WTS Africa Quarterly Newsletter

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wts global africa

WTS Africa Quarterly Newsletter

Editorial

Recent tax developments in Africa

Dear Madam/Sir,

We hope you may find interesting our third edition of the WTS Africa Regional Quarterly Newsletter for 2026, where we collate and present taxation related news from nine countries on the continent.

The following participants in the WTS Global network have contributed with a diverse range of international tax topics. These contributors are from the following countries:

- Benin – FACE Africa Tax & Legal
- Cote d'Ivoire – FACE Africa Tax & Legal
- Egypt – WTS Egypt
- Ghana – WTS Nobisfields
- Kenya – Viva Africa Consulting LLP
- Mauritius – WTS Tax Consulting (Mauritius) Ltd
- Nigeria – WTS Blackwoodstone
- Senegal – FACE Africa Tax & Legal
- South Africa – WTS Renmere
- Togo - FACE Africa Tax & Legal

Our experts will be happy to answer any questions you may have.

We thank you for your interest.

Yours sincerely,

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Contents

Benin

Benin's 2026 Amending Finance Law: Seven Key Tax Reforms Affecting Digital Transactions, Capital Income and Tax Audits

1. Taxation of withdrawals or transfers via mobile phone operators.

Anyone making a withdrawal, transfer, or using any other service will be required to pay a 5% levy on the pre-tax sales price of the service, which is remitted by the operator to the tax authorities.

This is a major amendment to Article 273 of the General Tax Code (CGI), included in the amending finance law for the 2026 fiscal year.

2. Airbnb, Booking.com, and other furnished apartment rental platforms become tax collectors.

The 2026 amending finance law introduces paragraph 9 to Article 106 of the CGI, stipulating that short- and long-term accommodation bookings and rent collection transactions conducted via electronic platforms for properties located in Benin will be subject to a 12% withholding tax. The obligation to withhold and remit the funds no longer rests with the lessee, but directly with the platform owner, whether based in Benin or abroad, operating directly or through intermediaries.

3. Taxation of Dormant Reserves

Article 69 of the General Tax Code (CGI), point 10-b), stipulates that any profit not reinvested within three years of the end of the fiscal year will be automatically presumed to have been distributed. These profits will be taxed under the Income Tax on Movable Capital (IRCM) as if they had been distributed to shareholders.
To mitigate the impact of this new measure, companies are authorized to make a voluntary regularization until December 31, 2026, for existing reserves at a reduced rate of 7.5%. For the application of this new measure, IRCM payments on uninvested reserves must be made no later than March 31 following the expiration of the three-year period.

4. Capital gains from the sale of securities of Beninese companies are taxed in Benin, regardless of the residence of the seller or buyer.

5. The new provisions of Article 234 of the General Tax Code (CGI) concerning the territoriality of digital VAT stipulate that VAT is due at the user's place of residence for online services, while platform commissions are taxed as soon as a party to the transaction is in Benin for e-commerce.

6. Reduction in the duration of general accounting audits in companies.

The duration of the general audit by the tax authorities is reduced to two months instead of three months for companies with a turnover of less than 2 billion FCFA, and to four months instead of six months for companies with a turnover exceeding 2 billion FCFA. The taxpayer's response time is reduced from 30 days to 15 days. The tax authorities must confirm or reject any adjustments within one month instead of two.

7. **Audit notices sent electronically by tax administration now have the same legal value as paper notices.**

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Cote d'Ivoire

Standardized Electronic Invoicing in Côte d'Ivoire: Implementation and Challenges

Standardized Electronic Invoicing (FNE) in Côte d'Ivoire marks the mandatory shift from paper invoices to certified electronic invoices. The system is mainly based on Article 6 of the tax annex to Finance Law No. 2024-1109 of 18 December 2024 on the State budget for 2025, which amended the rules on standardized electronic invoices and extended the mechanism to all VAT taxpayers. Its practical implementation is governed by Order No. 0337 of 9 May 2025 on the procedures for implementing the standardized electronic invoicing system.

