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A quick guide to Taxation in Gambia

pwc

Introduction

Effective January 2013, the Income and Value Added Tax Act, 2012 was introduced to repeal the then existing Income and Value Added Tax Act, No. 19 of 2004.

The Commissioner-General of Taxes who is appointed in accordance with the provisions of the Gambia Revenue Authority Act, 2004 is responsible for the administration of the Act.

In this publication all tables/ illustrations and other currency references are based on the Gambian Dalasi (GMD) which is the equivalent of USD 0.03024 as at 26 August 2013.

This guide is prepared as a general overview. For more detailed planning please ensure professional advice is obtained.

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Our core values of excellence, teamwork and leadership define how our people work. We strive to deliver what we promise, work together as a team and lead by example.

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Mozambique	Morocco
Namibia	Nigeria
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Tanzania	Zimbabwe
Zambia	

PwC Ghana

PricewaterhouseCoopers is in the process of setting up the office in Liberia. Until the Liberia office is fully operational, the Ghana office, which has nine Partners/ Directors and over 250 employees, shall continue providing services with respect to Liberia from the Ghana.

The Ghanaian firm, which is a full member of the network of firms of PricewaterhouseCoopers, has unrestrained access to the global firm's vast resource base of proprietary knowledge, methodologies and experience.

Our clients include private sector businesses – both multinational and national; many government institutions – at national and local levels and financial institutions.

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General provisions under the law

Income liable to tax

Income tax is levied in each tax year on the chargeable income of both resident and non-resident persons in the Gambia. The chargeable income is the gross income (other than exempt income) less allowable deductions.

With respect to resident persons, the gross income includes income derived from all geographical sources.

For non-resident persons, the gross income includes only Gambian-sourced income.

Resident persons

An individual is resident for tax purposes if that individual:

- resides in The Gambia at any time in the year;
- is present in The Gambia for a period of, or periods amounting in aggregate to, 183 days or more in the tax year; or
- is an employee or official of the Government of The Gambia posted abroad at any time in the tax year.

A company is resident for tax purposes if:

- the company was incorporated or formed in The Gambia; or
- the control and management of the company's business is exercised in The Gambia at any time in the year.

A "body of persons" means a fraternity, fellowship, or society of persons, but does not include a partnership.

A body of persons is a resident body of persons if:

- the body was formed in The Gambia; or
- the control and management of the body's activities is exercised in The Gambia at any time in the year.

A partnership is resident for tax purposes if at any time during the year, a partner of the partnership is a resident person in The Gambia.

Income sources/classes

The chargeable income of a person for any tax year is the gross income of the person for the year from business, employment, and property reduced by the total amount of deductions allowed to the person in respect of those gross income sources.

Taxation of Individuals

Tax rates

Incomes of individuals are taxed on a progressive tax rates basis.

Tax rates, in the tables below, are shown for purposes of effecting yearly and monthly deductions respectively.

Year 2013	Chargeable Income GMD	Rate %	Tax Payable GMD	Cumulative Income GMD	Cumulative Tax GMD
First	7,500	0%	-	7,500	-
Next	10,000	10%	1,000	17,500	1,000
Next	10,000	15%	1,500	27,500	2,500
Next	10,000	20%	2,000	37,500	4,500
Next	10,000	25%	2,500	47,500	7,000
Exceeding	47,500	35%			

Year 2013	Chargeable Income GMD	Rate %	Tax Payable GMD	Cumulative Income GMD	Cumulative Tax GMD
First	625.00	0%	-	625.00	-
Next	833.33	10%	83.33	1,458.33	83.33
Next	833.33	15%	125.00	2,291.67	208.33
Next	833.33	20%	166.67	3,125.00	375.00
Next	833.33	25%	208.33	3,958.33	583.33
Exceeding	3,958.33	35%			

Income from employment

A person's income from employment is any profit or gain, whether of a revenue or capital nature, arising from employment which does not include fringe benefits but includes all consideration (including the fair market value of shares provided under an employee share scheme but not the value of a right or option to acquire shares under an employee share scheme) provided to persuade a person into an employment relationship and also that which relates to the termination of appointment.

For the purpose of determining what portion of contributions to an approved retirement fund is available for tax deduction, employment income includes the value of fringe benefits provided by an employer to the employee.

Contributions to retirement benefit schemes

Employees (59 years and below)in the private sector of the economy are required to contribute 5% of their basic salary into a Provident Fund as Social Security Contributions on a monthly basis. Employers are also required to contribute 10% of the basic salary of its employees as its contributions towards the Provident Fund Social Security Scheme. In addition to this, the

employer is required to contribute 1% of the employee's total earnings (salary plus all other allowances subject to a maximum contribution ceiling of 15 Dalasis) to the Industrial Injuries Compensation Fund. Where the employee's total earnings exceed 1,500 Dalasis per month, the contribution payable is limited to 15 Dalasis.

Resident employees are allowed a deduction for contributions to approved retirement funds of the lower of 25% of gross income reduced by the employer's contributions and GMD 7,500.

