



MINISTRY OF THE TREASURY
AND BUDGETS

**TAXATION SYSTEM OF THE
REPUBLIC OF EQUATORIAL
GUINEA**

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REPUBLIC OF EQUATORIAL GUINEA	
MINISTRY OF THE TREASURY AND BUDGETS	
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LAW NUMBER 4/ 2.004, dated October 28, Regulating the
Taxation System of the Republic of Equatorial Guinea.

PRESENTATION OF REASONS

The economic structure of Equatorial Guinea and its evolution in the decade of the eighties was characterized by a dual economy, not very dynamic, for the purpose of reaching a means of economic development for the Nation based on the principles of a free market, enterprise, concurrence and competition, which hinged on basic products, which were wood, cacao and coffee. In the same period of time, it joined the Central African Customs and Economic Union (UDEAC), subsequently in the (Franc) CFA Zone, with the purpose of getting out of isolation, adhering to the regulations of the Sub-Region.

Based on the indicated objectives, through Decree-Law number 1/1986, dated February 10, the Tax System of Equatorial Guinea was adopted, consolidating the grounds of a national tax system, reconciled with the tax policy of the UDEAC, today turned into the Economic and Monetary Community of Central Africa (EMCCA), with a more dynamic character of integration, accompanied by the obligations on convergence and reconciliation criteria of economic policies.

Together with cacao, coffee and wood, some new elements have been added to the economic structure of the country, which are oil and gas, making possible a greater development of the economic indicators, improving the grounds of profitability of the economy. On the other hand, foreign investment and the consequences brought on the economy, as well as the improvement of national income, are favoring the creation of an industrial and entrepreneurial fabric that, although incipient, has expanded economic activity quantitatively and qualitatively, making possible the creation of new tax concepts and the presence of new taxpayers obligated to pay taxes, making the need evident for a progressive operation of tax institutions and their framework into an ongoing development of the tax legal system, closely tied to the economy's growth.

This expansion of economic activity that without any doubt will be to the benefit of the quality of life of Equatorial-Guineans, is necessarily accompanied by a continually greater demand of economic resources so that the State may react effectively to the requirements of economic and social development that new circumstances impose, and the progressive adaptation of the National Taxation

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System to the demands and regulations of the sub-regional taxation system; for that purpose, the revision of instruments for raising income in the framework of macroeconomic objectives and the strategies set out in the Final Document of the First National Economic Conference become evident.

Concomitant to the need of raising enough economic resources to meet the obligations of the State, criteria of equitable distribution of the tax burdens and adoption of fiscal instruments that stimulate private initiative and assure economic growth are kept in mind, through the addition of fiscal incentives to the activities producing goods and services, exemptions, rebates and tax deductions for economic activities with administration and effective centralization in administrative centers of Districts. Nonetheless, procedures for tax management are tightened with the reduction in the deadlines for the presentation of statements and the establishment of estimated minimum limits of the profits.

In this respect, the current Tax System in effect, although it consolidated the grounds for a tax system reconciled with the economic policy of the Sub-Region, it turned out, to a certain degree, to be inappropriate, since it does not adapt to the current new socioeconomic development demanded by the tax regulation in the Hydrocarbon Sector, and the tax system on consumption, internal consumption and importation of goods and on services, as well as the adjustment of the tax burden to the economic reality of the Nation.

On the other hand, from the point of view of classification of rules, the current Tax System is regulated by a Decree-Law, whereas tax topics, pursuant to Constitutional mandate, have to be regulated by Law.

The current law consists of three Titles, of which, the **Preliminary Title** contains the general and basic principles of Levies and new elements are added that complete the taxation topics of administration, inspection, collection, jurisdictional framework, revision of the acts in general, corresponding to the tax features that make up the Taxation System of Equatorial Guinea, with the exception of the rates and special contributions which are the subject matter of independent regulation.

Thus, Title I corresponds to the **RECONCILED REGULATIONS OF EMCCA** in which the following tax concepts are regulated:

CHAPTER I.- Corporate Income Tax. The assessed contribution is modified from 25% to 35% on the net income or profits of the taxpayers from the economic and legal activity, nonetheless resulting to be less than what is

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generalized in the Sub-Region, for the purpose of keeping an attractive base in comparison to the other community countries.

