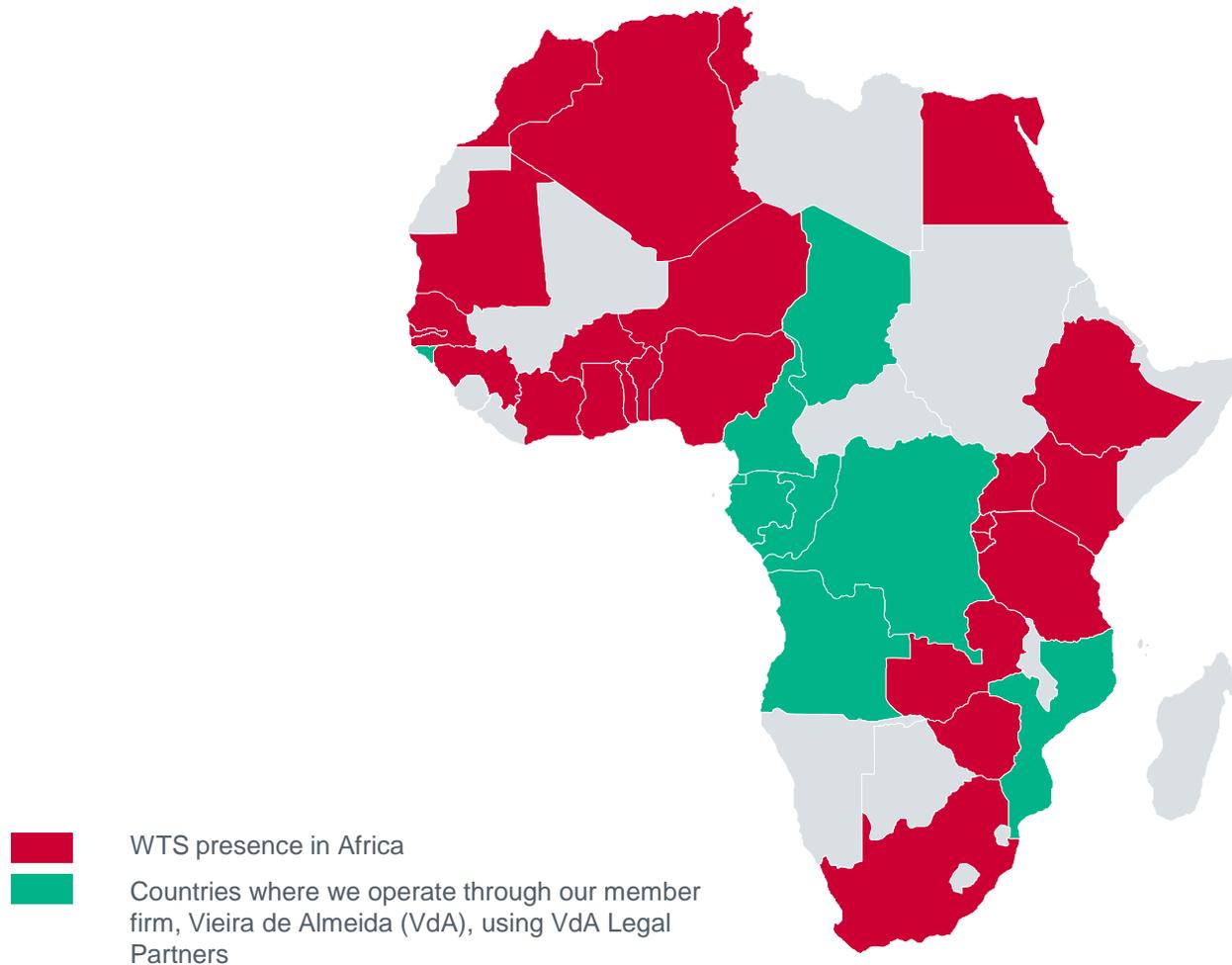


Diverse customer base:
From multinationals to private clients



Central management & coordination:
Centrally managed global tax practice

Introduction to Africa





Central Africa: DRC, Cameroon, Chad and Gabon

Matthieu Le Roux, VdA - Vieira de Almeida

General hot topics in the OHADA Jurisdictions



Swift response to the Covid-19 pandemic. Implementation of preventive measures from an early stage that made it possible to defy the calamity provisions and avoid the situation faced in Europe and America



Preparation for dealing with highly contagious diseases such as ebola, cholera, etc. Social habits, organisation and infrastructures implemented can now be put back into operation



Being mostly oil-exporting countries, these countries were struck twice: with the Covid-19 and with the drop in oil prices. They must therefore simultaneously overcome these two challenges: one health-related and the other economic, the latter being aggravated by the former

Taxation trends in the OHADA Jurisdictions



**Corporate Income
Tax**



**Customs issues
and inspections**



**Tax
inspections**

Key COVID-19 measures the Democratic Republic of Congo (1/2)



Suspension of external tax inspections, customs audits and enforcement action for a period of 3 months



Suspension of the collection of VAT on the importation and on the production and sale of essential goods for a period of 3 months



Exemption from import duties, taxes and fees for pharmaceutical inputs and products and medical materials and equipment

Key COVID-19 measures the Democratic Republic of Congo (2/2)



Suspension of penalties in case of delay in the customs clearance of essential goods, for a period of 3 months

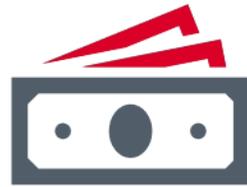


Contributions paid by companies to the Response Support Fund against Covid-19 considered as deductible expenses from the accounting result of the financial year 2020

Key COVID-19 measures in Cameroon



Suspension of general accounting audits for the 2nd quarter of 2020, except in the case of suspicious tax behavior