The Social Security and Housing Finance Corporation (SSHFC) administers the pension scheme and provident fund.

Retirement savings

The gross income of a business may be reduced by contributions made by an employer in a tax year to an approved retirement fund in respect of a resident employee provided that the contributions made do not exceed twenty-five per cent (25%) of the employment income paid by the employer to the employee for the year.

Fringe benefits

Fringe benefits mean a housing fringe benefit, motor vehicle fringe benefit, household personnel fringe benefit, loan fringe benefit, debt waiver fringe benefit, property fringe benefit, medical fringe benefit, life insurance fringe benefit, entertainment fringe benefit, and residual fringe benefit.

Fringe benefits are not considered as part of income from employment. Thus, where an employer including its associate(s) provides fringe benefits to its employees, those employees will not be subject to taxes on those benefits. However, employers that provide those benefits will be liable to pay the tax resulting thereof known as Fringe Benefit Tax ("FBT").

Non-taxable income

The following incomes are not taxable:

a) Allowances solely expended or reimbursement of expenditure incurred in the performance of the employee's duties of employment.

b) A foreign-sourced employment income of a resident individual which has suffered foreign income tax.

c) The foreign-sourced income of a non-resident person.

d) The official employment income (including income earned during leave) derived by the President or acting President.

e) The income derived by an individual entitled to privileges under the Diplomatic Privileges (Commonwealth and Foreign Mission) Act, or Diplomatic Privileges (International Organizations) Act to the extent provided in that Act.

f) The official employment income of a non-commissioned officer of the Armed Forces of The Gambia.

g) A scholarship granted to a student to meet the cost of the student's education.

h) A Gambian-sourced income (earned by a non-citizen)that The Gambia is not permitted to tax under a tax treaty or an international agreement.

i) A lump sum amount derived as a retiring or death gratuity or as consolidated compensation for death or injuries, or under any compensation scheme.

j) A lump sum amount from an approved retirement fund derived by an individual on retirement.

k) A gratuity received by a public officer for service with the

Government of The Gambia pursuant to any contract or service agreement.

l) A pension paid by the Government of The Gambia to a retired civil servant or pension granted to a person.

m) Interest derived by a resident individual from savings at the Gambia Post Office.

n) The distribution of profits by a body of persons to members of that body.

Payroll (Expatriate) tax

There is a payroll tax in respect of every non-citizen employed in The Gambia except those granted an exemption (e.g. free zone operators, religious or charitable institutions of a public character, Diplomatic and Consular Missions) and those in the public sector. This tax is payable by the employer of the non-citizen not later than the 31st day of January each year with returns filed by 1st January. Where an employee is engaged after 1 January, the payroll tax is payable within 14 days from the day on which that employee came into such employment.

A resident individual is liable to tax on all income derived from all geographical sources. The Gambian-sourced portion of employment income includes income received from employment carried out in The Gambia, wherever paid; or income paid by, or on behalf of, the Government of The Gambia, wherever the employment is carried out. The foreign-sourced portion of employment income is that portion of the foreign-sourced income that has not been taxed in the foreign jurisdiction. A Gambian citizen or an expatriate who is paid both in Gambian Dalasis and foreign currency is liable to tax in The Gambia on both streams of income. The foreign currency amount shall be translated to Gambian Dalasis at the Central Bank of The Gambia mid-exchange rate applying between the foreign currency and the Gambian Dalasi on the date the amount is taken into account for tax purposes.

Non-resident individuals

A non-resident individual is an individual who does not reside in The Gambia, is not present in The Gambia for a period of or periods amounting in aggregate to, 183 days or more in the tax year, and is not an employee or official of the Government of The Gambia posted abroad at any time in the tax year.

A non-resident individual is liable to tax just like a resident individual at progressive rates from 0% to 35%. However, non-resident individuals are not taxed on foreign-sourced income but only on Gambian-sourced income.

Pay As You Earn (PAYE)

PAYE is a method of paying tax to the Gambian Revenue Authority (“the GRA”)on incomes earned by employees. The tax is deducted at source on remuneration, allowances, salaries and wages earned by the employee. It does not apply to fringe benefits. The employer deducts the tax and pays it to the GRA by the 15th day of the month following the month in which the deduction was or should have been made.

PAYE taxes should be withheld at the earlier of the time the amount is credited to the account of the employee or the time the amount is actually paid.

Tax year (individuals)

The tax year and basis of taxation for individuals, bodies of persons and partnerships is the calendar year.

Method of calculating income tax payable

The example below demonstrates how an individual is assessed to tax.

Question

A resident individual whose annual income is GMD 500,000 is provided with an unfurnished accommodation whose fair value is GMD 35,000 and owned by an associate of the employer and a leased fuelled car provided by his employer for private use for the full year. The leased car had a fair value of GMD 56,000 at the commencement of the lease. In addition to those fringe benefits, the employee is provided with a housekeeper and a driver both having a total employment income of GMD 26,000. The employee makes a payment amounting to half of the household personnel's employment cost for enjoying their services.