Officially launched in July 2025, FNE aims to secure public revenue, improve VAT collection, and enhance the traceability of commercial transactions. It applies progressively to businesses operating in Côte d'Ivoire, regardless of their tax regime, although certain sectors or entities may benefit from specific exemptions, such as water, electricity and telecommunications providers, pharmacies, insurance companies, airlines and transport companies not subject to VAT.

Registration is carried out through the dedicated FNE platform. Taxpayers may use three procedures: the standard procedure, through the FNE platform or mobile application; the API integration procedure, for businesses using their own invoicing software; and the procedure based on standardized electronic receipt issuing terminals (TERNE), mainly for small or micro-businesses and businesses using cash registers.

Invoices and receipts generated through the system are certified by an electronic signature and include three authentication elements: the FNE visual mark, a QR code and a standardized numbering format. The invoice must clearly display the supplier's legal and tax identity, including company name, taxpayer account number (NCC), RCCM number, tax regime, tax office and bank details. For B2B transactions, the customer's identity, address and NCC are essential to support expense deduction and VAT recovery.

The invoice must also describe the goods or services supplied, the date and time of issuance, quantities, unit prices, applicable VAT rates, amounts excluding tax, VAT amounts, total amount including tax and payment method. Disbursements must be documented and meet strict conditions to remain outside the VAT scope.
For businesses, FNE offers clear benefits: automated numbering, stronger credibility, improved compliance and secure digital archiving. However, the reform also raises practical challenges, including system integration, staff training, data quality, customer identification and real-time compliance monitoring. The DGI reviews invoice data before validation, and non-compliance may lead to fines, tax adjustments, business restrictions and legal action.

The FNE should therefore be treated not merely as a technical invoicing tool, but as a major tax compliance reform requiring preparation, internal procedures and proper digital governance.

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Egypt

Draft Amendments to the Egyptian Value Added Tax Law

As part of a broader tax facilitation initiative, the Egyptian government has submitted a draft law to the House of Representatives amending provisions of the Value Added Tax (VAT) Law No. 67 of 2016. The proposal balances support for strategic and productive sectors with targeted base-broadening measures to improve tax neutrality.

Tax Facilitations & Industrial Support

- Medical Equipment Relief: The reduced 5% VAT rate for manufacturing machinery is expanded to include medical devices.
- Suspended VAT: Payment of VAT on machinery, equipment, and medical devices for industrial units is suspended for one year from customs release or purchase. This can be extended up to an aggregate of three years. Full exemption is granted upon proof of use in industrial production, subject to a 5-year restriction on disposal.
- Transit Services Exemption: Goods in transit and their related services are legally deemed non-subject to VAT, provided they are under Customs Authority supervision.
- Accelerated Cash Flow: The general timeline to refund credit balances is shortened from six to four consecutive tax periods. For small businesses under Law No. 6 of 2025 (turnover under EGP 20 million), the window drops to just three months.

Sectoral Base-Broadening & Schedule Changes

- Real Estate & Administration: Sales and leases of residential and agricultural lands/units remain exempt. However, the 14% standard VAT will now apply to leases of non-residential buildings used as management or administrative headquarters, excluding entities carrying out religious, charitable, social, educational, or healthcare activities.
- Financial Neutrality: VAT exemptions are unified across all banking and non-banking financial services, including the National Post Authority and entities regulated by the Central Bank or Financial Regulatory Authority.
- Energy Schedule Tax: Natural gas is removed from the exemption list to face a schedule tax of EGP 20 per 1,000 cubic feet. This shift is designed to rest on commercial entities without burdening household consumers. Conversely, butane gas (LPG) and raw natural materials from mines/quarries remain explicitly exempt.
- Transition to Standard VAT: Certain consumer items (including soaps and detergents) are moved to the standard 14% VAT regime. This permits producers to claim input VAT deductions, eliminating hidden tax costs in the

supply chain. This transition also applies to construction and installation contracts, granting contractors the highly requested ability to deduct input VAT on raw materials and equipment. The previous 5% specific schedule tax on construction activities was entirely abolished.

