Southwest State of Somalia

Ministry of Finance

A BILL For a

STATE REVENUE ACT 2025

Dowladda Koonfur Galbeed Soomaaliya
Xafiiska Madaxweyanaha

حكومة جنوب غرب الصومال
مكتب الرئيس

South West State of Somalia
Office of the President

Tix: /065/ KGS/XM/10/2025

Baidoa, 10th December, 2025

ANSIXINTA WAXKABEDELKA XEERKA DAKHLIGA DOWLADDA KGS

MADAXWEYNAHA DOWLADDA KOONFUR GALBEED SOOMAALIYA

Markuu arkay: Dastuurka Dowladda Koonfur Galbeed ee Soomaaliya Qodobka 50aad faqrada 3aad iyo faqrada 9aad.

Markuu arkay: Go'aanka ansixinta Golaha Wakiilada Dowladda KGS ee Sumadeedu tahay GW-DGKGS/XG-151/2025 kuna taariikheysneyd 04 December 2025 kuna saabsanaa ansixinta wax kabadelka Xeerka Dakhliga Dowladda Koonfur Galbeed Soomaaliya:

Markuu Tixgaliyey: Baahida loo qabo in wax kabadel lagu sameeyo Xeerka Dakhliga Dowladda Koonfur Galbeed Soomaaliya:

WUXUU SOO SAARAY XEERKAN

Qodobka 1aad

Wax kabadelka **Xeerka Dakhliga Dowladda KGS** isagoo si habsamì leh ugu igmaday dhaqan-galinteeda Wasiirka Maaliyadda si waafaqsan Sharciyadda Maamulka Maaliyadda iyo Xeerka lagu Dhisay Wasaaradda Maaliyadda Dowladda KGS.

Qodobka 2aad
Dhaqan-galka Xeerkan

Xeerkan waxaa uu dhaqan-gal noqonayaa marka uu saxiixo Madaxweynaha Dowladda Koonfur Galbeed Soomaaliya.

M.ne Cabdicasiis Xasan Maxamed (Laftagreen)
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Dowlad Goboleedka
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Golaha Wakiilada
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Somali Federal Republic
Southwest State of Somalia
House of Representatives
Office of the Speaker

جمهورية الصومال الفدرالية
ولاية جنوب غرب الصومال
مجلس النواب
مكتب رئيس المجلس

TIX: GW-DGKGS/XG-151/2025 **Tr : 06 December 2025**

Ku: Madaxweynaha Dowladda KGS **=Baydhabo=**

Og: Wasaaradda Maaliyadda DKGS **=Baydhabo=**

Og: Hantidhowrka Guud ee DKGS **=Baydhabo=**

Og: Xoghayaha Guud ee GW-D KGS **=Baydhabo=**

Ujeeddo: Ansixinta Xeerka Dib u eegista Dhakhliga Dowladda KGS.

Mudane Madaxweyne; Salaan iyo Qaderin kadib,

Waxaan si xushmad iyo qadarin ku jirto halkan kugu soo gudbinayaa Qaraarka Golaha ee ansixinta **Xeerka Dib u eegista Dhakhliga Dowladda KGS** kaasoo Golaha Wakiilada DKGS Meelmariyay **04 December 2025**, kuna lifaaqan halkaan.

Kalfadhiga **9aad** Kulankiisa **3aad** oo ku taariikheysan **04 December 2025**, oo ay soo xaadireen **52** Xildhibaan, kaasoo ka dhacay Xarunta Baarlamaanka DKGS ee Baydhabo ku ansixiyay **Xeerka Dib u eegista Dhakhliga Dowladda KGS** kuna ansixiyay cod furan oo u dhacay sida hoos ku xusan:

- Oggolaatay: **51** (Konton iyo Kow Xildhibaan.
- Inta Diiday: **0** (Eber)
- Inta ka aamustay **1** (Hal)

Haddaba, ***Mdne,*** Madaxweyne sida waafaqsan Qodobka **48-aad**, Farqada. **6-aad** ee Dastuurka DKGS waxaan kaa codsanayaa in aad go'aanka Golaha soo saaray ku oggolaato Xeer-Madaxwayne, si uu u dhaqangalo Xeerka.

Amb. Dr. Ali Said Faqi
Guddoomiyaha Golaha Wakiilada
Dowladda Koonfur Galbeed Soomaaliya.

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STATE REVENUE ACT 2025

Act No. [10] of 2025

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LAW ON STATE REVENUE

Having regard to Transitional Constitution of the South West State of Somalia of September 2014, including Articles 17(3) and 34(2); and

Having regard to Articles 50(f), 51, 52 and 54 of the Provisional Constitution of the Federal Republic of Somalia 2012; and

Having regard to agreements made by South West State of Somalia with other federal member state governments of the Federal Republic of Somalia and the Federal Government of Somalia, for giving purposeful effect to Article 50(f) of the Provisional Constitution of the Federal Republic of Somalia 2012, in relation to responsibility for the effective raising of revenue, its collection and the sharing of revenue;

Having regard to agreements made by the State with other federal member state governments of the Federal Republic of Somalia and the Federal Government of Somalia for the harmonised importation of specific goods; and

Considering the need to establish a modern state revenue law for the purposes of raising revenue for South West State of Somalia and local governments within South West State of Somalia, in exercise of South West State of Somalia's jurisdictional rights and responsibilities to impose taxes and collect revenue, reflecting the conditions and context of South West State of Somalia;

Considering the mutual benefits of aligning revenue laws and harmonising rates of tax in fulfilment of collaborative relationships under Article 51 of the Provisional Constitution of the Federal Republic of Somalia 2012;

Therefore, the Parliament of South West State of Somalia enacts the following that shall have the force of law throughout the South West State of Somalia –

CHAPTER I: PRELIMINARY

Article 1 Title and Commencement

1) The Act shall be entitled the State Revenue Act 2025.

2) This Act comes into force on the day that it receives Presidential assent ("commencement date").

3) The Act imposes taxes on and from the commencement date, and does not impose tax on any act, instrument or activity, or series of acts, instruments or activities, that occurred before the commencement date.

Article 2 Scope and Completeness of this Law

1) This Act imposes –

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a) Personal Income Tax on income from employment;

b) Business Income Tax on income from business;

c) Rental Income Tax on income from leasing;

d) Goods Tax on the value of specified goods entering or leaving the State by road transport;

e) Import Tax on imports of specified goods;

f) Sales Tax on goods and services supplied by businesses to consumers;

g) Air Passenger Tax on passengers of airline flights;

h) Stamp Duty on instruments transferring property in the State;

i) Property Tax on the value of land and buildings in the State;

j) Business Licence Fees on businesses and other entities established or authorised to operate in the State;

k) Vehicle Registration Tax on the registration of ownership of motor vehicles in the State;

l) Road Tax on users of motor vehicles on roads in the State;

m) Capital Gains Tax on gains derived from the disposal of taxable assets in the State; and

n) Tax on Contracts on the value of contracts for goods, services or works performed in the State.

2) This Act imposes Withholding Tax on certain payments that are subject to the taxes imposed under this Act.

3) This Act regulates how fees and charges imposed under this Act by the State and Local Governments are to be determined.

4) This Act imposes obligations for the declaration, assessment, collection and administration of the taxes and fees imposed under this Act.

5) The manner in which this Act is to be administered, including the relations between taxpayers and the Authority, is regulated by this Act (and the regulations made under it).

6) Except to the extent expressly provided by this Act –

a) this Act (and any regulations made under it) constitutes the complete set of rules on determining liability to the taxes and fees specified in this Act, including –

i) the amounts that are liable to tax;

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ii) the amounts that are exempt from tax; and



iii) the amount of any penalties payable for failure to comply with an obligation imposed under this Act (and any regulations made under it); and

b) no law other than this Act, whether current or future, shall be considered in determining the tax liability of a person under this Act unless the other law expressly amends this Act.

CHAPTER II: INTERPRETATION

Article 3 Interpretation

1) In this Act, unless

“air passenger tax” (and “APT”) means the tax imposed under Chapter IX;

"amount" includes a payment;

"Authority" means the Revenue Department of the Ministry of Finance and its revenue officers;

"business" has the meaning given in Article 5;

“business class” and “class of business” has the meaning given in Article 22;

“business income tax” (and “BIT”) means the tax imposed under Chapter IV;

“business licence fee” (and “BLF”) means the business licences fees imposed under Chapter XII;

“capital gains tax” (and “CGT”) means the tax imposed under Chapter XV;

"corporation" has the meaning given in Article 3;

“commencement date” means the commencement date of this Act set out in Article 1(2);

“earning activity” has the meaning given in Article 5;

"employee" means an individual engaged in employment;

"employer" –

a) means the person who engages or remunerates an employee in employment; and

b) includes, in the absence of other evidence of employment, the person by whom or on whose behalf the payment for services rendered is made;

"employment" has the meaning given in Article 5;

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"entity" has the meaning given in Article 3;

"exempt amount" means an amount specified in the Fourth Schedule that is not included in income from employment or income from business;

“fee” has the meaning given in Chapter XIX (Fees and Charges);

“FGS” means the Federal Government of Somalia;

“FMS” means Federal Member State of Somalia;

“Government” means the Government of the State;

“import tax” means the tax imposed under Chapter VII;

"lease" with respect to an asset has the meaning given in Article 6;

"Minister" means the Minister of the Government responsible for finance;

“Ministry” means the Ministry of Finance of the Government of the State;

“non-profit organisation” means an autonomous, independent body or association of persons, or any institution established for a public benefit or purpose (including disaster relief activities, provision of humanitarian assistance or developmental activities), the income and property of which is not distributable to its members or off-bearers except as reasonable compensation for services rendered has the meaning and includes any organisation prescribed as such by regulation;

“ownership” with respect to an asset has the meaning given in Article 6;

“partnership” and "partner" have the meanings given in Article 3;

“payment” means the conferring of value or a benefit in any form by one person on another person and includes -

(a) the transfer by one person of an asset or money to another person or the transfer by another person of a liability to the one person;

(b) the creation by one person of an asset that on creation is owned by another person or the decrease by one person of a liability owed by another person;

(c) the provision by one person of services to another person; and

(d) the making available of an asset or money owned by one person for use by another person or the granting of use of such an asset or money to another person;

"person" has the meaning given in Article 3;

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“personal income tax” (and “PIT”) means the tax imposed under Chapter III;

“property tax” (and “PRT”) means the tax imposed under Chapter XI;

"rent" has the meaning given in Article 6;

“rental income tax” (and “RIT”) means the tax imposed under Chapter V;

“renting” has the meaning given in Article 5;

“resident”, in the case of an individual, means an individual who -

a) has a permanent home in the State;

b) is a citizen of Somalia, unless the individual has a permanent home outside of the State that is available for the whole of the year;

c) is present in the State during the year and that presence falls within a period or periods amounting in aggregate to 183 days or more in any 12-month period that commences or ends during the year; or

d) is an employee or an official of the State Government, whether posted in or outside the State.

