FOREWORD

A country’s tax regime is always a key factor for any business considering moving into new markets. What is the corporate tax rate? Are there any incentives for overseas businesses? Are there double tax treaties in place? How will foreign source income be taxed?

Since 1994, the PKF network of independent member firms, administered by PKF International Limited, has produced the PKF Worldwide Tax Guide (WWTG) to provide international businesses with the answers to these key tax questions. This handy reference guide provides clients and professional practitioners with comprehensive tax and business information for 100 countries throughout the world.

As you will appreciate, the production of the WWTG is a huge team effort and I would like to thank all tax experts within PKF member firms who gave up their time to contribute the vital information on their country’s taxes that forms the heart of this publication. I would also like thank Richard Jones, PKF (UK) LLP, Kevin Reilly, PKF Witt Mares, and Kaarji Vaughan, PKF Melbourne for co-ordinating and checking the entries from countries within their regions.

The WWTG continues to expand each year reflecting both the growth of the PKF network and the strength of the tax capability offered by member firms throughout the world.

I hope that the combination of the WWTG and assistance from your local PKF member firm will provide you with the advice you need to make the right decisions for your international business.

Jon Hills
PKF (UK) LLP
Chairman, PKF International Tax Committee
jon.hills@uk.pkf.com
IMPORTANT DISCLAIMER

This publication should not be regarded as offering a complete explanation of the taxation matters that are contained within this publication.

This publication has been sold or distributed on the express terms and understanding that the publishers and the authors are not responsible for the results of any actions which are undertaken on the basis of the information which is contained within this publication, nor for any error in, or omission from, this publication.

The publishers and the authors expressly disclaim all and any liability and responsibility to any person, entity or corporation who acts or fails to act as a consequence of any reliance upon the whole or any part of the contents of this publication.

Accordingly no person, entity or corporation should act or rely upon any matter or information as contained or implied within this publication without first obtaining advice from an appropriately qualified professional person or firm of advisors, and ensuring that such advice specifically relates to their particular circumstances.

PKF International is a network of legally independent member firms administered by PKF International Limited (PKFI). Neither PKFI nor the member firms of the network generally accept any responsibility or liability for the actions or inactions on the part of any individual member firm or firms.
PREFACE

The PKF Worldwide Tax Guide 2012 (WWTG) is an annual publication that provides an overview of the taxation and business regulation regimes of 100 of the world’s most significant trading countries. In compiling this publication, member firms of the PKF network have based their summaries on information current as of 30 September 2011, while also noting imminent changes where necessary.

On a country-by-country basis, each summary addresses the major taxes applicable to business; how taxable income is determined; sundry other related taxation and business issues; and the country’s personal tax regime. The final section of each country summary sets out the Double Tax Treaty and Non-Treaty rates of tax withholding relating to the payment of dividends, interest, royalties and other related payments.

While the WWTG should not to be regarded as offering a complete explanation of the taxation issues in each country, we hope readers will use the publication as their first point of reference and then use the services of their local PKF member firm to provide specific information and advice.

In addition to the printed version of the WWTG, individual country taxation guides are available in PDF format which can be downloaded from the PKF website at www.pkf.com.
PKF International Limited (PKFI) administers the PKF network of legally independent member firms. There are around 300 member firms and correspondents in 440 locations in around 125 countries providing accounting and business advisory services. PKFI member firms employ around 2,200 partners and more than 21,400 staff.

PKFI is the 10th largest global accountancy network and its member firms have $2.6 billion aggregate fee income (year end June 2011). The network is a member of the Forum of Firms, an organisation dedicated to consistent and high quality standards of financial reporting and auditing practices worldwide.

Services provided by member firms include:

- Assurance & Advisory
- Corporate Finance
- Financial Planning
- Forensic Accounting
- Hotel Consultancy
- Insolvency – Corporate & Personal
- IT Consultancy
- Management Consultancy
- Taxation

PKF member firms are organised into five geographical regions covering Africa; Latin America; Asia Pacific; Europe, the Middle East & India (EMEI); and North America & the Caribbean. Each region elects representatives to the board of PKF International Limited which administers the network. While the member firms remain separate and independent, international tax, corporate finance, professional standards, audit, hotel consultancy, insolvency and business development committees work together to improve quality standards, develop initiatives and share knowledge and best practice cross the network.

