

# **Profile——The Gabonese Republic (Gabon for short)**

## **I . Jurisdiction Background**

The Gabonese Republic (Gabon for short), located on the Atlantic coast of Central Africa, is bordered by Equatorial Guinea to the northwest, Cameroon to the north, and the Republic of the Congo to the east and south. Gabon is one of the more prosperous and stable African countries with a small population and abundant natural resources. It has nine provinces, with Libreville as the capital. French is the official language, while many people speak the Fang language. Gabon's currency is the Coopération financière en Afrique Centrale (Central African CFA) franc (XAF).

## **II . Organizational Structure**

Gabon's tax authority, DIRECTION GÉNÉRALE DES IMPÔTS (DGI), is structured with the Office of Director General, Support and Central Services and Territorial Services, according to the administrative level.

The Director General, assisted by two Deputies under the conditions set by decree, supervises the work of all units. In this capacity, the Office of Director General is responsible for policy design, coordination, monitoring and control, and is in direct liaison with the supervisory authority.

The Support and Central Services are responsible for carrying out the analysis and syntheses required for the work of the Office of Director General and assisting the operational units in implementing the decisions of higher authorities. Specifically, the Support Services take up the functions in relation to service inspection, public relations, human resources, and IT, etc. The Central Services include departments focusing on legislation and litigation, estates and land operations, tax audits, large companies and specific schemes respectively.

The Territorial Services refer to the DGI's Provincial Directorates under the administrative authority of the Provincial Director, who is the representative of the Director General. These services are the decentralized operational units.

## **III. Current Tax System**

Gabon has a predominantly territorial tax system, whereby foreign companies and foreigners are taxed on an equal footing with Gabonese. The main types of tax include corporate income tax, individual income tax and value-added tax. There are also other taxes and duties including stamp duty, business license tax, registration duties and excise duties, etc.

## **IV. Overview of tax preference policies**

### **◆ Inbound investment incentives**

Private investment in Gabon can benefit from customs privileges and tax breaks. Industrial companies already set up in Gabon and wishing to increase their production capacity can be admitted to a preferential tariff framework, with a global reduced rate of 5% for duties and taxes paid on imports of equipment (excluding materials, furniture, and spare parts), provided that these correspond to an investment schedule and their value is in excess of XAF 100 million.

### **◆ Capital investment incentives**

New companies are exempt from the minimum taxation of CIT during the first two years of operations.

### **◆ Capital investment companies**

Capital investment companies are exempted from CIT on income resulting from investment products and capital gain resulting from the transfer of shares subject to the fulfilment of cumulative conditions.

### **◆ Tourism incentives**

Companies having hotel activity in the tourism sector are exempted from CIT during the first three years of existence, provided that the amount of the investment equals or exceeds XAF 300 million. If not (i.e. investment of less than XAF 300 million), aforesaid authorized companies investing in the tourism sector can benefit, during a five-year period, from a 5% tax credit.

### **◆ Special Economic Zones (SEZs)**

Incentives, subject to specific requirements, include exemption from CIT and/or reduced rate, exemption from capital gains tax on specific disposals, or exemptions from withholding taxes.

## **V. Tax Collection and Administration**

The DGI is responsible for administering and enforcing tax laws in Gabon. It plays a vital role in managing tax collection, processing tax returns, and providing guidance to businesses and residents about their fiscal responsibilities. The DGI aims to enhance compliance and improve the overall efficiency of tax collection, which is crucial for national development, especially considering the reliance of Gabon on oil revenues.

## **VI. Taxpayer Services**

- ◆ **Taxpayer Registration.** The DGI has initiated a project to set up a new system for registering and re-registering natural and legal persons in Gabon. As part of the implementation of this project, other government departments and public bodies

with sectoral expertise in registration have been involved.

- ◆ **Digitization of Tax Services.** The DGI has initiated a project to digitize tax administration processes to develop an Integrated Tax and Collection Software (LIIR) and the e-t@x portal for remote procedures into a single platform. The new application, known as Digitax, is designed to digitalize all the DGI's activities. Taxpayers who handle business at the Small Business and Personal Tax Center (Centre des Impôts des Petites et Moyennes Entreprises et des Particuliers, CIPEP for short) will benefit from this online system.

## **VII. Tax Legislation Process**

Gabonese Tax Code (Code général des Impôts), newly amended in 2019, stipulates the basic tax system, including provisions for various direct taxes and indirect taxes, special taxes and duties as well as tax collection and administrations.

In 2022, the amended Financial Act has introduced some new tax measures such as institution of a period of revision of clauses of tax stability (such clauses must be revised every five years), introduction into the Gabonese Tax Code of the notion of occult activity and institution of the modalities of taxation of such an activity, reduction of the list of goods and operations exempted of VAT, etc. In 2023, further to the promulgation of the Finance Act, new tax measures have been introduced, such as extension of the list of goods and operations exempted from VAT, amendment of the provisions related to the royalty fee applicable to airlines passengers and amendment of the provisions related to the taxation on the traffic of electronic money transactions.

## **VIII. Future Tax Reform Plan**

Gabon is poised for the improvement of the overall business environment to stimulate economic growth and attract foreign investment. One of the primary aims of these reforms is to enhance tax compliance among local businesses and multinational corporations operating within Gabon. By streamlining tax collection processes and reducing the bureaucratic complexities involved in tax submissions, the Gabonese government seeks to foster a more efficient system that encourages voluntary compliance.

Moreover, emerging trends indicate a move towards implementing more transparent taxation policies. This shift is expected to create a more predictable regulatory environment for businesses, which is vital for long-term planning and investment decisions. Simplified tax incentives may be introduced to further attract foreign direct investment and encourage the development in key sectors of national development, such as renewable energy and information technology, which reflects a commitment to diversify the economy beyond oil and gas revenues.

Additionally, regional cooperation and integration within the Economic and Monetary Community of Central Africa (CEMAC) may influence Gabon's future taxation strategies. Collaborative efforts among member states to harmonize tax policies could enable smoother cross-border operations for businesses, ultimately enhancing trade and investment opportunities in the region.

## **IX. International tax cooperation**

Gabon has established a framework of double taxation treaties. Specifically, there are double taxation treaty with Korea, Belgium, Canada, France, Morocco, and UAE, etc.

The Gabonese government has taken steps to enhance its tax regulatory framework, addressing issues such as base erosion and profit shifting. It is a member of the OECD/G20 Inclusive Framework on BEPS. In 2023, the DGI took part in seventeen (17) international meetings on topics covering the development of tax techniques, regional integration issues in tax matters, digital transformation, the development of the global tax system and so on. Gabon is also 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.