A rebate of 50% of the assessed contribution is set for corporations that have effective centralization and administration of the management of their economic activities in non-coastal capitals and Districts, including Annobón.

CHAPTER II.- Income Tax on Individuals, for tax purposes, includes the staff of Diplomatic and Consular Missions and accredited International Organizations in the country, lacking diplomatic status. The periods of time for submitting the statements to the Tax Administration are being shortened; minimum rough limits of gross incomes are set for taxpayers subjected to the rules governing piecework, taking into consideration the production, building and maintenance activities, employment stimulators, and the minimum liabilities being staggered according to geographic areas.

For the stimulation of initiatives and the promotion of individuals, the scale has been adjusted for the calculation of Income Tax on Individuals, increasing the exempt base to one million F.CFA for the purpose of improving economic conditions, the standard of living and stimulating savings among the recipients of the lowest incomes, with a progressive tax from 10% to 35% based on the annual net income, for the purpose of achieving a progressive distribution of the tax burden. Tax abatements have been set and the nature of the parents of large families has been defined in an effort that each person produces results and is encouraged to work for a better future.

CHAPTER III.- Value Added Tax (VAT), and Special Duty Tax, which replaces the tax on Domestic Sales Turnover, with a general tax of 15% for the Value Added Tax and 30% for the Special Duty Tax, both lower than what is applied in the other States of the Sub-Region, and a tax of ZERO, applicable in the cases of non-encumbrance.

CHAPTER IV.- Tax on Individuals, the liabilities have been staggered according to geographic areas meeting the development of the economic activity in each area.

TITLE II.- NON-RECONCILED REGULATIONS OF EMCCA in which, likewise the following taxes are regulated:

CHAPTER I.- Rural and Urban Property Taxes. As a modification it contains the reduction of the assessed contribution per hectare which is going

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from 200 FCFA to 100 FCFA for Rural Property Tax, keeping the minimum extension of five (5) hectares to allow a greater expansion of farming activity.

For Urban Property Tax, the payable basis is set at 70% and usufructuary beneficiaries of assets are included in the taxable action as taxpayers, for the purpose of reducing to the maximum tax evasion in the taxation of assets transferred by the State.

CHAPTER II.- General Tax on “inter vivos” Asset Transfers, Documented Legal Acts and “mortis causa” Successions and Donations, in which the terms of the management of these taxes have been increased for the purpose of streamlining the administrative proceedings in the topics of constitution, transfer of asset, rights in rem and shares of every kind and nature. One single tax has been set up for inheritance rights and the elements of its management have been increased and developed, considering it necessary to eliminate the State Stamp Tax, because of the similarity of the taxable action with the Tax on Documented Legal Acts and Rates, and its incompatibility with the Value Added Tax (VAT). Also differential taxes have been established for the transfer between Residents; and Non-Residents, and between Non-Residents.

INTER-VIVOS and MORTIS-CAUSA transfers of securities, usufruct, use and occupancy have been included in the taxable event of the Asset Transfer Tax. As well as gifts and life insurance premiums and loans have been eliminated in the rate structure.

CHAPTER III.- Levies on the Yields of the Hydrocarbon Sector, which encompass all the elements that make up the taxable action for the Sector, including the taxation on surpluses that cannot be invested in the Country and the transfers that are done between companies, for the purpose or achieving a greater tax feasibility for the Sector.

CHAPTER IV.- Special Taxes. Surging economic growth, expectations of transformations of social structures and diversity of inherent economic activities, together with the contaminating consequences of environmental nature, make it necessary to create Taxes on Vehicle and Boat Ownership and Use; a Tax on the Screening and Distribution of Image and Audio Recordings; a Tax on Gambling, Entertainment or Recreation and an Alcoholic Beverage Consumption, Distribution and Production Tax, for the purpose of increasing the tax receipts, for the support of public burdens.

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By its virtue, aware of economic reality and the advisability of the Taxation System, as an essential source of resources for the financing of public expenses and,

having heard the Fundamental Law

At the proposal of the Ministry of the Treasury and Budgets, after deliberation by the Cabinet in the Council of Ministers in the Meeting dated _____, duly passed by the House of Representatives of the People in their Regular Sessions held on dates _____ to _____,

I ENACT THE PRESENT GENERAL LAW REGULATING THE TAXATION SYSTEM OF THE REPUBLIC OF EQUATORIAL GUINEA.