Allocation of CFAF 25 billion for the clearance of VAT credits awaiting reimbursement



Granting of moratoria and payment deferrals to companies directly affected by the crisis



Postponement of deadlines to comply with tax obligations



Full CIT deductibility of donations and benefits granted by companies for the fight against the pandemic

Key COVID-19 measures in Chad (1/2)



Exemption for importers of food and health products **from prior declarations and other time-consuming formalities**



Suspension of all tax audits and general accounting audits for three months

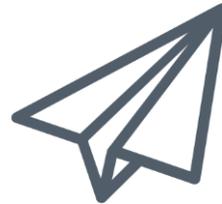


Reduction by 50% of *patente* contributions for the benefit of all taxpayers **and *Impôt Général Libérateur* contributions** for the year 2020

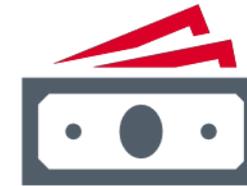
Key COVID-19 measures in Chad (2/2)



Exemption from custom duties and taxes for all medical products and equipment



Benevolent examination of particular and legitimate requests emanating from companies singularly impacted by the measures taken by the Government



Payment of the debts owed to State suppliers through the mobilisation of savings by Chadian banks

Key COVID-19 measures in Gabon (1/2)



Tax rebates for companies preserving jobs and **tax exemption on exceptional bonuses** paid to employees working during the lockdown period



Postponement of deadlines to comply with tax obligations



Reduction by 50% of *patente* and *Impôt Synthétique Libérateur* contributions for small businesses

Key COVID-19 measures in Gabon (2/2)



Granting of a moratorium without penalties on the due dates of debtors owed to banks for any company seriously affected by the crisis

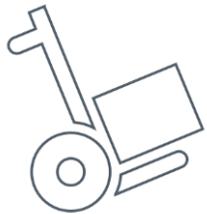


Establishment of an emergency financing desk to provide an immediate response (bank loans offered on preferential terms) to the urgent cash flow needs of businesses

Final considerations on the OHADA Jurisdictions (1/2)



The Covid-19 crisis came confirming a necessity to rethink the regional specialisation driven by globalisation



The disruption of supply chains can potentially result in shortages of food supplies in some parts of the world, of equipment in others, etc



Should this approach change and an economical diversity be developed at regional level, the OHADA jurisdictions would certainly be a destination of choice for investment

Final considerations on the OHADA Jurisdictions (2/2)



Special economic
zones



Under-exploited
agricultural, fishing and
livestock potential



East Africa: Kenya, Tanzania and Mauritius

Edward Mwachinga, Viva Africa Consulting LLP, WTS Kenya| Board Member, WTS Global & Regional Coordinator Africa | **Ashish Droowanand Bheekhar**, WTS Tax Consulting (Mauritius) Ltd

Update on COVID-19 measures in Kenya (1/2)

Financial Measures

- » Suspension of all listing for all persons including companies at Credit Reference Bureau (CRB)
- » Lowering of Central Bank Rate (CBR) to 7.2%
- » Lowering of Cash Reserve Ration (CRR) to 4.2%
- » Central Bank of Kenya to offer flexibility to banks on loans that were active as of March 2020 to maintain liquidity levels
- » Facilitating expedited payment of VAT Refunds by allocating an additional Ksh. 10B
- » Setting up a fund to which players in the Public and Private Sector are contributing in support of Government efforts

Fiscal Measures (Income Tax and VAT)

- » Reduction of Personal Income Tax top rate (PAYE) from 30% to 25%
- » 100 % Tax Relief for persons earning up to Ksh. 24,000
- » Reduction of Resident Corporate Income Tax rate from 30% to 25%
- » Reduction of Turnover Tax rate for SMEs from 3% to 1%
- » Immediate reduction of VAT rate from 16% to 14%

Update on COVID-19 measures in Kenya (2/2)

Other key updates in Kenya

- » **Enactment of The Tax Laws Amendment Act, 2020. Key features being:**
 - Repeal of the Second Schedule of the Income Tax Act and introduction of one allowance called Investment allowance.
 - Deletions in the exempt schedules of the Income Tax Act and the VAT Act, including deletion from VAT exemption, Transfer of Business as a Going Concern

- » **The Finance Bill 2020. Key Features being:**
 - Introduction of a minimum tax for persons not subject to instalment tax regime
 - Digital service tax
 - Penalties and interest amnesty for voluntary disclosure of tax liabilities in 2021

- » **Proposed Income Tax Bill 2020**

Update on COVID-19 measures in Tanzania (1/2)

Financial Measures

- » The BoT lowered the Statutory Minimum Reserves (SMR) from 7% to 6% effective from 8 June 2020
- » The discount rate was lowered from 7% to 5% effective 12 May 2020
- » Reduction of haircuts on government securities from 10% to 5% for treasury bills and from 40% to 20% for treasury bonds effective 12 May 2020
- » BoT requested banks and other financial institutions to assess financial difficulties of its borrowers due to COVID-19 and discuss restructuring of loans, loan repayment moratorium, and loan rescheduling, on a case by case basis.
- » Mobile money operators to increase daily transaction limit from TZS 3M to TZS 5M and daily balance from TZS 5M to TZS 10M

Fiscal Measures

These measures were introduced through The Tax Administration (Remission of Interest and Penalties) Regulations 2020 which came into effect on 8 May 2020. Key highlights are as follows:

- » A taxpayer who is assessed with interest or penalties may apply to the Commissioner General of Tanzania Revenue Authority (“TRA”) for remission through a prescribed form setting out reasons to justify the remission. Eligibility for remission is as follows:
 - Voluntary disclosure of tax liability
 - No pending objections or appeals with regard to the tax liability
 - Declaration of all previous outstanding tax liabilities
 - Payment of principal tax liability in full