“retirement fund” –

a) has the meaning prescribed by regulations; and

b) in the absence of regulations, means an arrangement established and maintained solely for the purposes of accepting and investing retirement contributions in order to provide retirement payments to individuals who are beneficiaries of the retirement fund or their heirs;

"retirement payment" means a payment, including by way of a lump sum, pension or commuted pension, made by a person from a retirement fund to an individual in the event of the individual's retirement;

“road tax” (and “RT”) means the tax imposed under Chapter XIV;

"royalty" has the meaning given in Article 6;

“sales tax” means the tax imposed under Chapter VIII;

“stamp duty” means the duty imposed under Chapter X;

“State” means South West State of Somalia;

“tax” means any tax imposed under this Act and includes penalties imposed in accordance with this Act;

“tax on contracts” (and “TOC”) means the tax imposed under Chapter XVI;

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"trade association" –

a) means an association of persons registered under a relevant law –

i) who are all separately engaged in business; and

ii) that is formed with the main object of safeguarding or promoting the interests of the persons in those businesses; and

b) includes a trade union registered under the relevant law.

“vehicle registration tax” (and “VRT”) means the tax imposed under Chapter XIII;

"withholdee" means a person receiving or entitled to receive a payment from which tax is required to be withheld under Chapter XVII;

"withholding agent" means a person required to withhold tax from a payment under Chapter XVII;

“withholding tax” (and “WHT”) means tax imposed under Chapter XVII;

"year of assessment" means the calendar year from 1st January to 31st December.

Article 4 Persons and Entities

1) A “person” means an individual or entity.

2) An “entity” is an arrangement that is recognised for all or some purposes of this law as separate from the individuals involved in it.

3) The categories of entity are –

a) “partnership”, which means an association of two or more individuals or corporations carrying on business jointly for the purpose of making profit, irrespective of whether the association is recorded in writing;

b) “corporation”, which –

i) means-

A) an arrangement which gives rise to a separate legal person under civil law; and

B) an association or other body of persons which can be identified separately from the persons involved in it irrespective of whether the association or body has a separate legal personality;

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ii) includes –

A) a friendly society, building society, provident fund, cooperative society or similar fund or society;

B) a trade association;

C) the Federal and State Governments of Somalia, including a ministry, department or agency of those Governments;

D) a local government authority, council or similar body in Somalia;

E) a foreign government, a political subdivision of a foreign government or a public international organisation; and

F) any other type of foreign association of persons declared to be a corporation by the Authority;

G) an approved non-profit organisation established in Somalia under the law of Somalia; and

H) an approved non-profit organisation established outside Somalia and authorised by the State to undertake activities in the State; but

iii) excludes a partnership.

Article 5 Earning Activities

1) Earning activities are activities that may give rise to income taxable under this Act, and are categorised as –

a) employment,

b) business; and

c) renting.

2) For this Act, "employment" takes its meaning from civil law and includes –

a) the position of an individual as a manager of an entity other than as partner of a partnership;

b) holding an office;

c) other positions prescribed by regulations involving the provision of services where a person, although not bound by a formal contract of employment, is subject to the control of another person as to the manner

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and method in which the first mentioned person carries out that person's duties; and

d) a past, present or prospective employment;

3) Only individuals conduct employment.

4) An individual may have more than one employment whether consecutively or concurrently.

5) For this Act, "business" means an industrial or commercial activity and -

a) includes –

i) an enterprise, profession, trade vocation or isolated arrangement with a business character;

ii) the provision of services for the purpose of making profits, whether on an isolated or continuing basis; and

iii) a past, present, or prospective business; but

b) excludes employment.

6) Except where this Act requires separation, all the business activities of a person constitute a single business.

7) For this Act, "renting" means, in accordance with Article 6, granting the use, or a right to use, an asset under a lease and for which rent is paid or payable.

Article 6 Assets, Ownership and Payments for the Use of Assets

1) An "asset" includes a tangible or intangible asset, currency, goodwill, know-how, property, a right to income or future income, a benefit that lasts longer than 12 months and a part of an asset.

2) An asset is allocated to a person by means of owning the asset or leasing the asset:

a) "ownership" –

i) means the residual permanent right to exclusive possession and use of an asset for its useful life; and

ii) may be subject to the rights of another under a lease of the asset; and

b) "lease" –

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i) means an arrangement providing a person with a temporary right to use an asset owned by another person; and

ii) includes an easement, licence, profit-a-prendre, option, rental agreement, royalty agreement, tenancy and an agreement to render assistance ancillary to an arrangement referred to in subparagraph (i).

3) Payments made for the use of an asset under a lease are categorised as "rent", which means –

a) a payment for –

ii) the use of or right to use an asset of any kind; and

iii) a total or partial forbearance with respect to a matter referred to in subparagraph (i); and

b) includes a premium, fine or like amount with respect to matters referred to in paragraph (a).

CHAPTER III: PERSONAL INCOME TAX

Article 7 Scope of personal income tax

This Chapter imposes personal income tax on income from employment received by employees from employers.

Article 8 Interpretation

For this Chapter –

"employer" has the meaning given in Article 12;

"employment performed in the State" means employment activities under a contract of employment that specifies their principal place of performance as any location within the State;

"exempt amount" means salaries or emoluments specified in paragraph 3 of the Fourth Schedule.

Article 9 Imposition of personal income tax

Personal income tax is payable for each year of assessment by a person who has chargeable income from employment for the year.

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Article 10 Rates of personal income tax

1) The rates of personal income tax are set out in Part 1 of the First Schedule.

2) The rates of personal income tax are progressively applied to the amounts of income within each specified band of chargeable income.

Article 11 Chargeable income from employment

The chargeable income from employment of a person for a year of assessment is the total of the person's income for the year from employment that is paid by an employer established in the State.

Article 12 Employers established in the State

An employer is established in the State if any of the following conditions is satisfied –

a) it is the government, or any agency of the government, of the State or a local government within the State;

b) it is incorporated in the State or registered under a written law to conduct business or activities in the State;

c) it has a fixed place in the State from which it conducts business or activities;

d) has its principal place of management in the State; or

e) it is principally controlled by persons resident in the State;

f) it conducts in the State any of the following activities for a period of 60 days or more in any 12-month period –

i) a place in the State where a person has, is using or is installing substantial equipment or substantial machinery;

ii) a place in the State where a person is engaged in a construction, assembly or installation project, including a place where a person is conducting supervisory activities in connection with such a project; and

iii) a place in the State where an agent performs any activity on behalf of the business of a non-resident person.

Article 13 Income from employment

1) In calculating an individual's income from an employment –

a) include the amounts referred to in paragraph (2) if they are derived by the

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individual during the year from employment performed in the State; but

b) exclude the amounts referred to in paragraph (4).

2) The amounts included are -

a) payments of salary, wage, allowance, gratuity, bonus, leave pay, payment in lieu of leave, overtime pay, pension contributions and similar payments irrespective of the name assigned;

b) payments for the individual's agreement to -

i) enter into the employment;

ii) accept any conditions of employment or any changes to those conditions; or

iii) a restrictive covenant in respect of the employment;

c) payments providing discharge or reimbursement of expenses incurred by the individual or an associate of the individual;

d) payments on termination of the employment, whether paid voluntarily or under an agreement, including compensation for redundancy or loss of employment;

e) payments in respect of motor vehicles or accommodation that are provided in respect of the employment; and

f) other payments, including gifts, received in respect of the employment.

3) The Second Schedule sets out the value of payments included under paragraph (2)(e) in respect of motor vehicles and accommodation.

4) The amounts excluded are –

a) salaries or emoluments that are exempt amounts in Part 1 of the Fourth Schedule;

b) a discharge or reimbursement of expenses incurred by the individual on behalf of the employer that serve the proper business purposes of the employer;

c) the payment, discharge or reimbursement of insurance expenses for the individual's dental, medical or health care, within limits prescribed by regulations, where the benefit is available to all full-time employees on equal terms;

d) to the extent prescribed by regulations, accommodation necessarily provided for the proper performance of the employee's duties.

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Article 14 Calculation of personal income tax

Subject to this Act, the personal income tax payable by a person for a year of assessment is calculated by applying the rates of personal income tax to the person's chargeable income from employment.

Article 15 Declaration of income from employment

1) A person whose payments of income from employment are subject to withholding tax shall not be required to make a declaration of income from employment for the year of assessment, unless required by the Authority by notice in writing.

2) A person who is required to make a declaration of income from employment by the Authority shall file with the declaration not later that 30 days after receiving the notice.

Article 16 Collection and payment of personal income tax

1) Personal income tax shall be collected by the employer as withholding tax, and paid to the Authority, in accordance with Chapter XVII.

2) Subject to this Act, a deduction of withholding tax from a payment of employment income discharges the employee's liability for personal income tax under this Chapter in respect of that employment income.

Article 17 Exemptions from personal income tax

Employment income is exempt from personal income tax only if it is an exempt amount.

CHAPTER IV: BUSINESS INCOME TAX

Article 18 Scope of business income tax

This Chapter imposes business income tax on persons who have chargeable income from business in a year of assessment.

Article 19 Interpretation

For this Chapter –

"business" has the meaning given in Article 5;

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"business class" or "class of business" has the meaning given in Article 20.

"gross turnover" means all payments received in connection with the conduct of the business, without any deduction for any expense, and excludes –

a) exempt amounts;

b) amounts that are a tax under Chapter VII (Import Tax); Chapter VIII (Sales Tax) or Chapter IX (Air Passenger Tax);

c) amounts that are payments of rental income.

Article 20 Classes of business

1) A person who has income from business shall be classified as –

a) a small business;

b) a medium business; or

c) a large business.

2) A "small business" means a person whose annual gross turnover derived from conducting business in the State is less than US$10,000.

3) A "medium business" means a person whose annual gross turnover derived from conducting business in the State is between US10,000 and US49,999;

4) A "large business" means a person –

a) whose annual gross turnover derived from conducting business in State is not less than US$50,000; or

b) which is a –

i) bank, financial institution or supplier of money transfer services;

ii) supplier of telecommunications services;

iii) supplier of water; or

iv) generator or supplier of electricity.

Article 21 Imposition of business income tax

Business income tax is payable for each year of assessment by a person who has chargeable income from business for the year.