I RULE:

PRELIMINARY TITLE

FUNDAMENTAL PRINCIPLES AND GENERAL AND BASIC REGULATIONS

CHAPTER I
TAX REGULATIONS.-

ARTICLE 1.- This Title establishes the basic principles and the fundamental regulations that make up the Legal System of the Taxation System of Equatorial Guinea.

ARTICLE 2.- 1) Levies, whatever their nature and character may be, will be governed:

a) By the present Law as long as this or another provision at the same or higher level does not establish the contrary.

b) By the regulations pronounced in development of this law, particularly, those of tax management and research, the procedures for economic-administrative claims and by the ones for each levy.

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c) By the Decrees, Orders agreed by the Governmental Delegated Commissions for Economic Matters and by the Orders of the Ministry of the Treasury and Budgets.

2) The general provisions of Administrative Law and the rules of Civil Law will have additional capacity.

ARTICLE 3.- 1) The following will be regulated by Law:

a) The determination of the taxable event, the tax subject, the tax base and net base, the rate of tax, the incurrence and the other elements directly determining in the amount of the tax debt.

b) The establishment, lifting and deferral of exemptions, reductions, deductions and other tax allowances.

c) Modification of the rules governing sanctions set forth by Law.

d) The terms for the statute of limitations, and their modification.

e) The granting of pardons, remissions, rebates, amnesties or moratoria.

f) Setting the cases or factual circumstances that determine the areas of responsibility of the Tax Panels and Commissions of Experts.

g) For tax reasons the prohibition of the establishment of specific activities or economic operations in certain areas of domestic territory.

h) The consequences noncompliance of the tax commitments could mean regarding the efficacy of the acts or deals with legal consequences.

i) Implementation of inspections or tax auditing on an ongoing basis in certain fields or types of activities or economic operations.

j) The commitment incumbent upon private persons of carrying out tax settlement transactions.

2) The legislative regulations or authorizations regarding the topics contained in paragraph a) of this article will necessarily need the principles and criteria they are to follow for the determination of the essential elements of the respective levy.

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ARTICLE 4.- The Government, at the suggestion of the Ministry of the Treasury and Budgets within the limits and conditions indicated in each case by Law, will be able to increase or decrease the tax rates or abolish the tax:

a) Whenever they tax actions of production, domestic traffic of goods and services, not carried out in the reconciled rules governing the Sub-Region.

b) After approval of the General Secretariat of the Economic and Monetary Community of Central Africa (EMCCA), whenever it falls on imports, marketing of products, goods, assets in general and services.

ARTICLE 5.- Clauses of a tax nature contained in International Agreements and Treaties, will not go into effect until they are ratified pursuant to the provisions of the National Legal System.

ARTICLE 6.- Any bill by which the creation, modification, deferral of a tax exemption rebate is proposed, will require that the Ministry of the Treasury and Budgets first present to the Government a reasoned Memorandum containing the purpose of the tax benefit and the forecast in figures of its consequences and public income, which will be tied to the bill for its presentation in the House of Representatives of the People.

ARTICLE 7.- Every regulation through which exemptions or tax rebates are granted, will have its legal effect limited to no longer than five years, except for those that might be established in perpetuity based on the actions of the taxpayer in dealing with the specific levy.

ARTICLE 8.- All modifications to Laws, or tax rules, will contain a complete wording of the affected regulations.

ARTICLE 9.- The following will adopt the Decree form, at the suggestion of the Ministry of the Treasury and Budgets:

a) General regulations pronounced in implementation and development of this Law and other tax Laws.

b) Own regulations of each levy.

c) The regulations of exemptions, reductions and tax rebates.

ARTICLE 10.- The authority to hand down interpretive provisions or clarifications of the Laws and other provisions in tax matters is exclusively

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incumbent upon the Ministry of the Treasury and Budgets which will exercise this through Orders, Circulars and Instructions published in the Official State Gazette.