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Ghana

New Royalty Regime for Mining Industry

Ghana has introduced a sliding scale royalty framework through the passage of the Mineral and Mining (Royalties) Regulations, 2025, L.I. 2517 (The "Regulations"). The Regulations came into force on 10 March 2026. The fixed rate of 5% with royalty bands for gold and lithium have been abolished.

Under this regime, gold mining companies are required to pay a minimum of 5% royalty where gold price is below $2000 and a maximum rate of 12% where price is above $4,500. For Lithium,

› 5%: for lithium spodumene prices up to US$1,500 per tonne
› 7%: for prices between US$1,501 and US$2,500 per tonne
› 10%: for prices between US$2,501 and US$3,000 per tonne
› 12%: for prices exceeding US$3,000 per tonne

The new system ensures a progressive structure where government revenue increases proportionally with commodity price movements.

Reduction of Growth & Sustainability Levy (GSL) on Mining Companies

The Parliament of Ghana has passed the Growth and Sustainability Levy (Amendment) Act, 2026to revise downwards the GSL for gold mining sector from 3% to 1%. The Amendment Act took effect from 31 March 2026.

The reduction in GSL comes following the expansion of the sliding scale for royalty payment by mining companies to reduce the fiscal burden on mining companies.

Ghana Revenue Authority (Gra) Introduces Integrated Tax Administration System (ITAS)

As part of efforts to modernize Ghana's tax administration, the GRA has launched a new digital platform to replace the current Taxpayer's Portal and Ghana Integrated Tax Management and Information System (GITMIS).

The new unified system is expected to reduce fragmentation across various tax workflows and create a robust digital infrastructure for service delivery, compliance management and taxpayer support.

GRA is undertaking gradual implementation with a national rollout set for September 2026.

Mandatory E-Invoicing for All VAT-Registered Businesses

Effective 1 July 2026, GRA will enforce mandatory electronic invoicing for all VAT-registered businesses. The new system requires all VAT invoices to be generated through GRA-certified e-invoicing software and transmitted in real time to the GRA's central validation platform before being issued to customers. The e-invoice will be the only valid tax document for claiming input tax credit.

The GRA has approved a list of certified software providers for onboarding by businesses, while offering subsidized access for SMEs through a transitional support programme. Businesses who fail to onboard by 30 June 2026 will face automatic suspension of their VAT registration pending compliance.

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Kenya

Indirect Disposals and CGT in Kenya: Some Thoughts on an Expanding Net

Capital Gains Tax ("CGT") is a tax generally levied on the gain made from the disposal of various capital properties. Kenya operates a source-based tax system. The levying of CGT in Kenya should, therefore, be primarily based on whether the underlying asset giving rise to the gain has a sufficient nexus to Kenya.

Forms of CGT and the Indirect Disposal Tests

Paragraph 2 of the Eighth Schedule of the Kenya Income Tax Act contemplates three categories of gains subject to CGT in Kenya: (a) gains on the direct transfer of property situated in Kenya; (b) gains on the alienation of shares or comparable interests where, within the preceding 365 days, the shares derived more than 20% of their value directly or indirectly from immovable property situated in Kenya (**the "Immovable Property Test"**); and (c) gains from the alienation of shares in a Kenya-resident company where the alienator held, directly or indirectly, at least 20% of the capital of that company within the preceding 365 days (**the "Ownership Test"**).

Paragraphs (b) and (c) constitute Kenya's indirect disposal provisions extending CGT beyond purely domestic transactions. The Immovable Property Test targets offshore share disposals that are in economic substance, disposals of Kenyan real estate, subject to a 20% value threshold. The Ownership Test captures significant shareholdings in Kenyan-resident companies, with a notification obligation to the Commissioner by the alienator of the shares where the underlying ownership changes by at least 20%.

