

## 1. What is Corporation Tax?

Corporation tax is a tax charged on the earnings of companies, partnerships or bodies of trust. This could be based on the turnover or chargeable income. All companies must use the accrual method of accounting for income tax purposes. For partnerships and bodies of trusts, revenue and earnings can be accounted for on an accrual or cash basis.

## 2. Who is Liable for Corporation Tax?

All companies, partnerships or bodies of trust operating in The Gambia are liable to pay corporation tax. Those incorporated and or controlled in the country are resident companies and are therefore, liable to pay corporation tax on all incomes. Non-resident companies, partnerships or bodies of trust are liable to pay tax only on the Gambian-sourced income.

## 3. What is the Corporation Tax Rate?

The Corporation tax rate is the higher of:

- 27% of net profit (2018) or
- 1% of turnover on audited accounts (2% of turnover for unaudited accounts).

## 4. How is Corporation Tax Calculated?

The corporation tax liability is the applicable tax rate multiplied by the net profit/chargeable income or turnover. All taxpayers must retain proper accounts, documents and records, and issue proper invoices and receipts for all transactions. In determining chargeable income, the following are not allowable as expenditures or deductions:

- The closing value of stock-in-trade on hand at year end.

- Fines and penalties for violating laws, rules and regulations
- Personal expenditures
- Taxes, except those on fringe benefits
- Bribes, tips and kick-backs
- Business and personal entertainment
- Depreciation and capital expenditure
- Gifts, Prizes and Donations.
- Losses carried back

However, the following deductions are allowable:

- The cost of stock-in-trade disposed in a tax year
- Business expenditures generating income
- Contribution to qualified pension schemes
- Capital allowance and amortisation
- Pre-commencement expenditures
- Bad debts relating to the business line
- Losses carried forward within six years
- Foreign tax credit provided in a tax treaty

For example, if X & Co. Ltd.'s turnover in 2018 is D5 million and the company's net profit is D1.5 million, then the company's tax liability, computed below, will be D405, 000.

Tax Base Types	Tax Base Amount	Tax Rate	Tax Liability
Turnover (audited)	D5,000,000	1%	D50,000
Turnover (unaudited)	D5,000,000	2%	D100,000
Profit	D1,500,000	27%	D405,000

## 5. How Often a company, partnership or bodies of trust Should File Returns and Pay Corporation Tax?

The Calendar Year is the tax year. However, a company can apply to the Commissioner General for a Special Tax Year. Companies are required to:

- File returns annually through the self-assessment process.
- Make quarterly/instalments payments on their quarterly turnover.

The quarterly/instalments payments are credited to their tax liability at the end of the tax year. The closing dates for quarterly instalment payments are the 15<sup>th</sup> of the month following the end of the quarter. The closing date for filing and payment of final tax liability is 3 months after the end of the tax year.

In addition, a taxpayer can apply to the Commissioner General for extension of time to file a corporate income tax return if they have paid at least 90% of the tax liability due. The application should be made before the due date for filing. Extensions cannot exceed 30 days and can only be granted once a year.

## 6. How and Where to File Returns and Pay Corporation Tax?

Companies under the Large Taxpayer Unit (LTU) should submit their corporation tax returns at the Kanifing Revenue Office. All other companies should submit their corporation tax returns at the nearest GRA office. Payments should be made at any GRA

office or at any of GRA's designated partner banks.

## 7. Objections & Appeals of Tax Decisions

Companies not satisfied with any tax decision can, within 30 days, object to such decision through the Objection and Appeal process. The process starts with objecting to the decision of the Commissioner General through to the Tax Tribunal and then to the High Court.

## 8. Who are Exempted from Corporation Tax Filing and Payment?

All companies are required to file tax returns. However, only the following are exempted from corporation tax

- Special Investment Certificate (SIC) and Export Processing Zone License (EPZL) holders for the specified duration
- Those qualified under double taxation treaties.

## 9. Are the Payments Made a Final Tax?

- The quarterly/instalments payments made are not a final tax but credited to the final tax liability for the tax year.
- Any shortfall should be settled within 3 months after the end of the tax year.
- Any excess is applied to other tax obligations and the balance, if any, refunded if claimed.
- In the allocation of tax credit, foreign tax credits are utilised first, followed by instalments paid during the tax year and then taxes withheld which are not final taxes.

- Credits not utilised or refunded can be carried forward for a maximum of 3 years and used on a first-in first-out basis.

## 10. Offences

The following are offences punishable under the Income and Value Added Tax Act 2012.

- Failure to maintain proper records
- Failure to pay corporate tax
- Failure to furnish corporate tax returns
- Giving false or misleading information
- Failure to notify the Commissioner General for a change in business or address
- Failure to recover tax from a person holding money on behalf of a taxpayer
- Improper use of TIN
- Obstructing revenue officers in the performance of their duty.

***This brochure is not intended as an exhaustive explanation or replacement of the corporation tax laws. If you require detailed information about your corporation tax obligations, you should contact the nearest GRA Office.***



# Gambia Revenue Authority

## Corporation Tax Brochure

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