What are the employment income tax and the fringe benefits tax liable on the employee and employer respectively?

Solution

The employment income tax is computed as follows:

Item	2013 GMD
Salary	500,000
Add:	
Employer's contribution to approved retirement fund	50,000
Gross Employment Income	550,000
Less:	
Allowable Social Security Fund Contribution (SSF)*	7,500
Total Deductions	(7,500)
Chargeable Income	542,500
Tax Payable	180,250

*Lesser of 25% of employment income (including fringe benefits) and GMD 7,500.

The fringe benefits tax is computed as follows:

Type of Fringe Benefit	Total Deemed value of benefit (GMD)	Employee's Contribution (GMD)	Employer Deemed value of Fringe Benefit (GMD)	Tax (7/13) (GMD)
Housing	35,000	-	35,000	18,846
Motor vehicle	14,000	-	14,000	7,538
Household personnel	26,000	13,000	13,000	7,000
Total Tax on Fringe Benefits (GMD)				**33,385**

Residential rent tax

Residential rent tax is payable by a person who receives a taxable rental amount in respect of the lease of any property in The Gambia that is occupied as a private residence, but does not include a hotel, inn, guest house, or boarding house. The tax is payable at the rate of 10% of the rental amount received.

A residential rent tax payer is required to furnish a residential rent tax return for each tax year within three months after the end of the year.

The residential rent tax is paid in instalments and the instalments are payable for the three-month period ending on 31 March, 30 June, 30 September and 31 December, and are due on the 15th day after the end of the period to which they relate.

The tax paid is a final tax and shall not be included in the gross income of the person who receives it.

Taxation of entities

Rates of tax

The corporate business income tax of an entity carrying on business is generally the higher of the “minimum income tax” (“MIT”) (or turnover tax)and the “normal income tax” (“NIT”).

The income tax rates applicable to entities carrying on business are:

Entity	2013 %
Entities without Special Investment Certificate or Export Promotion Zone Licence– NIT	31
Turnover tax for entities with audited financial statements - without Special Investment Certificate or Free Zones Licence– MIT	2 (3 for entities with unaudited or no accounts)
Turnover tax for entities with Special Investment Certificate– for five after award of Special Investment Certificates	0
Turnover tax for entities with Export Promotion Zone license for eight years after award of Export Promotion Zone License	0
Investment Enterprise located outside the Export Promotion Zone that exports at least 30% of its outputs	10

Tax year (entities)

The tax year covers the calendar year.

Basis period

The basis period of a company or partnership is usually the calendar year.

A company with a compelling reason may make an application in writing to the Commissioner-General of the GRA for the use of a special tax year which is a 12-month period other than the calendar year. Once a particular special tax year is chosen it must be consistently followed unless a prior approval in writing is obtained from the Commissioner-General the GRA for a change.

Deductions allowed

A person is allowed a deduction for any expenditure incurred in deriving gross income if the amount of expenditure is incurred in deriving gross income.

Where the expenditure is incurred partly for another purpose, a deduction is allowed only for the part of the expenditure that relates to the derivation of gross income.

The following expenses are generally allowed:

- Annual allowance for wear and tear of depreciable asset computed in accordance with the Third Schedule of the Income and Value Added Tax Act, 2012.
- Initial allowance.
- Amortisation deduction.
- 25% of pre-commencement expenditure in the tax year in which the expenditure is incurred and in the following three years.
- Contribution made in a tax year to an approved retirement fund in respect of a resident employee of an amount not exceeding twenty-five per cent of the employment income paid by the employer to the employee for the year.
- Fringe Benefits Tax paid by an employer in the tax year.
- Interest expense incurred in the generation of gross income is restricted to the sum of interest income and 50% of the chargeable income (excluding the interest income and interest expense). Where the interest expense exceeds the said criteria, the excess interest is disallowed and carried forward for a maximum of six years unless the ultimate interest in the business changes by more than 50% and the entity carries on a different business.
- Current year provisions for doubtful debts limited to 0.5% of the bank's total provisions for doubtful debts at the end of the tax year provided that the provisions have been made in accordance with the prudential requirements specified by the Central Bank of The Gambia and as at the end of the tax year the total provisions for doubtful debts does not exceed 5% of the total outstanding debt owed to the bank.
- Tax losses brought forward from previous years limited to six years provided the ultimate interest in the business does not change by more than 50% and the entity does not carry on a different business.

Deductions not allowed

Expenditure not wholly, exclusively and necessarily incurred in the production of income is not allowed. The following expenditure is generally not allowed:

- Expenditure of a capital nature is generally not allowed;
- Any capital withdrawn, or sum employed or intended to be employed as capital or an amount carried to a reserve fund or capitalised in any way;
- an expenditure or a loss recoverable under a policy of insurance or contract of indemnity;
- any income tax, capital gains tax, or residential rent tax payable in The Gambia or elsewhere;

- any contribution or payment to a non-approved provident, savings, widows' and orphans', or other society or fund;
- any fine or penalty imposed for violation of any law, rule, or regulation; or
- any bribe, kickback, or similar amount.