The Finance Act, 2026

The Government has through the Finance Act, 2026 introduced a further limb to Paragraph 2 through the introduction of a new subparagraph (d) which would extend CGT to gains derived from the alienation of shares by a non-resident person where the shares derive their value from Kenya, or where the alienation results in a change of group membership of a Kenya-resident company or of ownership of, title in, or interest in property located in Kenya.

This amendment is ambitious as it seeks to capture all offshore share disposals by non-residents where any value is derived from Kenya, or where any change in group membership of a Kenyan entity results. Notably, the draft provision contains no value threshold analogous to the 20% floor under the Immovable Property Test, nor does it define what constitutes "value derived from Kenya" or a "change in group membership." Without a minimum threshold, the provision could technically apply to every non-resident holding company that counts a Kenyan subsidiary among its assets, regardless of how marginal Kenya's contribution to value is.

Implications for Foreign Exits

The existing indirect disposal provisions and the new paragraph (d) create a challenging environment for foreign exits from Kenyan investments. Private equity sponsors, development finance institutions, and multinational groups must now grapple with CGT exposure not merely at the level of direct asset disposals, but at multiple layers of the holding structure.

The absence of clear guidance from the revenue authority on what constitutes value derived from Kenya, the applicable threshold, and the meaning of a change in group membership is a recipe for dispute with the Authority. Until these gaps are addressed, cross-border investors would be well advised to factor potential Kenyan CGT exposure into exit modelling and deal structuring from the outset.

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Mauritius

The Mauritius 2026/2027 National Budget

On 19 June 2026, the Hon Prime Minister and Minister of Finance presented the 2026/2027 National Budget to the National Assembly. This article summarises the key fiscal measures announced.

Personal Tax

- A new personal income tax band of 35% will apply on chargeable income exceeding MUR 12 million (approx. USD 250,000). This new tax band will replace the existing Fair Share Contribution applicable to individuals.
- A Golden Visa Scheme will be introduced for individuals investing at least USD 1 million within the first 12 months of their stay in Mauritius in high-value sectors, including FinTech, Global treasury, Artificial intelligence, Biotechnology, and Renewable energy. The visa will be valid for a period of up to two years and be renewable. Golden Visa holders have the following tax incentives:

a) foreign employment income will be taxable only to the extent remitted to Mauritius;
b) expenditure incurred locally through the use of foreign credit or debit cards will not be subject to tax; and
c) funds deposited into a Mauritian bank account will not be taxable where the individual confirms that taxes have already been paid in a foreign jurisdiction.

The visa holders who complete the minimum investment requirement of USD 1 million will be eligible to apply for permanent residency in Mauritius and the work permits of their accompanying domestic workers will be processed within five working days.

Corporate Tax

- The existing 10-year tax holiday available to captive insurance companies will be extended by a further five years for captive insurers licensed prior to 19 June 2026.
- For purposes of determining liability to the Fair Share Contribution applicable to corporates, the conditions will be amended so that the sole criterion will be that of having chargeable income exceeding MUR 24 million during an accounting year.
- Non-resident companies supplying software, software licences, software applications, software maintenance services and distance maintenance of programmes and ICT equipment will be expressly brought within the Mauritian income tax net.
- The definition of core income-generating activities for Investment Advisers and Asset Managers benefiting from the partial exemption regime will be expanded to include the management of non-securities assets, including loan receivables, mortgage-backed exposures, and invoice financing portfolios.

- Companies will now be permitted to utilise only up to 25% of their Corporate Social Responsibility ("CSR") Fund directly, while at least 75% must be remitted to the National Social Inclusion Foundation ("NSIF") through the Mauritius Revenue Authority ("MRA").

