

TOGO
THE INVESTMENT CODE
IN BRIEF

June 2019

1. Objectives

The purpose of the Investment Code is to promote, facilitate and protect sustainable and responsible investment in Togo.

To this end, the Code supports employment policy and income-generating activities. It promotes the creation of sustainable and qualified jobs and the creation of high value-added activities. It also promotes, on the one hand, the use and the development of local resources and raw materials and, on the other hand, the transfer of skills and the use of new technologies.

It facilitates the establishment and operation of new and existing companies targeting the Togolese market, the regional (WAEMU/ECOWAS) market and the international market.

Industrial goods of these companies can enter the regional (WAEMU/ECOWAS) market free of customs duties in accordance with the regional Common External Tariff (CET).

2. Eligibility criteria

Eligibility for the Code shall be granted to companies involved in agricultural, industrial, commercial, craft or service activities as well as to holding companies, regional headquarters or operational centres, with the exception of:

- companies whose activities, for reasons of general interest, are prohibited by law;
- mines and oil and gas (with the exception of tank farm activities for domestic, industrial or medical use);
- arms production and related military activities;
- distribution or trading activities (purchase and resale of goods in the same condition as received), with the exception of services to ships, whether at berth or in roadstead, which remain eligible for incentives;

Companies involved in the following activities are also excluded from the Code: brokerage, storage of goods other than plant, animal and fishery products which are mainly for sale in the Togolese territory, management of shopping centres, with the exception of real estate development of shopping centres, and, purchase of real estate.

In order to be eligible under the Code, the investment project shall comply with the above-mentioned requirement and meet the following criteria:

- **for a new company:** the investment programme must be greater than or equal to fifty million (50,000,000) CFA francs;
- **for an existing company:** expansion-related investment in material resources or equipment, must be greater than or equal to fifty million (50 000 000) CFA francs;
- the company shall reserve as a matter of priority the majority of its permanent jobs for nationals.

Eligibility under the Code shall be subject to approval for both types of investment, i.e. setting up of a new company and expansion of an existing company.

3. Economic, financial and legal benefits

The Investment Code provides the following guarantees to companies legally established in the Togolese Republic:

- equal treatment and principles of non-discrimination;
- guarantee of transfer of capital and returns;
- freedom of management;
- protection of investments by the State;
- recourse to arbitration or to national, sub-regional, regional and international courts to settle disputes.

4. Customs and tax benefits

The nature and duration of the benefits granted remain the same for newly set up companies and existing ones that seek to expand their business.

4.1 *Benefits at customs barriers*

BENEFITS GRANTED		DURATION OF THE BENEFITS
<p>Exemption from port duties (customs duties and statistical costs), with the exception of Community levies,</p>	<ul style="list-style-type: none"> • materials and equipment needed for carrying out the investment programme as declared in the approval application; • spare parts related to the said materials and equipment (15% of the CIF value); • industrial building materials; • transportation vehicles exclusively used for the corporate purpose of the investment; • refrigeration unit equipment. 	<p>The taxable event for:</p> <ul style="list-style-type: none"> • the fiscal year during which the approval was issued to the company <p style="text-align: center;">or</p>

<p>Exemption from payment of value added tax (VAT) and withholding tax in respect of IS-IRPP advance payments in the category of Industrial and Commercial Profits (BIC)</p>		<ul style="list-style-type: none"> • A fiscal year covering a duration equal to five (5) periods of twelve (12) months from the date the approval was issued.
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N.B. For second-hand machinery and equipment acquired as part of the investment programme, the exemption shall be subject to an appraisal of their market value as determined by an expert.

4.2 Tax benefits

Any company approved under the Code shall benefit from:

- an investment tax credit corresponding to the investment programme that has been approved. It shall take, at the company's choice, one of the two following forms:

- a tax credit proportional to the amount of the investment or ;
- a tax credit proportional to the number of jobs created.

- training tax credit and,
- property tax exemption.