Capital allowances - Initial and Annual allowances and Amortisation deduction

Initial allowances are granted for persons who invest in brand new plant and machinery (other than non-commercial passenger transport vehicle and furniture and fittings) and buildings, structures or works of a permanent nature once in the lifetime of the asset.

Annual ("Wear and Tear") allowances are granted to persons who own or are deemed to own depreciable assets and use such assets in the production of the business income each year up to its disposal or the end of the assets' useful life.

Depreciable assets which are capital tangible movable property or structural improvement to immovable property have been grouped in the following classes for the purpose of computing initial and annual allowances respectively:

Assets class	Annual Depreciation Rate (Initial Allowance)
Plant and machinery	20%
Building, structures or works of a permanent nature	10%

Assets class	Annual Depreciation Rate (Written Down Basis)
Motor vehicles; buses and minibuses with a seating capacity of less than 30 passengers; goods vehicles with a load capacity of less than 7 tonnes; computers and data handling equipment; and construction equipment and earth moving equipment	40%
Buses with a seating capacity of 30 or more passengers; goods vehicles designed to carry or pull loads of more than 7 tonnes; specialised trucks; tractors; trailers and trailer-mounted containers; and plant and machinery used in manufacturing, mining, or farming operations	30%

Assets class	Annual Depreciation Rate (Written Down Basis)
Vessels, barges, tugs, and similar water transportation equipment; aircraft; specialised public utility plant, equipment, and machinery; office furniture, fixtures, and equipment; any depreciable asset not included in another category	20%
Buildings	5%

Note that for the purposes of computing the annual allowance, the cost of a passenger transport vehicle (other than a bus, taxi, or hire car) is limited to GMD 200,000.

An entity that has a special investment certificate will be granted an accelerated depreciation on cost of assets in accordance with the table below:

Year	Buildings	Plant	Fittings	Others
1	10%	20%	20%	20%
2	10%	20%	20%	20%
3	10%	20%	20%	20%
4	10%	20%	20%	20%
5	10%	20%	20%	20%
6 to 10	10% (each year)			

Amortisation deduction is granted in respect of an intangible asset wholly or partly used by the person in a tax year in deriving business income included in gross income.

Capital allowances are granted in proportion to the number of days in the tax year for which the asset is used or available for use in deriving the business income included in gross income.

Carry forward losses

Interest deduction and business loss (foreign and local sourced) may be carried forward for no more than six tax years after the tax year in which the loss was incurred.

Specimen tax computation for a listed company

Below is an example of a trading company with an audited turnover of GMD 5,000,000. The interest income included in the profit before tax has incurred a non-final withholding tax of 15%.

The tax calculation has been made on the assumption that the financial figures will be applicable for the year ending December 31 2013.

Item	2013 GMD
Trading Profit	1,800,000
Other Income (Rent Received as property income)	50,000
Profit before Tax	1,850,000
Included in profit before tax is:	
Gross interest income	60,000
Trading Profit is arrived at after	
Depreciation	300,000
Donation to unapproved charity	10,000
15% withholding tax on interest deducted at source	48,000
Capital allowance granted for year	360,000

Computation

Item	2013 GMD
Profit before Tax	1,850,000
Deduct: Interest income	(60,000)
Rent Income	(50,000)
	1,740,000
Add back Depreciation	300,000
Donation	10,000
Adjusted Profits	2,050,000
Less : Capital allowance	(360,000)
Chargeable Business Income	1,690,000
Interest	60,000
Chargeable income	1,750,000
Tax liability @ 31%	**542,500**
Tax credit: Payments on installments (2%*5,000,000)	**(100,000)**
15% withholding tax	**(9,000)**
Tax Payable	433,500

Dividends

Dividends received by a resident individual and a non-resident person from investing in a resident company or partnership in The Gambia are subject to a final withholding tax of 15% of the gross amount.

Gambia Investment and Export Promotion Agency ("GIEPA")

In July 2010, the Gambia Investment Promotion and Free Zones Agency (GIPFZA) was transformed into the Gambia Investment and Export Promotion Agency (GIEPA) by an Act of Parliament known as the GIEPA Act, 2010. The agency's mandate is anchored on three (3) core functions:

- investment promotion and facilitation;
- business development; and
- export promotion and support to Micro Small and Medium Enterprises.

It has two separate investment schemes in operation and these are the Special Investment Certificate (SIC) and Export Promotion Zone (EPZ) schemes. No investor is allowed to be a beneficiary of both schemes; an investor can only be either an SIC license holder or an EPZ license holder.

Taxation of insurance companies

General business

The chargeable income of a resident insurance company engaged in general business is derived as the sum of:

- Ascertain net premium income (i.e. gross premium less premiums returns)
- Property income
- Commissions received and reinsurance income
- Previous tax year statutory reserve

Reduced by:

- Net claims admitted
- Agency expenses
- Operating expenses
- Current year statutory reserve

The corporate income tax rate is applied to the result.