ARTICLE 11.- Administrative resolutions of a specific nature pronounced by management Agencies that breach what is established in a provision of general nature will be null and void by operation of law, except for those that emanate from Agencies at the same or higher level.

CHAPTER II
IMPLEMENTATION OF TAX REGULATIONS AND THEIR
SCOPE.

ARTICLE 12.- Tax regulations will come into effect twenty days after their publication in the Official Gazette of the State or in another means of official publication which may replace it, without prejudice of dissemination by domestic information media.

ARTICLE 13.- With the exception of what is stipulated in each tax, the tax regulations will be enforced pursuant to the following principles:

- a) The effective residency of individuals, when the tax is personal in nature.
- b) The issue of territoriality in other taxes, and in particular, whenever its object is products, assets, economic operations or trade of goods.

ARTICLE 14.- The scope of the enforcement of the tax Laws insomuch as it refers to actions carried out by foreigners, to the yields or profits received by them or to the assets and securities belonging to them may be modified by Decree at the suggestion of the Ministry of the Treasury and Budgets.

- a) If so required by the enforcement of International Agreements, Treaties and Conventions held with foreign Countries.
- b) If so required by enforcement of the principle of International reciprocity and by reasons of double taxation.

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CHAPTER III
INTERPRETATION OF TAX REGULATIONS

ARTICLE 15.- 1) Tax regulations will be interpreted pursuant to the legally admitted criteria, whose authority will be incumbent upon the Minister of the Treasury and Budgets who will exercise it by means of ministerial orders published in the Official State Gazette, which will be compulsory inasmuch as they are not specified by the tax legal system the terms in them will be studied pursuant to their legal and technical study as merited.

2) As long as they are not defined in the tax Legal System, the terms used in their regulations will be interpreted in their legal and technical sense, as appropriate.

ARTICLE 16.- 1) Analogy will not be admitted to extend the scope of the taxable action, or that of exemptions or rebates, beyond the strict sense of the terms.

2) Notwithstanding the preceding, if fraudulent behavior is proved stemming from the hiding of a taxable action or tax evasions, the interpretation will be that the taxable action exists if the economic results produced were equivalent to those stemming from it.

3) To state the existence of abuse of the process, a special proceeding will be necessary to which the Administration contributes the relevant evidence, with a hearing of the interested party.

CHAPTER IV
TAX MANAGEMENT

ARTICLE 17.- The responsibilities of the Administration of the State in tax matters will be practiced with a division in its management order, for the administration, settlement, investigation, collection and resolution of claims against such management that may be presented and will be entrusted to different agencies.

ARTICLE 18.- The authority to establish taxes is incumbent upon the State, and will be practiced through Laws passed by the House of Representatives of the People.

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ARTICLE 19.- 1) The areas of responsibility in tax management will be conferred:

a) At the national level, to the Minister of the Treasury and Budgets and to the General Director of Taxes and Contributions.

b) At the territorial level, to regional, provincial, district and municipal agencies that will carry out their responsibilities in their respective territorial areas.

2) Lack of jurisdiction can be declared by operation of law or at the request of a party, according to the regulations set up in the Administrative Procedure.

3) If the administrative agency deems itself to lack jurisdiction it will have to immediately send the proceedings to the agency it deems has jurisdiction or return the statement or documentation presented by the interested party, notifying or indicating the agency it deems competent and the deadline for the submission to it.

ARTICLE 20.- Local Corporations and other Entities of Public Law will be able to establish and demand local taxes within the limits established by the Municipal Laws and other administrative laws, in the framework of the guidelines of the Ministry of the Treasury and Budgets.

ARTICLE 21.- 1) The regulatory authority in tax matters is incumbent upon the Head of State, the Council of Ministers and the Minister of the Treasury and Budgets, without detriment to the authority conferred by the legislation of the Municipal Laws to the Local Corporations.

2) Municipal taxes and other local levies will be approved in the Council of Ministers in Government, subject to an advisory opinion by the Ministry of the Treasury and Budgets.

ARTICLE 22.- Tax management is exclusively incumbent upon the Ministry of the Treasury and Budgets insomuch as it has not been expressly entrusted, by law, to another Public Entity.