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Article 22 Chargeable income from business

1) For a person who is a small business or a medium business, the chargeable income from business of that person for a year of assessment is deemed to be the person's gross turnover derived from conducting business in the State for the year.

2) For a person who is a large business, the chargeable income from business of that person for a year of assessment is the aggregate of the person's gains and profits from conducting each business of the person in the State for the year.

3) A person's gains and profits from conducting a business in the State for a year of assessment shall be calculated in accordance with the Income Tax Law 2025 of the Federal Republic of Somalia.

4) The Minister may, by regulation apply, disapply or vary any provision of the Income Tax Law 2025 of the Federal Republic of Somalia relating to the determination of chargeable income from business.

Article 23 Rates of business income tax

The rates of business income tax are set out in Part 2 of the First Schedule.

Article 24 Calculation of business income tax

The amount of business income tax payable by a person for a year of assessment is calculated by –

a) applying the rates of business income tax according to the person's class of business to the person's chargeable income; and

b) deducting from that amount any withholding tax deducted from payments to the person in accordance with paragraph 2) of Article 27 and Chapter XVII (Withholding Tax).

Article 25 Registration for business income tax and declaration of business income

1) A person who commences a business must –

a) register with the Authority within 15 days of commencing their business; and

b) declare their estimated gross annual turnover for the year of assessment.

2) Each person who carries on a business must declare each year on or before 31st January their actual gross turnover for the preceding year of assessment.

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Article 26 Classification and assessment for business income tax

1) The Authority shall, on receipt of a declaration –

   a) determine the person's class of business; and

   b) assess the amount of business income tax.

2) If the Authority is not satisfied with the completeness or accuracy of the declaration of turnover made by a person, the Authority may seek additional information or verification of the declaration and thereafter determine the class of business and make an assessment of business income tax.

Article 27 Payment of business income tax

1) Business income tax is payable –

   a) by a person classified as a small business, as two instalments of 50% of the total business income tax, on 31st January and 31st July in the year of assessment; or

   b) by a person classified as a medium business, as two instalments of 50% of the total business income tax, on 31st January and 31st July in the year of assessment; or

   c) by a person classified as a large business, as four instalments of 25% of the total business income tax, on 31st March, 30th June, 30th September and 31st December in the year of assessment.

2) Business income tax, in respect of payments by the Government of the State to a person that are business income of that person, shall be collected as withholding tax in accordance with Chapter XVII.

Article 28 Partnerships

1) In the case of a business that is a partnership, the income of the business is allocated to the partners proportionately to each partner's agreed share of the partnership income from the business, unless the Authority, by notice in writing and for good cause, orders otherwise.

2) Business income tax is calculated separately on each partner's share of the income from business.

Article 29 Income Splitting

1) Where a person attempts to split income with another person, the Authority may prevent any reduction in tax payable by issuing a notice in writing.

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2) A notice referred to in paragraph (1) may adjust amounts to be included or deducted in calculating the income of each person or re-characterise the source and type of any income, amount or payment.

3) In this Article, an attempt to "split income" includes an arrangement with all of the following features:

a) transfer of an asset (directly or indirectly), including the transfer of an amount to be derived;

b) the transferor retains a legal or implicit right to benefit (currently or in the future) from the asset; and

c) one of the reasons for the transfer is to lower tax payable by any person.

Article 30 Election for alternative basis for business income tax

1) A person that is classed as a large business may elect to be subject to business income tax calculated on an accounting basis set out in accordance with the Third Schedule.

2) If an election is approved by the Authority under the Third Schedule, business income tax of the person shall be determined in accordance with the provisions of the Third Schedule, and the regulations prescribed for the purposes of the Third Schedule.

CHAPTER V: RENTAL INCOME TAX

Article 31 Scope of rental income tax

1) This Chapter imposes rental income tax on rental income.

2) Rental income is income that is a payment of rent paid under a lease for the use of an asset that is –

a) real property in the State; and

b) moveable property in and used in the State.

3) Rental income does not include –

a) any refundable deposit that is payable by the lessee to the lessor; or

b) any payment that is made by the lessee for expenses incurred in relation to the occupation or use of the property (including utilities, services, fuel or maintenance).

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Article 32 Interpretation

For this Chapter –

"lease" has the meaning given in Article 6;

"lessee" means the person under a lease that has the right to occupy or use the property;

"lessor" means the owner, or any person authorised to lease the property, that leases the property;

"moveable property" means an asset that is a motor vehicle, industrial equipment or machinery that is leased for personal or business use;

"real property" means land, buildings, constructions or other immovable assets leased for residential, commercial, or industrial purposes but does not include land that is used for agricultural purposes;

"rental income" means any payment of rent paid under a lease for the use of real property or moveable property situated in the State.

Article 33 Imposition of rental income tax

1) Rental income tax shall be payable on the total rental income payable under the lease.

2) No deductions from rental income may be made.

Article 34 Rates of rental income tax

The rates of rental income tax are set out in Part 3 of the First Schedule.

Article 35 Calculation of rental income tax

Rental income tax payable is calculated by applying the rates specified to the rental income.

Article 36 Taxable Persons

1) The lessor is liable to pay rental income tax.

2) However, if the lessee of the property is an entity, the lessor and lessee may agree that the lessee act as Withholding Agent under this Act, and the rental income tax shall be paid as Withholding Tax in accordance with Chapter XVII.

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3) An agreement under paragraph 2) shall be valid only if it is set out in writing in the lease.

Article 37 Registration for rental income tax and declaration of rental income

1) A lessor who commences renting shall register with the Authority by making a declaration to the Authority within 15 days of the execution of a lease under which rental income tax is payable, attaching a certified copy of the lease.

2) If the lessor and lessee have agreed that the lessee shall act as Withholding Agent, the lessee shall make a declaration to the Authority within 15 days of the execution of the lease under which rental income tax is payable, attaching a certified copy of the lease.

3) The Authority shall prescribe the form of the declaration, which shall include –

   a) name, address and TIN (if previously issued) of the lessor.

   b) name and address of the lessee and, if applicable, the lessee's TIN.

   c) location and description of the leased property.

   d) period of the lease.

   e) total rental income payable under the lease.

   f) amount of rental income tax payable at the time of declaration; and

   g) a statement as to whether the lessee has agreed to act as Withholding Agent.

Article 38 Payment of rental income tax

1) Rental income tax, in respect of each payment of rent made under a lease, shall be payable at the time the payment of rent is made.

2) Rental income tax shall be paid to the Authority not later than 15 days after the date that payment of rent is made.

Article 39 Notification of amendments to leases

A lessor of property shall, within 15 days of its execution, make a declaration to the Authority of any amendment to a lease previously declared to the Authority, that has the effect of increasing or decreasing the amount of the rent payments under the lease.

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Article 40 Record-Keeping

A lessor of property shall maintain records of –

a) all leases entered by the lessor.

b) all amendments, variations, and terminations of such leases; and

c) rental payments received lessor,

for a period of five years from the date of the commencement of the lease.

Article 41 Exemptions

Rental income tax is not imposed on rental income that is derived from the lease of real property used exclusively or primarily for agricultural purposes.

CHAPTER VI: GOODS TRANSPORTATION TAX

Article 42 Scope of goods transportation tax

This Chapter imposes goods transportation tax on taxable goods transported by road in the State.

Article 43 Interpretation

For this Chapter –

"collection point" has the meaning given in Article 48;

"commercial vehicle" means any motor vehicle that carries goods of a commercial nature;

"taxable goods" means goods (including harvested products, agricultural produce and livestock) that are intended to be sold or supplied in the course of the conduct of a business and are which are set out in Column 2 of the table in Part 4 of the First Schedule.

Article 44 Imposition of goods transportation tax

1) Goods transportation tax is imposed on taxable goods carried on or in a commercial vehicle using a state road –

a) upon entry to the State from outside the State; and

b) upon departure from the State.

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2) Goods transportation tax is not imposed under paragraph 1) (b) if goods transportation tax has been imposed and paid on those goods under paragraph 1)(a).

Article 45 Rates of Goods transportation tax

The rates of goods transportation tax are set out in Part 4 of the First Schedule

Article 46 Calculation of goods transportation tax

The amount of goods transportation tax is determined by the applying the rates and amounts of the goods transportation tax to the quantity of the taxable goods within each corresponding class of taxable goods.

Article 47 Amendment of rates etc.

The Minister may, by Regulation, amend Part 4 of the First Schedule to –

a) add, delete or revise the classes of taxable goods.

b) add, delete or revise any unit of taxable goods; and

c) add, delete or revise any amount of goods transportation tax.

Article 48 Collection points

The Authority shall designate locations in the State as collection points and cause a list of designated collection points to be published on the Authority's official website.

Article 49 Assessment and collection of goods transportation tax

1) The Authority –

a) may cause any commercial vehicle driven on a state road to be stopped at a designated collection point.

b) may inspect the commercial vehicle to determine whether it is carrying any taxable goods.

c) shall assess goods transportation tax on any taxable goods in accordance with this Chapter.

d) shall issue a receipt for payment of any goods transportation tax imposed under this Chapter.

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2) For paragraph 1), a vehicle may only be stopped at a designated collection point under the direction of a police officer of the Tributaria Division of the Somali Police Force authorised to act in the State.

3) Goods transportation tax shall be paid by the driver of the commercial vehicle.

4) The Authority shall issue instructions for the procedure for payment of goods transportation tax, including the issuing of receipts for payment of the tax.

CHAPTER VII: IMPORT TAX

Article 50 Scope of import tax

This Chapter imposes import tax on the importation to the of taxable goods.

Article 51 Interpretation

For this Chapter –

"khat" means goods that fall within the classification 1211.90.80 of the Somali National Tariff;

"taxable goods" means khat and tobacco;

"tobacco" means goods that fall within the classification 24.01 of the Somali National Tariff.

Article 52 Imposition of import tax

Import tax is imposed on taxable goods that are imported into the State.

Article 53 Rates of import tax

The rates of import tax are set out in Part 5 of the First Schedule.

Article 54 Assessment and collection of import tax

Import tax shall be assessed and collected in accordance with regulations.

Article 55 Regulations

1) The Minster shall prescribe regulations for the purposes of this Chapter, including the procedure for importation, declaration of imported taxable goods and the assessment of import tax.

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2) Regulations prescribed by the Minister shall give effect to any written agreement (including amendments to any agreement) entered by the government of the State with the governments of other federal member states and the FGS for the purpose of harmonised taxation of imported taxable goods.

CHAPTER VIII: SALES TAX

Article 56 Scope of sales tax

This Chapter imposes sales tax on the goods and services supplied by a person conducting business in the State.

Article 57 Interpretation

For this Chapter –

"registered business" means a person registered under Article 58.