Update on COVID-19 measures in Tanzania (2/2)

Fiscal Measures

- » The whole or part of the interest and penalties will be remitted where the CG is satisfied that the applicant has shown good cause in support of the application. Financial hardship shall not constitute good cause for remission unless the applicant can show that the financial hardship existed when the tax liability was due, it was the sole reason for the applicant's failure to pay the tax, it was communicated to the TRA at the time and it will persist for the foreseeable future.
- » The following categories of interest and penalties are not eligible for remission:
 - Penalty or interest emanating from an order of compounding an offence,
 - Penalty or interest emanating from breaches related to use of Electronic Fiscal Device
 - Penalty or interest arising from tax fraud or evasion
 - Penalty or interest arising from tax audit or investigation
 - Penalty and interest arising from failure to pay withholding tax, VAT, Excise duty or any other tax liability which the applicant has an obligation to collect from third parties as an agent of TRA
 - Penalty for failure to file tax returns
 - Penalty for failure to maintain appropriate documents

Update on COVID-19 measures in Mauritius (1/2)

Economic Measures

- » The Key Repo Rate (“KRR”) has been reduced to 1.85%.
- » Port charges imposed by Mauritius Ports Authority and Cargo Handling Corporation Ltd will be waived for all exports up to 31st December 2020.
- » Work permits that will expire this year will be extended automatically up to 2021.
- » Several financial measures introduced: Wage Assistance Scheme (“WAS”), loan repayment moratoriums, debt & equity financing support amongst others.
- » Changes have been made relating to employment, insolvency, banking, company law (e.g. extension of deadlines for annual meetings & filing of accounts) and tax & compliance matters under the COVID-19 Act 2020.

Fiscal Measures

- » Taxpayers who are unable to submit returns or effect payment of tax during lockdown will not be charged any penalty or interest.
- » Enterprises affected by COVID-19 will be entitled to a double tax deduction on their investment in Plant and Machinery for the 3 months ending 30 June 2020.
- » Contributions in the COVID-19 Solidarity Fund will be allowed for tax deduction.
- » Removal of VAT on hand sanitizers, protective masks & breathing appliances.
- » Government will give full support to promote Work-at-Home Scheme.
- » Extension of statutory deadlines for matters relating to tax assessments .
- » Suspension of the Environment Protection Fee and reduction of training levy up to July 2020 for tourist industry.
- » A COVID-19 levy is applicable to employers which benefited from WAS.

Update on COVID-19 measures in Mauritius (2/2)

WAS March 2020, April & May 2020

- » A business that has been adversely affected by COVID 19 lockdown can apply for financial support under the WAS for the wage bill of March 2020 as follows:

Basic Salary of employees	Basis	Amount of assistance under WAS
From 9,700 to Rs 25,000	15-days wages	From Rs 4,850 to Rs 12,500
From Rs 25,000 to Rs 50,000	Fixed Amount	Rs 12,500
Above Rs 50,000	Nil	Nil

- » The WAS has been extended for the months of April & May 2020 as follows:

Basic Salary of employees	Basis	Amount of assistance under WAS
From 9,700 to Rs 25,000	One month wages	From Rs 9,700 to Rs 25,000
From Rs 25,000 to Rs 50,000	Fixed Amount	Rs 25,000
Above Rs 50,000	Nil	Nil

** Debarred from the Scheme if employer has benefitted from WAS and laid off even 1 employee during the lockdown/curfew period.*

COVID -19 Levy

- » Applicable to employers which have benefited from the WAS and it has to be paid for two years of assessment commencing either 1 July 2020 or 1 July 2021 (depending on the balance sheet date of a company).
- » The Levy payable is the lower of the amount received under WAS and 15% of the chargeable income of a company before deduction of any tax losses brought forward from previous years.
- » Payable on or before the date the company's annual tax return is required to be submitted.



Francophone Africa: Cote d' Ivoire and Senegal

Darline Tognia Kacou, Tax and Legal Solutions | **Seynabou FAYE NDAO**, FACE Africa

Update on COVID-19 Tax measures in Cote d'Ivoire (1/2)

Financial Measures and Banking

- » **The Central Bank of West Africa States (CBWAS)** has decided the following measures:
 - The West African Development Bank will be granted XOF 25bn (€ 38 million) by CBWAS in order to lower its interest rate and increase the amount of loans granted to States to finance the equipment costs in the Fight against Covid-19.
 - The commercial Banks are requested to postpone the deadline for the repayment of the loans granted to companies affected by the pandemic as per their request, for a period of three months renewable once, without interest charges, fees, or late penalties.
 - To fund the commercial banks with enough cash to guarantee proper functioning of ATMs.

- » **The Ivorian government** has affirmed his support to companies by the allocation of XOF 1700 bn (€ 2.6 bn) to mitigate the impact of the coronavirus on businesses and prepare for a rapid resumption of activities at the end of the Covid-19 pandemic.

Special funds have been set up for companies, informal sector companies affected by the crisis.

Update on COVID-19 Tax measures in Cote d'Ivoire (2/2)

Economics measures (Income Tax, VAT)

- » Suspension of income tax audit for three months from April 1st to June 30th, 2020.
- » Postponement of the payment of taxes for three months for companies and small traders experiencing cash flow difficulties.
- » Deferral of payment of capital income tax for three months for tourism and hotel businesses experiencing cash flow difficulties.
- » Reduction of 25% of the Transport business license.
- » Expedited refund of VAT credit by the Ivorian tax authorities within two weeks instead of two months.
- » Deferral of payment of the second quarter social security contributions for three months.

