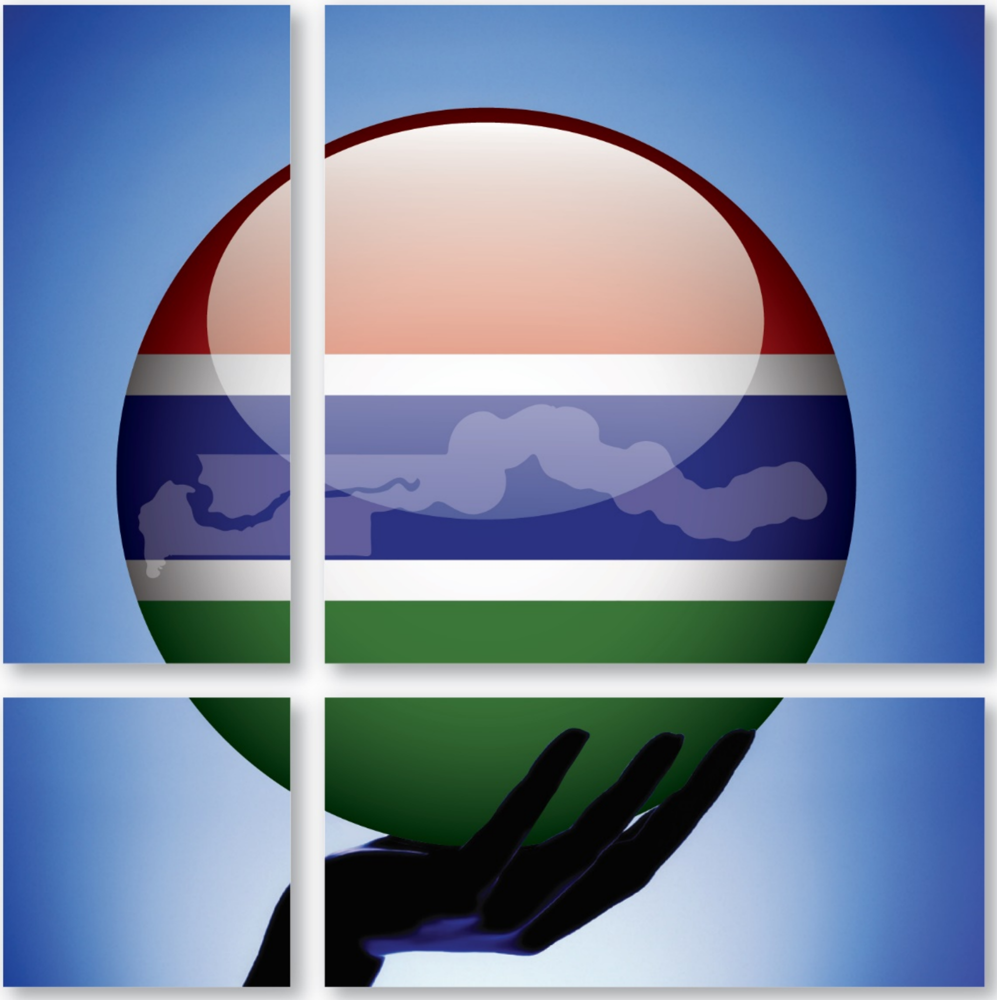

Gambia

Tax Guide

2016/17

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.

As you will appreciate, the production of the WWTG is a huge team effort and we 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.

The PKF Worldwide Tax Guide 2016/17 (WWTG) is an annual publication that provides an overview of the taxation and business regulation regimes 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 on 30 April 2016, while also noting imminent changes where necessary.

On a country-by-country basis, each summary such as this one, 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.

Services provided by member firms include:

- Assurance & Advisory;
- Financial Planning / Wealth Management;
- Corporate Finance;
- Management Consultancy;
- IT Consultancy;
- Insolvency - Corporate and Personal;
- Taxation;
- Forensic Accounting; and,
- Hotel Consultancy.

In addition to the printed version of the WWTG, individual country taxation guides such as this are available in PDF format which can be downloaded from the PKF website at www.pkf.com

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PKF INTERNATIONAL LIMITED
JUNE 2016

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MEMBER FIRM

For further advice or information please contact:

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BASIC FACTS

Full name:	The Republic of the Gambia
Capital:	Banjul
Main languages:	English
Population:	1.9 million (2013 PRB)
Major religion:	Islam
Monetary unit:	Gambian Dalasi (GMD)
Internet domain:	.gm
Int. dialling code:	+220

KEY TAX POINTS

- Corporation tax is payable based on the higher of; 31% of chargeable profits or 1.5% of total income for the tax year.
- Value Added Tax (VAT) at a standard rate of 15% is payable on taxable supplies made in the Gambia, taxable imports of goods and on taxable supplies of imported services.
- Withholding tax applies in relation to retention of the services of a contractor or subcontractor, a company or partnership paying dividend to a resident individual, and interest paid to resident companies.