Article 58 Registration for sales tax

1) A person who –

a) conducts business in the State; and

b) is classed, or is liable to be classed, as medium business or a large business for business income tax,

shall apply to the Authority to be a registered business for sales tax.

2) The application for registration shall be made on the prescribed form within 15 days of the commencement of business.

Article 59 Imposition of sales tax

1) Sales tax is imposed on each taxable transaction made by a registered business that is a supply of goods or services.

2) The value of a taxable transaction is the amount paid by the recipient of the transaction.

Article 60 Rate of sales tax

The rate of sales tax is specified in Part 6 of the First Schedule.

Article 61 Calculation of sales tax

The amount of sales tax is calculated by applying the rate of sales tax to the value of the taxable transaction.

Article 62 Liability for and payment of sales tax

1) Sales tax shall be payable by the person who acquires the goods or services, at the time of payment for the transaction.

2) Sales tax shall be payable to the registered business.

Article 63 Tax period

The tax period for sales tax shall be monthly.

Article 64 Collection of sales tax

A registered business shall collect, on behalf of the Authority, sales tax imposed on taxable transactions made by it.

Article 65 Declaration

1) A registered business shall file a declaration with the Authority by the 15th day of the month following the tax period.

2) The declaration shall be in the prescribed form and shall include –

   a) the person's name, address and TIN.

   b) total number and value of taxable transactions made in the tax period.

   c) the sales tax collected in the tax period; and

   d) any other information required by the Authority.

Article 66 Payment of sales tax

A registered business shall pay to the Authority sales tax collected by it in a tax period at the same as making the declaration for that tax period.

Article 67 Record-keeping

A registered business shall maintain records of taxable transactions for a period of five years.

CHAPTER IX: AIR PASSENGER TAX

Article 68 Scope of air passenger tax

This Chapter imposes an air passenger tax on tickets purchased for domestic flights originating within the State.

Article 69 Interpretation

For this Chapter, unless the context otherwise requires –

"air passenger tax" means the tax imposed under this Chapter on tickets for domestic flights.

"airline" means an entity that operates flights for the transportation of passengers within the State.

"domestic flight" means a flight that originates and terminates within the territory of the State.

"tax period" means a calendar month.

"ticket" means a document or electronic record issued to a passenger that serves as evidence of the right to travel on a domestic flight; and

"travel agent" means a person or entity authorized to sell tickets for as agent of, or otherwise on behalf of, an airline.

Article 70 Imposition of air passenger tax

Air passenger tax is imposed on each ticket purchased for a domestic flight.

Article 71 Rates of air passenger tax

The rates of air passenger tax are set out in Part 7 of the First Schedule.

Article 72 Payment of air passenger tax

Air passenger tax is payable by the passenger named on the ticket at the time of purchasing the ticket.

Article 73 Registration of airlines and travel agents

1) Any airline that provides domestic flights, shall register with the Authority not later than 15 days after commencement of business.

2) Any travel agent that offers to sell tickets for domestic flights shall register with the Authority not later than 15 days after commencement of business.

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3) A person required to register shall file with the Authority the prescribed form setting out –

a) the name and address of the airline or travel agent.

b) the Taxpayer Identification Number (TIN);

c) any other information prescribed by the Authority.

Article 74 Collection of air passenger tax

The airline or travel agent selling a ticket for a domestic flight is responsible for collecting, on behalf of the Authority, the air passenger tax payable on that ticket.

Article 75 Declaration by airlines and travel agents

1) Registered airlines and travel agents shall file a monthly declaration with the Authority by the 15th day of the month following the tax period.

2) A declaration shall include the following information -

a) the total number of tickets sold for domestic flights during the tax period;

b) the total air passenger tax collected; and

c) any other prescribed information.

Article 76 Payment of air passenger tax

Payment of the air passenger tax collected must be made to the Authority at the same time as the declaration.

Article 77 Exemptions

Air passenger tax is not imposed on tickets purchased for –

a) a child under the age of two years who does not occupy a seat.

b) passengers traveling on emergency medical evacuation flights.

c) fights operated by the State government or any agency of the government for official purposes.

Article 78 Record-Keeping

1) Airlines and travel agents shall maintain records of –

a) all tickets sold for domestic flights.

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b) the total fare received for each ticket.

c) the air passenger tax collected on each ticket.

2) Records must be kept for a period of five years from the end of the tax period to which they relate.

3) The Authority may inspect records to verify compliance with this Chapter.

Article 79 Regulations

The Minister may prescribe regulations for the efficient administration of this Chapter.

CHAPTER X: STAMP DUTY

Article 80 Scope of Stamp Duty

This Chapter imposes stamp duty on instruments of transfer of property situated in the State.

Article 81 Interpretation

For this Chapter –

"instrument" means any document executed and notarized as evidence of a transaction or legal obligation involving the transfer of property.

"property" means -

a) real property, being land, buildings, and other immovable property.

b) movable property, being tangible items such as motor vehicles, industrial equipment, and other personal property,

that is situated in the State;

"transfer" means the conveyance, assignment, or any transaction effecting the change in the beneficial or legal ownership of property.

Article 82 Imposition of stamp duty

Stamp duty shall be imposed on every instrument that –

a) is a transfer of property; and

b) is notarized.

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Article 83 Liability for stamp duty

Stamp duty shall be payable by the party responsible for submitting the instrument for notarization.

Article 84 Rate of stamp duty

The rate of stamp duty is set out in Part 8 of the First Schedule.

Article 85 Dutiable value and calculation of stamp duty

1) The dutiable value is the greater of –

   a) the value of the property declared in the instrument; or

   b) the market value of the property.

2) The amount of stamp duty shall be calculated by multiplying the dutiable value of the property by the rate of stamp duty.

Article 86 Exemptions

The following instruments are exempt from stamp duty –

a) instruments executed by or on behalf of the government of the State.

b) defined transfers between immediate family members, where a transfer results from divorce or succession.

c) instruments where the transaction value does not exceed the minimum dutiable value.

Article 87 Payment and Stamping

Stamp duty shall be paid to the Authority before or at the time of notarization.

Article 88 Stamping and enforcement

1) A notary shall not notarise an instrument that is liable to stamp duty unless proof of payment of stamp duty is provided.

2) Any instrument subject to stamp duty that is not duly stamped shall not be admissible in any legal or administrative proceedings.

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Article 89 Regulations and Instructions

1) The Minister may prescribe regulations to establish –

   a) defined transfers; and

   b) minimum dutiable amounts for real property and for movable property.

2) The Authority may issue instructions to provide for -

   a) procedures for valuation of property.

   b) submission and stamping of instruments of transfer of property.

CHAPTER XI: PROPERTY TAX

Article 90 Scope of Property Tax

This Chapter imposes property tax on the value of property situated in the State.

Article 91 Interpretation

1) In this Chapter, unless the context otherwise requires –

   "Assessor" means a person or body appointed under this Chapter to determine the taxable value of properties;

   "property" means land, buildings constructed on that land and improvements to or attachments that form part of that land;

   "property class" means a class of property as defined in paragraph 2);.

   "taxable district" means a local government district set out in the Fifth Schedule.

   "taxable property" means a property within a property class is located within a taxable district;

   "taxable value" means the value assigned to a property for the purposes of this Chapter;

   "taxpayer" means the owner or legal occupier of a property liable for property tax under this Chapter.

2) For this Chapter, a property class means one of the following classes –

   "agricultural property" means properties used exclusively for farming, cultivation, livestock rearing, and related agricultural activities, but

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excludes property used primarily for agribusiness or industrial scale processing.

"commercial property" means property used for business activities, including offices, retail spaces, hotels, restaurants, and other spaces for commerce, but excludes property used for industrial, or manufacturing purposes.

"industrial property" means property used for manufacturing, production, processing, storage, or logistics, including factories, warehouses, and similar facilities, but excludes small-scale workshops integrated with commercial properties.

"residential property" means –

a) a property used exclusively or primarily for habitation, including single-family homes, apartments, villas, terraced homes, and similar property; and

b) a property under paragraph a) that has more than one classification ("mixed-use") if at least 50% of the total value of the mixed-use property is attributable to its residential use.

3) For this Chapter, a property category means a category defined in Part 9 of the First Schedule.

Article 92 Assessor

1) The Minister shall appoint an Assessor for the purposes of this Chapter.

2) The Assessor shall have knowledge and experience of real estate, valuation of property and taxation.

Article 93 Charge to property tax

1) Property tax is imposed on all taxable properties located within a taxable district.

2) Property tax shall be calculated by applying the rate or amount of property tax for the taxable category of the taxable property.

Article 94 Rate of property tax

The rate of property tax is set out in Part 9 of the First Schedule.

Article 95 Classification etc. of Property

1) The Assessor shall determine the classification and category of taxable property in accordance with the criteria prescribed in the regulations.

2) The Assessor shall determine classifications and categories annually.

3) The owner of a taxable property shall notify the Assessor of changes to the construction or use of property.

Article 96 Payment of property tax

1) Property tax shall be payable annually by the taxpayer to the Authority.

2) Property tax shall be paid by 31st March of each year.

Article 97 Exemptions

The following properties shall be exempt from property tax –

a) property owned and occupied by the State government;

b) property owned and occupied by the FGS;

c) property owned and occupied by approved non-profit organisations;

d) property used exclusively for public religious worship; and

e) agricultural property.

Article 98 Regulations

The Minister shall prescribe regulations to specify the criteria for determining the classes and categories of property for the purposes of this Chapter.

CHAPTER XII: BUSINESS LICENCES

Article 99 Scope

This Chapter imposes an annual business licence fee on businesses authorised to conduct business in the State or a district within the State.

Article 100 Interpretation

For the purposes of this Chapter –

"category of business" means a category specified in Part 10 of the First Schedule.

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"class of business" means a class of business specified in Article 20.

"business licence fee" means the fixed annual fee payable by a person under this Chapter.

Article 101 Business Licensing and Imposition of Business Licence Fee

Every person –

a) that establishes or conducts a business within the State shall be licensed by the Authority to establish and conduct that business; and

b) shall pay a business licence fee, in accordance with the class of business and the category of business.

Article 102 Amounts of Business Licence Fee

The amounts of annual business licence fees are specified in Part 10 of the First Schedule.

Article 103 Payment of Business Licence Fee

1) A person shall apply to the Authority for a business licence before establishing a business.

2) The Authority shall prescribe the application form.

3) The Authority shall determine an application for a business licence and assess the amount of the business licence fee.

4) The Authority shall issue a business licence upon payment of the fee.

5) A business licence shall be valid for one year from the date of its issue.

Article 104 Exemptions

The Minister, by regulation, may prescribe classes of persons who are exempt from payment of the business licence fee.