Compliance measures

- » Postponement of the payment for electricity bills to July 2020 and August 2020 for payments originally due in April and May 2020. The payment of invoices can be made in several installments during this period.
- » Taxpayers invited to their taxes electronically, especially by using the Ivorian Tax authorities e-platforms.

Financial Measures

Both The Senegalese State and the Central Bank of WAEMU have decided to mobilize significant financial resources via Senegalese banking system to facilitate the financing of affected companies.

❖ MEASURES TAKEN BY THE PRESIDENT OF THE REPUBLIC OF SENEGAL

- » **Allocation of XOF 100 billion (EUR 152 million) for direct support to the economic sectors** that are most affected by the crisis notably, transportation, hotels and agriculture sectors;
- » **Implementation of a financing mechanism involving all the Senegalese bank, in order to finance up to XOF 200 billion, (EUR 304 million) accessible to the most affected companies.** An agreement is signed between Senegalese Government and the Senegalese Bank and financial Institutions association (that gathers all banks established in Senegal) that stated the terms and conditions to benefit from said financing mechanism

❖ MEASURES TAKEN BY THE CENTRAL BANK OF WAEMU, AN ECONOMIC AND FINANCIAL ORGANIZATION THAT GATHERS 8 COUNTRIES FROM WEST AFRICAN REGION INCLUDING SENEGAL & CÔTE D'IVOIRE

- » First, we refer to what has been said about Côte d'Ivoire which shares with Senegal the central bank of the WAEMU ;
- » **Increasing the financial resources put at the disposal of the banks to allow them to maintain and increase their means of financing for the economy.** In this regard, in a first time, XOF 340 billion (EUR 518 Million) is added to the amount the Central Bank allocates each week to banks, bringing it to XOF 4.750 billion (EUR 7, 240 Billion) ;
- » **Enlarging the scope of mechanisms that entitles the banks to access the refinancing system of the Central Bank.** In this framework, the Central Bank has taken the initiative to list 1,700 private companies whose discount notes, bills were not previously accepted in its portfolio. This action will allow banks to get additional resources of 1.050 billion (EUR 1,600 Billion) and to the relevant companies to negotiate and benefit from better conditions of loans.

Update on COVID-19 measures in Senegal (2/2)

Fiscal Measures (VAT, payroll taxes, CIT)

❖ CASH FLOW FACILITIES

- » **Remission and suspensions of payroll taxes and social security contributions** in favor of companies which undertake to keep their workers in activity during all the period of the crisis, or to pay more than 70% of the wages to the employees placed on technical unemployment (Ordinance n°002-2020 taken by the President of the Republic of Senegal on April 23rd, 2020);
- » **Partial remission of the tax debt** recorded on December 31st, 2019, due by companies and individuals, for a total amount of XOF 200 billion (**EUR 305 Million**) ;
- » **Refund of VAT credits** (that last 3 months) within shortened deadlines to allow the companies get more cash (Circular of the Ministry of Finance n°018/MFB/DGID of April 17th, 2020).
- » **Allowing deduction from the tax corporate or personal income tax** of the cash amount donated to support the TASK FORCE COVID-19 (Circular of the Ministry of Finance n°019/MFB/DGID of April 17th, 2020) .

❖ EXTENSION OF THE DEADLINE FOR TAX RETURNS AND TAX PAYMENTS

- » Extension of the deadline for tax payment to July 15th, 2020 in favor of the Small and Medium-Sized Enterprises whose turnover is less than or equal to XOF 100 million (**EUR 153,017**) and companies operating in the sectors most affected by the pandemic;
- » Extension of the deadline for the payment of the suspended VAT to be collected by customs Office and the tax administration from 12 to 24 months; which represents a deferment of payment of XOF 15 billion (**EUR 22,865 Million**) on the year 2020 (Circular of the Ministry of Finance n°017/MFB/DGID of April 17th, 2020).



North Africa: Algeria

Akram Djamel ZAZOUA, Cabinet ZAZOUA

Update on COVID-19 measures in Algeria (1/3)

Fiscal Measures

- » Monthly and/or quarterly tax declaration payment of February, March, April and quarter one postponed to May Tax declaration payment due date (June 21st 2020) except for the companies managed by the tax administration dedicated to big entities "DGE"
- » 2019 Annual tax filing postponed to June 30th 2020 originally due on April 30th
- » 2019 Annual tax filing postponed to May 31st 2020 for big entities depending to the dedicated tax administration "DGE" originally due on April 30th
- » Income tax settlement due 20 days after annual tax filing deposit originally due on May 20th
- » 2020 First Income tax advance payment postponed to June 21ST originally due on 20th February
- » Ability to request payment schedule for tax debts or readjustment of existing schedules

Social Security Measures

- » Monthly and/or quarterly employee social security declaration payment of March and quarter one postponed by 30 days, originally due on April 30th
- » Annual non employee social security declaration payment postponed by 90 days, originally due on June 30th
- » Suspension late payment penalties for six months starting from April for the two regimes' (employee and non employee social security)
- » Ability to request payment schedule for social security debts
- » Advance payment of annual vacation by the CACOBATPH (National Fund for Paid Leave and Bad Weather Unemployment for Building, Public Works and Hydraulic Sectors).