A. TAXES PAYABLE

COMPANY TAX

Corporation tax is payable based on the higher of; 31% of chargeable profit or 1.5% of total revenue for the tax year. This implies that even if a company has an adjusted tax loss figure for any particular year, it will still be liable to tax. Note that if for any reason a company is not audited, tax on its total revenue will be 2.5% and not 1.5%.

Income tax is payable in quarterly instalments i.e. the three months period ending on the last day of the third, sixth, ninth and twelfth months of the tax year. This instalment is based on 1.5% of total revenue for a company with audited accounts or 2.5% for a company without audited accounts and is due by the 15th of the following month, failing which a penalty equal to 5% of the unpaid tax per month can be applied. Advance payments during the tax year are credited against income tax assessed.

Corporate Income Tax Return form is mandatory for all taxable entities and is expected to be submitted by 31 March of the year following that to which it relates. The form is used to determine annual tax liability.

CAPITAL GAINS TAX

CGT is payable on the disposal of a capital asset. In the case of a partnership, company or trustee, tax is paid on the greater of:
(i) 25% of the capital gain arising on disposal; or,
(ii) 10% of the consideration received for the disposal.

In the case of an individual, body of persons or trustee of a deceased estate:

(i) 15% of the capital gain arising on percentage of the disposal; or,
(ii) 5% of the consideration received on disposal.

Capital gains tax is exempt on the disposal of agricultural land, private residence and if the gain does not exceed GMD 7,500.

BRANCH PROFITS TAX

A branch's profit is taxed at the higher of the two 31% on profit or 1.5% of total revenue as the branch is considered as a permanent establishment meaning a resident company.

VALUE ADDED TAX (VAT)

Value Added Tax (VAT) is payable on:
(a) A taxable supply made in The Gambia;
(b) A taxable import of goods;
(c) A taxable supply of imported services.

Registration requirements

- A person is required to register for VAT at the end of any 12 month or shorter period if, during the period, the total value of supplies of goods or services made by the person equals or exceeds GMD 1 million.
- A person is required to register for VAT at the beginning of any 12-month period if there are reasonable grounds to expect that the total value of supplies of goods or services to be made by the person during that period will equal or exceed one million dalasis (GMD).
- A person who is not required to register for VAT is permitted to register within six months of the end of a 12–month or shorter period in which the total value of supplies made by the person exceeded GMD five hundred thousand.

VAT is payable on a taxable supply of goods made in the Gambia. In the case of certain taxable supplies of goods the rate is 0% and in any other case, the rate is 15%. A registered person shall provide a VAT return for each tax period within 15 days after the end of the period, whether or not tax is payable for the tax period.

AIR TRANSPORT TAX

Air Transport Tax is applicable to all Airlines and Travel Agencies and came into effect on the 1st January 2014. All air ticket sales for flights originating from The Gambia attract a 15% Air Transport Tax. The tax is due on or before the 15th of the following month. A standard form for submission is prescribed by GRA.

FRINGE BENEFITS TAX

Fringe benefits are specific and direct payments of expenditure for and on behalf of an employee, in addition to his /her salary. The tax levied is at a rate of 35% on the grossed-up taxable value of each benefit provided and is payable by the organisation that provides the benefit to the employee. The total amount of fringe benefit plus tax thereon is an allowable deduction for the purposes of corporate tax calculation

LOCAL TAXES

NATIONAL EDUCATIONAL LEVY

If the total income of a taxable entity exceeds GMD 5 million per annum the levy applied is GMD 50,000 and if below GMD 5 million, a rate of GMD 30,000 is applied.

EXPATRIATE TAX

An annual payment of GMD 40,000 is payable for each employee with citizenship from any country outside the West African region but for employees from West Africa, the rate is GMD 10,000.

BUSINESS REGISTRATION

An annual payment of GMD 1,000 should be made by all businesses at the start of the year.

STAMP DUTIES

The duty is levied on juristic acts resulting in a flow of wealth between the parties involved. Thus, stamp tax is applicable inter alia to acts whereby transactions on Real Estate or financial obligations are documented.

Rates vary according to the type of transaction involved.

CUSTOMS AND EXCISE DUTIES

This is applied on the importation or exportation of certain goods.

OTHER TAXES – RESIDENTIAL RENT TAX

Tax is imposed for each tax year on a person who has a taxable rental amount at a rate of 10% per annum.

B. DETERMINATION OF TAXABLE INCOME

The calculation of taxable income is arrived at by adjusting the accounting profits/losses for non-taxed income and disallowed expenses.