Please visit www.pkf.com for more information.
STRUCTURE OF COUNTRY DESCRIPTIONS

A. TAXES PAYABLE

FEDERAL TAXES AND LEVIES
COMPANY TAX
CAPITAL GAINS TAX
BRANCH PROFITS TAX
SALES TAX/VALUE ADDED TAX
FRINGE BENEFITS TAX
LOCAL TAXES
OTHER TAXES

B. DETERMINATION OF TAXABLE INCOME

CAPITAL ALLOWANCES
DEPRECIATION
STOCK/INVENTORY
CAPITAL GAINS AND LOSSES
DIVIDENDS
INTEREST DEDUCTIONS
LOSSES
FOREIGN SOURCED INCOME
INCENTIVES

C. FOREIGN TAX RELIEF

D. CORPORATE GROUPS

E. RELATED PARTY TRANSACTIONS

F. WITHHOLDING TAX

G. EXCHANGE CONTROL

H. PERSONAL TAX

I. TREATY AND NON-TREATY WITHHOLDING TAX RATES
INTERNATIONAL TIME ZONES

AT 12 NOON, GREENWICH MEAN TIME, THE STANDARD TIME ELSEWHERE IS:

A

Algeria .......................... 1 pm
Angola .......................... 1 pm
Argentina ........................ 9 am
Australia ........................
   - Melbourne .................... 10 pm
   - Sydney ........................ 10 pm
   - Adelaide ..................... 9.30 pm
   - Perth ........................... 8 pm
Austria ........................... 1 pm

B

Bahamas ............................ 7 am
Bahrain ............................. 3 pm
Belgium ............................. 1 pm
Belize .............................. 6 am
Bermuda ............................. 8 am
Brazil ............................... 3 pm
British Virgin Islands ............... 8 am

C

Canada ........................
   - Toronto ....................... 7 am
   - Winnipeg ...................... 6 am
   - Calgary ........................ 5 am
   - Vancouver ..................... 4 am
Cayman Islands ..................... 7 am
Chile ............................... 8 am
China - Beijing .................... 10 pm
Colombia ............................ 7 am
Croatia ............................. 1 pm
Cyprus .............................. 2 pm
Czech Republic ...................... 1 pm

D

Denmark ............................ 1 pm
Dominican Republic ................. 7 am

E

Ecuador ............................. 7 am
Egypt ........................-------- 2 pm
El Salvador ........................ 6 am
Estonia .............................. 2 pm

F

Fiji ................................. .12 midnight
Finland ............................. 2 pm
France .............................. 1 pm

G

Gambia (The) ....................... .12 noon
Georgia ............................. 3 pm
Germany ............................ 1 pm
Ghana ................................. 12 noon
Greece ............................... 2 pm
Grenada ............................. 8 am
Guatemala ............................ 6 am
Guernsey ............................ 12 noon
Guyana .............................. . 7 am

H

Hong Kong ............................. 8 pm
Hungary .............................. 1 pm

I

India ................................. 5.30 pm
Indonesia ............................. 7 pm
Ireland ............................... 12 noon
Isle of Man ........................... 12 noon
Israel .................................... 2 pm
Italy .................................. 1 pm

J

Jamaica ............................... 7 am
Japan .................................. 9 pm
Jersey ............................... 12 noon
Jordan ................................. 2 pm

K

Kazakhstan .......................... 5 pm
Kenya ................................. 3 pm
Korea ................................. 9 pm
Kuwait ............................... 3 pm

L

Latvia ................................. 2 pm
Lebanon .............................. 2 pm
Liberia ............................... 12 noon
Luxembourg ......................... 1 pm

M

Malaysia ............................. 8 pm
Malta .................................. 1 pm
Mauritius ............................. 4 pm
Mexico ................................... 6 am
Morocco ............................. 12 noon

N

Namibia ............................. 2 pm
Netherlands (The) ................. 1 pm
New Zealand ........................ 12 midnight
Nigeria ............................... 1 pm
Norway ............................... 1 pm