Qualified Domestic Minimum Top-Up Tax ("QDMTT")

The legislation will be amended to align with the OECD Global Anti-Base Erosion ("GloBE") Rules. Key amendments include:

- investment funds and real estate investment vehicles acting as parent entities of multinational enterprise groups will be exempt from QDMTT. This amendment will apply retrospectively from 1 July 2025;
- consolidated adjustments relating to intra-group transactions will be allowed when computing net income or loss;
- the fiscal year of a multinational enterprise group will correspond to the accounting period used by its Ultimate Parent Entity for preparing consolidated financial statements, provided these are prepared under acceptable accounting standards;
- QDMTT returns will need to be filed within 15 months from the end of the month in which the fiscal year ends;
- taxpayers will be allowed to amend a QDMTT return within three years of filing (currently two years); and
- the penalty for non-payment of QDMTT will be reduced from 5% to 2.5%.

Corporate Climate Responsibility Levy ("CCR Levy")

- Taxpayers will no longer be permitted to offset unused tax credits, including foreign tax credits, against the CCR Levy.
- The CCR Levy will progressively be brought within the Advance Payment System ("APS") as follows:

Financial Year	Percentage payable under APS
FY 2026/27	25%
FY 2027/28	50%
FY 2028/29	75%
FY 2029/30 onwards	100%

Value Added Tax ("VAT")

A foreign supplier of digital or electronic services will not be required to:

- register for VAT where taxable supplies are made exclusively to VAT-registered persons, in which case the reverse charge mechanism will apply;
- appoint a tax representative for VAT filing and payment purposes;
- compulsorily register for VAT where annual taxable turnover is below MUR 3 million; and
- provide information that would breach confidentiality requirements applicable in its home jurisdiction.

Online marketplaces and digital platforms are expected to fall within the scope of digital and electronic services.

Tax Administration

- The MRA will be empowered to issue assessments beyond the statutory limitation period in cases involving fraud or willful neglect.
- A new framework will be introduced to facilitate the early resolution of tax disputes. Under this framework, taxpayers and the MRA may enter into a written Compliance Agreement before the issuance of an assessment or claim. Such agreements will set out the matters agreed, tax and interest payable and payment terms, and will be binding on both parties.

Expansion of Tax Deduction at Source ("TDS")

The scope of TDS will be extended to include:

- payments exceeding MUR 300,000 under a single contract to resident or non-resident service providers for software, software licences, software applications, software maintenance services, distance maintenance of programmes and equipment, on which TDS at the rate of 1% will apply; and
- payments to persons providing advertising, promotional, endorsement, digital content or marketing services through social media platforms or similar electronic means, on which TDS at the rate of 5% will apply.

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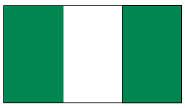
Nigeria



Aligning Nigeria's Tax Administration with Global Digitalization Push: Introducing Rev360

Following the commencement of Nigeria's Reform Acts, there has been concerted efforts to digitalize Nigeria's tax administration process in practical terms. This is in alignment with the OECD's Tax Administration 3.0 which aims to digitally transform, automate and simplify tax administration and compliance. In alignment with this push, Nigeria's tax administration is undergoing noteworthy modernization efforts in compliance with the provision of **Section 71 of the Nigeria Tax Administration Act 2025 (NTAA)** which empower the tax authority to deploy technology to automate tax administration processes.

Nigeria's reform activities signal a transition to a more data-driven and enforcement-oriented environment. This transition is reflected in the Nigeria Revenue Service's (NRS) e-invoicing rollout and the launch of the Rev360 platform. Having addressed the E-invoicing rollout in a prior edition, we focus on Rev360 in this edition. **Rev360** is a centralized platform introduced by the NRS to replace TaxPro Max. It has been established as an integrated, taxpayer-focused system which aims to simplify compliance, enhance transparency, and provide real-time access to taxpayer records. The reform reflects the NRS's broader mandate to strengthen efficiency, embed accountability, and leverage data-driven oversight in shaping Nigeria's fiscal future.