CAPITAL ALLOWANCES

The following annual rates are applied against the written down value of assets:

Annual Allowance

Rate	Asset
5%	Building
40%	Motor Vehicle
20%	Plant and machinery
30%	Plant and machinery used in manufacturing, mining
20%	Office furniture and equipment

Initial Allowance
An initial allowance is applied at 20% of the cost of the asset or 10% for buildings, structures or works of permanent nature. Initial and annual allowance cannot be granted on the same asset in the same year. Therefore, an annual allowance is not granted in the year a fixed asset is first put to use only initial allowance is granted.

Intangible assets
An amortization deduction is allowed. The deduction is computed by using the cost of the asset divided by the useful life of the intangible asset in whole years. An intangible asset with a useful life of more than ten years or that does not have an ascertainable useful life is treated as having a useful life of ten years.

BAD DEBTS

A deduction is allowed for a debt written off if certain conditions are satisfied.

DEPRECIATION

No deduction is allowed in the tax computation but rather capital allowances are allowed.

STOCK / INVENTORY

A deduction is allowed for the cost of stock in trade disposed of in a tax year in deriving the chargeable income.

CAPITAL GAINS AND LOSSES

If the consideration received exceeds the written down value of the asset, the excess is business income which has to be included in the person's income for that year and, if less, the difference is allowed as a deduction when computing the chargeable income for the year.

DIVIDENDS

Withholding tax on dividend is at a rate of 15%.

INTEREST DEDUCTIONS

A deduction is allowed for any interest incurred in a tax year if the company used the proceeds or benefit of the debt on which the interest is payable. The interest not deducted can be carried forward for a period of six years.

LOSSES

If a company has a business loss for the year, that amount is carried forward to the following year and allowed as a deduction in computing the chargeable income for that year. Losses can only be carried forward for six years after the tax year in which the loss is incurred.

LOSS RESERVE OF BANKS

A bank is allowed a deduction for the addition to its provision for doubtful debts in a tax year provided the addition has been determined in accordance with the prudential requirements specified by the Central Bank of The Gambia. The amount allowed as a deduction for a tax year shall not exceed a half of one percent of the total outstanding debt claims of the bank as at the end of the tax year.

FOREIGN SOURCE INCOME

A foreign sourced income received by a resident company is exempt from income tax. If foreign income tax has been paid, a tax credit is allowed.

TAX INCENTIVES

Expenditure on certain pre-commencement expenditure qualifies for accelerated deductions. A deduction is allowed in the tax year which the expenditure is incurred and in the following three years at a rate of 25% each year. Granting of investment incentives and tax exemptions can only be obtained from the Gambia Investment and Export Promotion Agency (GIEPA).

C. FOREIGN TAX RELIEF

The Government of The Gambia has a double taxation treaty with Norway, Sweden, Switzerland, Taiwan, the United Kingdom, Republic of China and Qatar. If a resident person has a foreign tax loss for a tax year, the amount of the loss can be carried forward to the following tax year and allowed as a deduction against the person's foreign sourced business income. The loss can be carried forward for a period of six years.

D. CORPORATE GROUPS

Tax on certain payments to non-resident persons does not apply if the conditions below are met:

(i) If the holding giving rise to the dividend is connected with a permanent establishment in The Gambia of a non-resident company;
(ii) Any interest if the debt claim giving rise to the interest is connected with a permanent establishment in The Gambia of a non-resident company;
(iii) Any royalty if the property or right giving rise to the royalty is effectively connected with a permanent establishment in The Gambia of a non-resident company;
(iv) Any technical service fee is the services giving rise to the fee are rendered through a permanent establishment in The Gambia of a non-resident company.

E. WITHHOLDING TAX

A person who retains the services of a contractor or subcontractor to carry out work or supply labour or materials for the carrying out of work shall withhold tax at the rate of 10% of the gross fees. A company or partnership paying dividend to a resident individual shall withhold tax at the rate of 15%. A 15% withholding tax shall be withheld on interest paid to resident companies but it does not apply to interest paid to financial institutions.

F. EXCHANGE CONTROL

There are no exchange controls in place.

G. PERSONAL TAX

Tax is payable on the gross employment income of an employee monthly. Tax is computed using the following rates;

Income Range Per Annum	Tax Rate
GMD 0 to GMD18,000	0%
GMD 18,001 to GMD 28,000	5%
GMD 28,001 to GMD 38,000	10%
GMD 38,001 to GMD 48,000	15%
GMD 48,001 to GMD 58,000	20%
Above GMD 58,000	30%

H. TREATY AND NON-TREATY WITHHOLDING TAX RATES

Gambia has concluded tax treaties with the following countries:

- Norway;
- Sweden;

- Switzerland;
- Taiwan;
- The United Kingdom;
- Republic of China and
- Qatar.

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