CHAPTER XIII: VEHICLE REGISTRATION TAX

Article 105 Scope

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This Chapter imposes vehicle registration tax on the use of motor vehicles on roads in the State.

Article 106 Interpretation

For this Chapter –

"state road" means a road maintained or operated by the government of the State.

Article 107 Imposition of vehicle registration tax

Vehicle registration tax is imposed on vehicles that are imported to Somalia and registered to an owner in the State for the first time.

Article 108 Rate of vehicle registration tax

The rates of vehicle registration tax are set out in Part 11 of the First Schedule.

Article 109 Enforcement

1) A motor vehicle may not be driven on a state road in the State unless it has affixed to it vehicle identification plates issued by the government of the State.

2) Unless a motor vehicle is exempt from vehicle registration tax, vehicle identification plates shall be issued if –

   a) the owner of the motor vehicle has paid vehicle registration tax; and

   b) provides proof of payment of the vehicle registration tax to the department of the State responsible for maintaining a register of motor vehicles and issuing vehicle identification plates.

Article 110 Exemptions

1) Vehicle registration tax is not imposed on vehicles owned by –

   a) the government of the State, the government of any other FMS, and FGS and any local government;

   b) the United Nations;

   c) diplomatic missions and accredited officials and personnel.

2) Vehicle registration tax is not imposed on vehicles that are brought into the State on a temporary basis.

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Article 111 Regulations

The Minister may by regulations prescribe exemptions or reductions in vehicle registration tax, including vehicles used in the State for a temporary basis of not more than three months.

CHAPTER XIV: ROAD TAX

Article 112 Scope of road tax

This Chapter imposes a road tax on motor vehicles for lawful use of state roads in the State.

Article 113 Interpretation

For this Chapter –

"checkpoint" means a designated location for inspecting motor vehicles for compliance with this Chapter.

"motor vehicle" means any vehicle powered by a motor that is used for transportation on state roads.

"State road" means a road maintained or operated by the government of the State;

"vignette" means a sticker or document issued as proof of payment of road tax.

Article 114 Imposition of Road Tax

1) Road tax is payable by the owner or operator of a motor vehicle.

2) A vignette must be purchased and displayed on the motor vehicle to certify payment of the tax.

3) The tax is imposed quarterly, with the vignette valid for a period of three months from the date of payment.

Article 115 Rates of road tax

1) The rates of road tax shall be determined based on –

   a) the type of motor vehicle; and

   b) the gross weight or engine capacity of the vehicle.

2) The rates of road tax are specified in Part 12 of the First Schedule.

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Article 116 Issuance of Vignettes

1) The Authority shall be responsible for issuing vignettes upon payment of the road tax.

2) The vignette shall –

   a) indicate the validity period; and

   b) be affixed to a visible part of the motor vehicle as prescribed by the Authority.

3) The Authority shall prescribe procedures for the sale and issuance of vignettes, including through digital platforms.

Article 117 Check points

1) The Authority shall designate locations in the State as checkpoints and cause a list of designated check points to be published on the Authority's official website.

2) A checkpoint maybe established and operated in conjunction with a collection point designated for Chapter VI (Goods Transportation Tax).

Article 118 Compliance

1) The Authority –

   a) may cause any vehicle driven on a state road to be stopped at a designated checkpoint;

   b) may inspect the vehicle to determine whether a vignette has been affixed to it;

   c) in the absence of a vignette or the correct class of vignette, shall assess road tax on the vehicle, and penalty, in accordance with this Chapter;

   d) shall issue a receipt for payment of any road tax and penalty imposed under this Chapter.

2) For the purpose of paragraph 1) a vehicle may only be stopped at a designated collection point under the direction of a police officer of the Tributaria Division of the Somali Police Force authorised to act in the State.

Article 119 Payment and Renewal

1) Road tax shall be payable in advance for each quarterly period.

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2) Renewal of the vignette must occur before the expiry of the current vignette to ensure continued lawful road usage.

Article 120 Regulations

The Minister may prescribe regulations for –

a) the classification of motor vehicles for road tax purposes.

b) procedures for issuing and renewing vignettes.

c) operation of checkpoints and inspection procedures; and

d) enforcement mechanisms, including the collection of penalties.

CHAPTER XV: CAPITAL GAINS TAX

Article 121 Scope of capital gains tax

This Chapter imposes capital gains tax on chargeable gains derived by persons from the disposal of taxable assets.

Article 122 Interpretation

For this Chapter –

"consideration" means the total amount received or receivable by a person for the disposal of a taxable asset, including the market value of any property or benefit received in kind;

"cost base" means the amount paid by a person to acquire a taxable asset, together with the cost of any improvement to the asset and the incidental costs of acquisition and disposal (including stamp duty, registration fees and legal fees), as prescribed by regulations;

"disposal" includes a sale, exchange, transfer, assignment, gift, cancellation, redemption or surrender of a taxable asset, or any other transaction by which the ownership of a taxable asset passes to another person;

"taxable asset" means –

a) land, buildings and other real property situated in the State, and any interest or right in such property;

b) shares, stocks or other interests in a company or partnership incorporated, registered or established in the State; and

c) goodwill and other business assets used in a business conducted in the State,

but does not include trading stock of a business.

Article 123 Imposition of capital gains tax

1) Capital gains tax is payable by a person who derives a chargeable gain from the disposal of a taxable asset.
2) The chargeable gain is the amount by which the consideration for the disposal of the taxable asset exceeds the cost base of the asset.
3) No capital gains tax is payable where the cost base of the taxable asset is equal to or exceeds the consideration for its disposal.

Article 124 Rates of capital gains tax

The rate of capital gains tax is set out in Part 13 of the First Schedule.

Article 125 Calculation of capital gains tax

1) Capital gains tax payable is calculated by applying the rate of capital gains tax to the chargeable gain.
2) Where the consideration for a disposal is not at arm's length, or the Authority is not satisfied with the completeness or accuracy of the amount declared, the Authority may determine the consideration by reference to the market value of the taxable asset at the date of disposal.

Article 126 Declaration and payment of capital gains tax

1) A person who disposes of a taxable asset shall make a declaration to the Authority within 15 days of the disposal, attaching a certified copy of the instrument of disposal.

2) The Authority shall prescribe the form of the declaration, which shall include –

    a) name, address and TIN (if previously issued) of the person disposing of the taxable asset;

    b) name and address of the person acquiring the taxable asset and, if applicable, that person's TIN;

    c) description and location of the taxable asset;

    d) date of acquisition and cost base of the taxable asset;

    e) date of disposal and consideration for the disposal; and

    f) amount of capital gains tax payable.

3) Capital gains tax shall be paid to the Authority not later than 15 days after the date of disposal.
4) A transfer of a taxable asset shall not be registered by any registry, office or authority in the State unless proof of payment of capital gains tax, or a certificate of exemption issued by the Authority, is produced.

Article 127 Exemptions from capital gains tax

Capital gains tax is not imposed on a gain derived from –

    a) the transfer of a taxable asset by inheritance;

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b) the transfer of a taxable asset between spouses, or between a parent and child, for no consideration;

c) the disposal of a taxable asset by the Government of the State or a local government within the State; or

d) the disposal of real property used exclusively or primarily for agricultural purposes.

CHAPTER XVI: TAX ON CONTRACTS

Article 128 Scope of tax on contracts

This Chapter imposes tax on contracts on the value of taxable contracts performed in the State.

Article 129 Interpretation

For this Chapter –

"contracting party" means the person who engages a contractor and is liable to pay the contract value under a taxable contract;

"contract value" means the total amount payable under a taxable contract, including any amendment or variation that increases that amount, but excluding sales tax;

"contractor" means a person who undertakes to supply goods, services or works under a taxable contract;

"taxable contract" means a contract, agreement or purchase order for the supply of goods, services or works (including construction, consultancy, transport, security and maintenance) that is performed, wholly or partly, in the State.

Article 130 Imposition of tax on contracts

1) Tax on contracts is payable by the contractor on the contract value of each taxable contract.
2) Where the contracting party is the Government of the State, a local government, an agency of government, a non-governmental organisation, an international organisation or any other entity, the contracting party shall act as Withholding Agent and tax on contracts shall be paid as withholding tax in accordance with Chapter XVII.

Article 131 Rates of tax on contracts

The rate of tax on contracts is set out in Part 14 of the First Schedule.

Article 132 Calculation of tax on contracts

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Tax on contracts payable is calculated by applying the rate of tax on contracts to the amount of each payment made under a taxable contract.

Article 133 Collection and payment of tax on contracts

1) Tax on contracts, in respect of each payment made under a taxable contract, shall be payable at the time the payment is made.
2) Where paragraph 2) of Article 130 applies, the contracting party shall deduct tax on contracts from each payment made to the contractor and pay it to the Authority in accordance with Chapter XVII.
3) In any other case, the contractor shall pay tax on contracts to the Authority not later than 15 days after the date the payment is received.
4) The contracting party shall, within 15 days of the execution of a taxable contract, make a declaration to the Authority in the form prescribed by the Authority, attaching a certified copy of the contract.

Article 134 Exemptions from tax on contracts

Tax on contracts is not imposed on –

a) a contract of employment, where the income from employment is subject to personal income tax under Chapter III; or

b) a lease, where the rent is subject to rental income tax under Chapter V.

CHAPTER XVII: WITHHOLDING TAX

Article 135 Scope of withholding tax

The Chapter imposes withholding tax on certain payments that are taxable as income of the payee.

Article 136 Interpretation

For this Chapter –

"payment of business income" means a payment to a person that is classed as a medium business or a large business for the purposes of Chapter IV.

Article 137 Methods and Time for Payment

Withholding tax is payable in respect of payments of employment income, business income, rental income and payments under taxable contracts and is payable –

a) in the case of tax under Chapter III, at the time provided for in Article 138.

b) in the case of tax under Chapter IV, at the time provided for in Article 139.

c) in the case of tax under Chapter V, at the time provided for in Article 140,

at the rates set out in Part 15 of the First Schedule.

d) in the case of tax under Chapter XVI, at the time provided for in Article 133, at the rate set out in Part 14 of the First Schedule.

Article 138 Withholding by Employers

1) Unless otherwise provided, withholding tax shall be deducted by an employer from a payment of employment income at the time the payment is made.

2) Regulations may prescribe the circumstances in which an employer shall withhold tax from a payment that is a payment of employment income.

3) The obligation of an employer to withhold tax under paragraph (1) is not reduced or extinguished because –

   a) the employer has a right or is under an obligation to deduct and withhold any other amount from the payment; or

   b) any other law provides that an employee's income from employment must not be reduced or subject to attachment.