International transactions

Geographic source of income

Income from employment is treated as derived from The Gambia to the extent to which the income is received from employment carried out in The Gambia, wherever paid; or is paid by, or on behalf of, the Government of The Gambia, wherever the employment is carried out.

Income attributable to a permanent establishment

In ascertaining the income of a permanent establishment of a non-resident person, charges or fees billed by the non-resident or associates of the non-resident to the permanent establishment are excluded unless it is demonstrated to be a reimbursement of actual expenses incurred by the non-resident person to third parties if the reimbursement is otherwise deductible under the Act.

Allocated cost to the non-resident person is however allowed subject to a maximum limit of 0.25% of the worldwide total turnover of the non-resident person for the year.

The foreign sourced income of a non-resident person is exempt from income tax.

Relief from double taxation

In ascertaining the income of a person derived from outside The Gambia, the lesser of the:

- foreign income tax paid within two years after the end of the tax year in which the foreign-sourced income to which the tax relates was derived by the resident person; or
- The Gambian income tax payable in respect of that income.

In a circumstance where the applicable rate under a double taxation treaty is higher than that applicable under the laws of The Gambia, the lower of the two rates would apply.

Professional advice is required in order to understand the process involved in the calculation and claim for the credit.

Anti-avoidance rules

Income splitting

Income splitting is not allowed and includes transfers of income and or property to associates with a view to reducing the tax liability.

Transfer pricing

The Commissioner-General is allowed to adjust non-arm's length transfers between associates.

In making any adjustment the Commissioner-General may determine the geographic source of income and the nature of any income, payment, or loss as revenue, capital, or otherwise.

Withholding taxes

Other than withholding of taxes on employment income, the following are currently the applicable rates of withholding taxes.

Income	Rate %	Remarks
Resident persons		
Interest (excluding payments to individuals and financial institutions)	15	Not final tax
Interest to resident individuals only	15	Final tax
Dividend to resident individuals	15	Final tax
Payments to Contractors/Subcontractors to carry out work or supply labour or materials for carrying out the work	10	Not final tax
Non-Resident persons		
Dividend, interest, royalties	15	Final tax
Management, consulting and technical service fees	15	Final tax

A holder of a certificate of special investment shall be entitled to an exemption from withholding tax on dividends for a period of five years or eight years (depending on whether the investment is in the priority sector or the priority area respectively).

Export Promotion Zone investors are exempt from the payment of withholding tax on dividends and other payments during the period that it is exempted from payment of income tax.

Exempt Income

The following incomes are generally exempt:

a) The income derived by a public international organisation to the extent provided in the Diplomatic Privileges (International Organisations) Act.

b) A Gambian sourced income that The Gambia is not permitted to tax under a tax treaty.

c) The income of a local authority, district authority, or Government institution.

d) The income of a non-profit making organisation, other than business income derived from the carrying on of a business

e) The property income of an approved retirement fund.

f) Interest payable on a loan charged on the public revenue of The Gambia to the extent specified by the President in a notice published in the Gazette.

g) The business income derived by a non-resident person from the operation of ships or aircraft is exempt from income tax, other than income derived from the operation of ships or aircraft in the transportation of passengers between places in The Gambia if a similar exemption is available to resident Gambian persons.

h) The foreign sourced income of a non-resident person.

i) The income from the trading activities of Export Promotion Zone investors for the first 10 years from the date of approval of the Export Promotion Zone license.

Capital gains tax

Capital gains tax is imposed on the consideration received or increase in the capital value of a capital asset between the date of acquisition of the asset and the date of its disposal other than disposal exempt from capital gain.

The capital gains tax payable by a person on the disposal of a capital asset is influenced principally by the type of person making the disposal and value of the capital gain. The table below summarises this idea:

	Basis of Computation		
	Capital Gain (A)	**Consideration (B)**	**Capital Gains Tax**
Individual, body of persons, or trustee* of a deceased estate	15%	5%	Maximum of A and B
Partnership, company, or trustee (other than a trustee mentioned above	25%	10%	Maximum of A and B

*Trustee of a deceased estate if the disposal is in the first 2 years of administration of the estate.

Computation of capital gain

The amount of a capital gain is the excess of the consideration received by that person on the disposal over the cost at the time of disposal.

An asset is treated as disposed where the owner parts with ownership of the asset including where the asset is sold, exchanged, transferred, distributed, cancelled, redeemed, relinquished, destroyed, lost, expired or surrendered.

The capital gain arising on disposal of a capital asset cannot be reduced by any capital loss arising on the disposal of another capital asset.

Exemption from capital gains tax

The following capital gains are exempt:

1. Gain on disposal of a capital asset up to GMD 7,500.
2. A gain derived by a local authority, district authority, Government institution, or charitable organisation;
3. A gain on disposal of a private residence if two years immediately preceding the disposal, the building was personally used by that person or the parents and the entire gain from the disposal employed to acquire a new private residence within one if purchased and two years, the new building was constructed.
4. A gain on disposal of agricultural land if two years immediately preceding the disposal, the land was personally used by that person or his/her parents and the entire gain from the disposal employed to acquire a new agricultural land within two.