O

Oman ................................. 4 pm

P

Panama ............................... 7 am
Papua New Guinea .................. 10 pm
Peru ................................. 7 am
Philippines ........................... 8 pm
Poland ............................... 1 pm
Portugal ............................. 1 pm
Puerto Rico ........................... 8 am
Q
Qatar . . . . . . . . . . . . . . . . . . . . . . . . 8 am

R
Romania . . . . . . . . . . . . . . . . . . . . . . . 2 pm
Russia -
    Moscow . . . . . . . . . . . . . . . . . . . . . . . 3 pm
    St Petersburg . . . . . . . . . . . . . . . . . . . 3 pm

S
Sierra Leone . . . . . . . . 12 noon
Singapore . . . . . . . . . . . . . . . . . . . . . 7 pm
Slovak Republic . . . . . . . . 1 pm
Slovenia . . . . . . . . . . . . . . . . . . . . . 1 pm
South Africa . . . . . . . . . . . . . . . . . . . . 2 pm
Spain . . . . . . . . . . . . . . . . . . . . . 1 pm
Sweden . . . . . . . . . . . . . . . . . . . . . 1 pm
Switzerland . . . . . . . . . . . . . . . . . . . 1 pm

T
Taiwan . . . . . . . . . . . . . . . . . . . . . . . 8 pm
Thailand . . . . . . . . . . . . . . . . . . . . . 8 pm
Tunisia . . . . . . . . . . . . . . . . . . . . . 12 noon
Turkey . . . . . . . . . . . . . . . . . . . . . 2 pm
Turks and Caicos Islands . . . . . . . . . . . 7 am

U
Uganda . . . . . . . . . . . . . . . . . . . . . 3 pm
Ukraine . . . . . . . . . . . . . . . . . . . . . 2 pm
United Arab Emirates . . . . . . . . . . . 4 pm
United Kingdom . . . . . . . . . . . (GMT) 12 noon
United States of America -
    New York City . . . . . . . . . . . . . . . . . . 7 am
    Washington, D.C. . . . . . . . . . . . . . . . . . 7 am
    Chicago . . . . . . . . . . . . . . . . . . . . . 6 am
    Houston . . . . . . . . . . . . . . . . . . . . . 6 am
    Denver . . . . . . . . . . . . . . . . . . . . . 5 am
    Los Angeles . . . . . . . . . . . . . . . . . . . 4 am
    San Francisco . . . . . . . . . . . . . . . . . 4 am
    Uruguay . . . . . . . . . . . . . . . . . . . . . 9 am

V
Venezuela . . . . . . . . . . . . . . . . . . . . . 8 am
Vietnam . . . . . . . . . . . . . . . . . . . . . 7 pm
A. TAXES PAYABLE

The National Revenue Authority in Sierra Leone administers most of the taxes payable including the major revenue contributors such as income tax and import and export duties.

COMPANY TAX

Company tax is based on computed chargeable income. Resident companies pay tax at 30% on their worldwide income. Non-resident companies pay tax at 35% on income sourced in Sierra Leone.

For mining companies, the tax rate is 37.5% subject to additional tax on profits agreed between the Minister of Mines and Mineral Resources and the company.

A company is considered a resident company if:
- it is incorporated or formed under the laws of Sierra Leone
- it has its effective management and control in Sierra Leone
- it undertakes the majority of its operations in Sierra Leone

A branch of a non-resident company is considered as a resident company.

CAPITAL GAINS TAX

Gains derived from the disposal of a business or investment asset are included in taxable income. Gains from the disposal of any other asset are not taxed. The loss incurred on the disposal of a business or investment asset is also taken into account in determining a person’s taxable income.

A business asset is an asset held for the production of assessable income and which is used in a business or is held for sale in a business.

BRANCH PROFITS TAX

A branch in Sierra Leone of a non-resident company is considered to be a resident company. Its profit (chargeable income) is taxed at 30%. Repatriated income of a branch is subject to a 10% tax in addition to the above.

