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EQUATORIAL GUINEA

LAW ON TAX INCENTIVES

On 7 July 2020, the Parliament passed Law 1/2020, setting forth tax incentive-related measures applicable to all taxpayers, resident and non-resident individuals and companies with tax debts towards the State of Equatorial Guinea.

Law 1/2020 solely applies to (i) tax debts recorded in connection to years 2015 to 2019 (both years included) and (ii) Corporate Income Tax, Value Added Tax and Personal Income Tax, as well as Rustic and Urban Property's Registration Fees.

To have access to the incentives, debtors falling under the scope of Law 1/2020 may file a special tax statement (the "STS"), which form, deadline and filing location will be approved by the General Directorate of Tax and Contributions. The STS shall have the nature of a taxpayer's voluntary assessment. Further to the STS filing, the debtor and tax authorities shall enter into an agreement covering the tax incentives applicable under Law 1/2020, which may be summarized as follows:

- The debtor may choose between:
 - Paying the debt immediately, in which case the debt amount will be reduced in 20% provided that payment is made within 30 days; or
 - Paying the debt in different instalments within no more than 10 years, subject to an annual 10%-fine;
- Notary and Registrar's fees due for the registration of rustic and urban properties purchased prior to 2019 are limited to a sole payment amounting to 0.2% of the value of the relevant property;
- Rights/assets acquired with non-declared income may also be included in the STS (unless otherwise evidenced, it is assumed that said assets/rights fully result from non-declared income) and their purchase value will be subject to taxes with reference to the STS date, unless said assets/rights were at least partially acquired with declared income, in which case they will be taxed in accordance with their value prior to the filing of the STS;
- The assessment of the debt in the STS shall not take into account any surcharges, penalties and liabilities provided under the General Tax Law; and
- The information strictly included in an STS shall be deemed confidential and subject to the Data Protection Law. It will not in principle be used for purposes of enforcing the legislation in place to prevent money laundering and the funding of terrorism.

The filing of an STS may be invoked in forced collection proceedings, in which case the findings in said proceedings shall be deemed true.

Debts that are not the object of an STS or that are not paid in accordance with an agreement entered into under Law 1/2020 shall be collected by the Tax Authorities as provided under the General Tax Law.

Debtors already subject to forced collection proceedings shall not be in principle allowed to file an STS, namely (without limitation) if they did not suspend said proceedings within the appropriate timeframes.

Law 1/2020 enters into force within 30 days from its publication in the State Official Gazette and National Media. Law 1/2020 was published in the National Media at least on 24 July 2020.

We will be happy to expand on any of the above matters of you so wish.