Significantly, Rev360 redefines how international entities interact with Nigeria's tax regime. By introducing automated compliance and real-time monitoring, the platform reshapes cross-border reporting and creates both challenges and opportunities for global businesses.

Key Implications for Multinationals

As a primary point, the Rev360 seeks to streamline tax administration by adopting a **unified 13-digit Tax ID** which effectively replaces the Tax Identification Number (TIN) applicable under the old law. It is therefore necessary for international entities operating in Nigeria which have established local subsidiaries or operations in Nigeria must therefore ensure that all regulatory details, information and documentation are in alignment. Significantly, the platform supports multi-currency filings (naira, dollars, euros, pounds, yuan), easing reporting & remittance for multinational companies.

The platform also embeds privacy concerns, allowing only role-based access to local advisers, thereby ensuring data privacy and confidentiality concerns are addressed. It is important to note also that Rev360 centralizes payments previously handled by separate agencies, thereby simplifying regulatory compliance and reducing administrative friction.

Hence, as a next step for multinational entities, there is a need to ensure an alignment of all relevant documentation while also auditing existing records in order to ensure consistency across regulators. It is however worth noting that the platform is only currently available for emerging and medium taxpayer categories while further directives are expected with respect to non-resident and large companies.

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Senegal

FIFA World Cup 2026: the FSF between funding opportunities and major tax risk

The FIFA World Cup 2026 will not be only a sporting challenge for qualified federations. Held across the United States, Canada and Mexico, it will also be a real test of international tax compliance. For the Senegalese Football Federation (FSF), the stakes will go far beyond the pitch: players' bonuses, staff remuneration, image rights, consultants' fees, sponsorship income, reimbursements and per diems will all have to be mapped and treated correctly.

The United States is the most sensitive jurisdiction. In the absence of a tax treaty between Senegal and the United States, several payments may be taxable locally, at federal level, state level, or both. Depending on the facts, the FSF, players, staff or service providers may need US tax identification numbers, IRS forms, withholding filings or specific state procedures. Certain payments to non-residents may be subject to a 30% withholding tax unless an exemption or treaty relief applies through the beneficiary's tax position. The key issue will be the correct qualification of each payment: services, image rights, sports remuneration, allowances or other income.

Canada offers a more predictable framework because Senegal and Canada have a tax treaty. However, the system remains highly procedural. Independent service providers may fall under Regulation 105, while employees may be covered by Regulation 102. Even where treaty relief is available, failure to obtain the appropriate waiver or complete the required filings may trigger immediate withholding and create cash-flow losses that are difficult to recover.

Mexico appears to provide the most favorable regime for FIFA member associations, with broad exemptions for income directly connected with the tournament, including certain payments from FIFA to federations. However, some players' income may remain taxable, particularly fixed remuneration or cash bonuses linked to matches played in Mexico.

The recommendation is clear: a World Cup is won through talent, but also through preparation. For the FSF, that preparation must include a tax roadmap covering players, coaches, staff and service providers; a mapping of financial flows; identification of withholding and reporting obligations; management of double taxation risks; and contractual allocation of tax costs.

Without such preparation, federations may face loss of income, penalties and reputational damage, particularly in demanding jurisdictions such as the United States and Canada. The FSF should work with a Senegalese tax firm connected to recognized advisers in the host countries.

In international competitions, performance is decided on the field. Tax security is built before kick-off. Anticipating these issues will help the FSF protect World Cup revenues, avoid sanctions and let the team focus on winning match after match.

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South Africa

Cross-Border Digital Services: A critical assessment of the non-resident digital services VAT regime in South Africa

South Africa was among the first African jurisdictions to levy VAT on cross-border digital services, introducing the regime in 2014 and widening it through electronic services regulations in 2019 and 2025. A non-resident supplier of 'electronic services' to South African consumers must register once its taxable supplies exceed the threshold, which rose from R1 million to R2.3 million per annum on 1 April 2026. A South African consumer is identified by three indicators: residency, payment from a local bank and a local address.