Update on COVID-19 measures in Algeria (2/3)

Banking and Financial Measures

- » Algerian Central Bank reviewed minimum rate of liquidity to 60% for Banks and Financial institutions
- » Banks Reserve requirement rate has been decreased to 6%
- » Algerian Central Bank exempts Banks and Financial institutions from the obligation to establish a safety cushion, bearing solvency coefficients
- » Algerian Central Bank allows banks to receive documents by Email supported by a SWIFT from sending banks instead of required hard copies usually sent by post.
- » Individual examination of clients on a case by case basis in order to possibly take the following actions :
 - › Postponement and/or renewal of credit maturity as of March 31st and subsequently
 - › Consolidation of unpaid debts as of March 31st and subsequently
 - › Extension of credit use and deferred payment deadlines
 - › Cancellation of late payment penalties due on March 31st and subsequently
 - › Maintaining and / or renewing operating credit lines

The measures above are applicable for a period of 6 months from March 31st 2020

Other Measures

- » 2019 Annual Financial statements publishment postponed to September 30th ,2020 originally due 30 days after the annual general meeting without exceeding July 31st
- » Ability to accomplish the process of publishment above at notary office
- » Exceptional and temporary acceptance of the **copy** of origin certificate EUR1 for customs clearing of goods which is required by the EU-Algeria treaty.

Complementary Finance law 2020 “Draft” (Main parts) Algeria (3/3)

Tax, Foreign investor and other Measures

- » Abolition of 49/51 rule for foreign investor on non strategic sectors
- » Abolition of pre-emption right reserved to the State on share transfer of non strategic companies involving a foreign entity.
- » Abolition of the obligation to resort to local financing only which was obliging investors to bring their own capital in the most cases
- » Increase of withholding tax rate from 24% to 30% due by foreign companies acting within the framework of contracts for the provision of services in Algeria associated with an extension of the option period for the “real regime” (30 days instead of 15 days) starting from the date of signature of the contract.
- » Raising of the national minimum wage from **€128** to **€142**
- » Allowing importation of renovated production lines and equipment
- » Allowing new cars importation by car dealerships
- » Renewal for 5 years : 50% income tax exemption for the companies located in the extreme south of Algeria (Illizi, Tindouf, Adrar and Tamanghasset).
- **Complementary Finance Law 2020 is under discussion in the parliament and should be adopted in June 2020.**
- **Strategic sectors are: mining, energy, oil & gas, factories related to military services and products, railway, ports and airports and pharmaceutical**

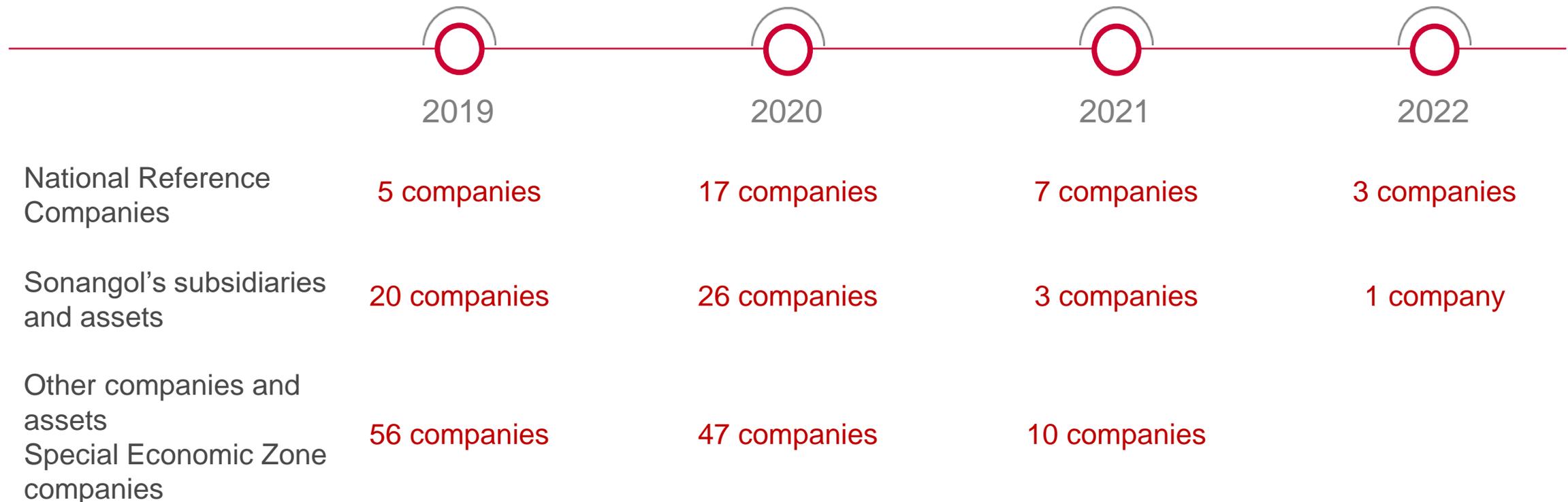


Portuguese-speaking African countries: Angola and Mozambique

Tiago Marreiros Moreira, VdA - Vieira de Almeida

General hot topics in Angola (1/3)

Angolan Privatisation Programme



General hot topics in Angola (2/3)

State offer of 55 Oil blocks between 2019 and 2025



General hot topics in Angola (3/3)

Double Tax Treaty signed between Angola and Portugal

Agreement on the reciprocal investment promotion and protection

- » An agreement between Angola and Portugal on the reciprocal investment promotion and protection was recently approved, establishing the main principles of cooperation applicable to reciprocal relations in case of investments in both countries, including, amongst others:
 - › transfers of funds
 - › settlement of disputes

- » This agreement shall remain in force for periods of 10 years, automatically renewable

Taxation trends in Angola



**Implementation
of VAT**



**Corporate Income
Tax**



Compliance



**Tax
inspections**

Tax incentives for investment in Angola



Foreign Tax Credit

- » Foreign tax credits are generally not available to deduct against domestic tax
- » Foreign tax credits may be granted according to the provisions of double tax treaties (DTTs)



Reinvestment of reserves

- » Profits retained and then reinvested in new installations or equipment during the following three financial years may be deductible from taxable income during the following three years after the investment is finalised, at up to 50% of the value reinvested