SALES TAXES/GENERAL SALES TAX (GST)

There is no VAT but a GST applies to each of the following (with some exceptions):
- (a) all goods subject to customs duty
- (b) all goods subject to excise duty
- (c) all goods listed in the First Schedule to the Decree. These goods include foods and beverages, wines and spirits, hydrocarbons, tobacco, cement, medicines, paints, perfume and toiletries, soaps, candles, matches, plastics, paper and paper articles, ammunition and weapons, furniture, motor vehicle bodies, structures and parts of structures for buildings, bridges, etc.

FRINGE BENEFITS TAX

Non-cash benefits given by employers to employees are included in employment income on the basis of the higher of the cost to the employer or the market value. Infrequent fringe benefits of very small value are excludable.

LOCAL TAXES

Taxes are withheld from local employment income in accordance with the PAYE schedule.

OTHER TAXES

Acquisition of freehold land by sale to foreigners in Sierra Leone is prohibited by law. However, the law makes provision for the acquisition of leasehold land for leases less than 21 years subject to the provisions of the Non-Citizens (Interest in Land) Act 1966. For leases longer than 21 years, provision is made for acquisition with a prior approval by the Board of the Ministry of Lands.

All land acquisitions are subject to the payment of the following:
- registration fees
- land tax
- stamp duty.
NATIONAL SOCIAL SECURITY AND INSURANCE TRUST (NASSIT)
Employers and employees contribute 10% and 5% respectively of the employees’ employment income.

BUSINESS LICENCE
Businesses are obliged to register a licence at commencement and are no longer required to renew their licences annually. The fee for registration and licences is based on the capital of the company.

B. DETERMINATION OF TAXABLE INCOME

CAPITAL ALLOWANCES

The following rates are applicable for capital allowance expenditure:

<table>
<thead>
<tr>
<th>Item</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant</td>
<td>40%</td>
</tr>
<tr>
<td>Machinery</td>
<td>40%</td>
</tr>
<tr>
<td>Automobiles and trucks</td>
<td>40%</td>
</tr>
<tr>
<td>All other tangible depreciable assets and intangible depreciable assets</td>
<td>10%</td>
</tr>
<tr>
<td>Buildings for housing/industrial/manufacturing/agricultural activities</td>
<td>15%</td>
</tr>
<tr>
<td>Building for commercial activities</td>
<td>10%</td>
</tr>
<tr>
<td>Buildings for other purposes</td>
<td>5%</td>
</tr>
</tbody>
</table>

DEPRECIATION

This expense is disallowed in the tax computation in Sierra Leone. Capital allowances are given instead.

STOCK/INVENTORY

The cost of sales is deductible in determining chargeable income of the business.

DIVIDENDS

Dividends are taxable under the Withholding Tax Regime. The tax is final and is not aggregated with other income(s). Dividends paid by a resident company to another resident company are not subject to withholding tax.

INTEREST DEDUCTIONS

Interest deductions are now deductible in full. This provision does not apply to banks.

LOSSES

Losses are allowable and can be carried forward indefinitely. However, the deduction for any year of assessment must not be such that the tax payable will be less than 50% of the tax due if the loss is not carried forward. Losses on the disposal of business or investment assets are allowable deductions.

Foreign exchange losses can also be deducted.

Where there has been a change in the control and ownership of a company, the loss suffered before the change cannot be carried forward if the company does not continue in the same business or engages in a new business investment at any point during the period of three years after the change unless the Commissioner of Income Tax’s approval has been obtained.

FOREIGN SOURCED INCOME

Residents are generally taxed on their worldwide income. Foreign employment income of residents that has been taxed in a foreign country is exempt from income tax. There is an allowable tax credit for foreign income tax paid by a taxpayer on his income from a foreign source.

INCENTIVES

There is an authorisation deduction of 10% for expenditure incurred to start a business. An investment allowance of 5% is also given on expenditure to purchase depreciable assets such as plant and machinery. A 5% allowance is given to businesses in the tourism industry on expenditure to acquire depreciable assets such as plant, machinery and buildings for commercial activities.