The 2014 'closed-list' definition of digital services was broadened to an 'open-list' in 2019. A business-to-business exclusion for services supplied solely to South African registered vendors was introduced in the 2025 regulations. Because the word 'solely' permits no apportionment, a single supply to an unregistered recipient invalidates the exclusion and exposes the supplier to output VAT on all its South African supplies.

The framework is broadly fit for purpose, but compliance and enforcement gaps persist. SARS publishes no data on registrations or collections under the regime. Large consumer-facing platforms are likely compliant; smaller suppliers of software, AI tools, adult content and offshore gambling frequently are not, and the risk of detection is low. Registered businesses acquiring such services for non-taxable purposes must self-account under the imported services rules, an obligation that is widely under-reported.

Proposals to increase the VAT rate in 2025 were withdrawn following from a successful challenge in the Western Cape High Court. The rate was confirmed at 15 per cent by Act 3 of 2026.

Structural weaknesses remain: no third-party platform reporting equivalent to the EU's DAC7, no statutory safe harbour for suppliers acting in good faith, registration friction and limited audit reach against offshore entities. The 2026 National Budget proposes inverting the intermediary rule so that platforms become liable by default unless a written agreement provides otherwise, though this is not yet enacted. Emerging categories, generative AI, virtual worlds and tokenised assets, will continue to test the definition, and the VAT treatment of free, advertising-funded services and multi-sided platforms such as ride-hailing and delivery apps remains unresolved.

Targeted reforms would help: a simplified registration portal modelled on the EU One Stop Shop; a safe harbour with interpretive guidance on the consumer indicators; a principles-based definition; a move from voluntary e-reporting to mandatory platform reporting under section 74(1B); and annual transparency data. The gap between the VAT collectible from non-resident suppliers and that actually collected is likely material and growing.

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Togo

Toward the Generalized Application of the Financial Activities Tax to Capital Income?

The expansion of the scope of the Financial Activities Tax (TAF) introduced by the 2024 Finance Act now raises questions extending far beyond interest and treasury income. A financial gain no longer needs to arise from the beneficiary's principal business activity to fall within the scope of the TAF. The Togolese Revenue Authority (OTR) already applies the TAF to income from intragroup current-account advances. Following this new approach, the taxation of dividends and gains from the transfer of shares or equity interests may not be far behind.

The treatment of dividends is particularly delicate. As the return generated by invested capital, a dividend is inherently financial in nature from the recipient's perspective. Since shares and equity interests qualify as securities, the income derived from them could arguably be linked to the securities transactions referred to in Article 214 of the General Tax Code and, on that basis, brought within the scope of the TAF. Taking it to its full extent, such an interpretation would result in dividends received by holding companies, commercial enterprises, or individual investors being treated as financial income subject to the TAF, even though those recipients are not engaged in any traditional banking or financial activity.

In practical terms, Togolese and foreign investors could therefore face, in addition to the standard 13% withholding tax on dividends, a further 10% charge under the TAF.

Such an interpretation would represent a significant departure from the historical understanding of the TAF as a turnover tax primarily targeting professionals engaged in the business of dealing in money. It could transform the TAF into a tax applying not only to transactions carried out by specialized financial institutions, but also to a substantial portion of the capital income earned by ordinary businesses.

The same reasoning could be extended to gains from the transfer of shares or equity interests. Dividends nevertheless remain the most pressing practical concern because of their frequency, their importance within corporate groups, and the risk of overlap with existing mechanisms for taxing income from movable capital, including the IRCM and corporate income tax.

Pending a clear position from the tax authorities, Togolese companies and major international groups investing in Togo remain exposed to tax reassessments and harmful legal uncertainty.

Clarification from the OTR is therefore necessary to secure the tax treatment of dividends, define the categories of income concerned, identify the person legally liable for the tax, clarify how the TAF interacts with withholding taxes already applied, and prevent an excessive and unpredictable expansion of its scope.

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