Private Investment Law

» **Prior Declaration**

The benefits granted under the prior declaration includes, for example, a reduction of CIT rate by 20% for a period of two years and the reduction of the IIT rate applicable to dividends by 25% over a two-year period

» **Special Regime**

The tax benefits are granted in case of private investments made in priority sectors (education, agriculture, health, tourism, telecommunications, energy, amongst others) and vary according to the zone where the investment is made

In addition to the above listed benefits, entities may also benefit from other facilities, such as applications for permits, work visas, energy, water supplies, and others

Key COVID-19 measures in Angola



60-day moratorium
(covering capital and interest) to pay bank loans' instalments



Financial support to micro and SME companies operating in the productive sector



Postponement of deadlines to comply with tax obligations and **deferral of payment of social security contributions** due by employers



Suspension of external tax inspections

General hot topics in Mozambique

Mozambique LNG Projects

Area 1 – Mozambique LNG



- » Mozambique's first onshore LNG facility
- » Area 1 has approximately 75 tcf of recoverable natural gas
- » Development Plan for Golfinho/Atum fields was approved in 2017 and production is expected to start in 2023 with the construction of onshore LNG facilities

Area 4 – Rovuma LNG



- » EPCC awarded in 2006
- » Development Plan of phase 1 Mamba straddling reservoirs submitted in 2018, including the construction of 2 onshore LNG trains (expected to start in 2024)

Area 4 – Coral FLNG



- » Located in the deep waters of Rovuma basin
- » Development Plan approved in February 2016, being the production expected to start in 2023
- » First FLNG vessel ever to be deployed in the deep waters of the African continent

Taxation trends in Mozambique



**Specific tax regime
and tax benefits for
Oil&Gas operations**



**Specific tax regime
and tax benefits for
Mining operations**



**Permanent
establishment**



Customs issues

Tax incentives for investment in Mozambique



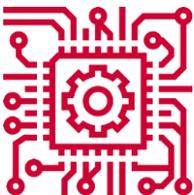
Foreign Tax Credit

- » Resident companies are allowed to deduct a credit correspondent to a tax paid abroad
- » The tax credit to be deducted should be equal to the lower of the amount of Mozambican corporate tax imputed to income obtained abroad or the amount of foreign tax effectively paid



Tax Credit for Investment

- » Investments in new fixed tangible assets used in the operations of an enterprise within the Mozambican territory may benefit from an investment tax credit equal to 5% to 10% of the total investment realized, for a period of 5 years
- » When the investment is located outside Maputo City, this credit is increased up to 10%



Advanced Technology Incentive

- » The amount invested in specialized equipment classified as advanced technology during the first five years from the date of commencement of activity may be deducted from taxable income for purposes of calculating CIT, up to a maximum of 10% of taxable income



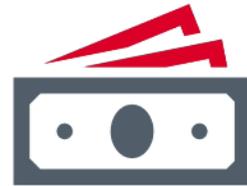
Professional Training Incentive

- » Investment expenditures for professional training of Mozambican workers shall, up to a maximum amount of 5% of the taxable income (10% in case of professional training related to new/high technology equipment), be deductible from taxable income for the purposes of calculating CIT during the first five years from the date of the commencement of such activities

Key COVID-19 measures in Mozambique



Moratorium applicable to interpellations, arrears and executions arising from the delay in the fulfilment of obligations that cannot be carried out due to Covid-19 measures



General release from the obligation to make payments on account in May, July and September 2020



Offset of VAT claims against other tax liabilities charged by the Tax Authorities until 31 December 2020



Postponement of deadlines to comply with tax obligations



South Africa and Zimbabwe

Eugene du Plessis, Renmere Transaction & Tax Advisory | **Tafadzwa Mhonde**, Tax Matrix (Pvt) Ltd

Update on COVID-19 measures in South Africa

Fiscal measures

- » Most tax relief measures are limited to tax compliant taxpayers with annual gross income ('GI') of less than ZAR 100 million and merely provide **temporary** relief.
- » Employers may defer the payment of 35% of their monthly employees' tax liabilities for four months without incurring penalties or interest.
- » Companies may defer the payment of a portion of their first and second provisional tax payments without incurring penalties or interest. Companies with GI of more than ZAR 100 million must apply on a case-by-case basis.
- » The Employment Tax Incentive (ETI) is increased by ZAR 750 per qualifying employee per month for four months and the base of qualifying employees is extended. ETI refunds to taxpayers are accelerated.
- » VAT refunds have been accelerated.
- » Certain time periods prescribed in tax legislation have been relaxed.
- » No Skills Development Levies payable from May to August 2020.

Economic Measures

- » Various relief funds have been created, primarily for the benefit of the SMME sector, including the Solidarity Fund, the SMME Relief Finance Scheme, the South African Future Trust and the Tourism Relief Fund.
- » Suppliers of medical and hygiene products can apply for funding to ensure they are able to meet the high demand during the pandemic.
- » Unemployment Insurance Fund benefits have been amplified.
- » The official reserve bank lending rate was reduced by 250 basis points since the start of the national lockdown.
- » Banking institutions have introduced various payment holiday schemes.

Update on COVID-19 measures in Zimbabwe

Financial Measures

- » The Reserve Bank of Zimbabwe made available an option to use free funds (United States Dollars) to pay for goods and services chargeable in local currency.
- » Reduction of the Statutory Reserve Ratio from 5% to 4.5% in order to free some funds to the banks to enhance their lending activities.
- » Reducing the Bank's Policy rate from 35% to 25% with the expectation that banks will also follow suit and adjust their lending rates to meet the requirements of their customers that are being adversely affected by the pandemic.
- » The Reserve Bank of Zimbabwe also agreed with the banking sector to suspend increases in charges related to the provision of all electronic payments in order to promote electronic payments in tandem with social distancing.

