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International tax

Mauritania Highlights 2013

Investment basics:

Currency – Mauritanian Ouguiya (MRO)

Foreign exchange control – No

Accounting principles/financial statements – Mauritanian GAAP. Financial statements must be filed annually.

Principal business entities – These are the limited company (SA), limited liability company, private limited company (SARL), general or limited partnership and branch of a foreign company.

Corporate taxation:

Residence – There is no definition of residence in the Mauritanian tax law. Mauritanian entities are taxed based on the territoriality principle.

Basis – Mauritania operates a territorial tax system. Entities (both resident and nonresident) generally are subject to corporate tax only on income generated from activities carried on in Mauritania.

Taxable income – An entity is taxed on the difference between its trading income and expenditure. Expenses incurred in the operation of a business generally are deductible, unless specifically excluded in the tax law. Expenses that may not be deducted include, inter alia, penalties, fines and depreciation in excess of the rates provided in the tax law.

Taxation of dividends – Dividends received by a Mauritian corporate shareholder are excluded from the taxable base provided the dividends were subject to withholding tax.

Capital gains – Capital gains are treated as ordinary income and are subject to corporate income tax of 25%. However, the tax implications may be different if the entity commits to reinvest the proceeds to acquire new fixed assets in Mauritania within three years of the fiscal year after the year of the sale.

Losses – Tax losses may be carried forward for five years from the end of the loss-making accounting period. The carryback of losses is not permitted.

Rate – The standard corporate tax rate is 25%.

As from 1 January 2013, a nonresident entity that does not have a permanent establishment in Mauritania, but that sells goods or provides services in Mauritania can elect to be subject to simplified taxation by way of withholding. The applicable rates are 7% and 15% of the contract value for the sale of goods and the provision of services, respectively.

A simplified tax regime is available for oil and gas subcontractors executing contracts that have a term of less than 12 months. Taxation under this regime is based on a deemed profit of 16%.

Surtax – No

Alternative minimum tax – Entities are liable to pay minimum flat rate tax (IMF) at a rate of 2.5% of turnover. There is a tax minimum payment of MRO 750,000.

Foreign tax credit – A foreign tax credit generally is not available.

Participation exemption – No

Holding company regime – No

Incentives – Exemptions and benefits may apply when a specific agreement is concluded with the government.

Withholding tax:

Dividends – Dividends paid to an entity (whether resident or nonresident) are subject to a 10% withholding tax.

Interest – Interest paid to an entity (whether resident or nonresident) is subject to a 10% withholding tax.

Royalties – Royalties paid to a nonresident are subject to a 3% withholding tax.

Technical service fees – Technical service fees paid to an entity (whether resident or nonresident) are subject to 3% withholding tax.

Branch remittance tax – Branch remittances are subject to a 10% withholding tax.

Other taxes on corporations:

Capital duty – No

Payroll tax – See under "Personal taxation" below.

Real property tax – No

Social security – An employer is required to remit social security contributions in respect of an employee's gross salary at a rate of 15% (capped at a monthly base of MRO 70,000).

Stamp duty – No

Transfer tax – No

Other – Various indirect taxes apply, depending on the activity/sector.

Anti-avoidance rules:

Transfer pricing – There are no formal transfer pricing regulations in Mauritania. However, a transaction between related parties should be made at arm's length.

Thin capitalization – No, but if the interest rate applied by the company exceeds the official rate of the central bank, the additional interest is disallowed for corporate tax purposes.

Controlled foreign companies – No

Disclosure requirements – No

Administration and compliance:

Tax year – The calendar year is typically the fiscal year.

Consolidated returns – Consolidated returns are not permitted; each entity must file a separate tax return.

Filing requirements – During the course of the fiscal year, two installments should be made. The tax return must be filed by 31 March of the year following the fiscal year, with any balance of tax paid by 30 April.

Penalties – Penalties are imposed on late filing and payment at 10% of the amount payable when the delay is less than two months and 25% of the amount payable when the delay is more than two months.

Rulings – No

Personal taxation:

Basis – Personal income tax is applicable for both Mauritanian nationals, and non-Mauritanian nationals who have Mauritanian source income. Non-Mauritanian nationals also are subject to tax on the salary paid outside of Mauritania in respect of work performed in Mauritania.

Residence – There is no specific definition of residence for personal income tax purposes.

Filing status – N/A

Taxable income – Personal income tax is levied on salaries and related benefits and allowances paid by public and private entities to the extent the work is carried out in Mauritania, regardless of whether the employer or beneficiary is resident in Mauritania.

Capital gains – The disposal of property held by an individual is subject to tax in Mauritania.

Deductions and allowances – Various deductions are allowed including mandatory social security, pensions and contributions.

Rates – Rates are progressive up to 30%.

Other taxes on individuals:

Capital duty – No

Stamp duty – No

Capital acquisitions tax – No

Real property tax – No

Inheritance/estate tax – No

Net wealth/net worth tax – No

Social security – The employee's contribution for social security is 1% of monthly salary (capped at a monthly base of MRO 70,000). This should be withheld from the salary in the monthly payroll.

Administration and compliance:

Tax year – Calendar year

Filing and payment – The employer is required to make monthly and annual tax filings in respect of its employees. One monthly wage withholding tax return is filed by the employer to report the total income, total tax withheld and total number of employees for the given month and an annual tax deduction schedule should be filed for the year before 15 February of the of the following year.

Generally, no separate personal/individual tax filing is required.

Penalties – Penalties are imposed on late filing and payment at 10% of the amount payable when the delay is less than 2 months and 25% of the amount payable when the delay is more than 2 months.

Value added tax:

Taxable transactions – VAT is levied on the supply of goods and services and on import transactions.

Rates – The standard rate of VAT is 14%. A higher rate of 18% applies to petroleum products and telecommunications services.

Registration – Entities are required to register for VAT purposes within 10 days of the date of incorporation or the date activities commence.

Filing and payment – Companies are required to file VAT returns and pay VAT on a monthly basis by the end of the following month.

Source of tax law: General Tax Code

Tax treaties: Mauritania has only concluded two tax treaties (France and Senegal). A multilateral treaty has been concluded with the Maghreb Union Countries.

Tax authorities: Mauritanian Tax Authorities "*Direction Generale des Impots*"

International organizations: WTO, UNCTAD, WHO

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