Value Added Tax

Scope

Other than exempt goods, Value Added Tax (VAT)is imposed on:

(a) a taxable supply of goods (tangible movable property);

(b) a taxable supply of services; and

(c) a taxable import.

The value added tax on a taxable supply of goods or services, is to be accounted for to the Commissioner-General by the registered person making the supply and in the case of taxable import, the value added tax is payable by the importer.

A manufacturer or supplier of goods or taxable services other than a person who makes only exempt supplies, is obliged to register for value added tax if at beginning or the end of any 12-month period or shorter period, the total value of the supplies are or are expected to be at least GMD 1,000,000.

Value added tax is computed by multiplying the rates shown in the table below by the taxable value.

The taxable value is the consideration (actual or deemed value including any duty, levy, fee, and charge other than the Value added tax) paid or payable on the supply of goods or services or imports reduced by any price discounts or rebates allowed and accounted for at the time of the supply.

The current applicable rates are shown below:

Taxable Supply	Rate %
Exported goods	0
Telecommunications services	18
Manufacturing and shipping agency services	15
Imported construction materials	15
Other goods, and the following listed services*	15

*Other Listed Taxable Services

(a) insurance services;

(b) air transport services;

(c) the provision of board, lodging, meals, beverages, or any other facility supplied in carrying on the business of a hotel operator;

(d) the provision of meals, beverages, or any other facility supplied in carrying on the business of restaurant, bar, or night club operator;

(e) services provided by a tourist enterprise licensed under The Gambia Tourism Authority Act, 2001;

(f) services provided by casinos and gaming houses;

(g) services provided by builders, lawyers, accountants, laundry and dry cleaners, surveyors, engineers, architects, and hairdressers;

(h) video hire;

(i) printing and publishing of commercial newspapers;

(j) newspaper advertising; and

(k) recording studio services.

Exempt supplies – Goods supplies that are specifically exempt are listed below as:

Item	Description
Religious	Religious books, bound and unbound, pamphlets, booklets, leaflets, scripture, and prayer cards and religious mottoes and pictures unframed, for the promotion of religion, and materials to be used exclusively in the manufacture thereof, but not including forms, stationery or annual calendars
Educational	Chalkboards, tack boards, desks, tables and chairs, when sold to or imported by educational institutions for their own use and not for resale. Articles and materials for use exclusively in the manufacture of the tax-exempt goods specified here
Printed matter, articles and material	**The following printed matter, articles and materials** a. school annuals, bound literary papers regularly issued at stated intervals, not less frequently than four times yearly, sheet music, manuscripts, national manufacturing, industrial or trade printed books that contain no advertising and are solely for educational, technical, cultural or literary purposes, articles and materials for use exclusively in the manufacture or production of the foregoing; b. phonograph records and audio tapes authorised by the Government for the instruction and materials for use exclusively in their manufacture; c. books purchased or imported by public libraries; d. printed matters for use by school boards, schools and colleges and not for sale, and articles and materials for use exclusively in the manufacture or production of the printed matters; e. utensils, instruments and other apparatus that are designed for use 'in classroom instruction and that are to be employed directly in teaching; f. maps, charts, diagrams, posters, motion picture films, filmstrips, microfilms, slides and other photographic reproductions and pictorial illustrations, reproductions of art, sound and video recordings, models, static or moving, parts of the foregoing, all of the foregoing for use by public libraries, public museums, or institutions established solely for educational, scientific or religious purposes, and not for sale or rental, articles and materials for use exclusively in the manufacture of the foregoing; and g. goods for placement as exhibits in public museums, public libraries, colleges or schools and not for sale
Food or drink for human consumption	Food or drink for human consumption, including sweetening agents, seasonings, and other ingredients to be mixed with or used in the preparation of food or drink, but does not include: a. imported food or drink; b. alcoholic beverages and non-alcoholic malt beverages; c. carbonated beverages and goods for use in the preparation of carbonated beverages; or d. candies and other confectionery, including chewing gum, chocolate, popcorn, or fruits, seeds or nuts coated or treated with candy, chocolate, honey, molasses, sugar, syrup, or artificial sweeteners.

Value added tax incurred

A registered manufacturer (not just a supplier of goods) is allowed an input tax credit for the value added tax payable in respect of a taxable supply of goods to, or taxable imports by, that manufacturer to the extent that those goods are capital goods (excluding motor vehicles) or those goods purchased are actually used in manufacturing to make the taxable supplies.

Where the total value added tax liability in respect of taxable supplies of goods exceeds the total input tax credit allowed, the excess tax may be carried forward and claimed in the following calendar month. An additional option is for an application to be made for a refund of the excess value added tax and this is usually employed if it is a regular feature of the business to be in a credit position.

