



Benin

Jean-Louis Dattie
Senior Partner
jean-louis.dattie@ci.gt.com

Charles-Alexandre Koffi
Lead Tax Associate
charles.koffi@ci.gt.com

The 2022 fiscal year began in Benin with the entry into force of Law No.2021-15 of 20 December 2021 on the General Tax Code of the Republic of Benin.

The Code has been completely restructured to consider new innovations and international requirements.

This restructuring has led to the simplification and structuring of companies in terms of income tax.

From now, commercial, or non-commercial companies with a turnover of less than 50,000,000 FCFA (76,200 €) are subject to the synthetic professional tax. To limit the perverse effects of under-declaration of turnover by taxpayers (to benefit from the said system), the rate of the tax is increased from 2% to 5%.

In terms of corporate income tax, the conditions for deducting interest on shareholders' current accounts from taxable income have been revised. From now, the following are deductible:

- Interest paid by a company to its partners or to companies belonging to the same group, including financial institutions, within the limit of those calculated at the key rate of the Central Bank of West African States increased by three (3) points and on condition that the share capital has been fully paid up.
- The total amount of deductible net interest due annually on all debts contracted by a company is limited to 30% of the result before tax, interest, depreciation, and provisions. The fraction of non-deductible interests immediately can be carried forward and deducted for the following fiscal years, within the limit of five (5) years, under certain conditions.
- Interest due on loans is deductible if the commitments to which it relates are not overdue, within the meaning of Instruction No. 026-11-2016 of November 15, 2016, of the Central Bank of West African States.

In terms of Value Added Tax, e-commerce operations are now subject to the said tax.

In terms of the Financial Activities Tax, a reform of the tax has been undertaken by broadening its base to include interest paid to foreign banks and insurance contracts (formerly subject to the Tax on Insurance Contracts). This tax on financial and insurance activities is levied at the common law rate of 10%. This tax is not recoverable.

In terms of procedures, the new book of tax procedures provides a framework for verification and taxation procedures in terms of form and time. The procedures of ex officio assessment and ex officio rectification are now grouped under the name "ex officio taxation". The procedural acts (notice of verification, report, rectification proposal) are subject to a particular formalism (compulsory mentions to be included on the acts, formalization of exchanges).