Article 139 Withholding by Government

1) Unless otherwise provided, withholding tax shall be deducted by the Government of the State from a payment of business income at the time the payment is made.

2) For Chapter V, regulations shall prescribe, consistent with this Chapter, the procedure for the Government to withhold tax from a payment that is a payment of business income.

Article 140 Withholding by Lessees that are Entities

1) For Article 36(2), withholding tax shall be deducted by a lessee that is an entity from a payment of rent at the time the payment is made.

2) For the purpose of Chapter VI, regulations shall prescribe, consistent with this Chapter, the procedure for a lessee that is an entity to withhold tax from a payment where an agreement exists for the purpose of Article 36.

Article 141 Payments and Statements of Tax Withheld or Treated as Withheld

1) Every withholding agent must pay to the Authority within 14 days after the end of each calendar month any tax that has been withheld in accordance with this Chapter during the month.

2) Every withholding agent must file with the Authority within 30 days after the end of each calendar quarter a statement in the manner and form prescribed specifying –

   a) payments made by the agent during the period that are subject to withholding under this Chapter.

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b) the name, address and tax identification number of the withholder.

c) the name and address of each withholdee;

d) the amount of the tax payment and the amount of the tax withheld for each withholdee; and

e) any other information that the Authority may prescribe.

3) A withholding agent who fails to withhold tax in accordance with this Chapter shall nevertheless pay the tax that should have been withheld in the same manner and at the same time as tax that is withheld.

4) Where a withholding agent fails to withhold tax from a payment as required by this section -

a) the withholdee is jointly and severally liable with the withholding agent for the payment of the tax to the Authority; and

b) the tax is payable by the withholdee within 15 days after the end of the calendar month in which the payment is received.

5) A withholding agent who withholds tax under this Chapter and pays the tax to the Authority is treated as having paid the amount withheld to the withholdee for the purposes of any claim by the withholdee for payment of the amount withheld.

6) A withholding agent who fails to withhold tax under this Chapter but pays the tax that should have been withheld to the Authority in accordance with paragraph (3) is entitled to recover an equal amount from the withholdee.

Article 142 Withholding Certificates

1) A withholding agent must prepare and serve on a withholdee a withholding certificate-

a) separately for each period referred to in paragraphs (3) and (4);

b) at the time referred to in those paragraphs; and

c) in the form prescribed.

2) A withholding certificate must set out the amount of payments made to the withholdee during the period and tax withheld by the withholding agent from those payments under this Chapter.

3) Subject to paragraph 4), a withholding certificate must cover a calendar month and must be served within 30 days after the end of the month.

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4) In the case of tax withheld employment income, a withholding certificate -

a) must cover the part of the calendar year during which the employee is employed; and

b) must be served by 30 January after the end of the year or, where the employee has ceased employment with the withholding agent during the year, no more than 30 days from the date on which the employment ceased.

CHAPTER XVIII: PENALTIES

Article 143 Penalty: Personal income tax

For Chapter III (Personal Income Tax), if a declaration of income from employment is not filed by the due date, the person shall be liable to pay a penalty of 10% of the personal income tax payable for the year of assessment subject of the declaration.

Article 144 Penalty: Business income tax

For Chapter IV (Business Income Tax), if a declaration of income from business is not filed by the due date, the person shall be liable to pay a penalty of 10% of the business income tax payable for the year of assessment subject of the declaration.

Article 145 Penalties: Rental income rax

1) For Chapter V (Rental Income Tax), if a declaration is not filed with the Authority on or before the required date, the lessor shall be liable to pay a penalty of 10% of the total rental income tax that is payable for the term of the lease.

2) If rental income tax is not paid to the Authority on or before the required date, the lessor shall be liable to pay a penalty of 10% of the rental income tax not paid.

Article 146 Penalties: Sales tax

1) For Chapter VIII (Sales Tax), a person who fails to file a declaration for a tax period on or before the required date shall pay a penalty of 10% of the sales tax collected for the tax period.

2) A person who fails to pay sales tax for a tax period on or before the required date shall pay a penalty of 10% of the sales tax collected for the tax period.

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Article 147 Penalty: Air passenger tax

1) For Chapter IX (Air Passenger Tax), a person who fails to file a declaration of air passenger tax for a tax period on or before the required date shall pay a penalty of 10% of the air passenger tax that was required to be declared for the tax period.

2) A person who fails to pay air passenger tax on or before the required date shall pay a penalty of 10% of the air passenger tax not paid by the required date. fails to declare or pay the air passenger tax by the due date.

Article 148 Penalties: Stamp duty

Any instrument subject to stamp duty under Chapter X (Stamp Duty) that is not duly stamped shall be liable to pay a penalty of 10% of the duty payable on the instrument.

Article 149 Penalties: Property tax

A person who fails to pay property tax by the due date under Chapter XI (Property Tax) shall be liable to pay a penalty of 10% of the amount of property tax.

Article 150 Penalties: Business licences fees

A person who fails to pay a business licence fee by the due date shall be liable to pay a penalty of 10% of the business licence fee.

Article 151 Penalties: Road tax

1) For Chapter XIV (Road Tax), any person operating a motor vehicle on a state road without a valid vignette shall –

   a) be liable to pay the unpaid road tax; and

   b) incur a penalty of 10% of the unpaid road tax.

2) If a motor vehicle continues to operate without a vignette for more than 30 days, an additional penalty of 50% of the unpaid road tax shall apply.

Article 152 Penalties: Capital gains tax

1) For Chapter XV (Capital Gains Tax), if a declaration is not filed with the Authority on or before the required date, the person disposing of the taxable asset shall be liable to pay a penalty of 10% of the capital gains tax payable on the disposal.
2) If capital gains tax is not paid to the Authority on or before the required date, the person shall be liable to pay a penalty of 10% of the capital gains tax not paid.

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Article 153 Penalties: Tax on contracts

1) For Chapter XVI (Tax on Contracts), if a declaration is not filed with the Authority on or before the required date, the contracting party shall be liable to pay a penalty of 10% of the tax on contracts payable on the contract.
2) If tax on contracts is not paid to the Authority on or before the required date, the person liable to pay it shall be liable to pay a penalty of 10% of the tax on contracts not paid.

Article 154 Penalties: Withholding tax

1) For Chapter XVII (Withholding Tax), a withholding agent who fails to file a withholding statement on or before the date required by Article 141(2) shall pay a penalty of 10% of the withholding tax that was required to be declared for the withholding period.

2) A withholding agent who fails to withholding tax on or before the required date shall pay a penalty of 25% of the withholding tax not paid by the required date.

Article 155 Penalty: Registration

A person who fails to register by the date required under any Chapter of this Act shall be liable to pay a penalty of 5% of the tax payable by the person under that Chapter for each month that the person fails to register.

Article 156 Penalty: Taxpayer Identification Number

A person who uses a false Taxpayer Identification Number shall be liable to penalty of $50.

Article 157 General Penalty

1) If a person fails to comply with a requirement of this Act, and for which no penalty is otherwise specified in this Chapter, that person shall be liable to pay a penalty calculated as the greater of –

   a) $25; and

   b) 10% of the tax payable by the person in respect of that requirement.

2) The Minister may amend, by regulation, the amount in subparagraph 1)(a).

CHAPTER XIX: FEES AND CHARGES AND LOCAL GOVERNMENT REVENUE

Article 158 Scope

This Chapter –

   a) regulates the imposition of fees and charges by the Government of the State and Local Governments in the State; and

   b) additionally regulates local government revenue.

Article 159 Interpretation

For this Chapter –

   "fee" includes charge, levy, payment or similar amount, but excludes tax;

   "local government revenue" has the meaning given in Article 49 of the Local Government Law.

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Article 160 Power to impose fees etc. for government services

1) The Government of the State may impose a fee for the –

   a) provision of a service (including the creation, issue, delivery or certification of a document, notice, licence, authorisation, permit or another instrument); or

   b) fulfilment of a duty imposed under a written law.

2) A Local Government in the territory of the State may impose a fee for the –

   a) provision of a service (including the creation, issue, delivery or certification of a document, notice, licence, authorisation, permit or another instrument); or

   b) the fulfilment of a duty imposed under a written law.

Article 161 Determination of fees etc.

In exercising a power to impose a fee, the amount of such fee must be determined –

   a) in accordance with any criteria specified in the written law.

   b) taking account of the reasonable costs incurred by the Government or Local Government in the provision of the service or the fulfilment of the duty; and

   c) the affordability of the fee to the person requesting the service.

Article 162 Publication of fees, etc.

1) The Minister, after consulting with the Ministers of the Government, shall issue each year, not later than 31st December, a statutory notice that sets out a list of all fees and the amounts that are imposed by the Government of the State for the following year.

2) The Local Governments of the State shall issue, each year, not later than 31st December, a statutory notice that sets out a list of all fees and other amounts that are collected by the Local Government of the State.

3) A statutory notice shall be published on the official website of the Authority.

Article 163 Local Government Revenue

1) The revenue from Business Licence Fees payable by small businesses and medium businesses under Chapter XII (Business Licence Fees) forms part of the revenue of Local Government in accordance with Item 4 of Article 49 of the Local Government Act.

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2) The revenue from Property Tax under Chapter XI (Property Tax) forms part of the revenue of Local Government, in accordance with Items 2, 8 and 9 of Article 49 of the Local Government Act.

3) The Minister may, by regulation, make provision for the imposition of any other tax or duty that forms part of the revenue of Local Government.

4) The amount or rate of a tax or duty under paragraph 3) shall be determined by the Local Government and approved by the Minister.

5) Each tax or duty (including the rate or amount) that forms part of the revenue of the Local Government shall be specified in Part 16 of the First Schedule.

6) The Minister shall, each year, issue a regulation to amend Part 16 of the First Schedule.

CHAPTER XX: TAX AUTHORITY

Article 164 Authority to collect taxes and fees

1) Under this Act, the responsibility for administering this Act, and collecting taxes and fees imposed under this Act, is vested in the Authority.

2) Subject to this Act, the Authority is the Ministry of Finance of the State.

3) The Authority includes any employee or agent appointed to act on behalf of the Authority in the discharge of its functions under this Act.

4) Tax (including fees, charges and penalties) imposed and collected under this Act shall be recorded and managed in accordance with the Public Financial Management Act of the State.

5) The Authority for the collection of taxes and fees imposed under Chapter XII for Business Licence Fees (in respect of fees imposed on medium and large businesses).

6) The Minister may appoint a local government, on and from a specified date, or for a specified period, to act as the Authority, in the territory of the local government, for the collection of taxes and fees imposed under –

   a) Chapter XI for Property Tax;

   b) Chapter XII for Business Licence Fees (in respect of fees imposed on small businesses);

   c) taxes and duties specified by regulation made under paragraph 3) of Article 161; or

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d) any other written law that imposes or authorises the collection of taxes and fees in any part of the State.