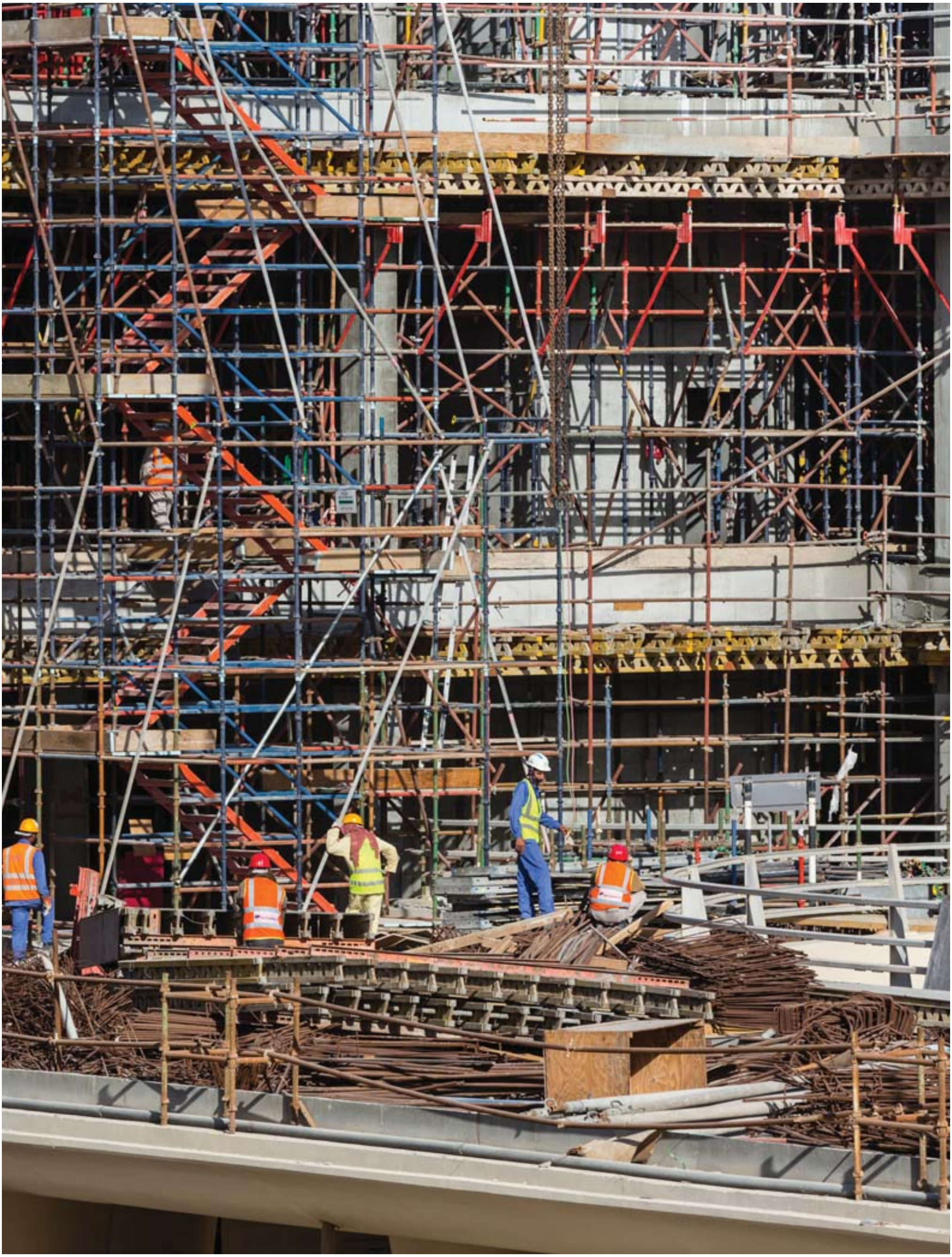
There is no input tax credit allowed in respect of the supply of services. Thus, any value added tax paid by the Company on services will be a cost to the Company.

Returns

Registered businesses are required to furnish the Commissioner-General with a value added tax return for each calendar month by the15th day of the month immediately following the month in which the value added tax was imposed.

For the supply of taxable goods and services, payment of value added tax is due on the due date for furnishing the value added tax returns while the value added tax payable on imports is due on the date of the import.

Where an application is made for a refund of the excess tax paid, the Commissioner-General would refund the excess within 45 days of the lodgement of the refund application if the Commissioner-General is satisfied that the tax has actually been overpaid.