Fiscal Measures

- » The Zimbabwe Revenue Authority will be processing requests for extension of time period of the time period within which tax is payable without accruing interest and penalties for companies that shall experience COVID-19 related cash flow challenges.
- » There shall be suspension of duty on the importation of COVID-19 essential goods including medical supplies as guided by the United Nations COVID-19.
- » Extension of time for submission of 31 December 2019 Income tax return to 31 August 2020.
- » Speed up of processing of VAT refunds.
- » A moratorium on on-site tax audits.
- » Submission of returns through e-filing and emails.
- » Temporary ban on exportation of pharmaceutical products such as medicines and protective equipment



West Africa: Nigeria and Ghana

Kelechi Ugbeva, Blackwood & Stone LP | **Theophilus Tawiah**, WTS Nobisfields

Update on COVID-19 measures in Nigeria (1/2)

Tax Measures

- » Provision of 50% Tax rebate on the Income Tax payable on the amount due as Pay As You Earn (PAYE) by employers who will not retrench any of its staff between 1st of March 2020 & 30th December 2020 as contemplated by the Emergency Economic Stimulus bill 2020.
- » Waiver of Import duties on Medical Equipment, Medicines, Personal Protection Equipment and other such medical necessities as may be required for the treatment and management of COVID-19 Disease in Nigeria. The list of goods that qualify will be published and gazetted by the Minister of Health upon passing the Emergency Economic Stimulus bill 2020 into law.
- » Filing of Tax returns for Foreign Affairs, Non Residents, Military and Police personnel has been extended to the 30th of June, 2020.
- » The Lagos State and Federal Capital Territory Internal Revenue Service have both extended the timeline for filing Personal Income Tax Returns of individuals and self employed persons for the year 2020 from the 31st of March to the 30th of June, 2020.
- » The timeline for the filing of Valued Added Tax and Withholding Tax returns has been extended to the last day of every month following the month of deduction as opposed to the 21st of every month following the month of deduction while also creating a VAT automated collection system known as VATrac.
- » **Late Returns Penalty (LRP)** has been waived for taxpayers who pay early and file later. Supporting documents can also be emailed or submitted later to the tax authorities.
- » **Taxpayers facing challenges in sourcing FOREX** to offset their liabilities are hereby given the option of paying in Naira at the prevailing Investors and Exporters (I & E) FOREX window rate on the day of payment.
- » **Field Audit, Investigations and Monitoring visits by the FIRS** has been suspended till further notice while penalties & interests have been waived for taxpayers who pay their debts in full on or before the 31st of May, 2020.
- » The timeline for the filing of Companies Income Tax returns has been extended by one (1) month.
- » Companies have been permitted by the FIRS to file its returns without audited accounts. Audited accounts are to be submitted within two (2) months of the revised due date for filing.

Update on COVID-19 measures in Nigeria (2/2)

Financial Measures

- » The Central Bank of Nigeria has introduced a Stimulus package in form of a N50 billion Targeted Credit Facility to support households and Micro, Small & Medium Enterprises (MSMEs) affected by the pandemic. Upon completion of an application, the CBN will determine if the applicant qualifies for the loan. The interest rate under the intervention is 5% p.a up to 28th February, 2021 after which it reverts to 9% p.a as from 1st March, 2021.
- » **Extension of Moratorium:** All CBN intervention facilities are granted a further moratorium of one (1) year on principal repayments effective 1st of March, 2020. As such, beneficiaries now have one year suspension of repayment obligation on their loan facilities as the period of 1st of March, 2020 to the 28th of February, 2021 will be considered as the period of moratorium.
- » **Interest Rate Deduction:** The interest rate for all CBN intervention facilities shall be reduced from 9% to 5% effective 1st of March, 2020.
- » **Credit Support for the Healthcare Industry:** Intervention facilities have been opened by the CBN to participants in the healthcare sectors, pharmaceuticals, medical sectors etc. who wish to expand their business or start a business in the healthcare sector.
- » **Regulatory Forbearance:** The CBN vis its regulations grants leave to all Deposit Money Banks (DMB) to consider the tenor of their credit facility to businesses affected by the COVID-19 particularly in the oil and gas, manufacturing and agricultural sectors. In view of this, temporary and time limited restructuring of loans is advised by the CBN.
- » **Strengthening of CBN Loan to Deposit Ratio (LDR) Policy:** In order to ensure the success of the LDR Policy during the COVID-19 Pandemic, the CBN will lend support to DMB's to ensure that the supply of credit facilities in the economy is stable. Further to the above, the CBN has issued two implementation guidelines namely:
 - » Guideline for the Operation of the N100 Billion Credit Support for the Healthcare Sector
 - » Guideline for the Implementation of N50 Billion Targeted Credit Facility.

Update on COVID-19 measures in Ghana (1/2)

Economic Measures

- » Government of Ghana set aside GHS600,000,000 under the Coronavirus Alleviation Programme (CAP) Business Support Scheme to grant loans to SMEs.
- » A syndication facility of GHS 3 billion to support specified industries such as pharmaceutical, hospitality, services and manufacturing sectors
- » Six months' moratorium of principal repayments for selected businesses
- » Reduction of interest rate priced-off the Ghana Reference Rate (GRR) by 200 basis points (2%)

Fiscal Measures

- » Extension of time for filing of annual corporate income tax, transfer pricing, and personal income tax returns to 30 June 2020 (originally due on 30 April 2020)
- » Taxpayers advised to pay their taxes by bank transfers to the relevant tax office.
- » Taxpayers are required to submit tax returns due to their respective Tax Offices using the email addresses provided by that office
- » A remission of penalties on principal debts to taxpayers who settle their outstanding debts due to the GRA up to 30 June 2020
- » Tax waiver for frontline health workers for three months ending June 2020
- » Taxes on selected Third-Tier Pensions withdrawals will be waived (condition applies)
- » Donations and contributions towards COVID-19 will be allowed for tax deduction
- » No VAT on donations of stocks of equipment and goods for fighting the COVID-19 pandemic