7) The Minister shall not make an appointment under this Article unless –

a) he has consulted with the Minister for the Interior; and

b) he is satisfied that the local government has put in place sufficient arrangements, systems and procedures to ensure that the tax or fee will be efficiently and effectively collected, in accordance with law.

8) The Minister shall make an appointment under this Article by written notice specifying –

a) the date of the commencement, or period, of the appointment; and

b) the taxes or fees to be collected under the appointment.

9) The written notice shall be published –

a) in the Official Bulletin of the State; and

b) on the official website of the Ministry of Finance; and

c) on the official website of the local government appointed as the Authority.

Article 165 Regulations

1) For the purpose of paragraph 3) of Article 164, the Minister may prescribe regulations for the purpose of the appointment (including remuneration, definition of powers and duties, code of conduct, and integrity) of agents.

2) The Minister may prescribe regulations for the purpose of the effective and efficient administration of this Act, including –

a) registration of taxpayers;

b) the issue, use and cancellation of Taxpayer Identification Numbers;

c) the collection of tax and penalty that is not paid by the due date;

d) the request for, and the provision of, information to determine whether any person is liable to pay tax under this Act;

e) the establishment of a tax appeal tribunal for the purpose of hearing and determining disputes between the Authority and a person liable to pay tax under this Act.

3) The Minister may prescribe, by regulation, the amendment of an amount or rate set out in the First Schedule.

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4) A regulation made under paragraph 2) shall not come into effect unless –

a) it has been laid before Parliament by the Minister; and

b) Parliament has approved the regulation.

5) Before prescribing an amendment to Part 9, Part 10 or Part 16 of the First Schedule, the Minister shall consult with the Minister responsible for Commerce and the Minister responsible for Interior.

6) The Minister may, by regulation prescribe the amendment of an amount or rate set out in the Second Schedule.

7) The Minister may, by regulation, prescribe the amendment of the list of Taxable Districts set out in the Fifth Schedule.

Article 166 Instructions

1) The Authority may issue instructions for the efficient administration of the Act.

2) Instructions issued by the Authority shall not impose any additional or different taxes.

3) Instructions issued by the Authority shall not impose any additional or different penalties.

4) Instructions issued by the Authority are binding on the Authority, and the Authority shall consistently discharge its duties and enforce its powers under this Act in accordance with those Instructions.

5) The Authority may amend or revoke instructions made under this Article.

6) The Authority shall, in respect of any instructions made, amended or revoked under this Article –

a) make available a copy of the instructions, and any amendment or revocation, without charge, at its principal office; and

b) publish the instructions, and any amendment or revocation, on the official website of the Authority.

CHAPTER XXI: ADMINISTRATION

Article 167 Duty of Authority to provide information to the public

1) The Authority shall cause to be published on the Authority's official website

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a) this Act, and any amendments to this Act;

b) regulations made under this Act, and any amending regulations;

c) instructions made under this Act, and any amending instructions;

d) statutory notices made under this Act, and any amending instructions;

e) forms prescribed by the Authority for the purposes of the administration of this Act; and

f) any other document or information that it considers appropriate to assist taxpayers in understanding their duties and responsibilities under this Act for the purpose of enabling their compliance with such duties and responsibilities.

2) The Authority shall, in respect of any document required to be published under paragraph 1) –

a) make available at its principal office a copy of the document for inspection without charge; and

b) provide a printed copy of any form under paragraph 1)(e) without charge.

Article 168 Registration of Taxpayers

1) Where a person is required to register with the Authority under this Act, the registration shall be done in accordance with the procedures prescribed by the Authority, including the filing of a declaration or provision of other information that shall include –

a) name and address of the person or principal place of business.

b) nature of the taxable activity and purpose of registration.

c) contact details.

2) Any person who fails to register within the prescribed time shall be subject to penalty under Chapter XVIII (Penalties).

Article 169 Issue of Taxpayer Identification Numbers

1) The Authority shall issue a unique Taxpayer Identification Number (TIN) to each registered taxpayer.

2) The TIN shall be used in all tax-related filings, correspondence, and transactions.

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Article 170 Confidentiality of Information

1) All taxpayer information provided to or obtained by the Authority shall be treated as confidential.

2) Officers, agents, or other persons engaged by the Authority shall not disclose any taxpayer information except as provided in Article 171.

3) If a person discloses taxpayer information, by any means and in any format other than as provided under this Article he shall commit an offence and shall be punishable, upon conviction by a court of competent jurisdiction, to a fine not exceeding $2,000 or to imprisonment not exceeding one year, or to both.

Article 171 Disclosure of Information

1) For Article 170 (Confidentiality of Information), the Authority may disclose taxpayer information in the following circumstances –

   a) to a court of law of competent jurisdiction during proceedings under this Act;

   b) to authorized government agencies for the administration of tax laws;

   c) to the taxpayer or a person authorized in writing by the taxpayer; and

   d) in the case of statistical data relating to taxpayer information, to any government agency for the purpose of reporting and analysis, provided that such data does not disclose or identify particular taxpayers.

2) The disclosure under paragraph 1) shall be limited to the information necessary for the Stated purpose.

Article 172 Assessment

1) Where a person files a declaration under this Act, the Authority shall assess the tax payable by the person.

2) Subject to this Act, if a person fails to file a declaration as required under this Act or the Authority is not satisfied with the declaration, the Authority may assess the tax payable based on –

   a) available records or documents.

   b) estimates of income, turnover or transactions; or

   c) any other reasonable basis.



3) The Authority shall notify the person of the assessment, including reasons for any adjustments.

Article 173 Collection

1) Tax that is due and payable shall be paid on or before the date specified in this Act.

2) The Authority may recover unpaid taxes through the following measures –

   a) a suit for payment in a civil or administrative court of competent jurisdiction.

   b) seizure of assets.

   c) garnishment of bank accounts.

   d) imposition of liens on property.

3) The Minster shall prescribe regulations for the exercise of the measures in paragraph 2), which shall be consistent with the written law of the State for the recovery of unpaid debt.

Article 174 Records and Information

The Minister may prescribe regulations specifying additional requirements to maintain documents, and their format, for the purpose of this Act, including for any specific tax imposed under this Act.

Article 175 Powers to obtain information etc.

1) The Authority may require any person to provide information or documents for the purpose of tax administration, including –

   a) records of income and expenditures;

   b) sales transactions;

   c) bank statements or financial records;

   d) employment records; and

   e) leases and rental payments.

2) The Authority may enter business premises, with reasonable notice, to examine records or assets.

3) The Authority may summon any person to provide oral or written explanations relating to tax matters.

Article 176 Appeals

1) A taxpayer may appeal an assessment, penalty, or any decision of the Authority to the Tax Tribunal within 30 days of receiving notice of the assessment, penalty or the decision.

2) The appeal shall include –

   a) a written statement of grounds for the appeal.

   b) supporting evidence.

   c) payment of any undisputed amount.

3) The Tax Tribunal shall issue its decision within 60 days of receiving the appeal.

4) The decision shall be final unless appealed to a court of law.

CHAPTER XXII: REPEALS, TRANSITION AND IMPLEMENTATION

Article 177 Conforming Amendments

1) The provisions of the laws set out in the Sixth Schedule are repealed, enacted, replaced or amended as provided for in that Schedule to conform to the introduction of this law.

2) Regulations (including rules, rulings, orders and notices) made with respect to provisions referred to paragraph (1) that are in force at the commencement of this law -

   a) continue in force, as if they were made under this law until they are amended or revoked by regulations made under this law, but

   b) do not continue in force to the extent that they are inconsistent with this law.

Article 178 Transition

1) Subject to this Article, the provisions referred to in the Sixth Schedule (the prior law) continue to have effect for periods and events occurring before the date on which this law commences.

2) Blank forms and other documents used in relation to the prior law may continue to be used under this law.

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3) References in those forms and documents to provisions of and expressions appropriate to the prior law are taken to refer to the corresponding provisions and expressions of this law.

4) Proceedings commenced before the commencement date continue and are disposed of as if this law had not come into force.

5) Tax liabilities that arose before the commencement date may be recovered by fresh proceedings under this law, and his is without prejudice to any action already taken for the recovery of the tax.

6) Where the context requires, a reference in this law to "this law" or to a provision of "this law" includes a reference to the prior law or to a corresponding provision of the prior law, respectively.

7) Regulations may prescribe additional transitional measures relating to the implementation of this law, including where any provision of this law comes into effect on a date later than the commencement date of this law.



FIRST SCHEDULE: RATES AND AMOUNTS OF TAX

Part 1 – Personal Income Tax
(Article 10)

For Chapter III, the chargeable income of an individual for a year of assessment is taxed at the following rates –

Chargeable Income	***Rate on Band***	***Tax Payable***
Not exceeding US$1,200	Nil	Nil
Exceeding US$1,200 but not exceeding US$6,000	6%	6% of the amount exceeding US$1,200
Exceeding US$6,000 but not exceeding US$18,000	12%	US$288 plus 12% of the amount exceeding US$6,000
Exceeding US$18,000	18%	US$1,728 [US$288 + US$1,440] plus 18% of the amount exceeding US$18,000

Part 2 – Business Income Tax
(Article 27)

For Chapter IV, the chargeable income of a person derived from business for a year of assessment is taxed at the following rates –

Person's Class of Business	***Rate and Tax Payable***
Small business	US$150 fixed amount
Medium business	US$150 plus 1.5% of the chargeable income exceeding US$10,000
Large business	US$750 plus 15% of the chargeable income exceeding US$50,000

Part 3 – Rental Income Tax
(Article 34)

For Chapter V, the rate of rental income tax (RIT – Immovable) is 5% Withholding on rental income from immovable property (Real estate). while the rate of (Movable Property) is 10% Withholding on rental income from movable property (e.g., vehicles, machinery, equipment).