2.1 Investment tax credit

4.2.1.1 Investment tax credit proportional to the amount of the investment

BENEFITS GRANTED		DURATION OF THE BENEFITS
<p>Investment tax credit proportional to the investment amount</p>	<p>The annual credit amount granted shall be calculated by applying the proportional rate adopted per zone of establishment:</p> <ul style="list-style-type: none"> - 15% of the actual investment made for zone 1 companies (Maritime Region limited to Lomé, the Gulf Prefecture and the Agoè-Nyivé Prefecture); - 22.5% for zone 2 companies (Plateaux Region and other maritime region prefectures that are not in zone 1) or zone 3 (Central Region) and, - 30% for zone 4 (Kara Region) or zone 5 (Savannah Region) companies <p>The credit is cleared annually up to the limit of the total amount owed in respect of the licence and corporate income tax (IS, BIC, BNC and BA) or the flat-rate minimum tax.</p>	<p>The excess credit that could not be allocated for a fiscal year is carried forward until it is exhausted to the following fiscal year(s) and used in the form of a non-refundable tax credit that can be carried forward under the conditions mentioned above.</p>

4.2.1.2 Tax credit proportional to the number of jobs created

BENEFITS GRANTED		DURATION OF THE BENEFITS
Tax credit proportional to the number of jobs created	<p>The amount of credit granted in respect of a year shall be calculated by applying a flat-rate amount for each zone of establishment:</p> <ul style="list-style-type: none"> - 240,000 CFA francs for zone 1 companies, - 360,000 CFA francs for zone 2 and zone 3 companies and, - 480 000 CFA francs for zone 4 or zone 5 companies 	<p>This amount shall be applied per full-time equivalent job over twelve (12) months, actually allocated to the initiation and the use of the approved investment.</p> <p>This credit shall apply only to each of the five (5) years from the granting of the approval.</p>
	<p>It is charged in the form of a tax credit first on the sums owed by the company under the licence and then, in the event of an excess, on the sums owed by the company in respect of corporation tax (CIT). The excess amount is deducted, where appropriate, from the sums owed by the company in respect of the flat-rate minimum tax. CIT).</p>	

4.2.2 Training tax credit

All approved company are granted training tax credit as part of their training activities for Togolese staff, in the following amount:

BENEFITS GRANTED		DURATION OF THE BENEFITS
Training tax credit	<ul style="list-style-type: none"> • 10% of expenses incurred for zone 1 companies • 15% of expenses incurred for zone 1 or 3 companies and, • 20% for zone 4 or 5 companies 	<p>The training tax credit shall take effect from the date of issuance of the approval and for a duration equal to five (5) periods of twelve (12) months from that date.</p> <p>The excess tax credit that could not be charged for a fiscal year shall be carried forward until it is fully used to the following fiscal year(s). It shall be used under the above-mentioned conditions.</p>
	<p>This tax credit may be used in respect of the tax year in which the company incurred eligible training expenditure that is deductible from its taxable profit.</p> <p>It is charged first against the sums owed by the company under the licence and then, where there is an excess, against the sums owed in respect of corporation tax. The excess tax credit is deducted, where appropriate, from the sums due by the company in respect of the flat-rate minimum tax.</p>	

4.2.3 Exemption from property tax

Approved companies established in **zones 2 to 5** shall be exempted from property tax on built-up and non-built-up property for the tax year in which the approval was issued to the company and for a duration equal to five periods of 12-month from the date the decision was made to grant the approval.

5. Useful contacts

For more information or to file an application for approval under the Code, please contact:

1. THE INVESTMENT AND FREE ZONE PROMOTION AGENCY / API-ZF :

2564, Avenue de la Chance
BP : 3250 Lomé - TOGO
Tél. : (00228) 22 53 53 53
Fax : (00228) 22 51 43 18
E-mail : sazof@zonefranchetogo.tg

2. INDUSTRIAL DEVELOPMENT DIRECTORATE :

CASEF building 4th floor
Tél. : (00228) 22 21 22 89
(00228) 22 22 49 13
Fax : (00228) 22 21 22 89

