

Profile—— The Republic of Senegal (Senegal for short)

I. Jurisdiction Background

The Republic of Senegal (Senegal for short), located in West Africa, is bordered by Mauritania to the north, Mali to the east, Guinea and Guinea-Bissau to the south, and the Atlantic Ocean to the west, with a land area of 196,700 square kilometers, a population of 18.16 million and more than 20 nationalities. Senegal is divided into 14 regions, each administered by a regional council, with Dakar as its capital. The official language is French. The main industries of Senegal include food processing, mining, cement, artificial fertiliser, chemicals, textiles, refining imported petroleum, and tourism.

II. Organizational Structure

The Direction Générale des Impôts et des Domaines (DGID), a department of the Ministry of Finance and Budget, is responsible for tax and land policies and administration in Senegal. The DGID's responsibilities cover all matters relating to direct taxes, indirect taxes and similar taxes other than those payable on imports and exports; registration, stamp, land registration and similar taxes; and the domain of the state including land organization and the land registry, etc. Headed by the Director General, the DGID has departments in charge of internal control, legislation and international cooperation, human resources, IT system, information and fiscal strategy, land registration and administration, revenue collection, large enterprises and tax services, etc.

III. Current Tax System

Major types of tax in Senegal include corporate income tax (CIT), personal income tax (PIT) and value added tax (VAT). There are also other taxes and duties such as excise tax, tax on real estates, local economic contribution, stamp/registration duties and tax on vehicles, etc.

IV. Overview of tax preference policies

◆ The Investment Code

The Investment Code applies to investments over XOF 100 million (mainly production, processing, industrial, tourism, agricultural, and complex trade). The benefits include exemption from customs duties, suspension of VAT payment for three years, CIT limitation, etc. The tax benefits are directly integrated in the General Tax Code and do not require administrative authorisation.

◆ **Free Export Company Status**

Agriculture, industry, and telecommunications companies that have an exporting potential amounting to at least 80% of their turnover may qualify for the free export company status. Advantages for companies that qualify include a CIT rate of 15%, exemption from registration and stamp duty for incorporation and employer tax.

In addition, there are a wide range of tax incentives, such as a preferential tax regime for the companies established within the special economic zone (a 15% CIT, exemption from taxes and duties at the importation, etc.), tax benefits for companies involved in the mining and petroleum sector.

V. Tax Collection and Administration

The DGID maintains central control over the country's tax collection and administration. Among others, property tax is a local tax administered jointly by two central government agencies within the Ministry of Finance and Budget, i.e. DGID and the Public Treasury (DGCPT), on behalf of municipalities. The DGID oversees the identification and valuation of properties and the issuance of tax notices that are transferred to the Treasury. The DGID has decentralized nationwide service centers responsible for processing property declarations and conducting surveys to update the property database. Meanwhile, the Public Treasury manages the distribution of tax notices, payment collection, and enforcement, with nationwide offices to facilitate this.

Senegal has made significant strides in the modernization of tax administration and provides multiple digital tools and channels to enhance the convenience for taxpayers as well the tax collection and administration. Separate divisions under DGID are established to focus on tax matters for large and medium-size businesses respectively.

VI. Taxpayer Services

The DGID has made efforts to enhance taxpayer services, particularly through multiple digital platforms to support the taxpayers to fulfil tax obligations and handle

tax-related matters. The ETAX is a web application at the service of taxpayers enabling them to declare and pay taxes online; the DGID-digital is a platform facilitating access to the services of the tax administration such as the tax clearance and the certificate of tax exemption, etc.; MY PERSONAL SPACE is a platform dedicated to individuals and companies with a turnover below certain amount; and SEN-ETAFI is an application to make it easier for taxpayers to file financial statements.

VII. Tax Legislation Process

The General Tax Code of Senegal is the core legislation regulating all taxes. It has been amended periodically to support the economic development and reflect the changes of the government's priorities. It is supplemented by decrees and orders. Driven by the Finance Law 2024, modifications to the General Tax Code have been made. Key changes include an increase in the tax rate on hidden remunerations, clarifications on certain capital gains and new conditions for filing a CbC report, etc. Particularly, responding to digital challenges, Senegal strengthened legislation to implement VAT on digital services across all formats by imposing VAT on foreign service providers for digital services delivered to Senegalese customers.

VIII. Future Tax Reform Plan

Senegal is looking to further modernize and harmonize the tax framework, aiming at expanding the tax base, achieving an equitable distribution of the tax burden, and ensuring the stability of tax revenues. It includes continued efforts to streamline tax compliance processes and enhance digital services to improve accessibility and efficiency, to improve direct tax system and enhance the enforcement of tax regulations, etc.

IX. International tax cooperation

Senegal has established a relatively extensive tax treaty network and signed tax treaties with nearly 20 jurisdictions. As a member of the West African Economic and Monetary Union (WAEMU), Senegal is working towards greater regional integration with a unified external tariff and a more stable monetary policy. It is also a member of the Economic Community of West African States (ECOWAS) and a signatory to the ACP-EU Partnership Agreement. Senegal has participated in the OECD/G20 project to tackle base erosion and profit shifting (BEPS) and is a member of the OECD/G20 Inclusive Framework on BEPS. It is a Council Member of the Belt and Road Initiative

Tax Administration Cooperation Mechanism (BRITACOM) and a member of the Belt and Road Initiative Tax Administration Capacity Enhancement Group (BRITACEG).

X. Others

None.