Administrative procedures

Furnishing documents

Type of Return	Due date for filing and making tax payments	Payment of Instalment tax	Basis of making instalment taxes
Income tax	31st March or 3 months (90 days) after the end of the special tax year Consolidated returns and group relief are not available	For business income, payment should be made by the15th day after the end of each 3 month period commencing at the beginning of the calendar year (or tax year) or company's accounting year (special tax year)	2% of turnover for the period if the company has audited financial statement and 3% otherwise
Withholding tax (including PAYE)	2 months after the end of the tax year or within such further time as permitted for the filing of annual statement*	By the 15th day after the month in which the deduction is due	Deduction is due on the earlier of the time the amount is credited to the account of the recipient or the time the amount is actually paid
Capital gains tax	15 days of the disposal of the capital asset	N/A	N/A
Residential Rent	3 months after the end of the year	15 days after the end of each 3 month period ending on 31 March, 30th June, 30th September, and 31 December	Residential rent over the relevant 3 month period

Type of Return	Due date for filing and making tax payments	Payment of Instalment tax	Basis of making instalment taxes
Fringe Benefits	3 months after the end of the year	15 days after the end of each 3 month period ending on 31 March, 30th June, 30th September, and 31 December	Fringe benefit over the relevant 3 month period.
Payroll Tax	**Filing:** 1st January of each year **Payment:** 31st January of each year or within 14 days from the day on which an employee came into such employment	N/A	N/A
National Education Levy	Payment is due by 15th February	N/A	N/A

*In addition to the annual statement that person may be required to furnish statements on a monthly, quarterly, or six monthly bases as may be prescribed. Tax dates fixed by the Commissioner-General should be paid on the date established.

Extension of Time

Should a person be unable to meet the filing date, a thirty (30) day extension is usually granted provided:(1) a justifiable reason supporting the inability to file is furnished by the person or before the original due date for the furnishing is due and (2) 90% of the tax due under the return has been paid by the taxpayer.

Similarly, on application, an extension of time for the payment of tax (not instalment tax) may be granted by the Commissioner-General for the payment of the tax due.

The granting of the extension does not preclude the liability for interest arising from the original due date for the payment of the tax.

Cases where a return is not required

In the following cases, an individual is not required to file an income tax return if the only income is:

- employment income for which tax has been withheld by the employer unless the Regulations established under the Income and Value Added Tax Act, 2012 requires an income tax return to be filed; or
- interest and dividend income earned from a resident entity.

Offences and penalties

The following interest, penalties and in some cases criminal liabilities apply for the under listed offences:

Offence	Interest/or Penalty	Fine
Failure to keep books of account	100% of the amount of tax payable if failure to keep proper records was intentional or recklessly made 25% in any other case	Up to GMD 50,000 and/or imprisonment for a term not exceeding 1 year Up to GMD 30,000
Failure to furnish a return	GMD 5,000	Up to the higher GMD15, 000 per day or 1% of the tax due per day
Failure to pay tax (including withholding tax and payroll tax) on due date	Interest equal to The Central Bank of The Gambia rediscounted rate plus 5 percentage points at simple interest 5% of the tax (including interest) unpaid per month (or part of a month) during which failure continues, up to a maximum penalty of 25% of the unpaid tax In addition to the above, non-resident shipping and air transport operators may not be granted a port clearance In the case of capital gains tax, the Registrar-General shall not register an instrument relating to the transfer of a capital asset under the Lands (Registration of Deeds) Act **Payroll Tax** Penalty of 10% of tax outstanding	No fine

Offence	Interest/or Penalty	Fine
Understating estimated tax payable by instalment, where the estimated tax payable is 10% less than the actual tax assessed	20% of the difference between the actual tax payable and 1.1 times the tax paid in instalments Where there was a delay in making payment, a further interest of 2% per month of the difference between the tax assessed and the tax estimated is payable	No fine
Making false or misleading statements	100% of the tax shortfall if the misstatement was made knowingly or recklessly; or 25% of the tax shortfall in any other case without a reasonably arguable position	Up to GMD 50,000 and/or imprisonment for a term not exceeding 1year if the statement or omission was made knowingly or recklessly Up to GMD 30,000 in any other case without a reasonable arguable position
Aiding and abetting	No penalty	Up to GMD 20,000 and/or imprisonment for a term not exceeding one year or to both the fine and imprisonment
Failure to withhold tax	Personal liability to pay to the Commissioner-General the tax due but not withheld Where the payee is a non-resident, and the company fails to withhold, the expense related to that withholding will not be tax-deductible The above penalties is in addition to those mentioned under the "Failure to pay tax (including withholding tax) on due date" section	No fine

Offences and Penalties

The offences and penalties considered under the administrative procedures of this document where relevant apply equally to similar offences committed under the value added tax regime.

However the following additional offences attract the fines listed below:

Offence	Fine
Failure to register, notify Commissioner-General of change in circumstances or apply for cancellation of registration where required	Up to GMD 15,000 and/or imprisonment for a term not exceeding 1year if the statement or omission was made knowingly or recklessly Up to GMD 10,000 in any other case
Failure to issue value added tax invoices, to cover goods and services supplied; and/or Failure to issue or improper use of credit notes and/or debit note to cover post—sale adjustments	Up to GMD 20,000 and/or imprisonment for a term not exceeding 1 year
Improper use of sales invoice, credit notes and/ or debit note	Up to GMD 20,000 and/or imprisonment for a term not exceeding 1year if the statement or omission was made knowingly or recklessly Up to GMD 10,000 in any other case