Part 4 – Goods Transportation Tax
(Article 45)

For Chapter VI, the rates of goods transportation tax are –

	Type of vehicle and goods	Tax (USD)			
		From Mogadishu to SWSS	Transit Goods out of the state	From SWSS To Mogadishu	Goods within the SWSS
1	Iveco	$251	$232	$202	$129
2	Tarel	$343	$274	$217	$244
3	N3 full	$400	$255	$152	$117
4	N3 half	$200	$175	$150	$100
5	N3/ Caws/Caag faaruq	$125	$125	$125	$125
6	B/Badarka N-3	$130	$109	$87	$43
7	N3 cusbo	$75	$$70	$55	$50
8	N3 euro full	$430	$208	$165	$132
9	N3 Euro Half	$215	$170	$140	$100
10	CN Meydle full	$270	$174	$130	$100
11	CN Meydle halh	$200	150	$100	$80
12	UD 8 boole full	$150	$87	$65	$65
13	Ud 8 boole Half	$100	$80	$70	$65
14	L6	$130	$113	$87	$78
15	Dyno full	$120	$48	$39	$39
16	Deyno hal	$80	$70	$60	$55
17	JN-10	$105	$52	$43	$35
18	JN-10 hal	$80	$50	$45	$40
19	Kanter full	$100	$75	$65	$55
20	Kanter half	$60	$45	$40	$30
21	ZV	$143	$122	$95	$87
22	Horny	$15	$12	$10	$10

Part 5 – Import Tax
(Article 31)

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For Chapter VII, the rates of import tax are –

No.	*Taxable Item*	*Unit*	*Rate/amount of tax*
1.	Khat	Per bundle (1kg)	$ 2.50
2.	Tobacco (cigarettes)	Per carton	$ 3.00
3.	Tobacco (chewing tobacco)	Per carton	$ 1.00

Part 6 – Sales Tax
(Article 60)

For Chapter VIII, the rate of sales tax is 5%.

Part 7 – Air Passenger Tax
(Article 71)

For Chapter IX, the rates of air passenger tax are –

No.	*Taxable flight*	*Unit*	*Rate/amount of tax*
1.	Domestic	Per ticket	$ 10
2.	International	Per ticket	$ 30

Part 8 – Stamp Duty
(Article 84)

For Chapter X, the rates of stamp duty are –

Instrument	*Rate*
Transfer of property (moveable)	3%
Transfer of property (immoveable)	2%



Part 9 – Property Tax
(Article 94)

1) For Chapter XI, the rates of property tax are –

Class of property	***Category of property***	***Rate***
Residential Property	A	$120
	B	$90
	C	$60
	D	$30
Commercial Property	A	$200
	B	$150
	C	$90
	D	$50
Industrial Property	A	$250
	B	$150
	C	$100
	D	$50
Agricultural Property	-	nil

2) The categories of property are –

Class of property	***Category A***	***Category B***	***Category C***	***Category D***
Residential	The construction materials consist of concrete or stone; and The building has two or more storeys	The construction materials consist of concrete or stone; and The building has one storey	The construction materials consist of stone or concrete; The roof material is iron sheet; and the building has one storey	The construction materials consist of iron sheets/mud only
Commercial	The construction materials consist of concrete and the building has one or more storeys	The construction materials consist of concrete or stone; and The building has one storey	The construction materials consist of bricks or stones and the building has one storey	The construction materials consist of wood only

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Industrial	The area of land is greater than 10,000m^2	The area of land is greater than 5,000m^2 and not greater than 10,000m^2	The area of land is greater than 2,500m^2 and not greater than 5,000m^2	The area of land is less 2,500m^2

Part 10 – Business Licence Fees

(Article 102)

For Chapter XII, the amounts of business licence fees are –

No.	***Category of business activity***	***Annual amount of fee***		
		Small	***Medium***	***Large***
1.	Supermarket	$150	$250	$350
2.	Shops	$30	$70	$100
3.	Accommodations Hotels	$100	$250	$300
4.	Hotel With Restaurant	$100	$300	$400
5.	Telecommunications	$200	$300	$600
6.	Restaurants	$50	$150	$250
7.	Money Transfer Co.	$50	$100	$200
8.	Electricity	$100	$200	$300
9.	Water Factory	$75	$200	$250
10.	Fuel wholesalers	$50	$100	$200
11.	Spare parts	$50	$100	$150
12.	Perfume and Cosmetics	$25	$75	$200
13.	Producer of food oils	$25	$50	$100
14.	Furniture	$25	$50	$100
15.	Snacks & Cold drinks	$20	$50	$75
16.	Company (service Providers)	$100	$200	$300
17.	Pharmacy wholesalers	$50	$100	$200

General Trade License

18.	Business With Grade A	$300
19.	Business With Grade B	$250
20.	Business With Grade C	$200

Service Provider License

21.	Business With Grade A (Large)	$10,000
22.	Business With Grade B (Medium)	$2,500
23.	Business With Grade C (Small)	$1,500

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International Companies License

24.	Business with Grade A	$ 2,000	Annual.
25.	Business with Grade B	$1,000	Annual.

NGOs /Consultants Registration .

26. Local NGOs	$ 500	Annual.
27. International NGOs.	$ 1000	Annual.
28. (Consultant firms)	$ 400	Annual.

Part 11 – Vehicle Registration Tax

(Article 108)

For Chapter XIII, the rates of vehicle registration tax are –

Vehicle Type	***Amount***
Motor car (designed for not more than 4 seated passengers) with engine capacity of less than 2,000 cc	$30
Motor car (designed for 4 or more seated passengers) or with engine capacity of 2,000 cc or more	$30
Van, truck (including single and dual cabs) or lorry designed or adapted for the purpose of carrying goods, with GVW less than 3.5 metric tonnes	$40
Van, truck (including single and dual cabs) or lorry designed or adapted for the purpose of carrying goods, with GVW at of 3.5 metric tonnes or more	$100
Minibus or bus designed for carrying 8 or more seated passengers	$40

Part 12 – Road Tax

(Article 115)

For Chapter XIV, the rates of road tax are –

Vehicle Type	***Amount***
Motorcycle	$9
Tuk-tuk	$15
Motor car (designed for not more than 3 seated passengers)	$20
Motor car (designed for not more than 3 seated passengers)	$30
Minibus or bus designed for carrying 8 or more seated passengers	$45
Tipper truck	$62
Truck, lorry, HGV (tractor and trailer) – other than tipper truck	$92

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Part 13 – Capital Gains Tax
(Article 124)

For Chapter XV, the chargeable gain derived by a person from the disposal of a taxable asset is taxed at the following rate –

Chargeable Gain	***Rate***	***Tax Payable***
Chargeable gain on the disposal of a taxable asset	15%	15% of the chargeable gain

Part 14 – Tax on Contracts
(Article 131)

For Chapter XVI, the contract value of a taxable contract is taxed at the following rate –

Contract Value	***Rate***	***Tax Payable***
Amount of each payment made under a taxable contract	5%	5% of the amount of each Contract signed and paid.

Part 15 – Rates of Withholding Tax
(Article 137)

The rates of tax to be withheld from payments under Chapter XVII are –

a) payments to which Article 138 (employment income) applies, at the following rates –

Amount of monthly employment payment	***Amount/rate of Tax***
Between $1and $120	nil
Between $121 and $500	(monthly payment less $120) x 6%
Between $501 and $1,500	[(monthly payment less $500) x 12%] + $24
Greater than $1,500	[(monthly payment less $1,500) x 18%] + $144

b) payments to which Article 139 (business income) applies, at the following rates –

Business class of payee	***Rate of Tax***
Small business	nil
Medium business – registered under Chapter IV	1.5%
Medium business – not registered under Chapter IV	25%
Large business – registered under Chapter IV	15%
Large business – not registered under Chapter IV	25%

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c) payments to which Article 140 (rental income) applies, at the rate of 5% and 10% of the amount of rent payment (immovable and Movable -RIT)

d) payments to which Article 133 (tax on contracts) applies, at the rate of 5% of the amount of each payment made under a taxable contract.

Part 16 – Local Government Taxes and Duties

(Article 163(5))

The rates of taxes and duties collected and administered by Local Governments under Chapter XIX and the Local Government Act are –

(to be inserted)

SECOND SCHEDULE: QUANTIFICATION OF EMPLOYMENT BENEFITS

(Article 13)

Part 1 - Motor Vehicle Benefits

A payment consisting of use or the availability for use of a motor vehicle during a calendar month is quantified according to the following table where the payment is provided in return for services way of employment –

ENGINE SIZE OF VEHICLE	QUANTITY OF PAYMENT
Not exceeding 50 horsepower	A/3
Above 50 but not exceeding 150 horsepower	A
Above 150 but not exceeding 300 horsepower	A x 1.5
Above 300 horsepower	A x 3

A = base value of vehicle, determined by the Authority and published in an Instruction.

Part 2 – Accommodation Benefits

A payment consisting of the provision of premises (including furniture and other contents) by an employer for residential occupation of an employee during a calendar month is quantified as the rental value of the premises (of the period occupied by the employee) reduced by any rent paid by the employee for the month.



THIRD SCHEDULE: BUSINESS TAXATION

(Article 30)

Taxation on Alternative Basis

1) The simplified cash basis of accounting or accrual basis of accounting applies to a person, classed as a large business, who makes a written election for a year of assessment to be taxed on this basis that is approved by the Authority.

2) The Authority shall approve or refuse the election.

3) The Authority shall approve the election if satisfied that –

   a) the nature and the scale of the person's business justifies the alternative basis of taxation.

   b) the person maintains adequate records that allow the alternative basis of taxation to be applied.

4) The Authority shall give notice to the person of its approval or refusal of the election.

5) Where an alternative basis of accounting applies, the person's income from a business for a year of assessment is calculated according to the standard rules for calculating income from business, including allowable deductions, applying accounting principles for that accounting basis.

6) The regulations shall prescribe the procedure and requirements for declaring income from a business under an approved election.



FOURTH SCHEDULE: EXEMPT AMOUNTS

(Articles 22 and 42)

Part 1 – Personal Income Tax

(Article 22)

1. To the extent required by an international treaty to which the State or FRS is party, or is otherwise binding on the State –

   a) salaries and other emoluments of diplomatic and consular agents of foreign states received in connection with their functions; and

   b) salaries and emoluments of officials and employees of the United Nations and its specialized agencies and of foreign and international organizations and bodies received in connection with their functions as officials or employees.

Part 2 – Business Income Tax

(Article 42)

2. Income of the Federal Government, the Governments of the Federal Member States and local governments but excluding income from activities which are only indirectly connected with the functions of government.

3. To the extent required by an international treaty to which the State or FRS is party, or is otherwise binding on the State, income of international organizations and bodies.

4. Income of approved non-profit organisations.



FIFTH SCHEDULE: PROPERTY TAX

(Chapter XI)

Authorised Taxable Districts

(insert list of authorised Taxable Districts for Property Tax)

SIXTH SCHEDULE: CONFORMING AMENDMENTS

Part 1 – State Revenue Act (Act No. 9) of 22 January 2018

Repeal the whole of the law, with effect from the date of commencement of this law, including any amendments to the Schedules of that law, made under Regulation 9.

Part 2 – Other state laws

Provisions in any other State law are repealed to the extent they are inconsistent with the provisions of this law.