Update on COVID-19 measures in Ghana (2/2)

Banking and Financial Measures

- » Monetary Policy Rate has been reduced by 150 basis point to 14.5% as of 15 May 2020.
- » Primary Reserve Ratio (PRR) has been reduced from 8% to 6% for savings and loans companies, financial house companies and rural and community banks (for Microfinance the PRR is now 8%).
- » The Capital Conservation Buffer (CCB) for banks has been reduced from 3% to 1.5%
- » Provisioning for Loans in the “Other Loans Especially Mentioned” (OLEM) category has been reduced from 10% to 5% for all banks and Specialised Deposit-Taking Institutions (SDIs).
- » The deadline for SDI (Microfinance and Rural and Community Banks) to meet the new minimum capital requirement has been extended to December 2021.
- » Loans repayments that are past due for Microfinance Institutions for up to 30 days will be considered as “Current”
- » No transfer charges on amount of up to GHS 100 sent or received via Mobile Money regardless of the network.
- » Ghana Interbank Payment and Settlement Systems Ltd (GhIPSS) waives fees on electronic payments services used by all banks, Fintechs and mobile money operators
- » Provision of liquidity support to savings and loans and finance housing companies.



We welcome your questions.

Speakers and Contacts



Wim Wuyts

CEO

WTS Global

Esplanade Oscar Van de Voorde 1
BE-9000 Gent, Belgium

Phone: +32 (0)2 801 30 33
Mobile: +32 (0) 473 455 342
Email: wim.wuyts@wts.com
Website: www.wts.com



Matthieu Le Roux

Head of OHADA Jurisdictions Practice Partner

VdA – Vieira de Almeida

mlr@vda.pt
(+351) 21 311 3382
www.vda.pt
Rua Dom Luís I, 28, 1200-151, Lisbon, Portugal



Edward Mwachinga

Partner

Viva Africa Consulting LLP

emwachinga@vivaafriallp.com
Tel: +254 (20) 246 5567 / (20) 269 9936 / 725 389 381 /
733 248 055
www.vivaafriallp.com
3rd Floor | Kiganjo House | Rose Avenue off Denis Pritt
Road | P.O. Box 50719 - 00200 | Nairobi



Ashish Droowanand Bheekharry

Director

WTS Tax Consulting (Mauritius) Ltd

ashish@wtsmauriti.us.com
Tel: + 230 489 99 00
www.wtsmauriti.us.com
1st Floor | Standard Chartered Tower | Bank Street | 19,
Cybercity, Ebene | Republic of Mauritius

Speakers and Contacts



Darline Tognia Kacou

Managing Partner

Tax and Legal Solutions

dtognia@tlsafrica.com

Tel: +225 22 00 89 25 / +225 49 55 36 16 / +225 51 40 29 40

www.tlsafrica.com

Cocody II Plateaux Saint Jacques | 28 BP 131 Abidjan 28 | Cote d'Ivoire



El Hadji Sidy DIOP

Partner

FACE Africa, Legal & Tax Firm

sidy.diop@faceafrica.sn

Tel: +221 33 869 91 66 | Cell : +221 77 549 77 63

www.faceafrica.sn



Akram Djamel ZAZOUA

Managing Partner

Cabinet ZAZOUA

d.zazoua@cabinet-zazoua.dz

Tel: + 213 (0) 23 50 22 97 /98 **Mobile:** +213 (0) 770 92 34 21

www.cabinet-zazoua.dz

22, Rue Abane Ramdane | Algiers | 16000 | Algeria



Tiago Marreiros Moreira

Corporate & Advisory Tax Group Executive Partner | Head of International Operations | Head of Tax Practice

VdA – Vieira de Almeida

tm@vda.pt

(+351) 21 311 3485

www.vda.pt

Rua Dom Luís I, 28, 1200-151, Lisbon, Portugal

Speakers and Contacts



Eugene du Plessis

Director
CA(SA), M Com (SA & International Tax), M Com (Finance)

Renmere Consulting Johannesburg (Pty) Ltd

eduplessis@renmere.co.za

Tel: + 27 082 784 2760

Tel: +27 010 900 3159

www.renmere.co.za

Unit 32 | Katherine & West | Katherine Street | Sandton | South Africa



Marvellous Tapera

Managing Director

Tax Matrix (Pvt) Ltd

mtapera@taxmatrix.co.zw

+263 772349740

www.matrixtaxschool.co.zw

No. 46 Van Praagh Avenue, Milton Park, Harare



Kelechi Ugbeva

Managing Partner

Blackwood & Stone LP

kelechi@blackwoodstone.com

Tel: +234 802 056 1864 +234 903 350 1613

www.blackwoodstone.com

22A Rasheed Alaba Williams Street, Lekki Phase 1, Lagos.



Theophilus Tawiah

Managing/Tax Partner

WTS Nobisfields

theophilus.tawiah@wtsnobisfields.com

Tel: +233 302500107/ 0508646424

www.wtsnobisfields.com

1 Pawpaw Street, East Legon, Accra | P.O. Box DT 1210|Ghana

Speakers and Contacts



Niels Hofer

Director
Lawyer, Certified Tax Advisor
WTS Steuerberatungsgesellschaft mbH

niels.hofer@wts.de

Tel: + 49 221 348 936 226

Tel: + 49 162 244 4967

www.wts.com/de

Sachsenring 83, 50677 Cologne, Germany