A deduction may be allowed for expenditure on research and development activities carried out for the purpose of producing assessable income. There are exemptions to persons/organisations and associations that promote social or sporting amenities.
Tree crop farmers are encouraged by an exemption from income tax for a period of ten years. 50% of dividends paid by companies in such farming can also be exempt from tax.

C. FOREIGN TAX RELIEF

A resident taxpayer may claim a tax credit for tax borne on assessable foreign source income (including capital gains). The foreign tax credit cannot exceed the Sierra Leone tax on the foreign-source income, which is determined by applying the average rate of Sierra Leone tax to the foreign-source income, reduced by any deduction properly allocated to that income.

D. CORPORATE GROUPS

No special rules exist for the taxation of groups.

E. RELATED PARTY TRANSACTIONS

Expenses incurred in these transactions are allowable. But the Commissioner of Income Tax has power to re-characterise a transaction entered into as part of a tax avoidance scheme.

F. WITHHOLDING TAX

<table>
<thead>
<tr>
<th></th>
<th>Residents</th>
<th>Non-residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>30%</td>
<td>25% Final</td>
</tr>
<tr>
<td>Contractors</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>Dividends</td>
<td>10%</td>
<td>10% Final</td>
</tr>
<tr>
<td>Interest</td>
<td>15%</td>
<td>15% Final</td>
</tr>
<tr>
<td>Rent and royalties</td>
<td>10%</td>
<td>25% Final</td>
</tr>
<tr>
<td>Pensions and annuities</td>
<td>15%</td>
<td>25% Final</td>
</tr>
<tr>
<td>Natural resource payment</td>
<td>25%</td>
<td>25% Final</td>
</tr>
<tr>
<td>Beneficiaries and trusts</td>
<td>35%</td>
<td>25% Final</td>
</tr>
</tbody>
</table>

G. EXCHANGE CONTROL

Exchange control is under the direct supervision of the Bank of Sierra Leone. The following are broad guidelines:

REAL ESTATE TRANSACTIONS
Sierra Leoneans: Capital transfers for real estate transactions are not permitted. Non-Sierra Leoneans: Non-Sierra Leoneans can purchase real estate from funds brought in by documented remittances through an authorised dealer.

HOLDINGS OF ASSETS ABROAD
Transactions under this category should be processed within the regulations governing foreign currency accounts.

BORROWING
Internal Borrowing (in Leones): It is permitted for an authorised dealer acting within the existing regulations to grant commercial and financial credits to a legal entity registered in Sierra Leone.

External Borrowing: It is permitted to contract external loans fully covered by external collateral acceptable to the lending institution. Documentation to assess the quality of the collateral should be available for inspection by the Bank of Sierra Leone.

GUARANTEES
The prior approval of the Bank of Sierra Leone should be obtained for the giving and renewal of:
(a) any guarantee or any other undertaking, the implementation of which would involve payment to a non-resident or payment in any foreign currency
(b) any guarantee to a resident in Sierra Leone on behalf of or in the account of a resident outside Sierra Leone.
Commercial Banks may, without the prior permission of The Bank of Sierra Leone, give the following types of guarantees on behalf of their customers:

(a) guarantees in respect of missing documents
(b) the authenticity of signatures
(c) the release of under trust receipts and the like.

INVESTMENTS
All capital inflows for investment, whether public or private, are allowed by non-Sierra Leoneans. The repatriation of such capital inflows for investment is also permitted through an authorised dealer.

H. PERSONAL TAX
Individual residents of Sierra Leone are subject to tax on their worldwide income. Non-residents are subject to tax on all payments from which withholding tax is deducted and all other assessable income from a source in Sierra Leone.

<table>
<thead>
<tr>
<th>Income in Leones per annum</th>
<th>Tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to 1,800,000</td>
<td>Nil</td>
</tr>
<tr>
<td>Next 3,600,000</td>
<td>15%</td>
</tr>
<tr>
<td>Next 3,600,000</td>
<td>20%</td>
</tr>
<tr>
<td>Over 7,500,000</td>
<td>30%</td>
</tr>
</tbody>
</table>

I. TREASY WITHHOLDING TAX RATES
None of the double tax agreements entered into by Sierra Leone reduce the rate of withholding taxes on payments to non-residents.