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CHAPTER V
TAX MANAGEMENT PROCEDURES

ARTICLE 23.- Tax management will begin:

- a) By statement or initiative of the taxpayer pursuant to what is set forth in article 24.1) of this Law.
- b) By operation of law.
- c) By investigative action of the administrative agencies.
- d) By public complaint.

ARTICLE 24.- 1) A tax statement will be any document by which it is stated or recognized spontaneously before the Tax Administration that the circumstances or integrating elements of a taxable event of the taxpayer have occurred.

2) The mere submission in a tax office of the declaration does not imply acceptance or recognition by the Administration of the tax debt or the propriety of the tax.

3) The submission to the Administration of the documents that contain or constitute elements stemming from the taxable event will be regarded as a tax declaration.

4) Under no circumstance can one be required to verbally state the tax declaration under oath.

ARTICLE 25.- 1) The action of a public complaint, whose performance will be regulated, will be independent of the obligation of cooperating with the Administration pursuant to articles 30 and 31 of this Law.

2) Regulatory provisions will determine the processing of the respective records, the conditions and requirements to be completed by the accusers to have the right to the interest that is set.

ARTICLE 26.- The Administration can demand statements and the furthering of them, as well as correcting of the perceived defects, inasmuch as necessary for the settlement of levies and their verification.

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ARTICLE 27.- 1) Every individual and legal entity engaged in economic activity, no matter what the nature or output, classified as a taxpayer pursuant to this Law is obligated to submit to the Tax Administration his registration for recording in the Tax Roll, and his temporary or permanent withdrawal from his activities, except what is set forth by each levy.

2) The deadline for registration or discontinuation in the Tax Roll will be two days, starting from the beginning date of the activity in the first case and forty-five days after discontinuation of the activity, in the second.

3) The statements declaring registrations and removals have to include:

- a) Name or company name.
- b) Name and surnames of its legal representative.
- c) Seed capital, and increases, if applicable, used in its businesses.
- d) In the case of Companies, a copy of the By-Laws and Articles of Incorporation in which the purpose and capital stock are stated; names and interests of the partners or shareholders, affidavit of breakup or liquidation of the Company.
- e) Principal place of business.
- f) District, town or village.
- g) Included activities.
- h) Reason for registration or removal.
- i) In the event of registration, details on governmental authorization or set up agreement that will need to be provided within forty-five days following the beginning of activities.

4) In the case of the Personal Income Tax whose specific regulations do not anticipate the declaration of registration or removal, the Tax Administration will adopt, as sources of information, existing official national and local records and censuses.

5) The removal declaration does not imply discharge of tax liabilities that were pending completion or those subject to resolution of a claim in administrative procedure.

ARTICLE 28.- 1) Neglect of the deadlines by the Administration does not imply loss of validity of an administrative action; however, it empowers taxpayers to appeal with respect to a procedural issue.

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2) A procedural issue can be claimed against processing defects and, in particular, those that entail a standstill in procedure, violation of the indicated deadlines or procedural omissions.

3) The admittance of a procedural issue, will give rise to the commencement of disciplinary proceedings against the responsible public official.

ARTICLE 29.- 1) Taxpayers and others obligated to pay taxes will be able to ask properly documented questions of the Tax Administration regarding the tax governing rules as appropriate to each case.

2) Management agencies from the Administration will be obligated to enforce the criteria reflected in the answer to the question. Interested parties will not be able to make any appeal whatsoever against it even when able to do so later against the act of governmental authority based on it.

3) Without detriment to what it stipulated in the previous paragraph, the Administration will not be tied by the answer in the following cases:

- a) Whenever the terms of the inquiry do not match the execution of the events or information consulted.
- b) Whenever the applicable legislation is modified.

4) So that the answers from the Administration may serve as anticipated in the previous paragraphs, the questions must meet the following requirements:

- a) Include all background and necessary circumstances for the Administration to make an opinion.
- b) The above cannot have changed later.
- c) The inquiry has to be made before the taxable event takes place or within the period for its declaration.

5) The Administration can refuse questions that do not meet the background and circumstances to which section a) of the prior paragraph refers.

6) The submission of the question to the Administration does not interrupt the deadlines envisaged in the Laws for compliance of tax obligations.

7) Article 133 regarding correction of material, arithmetic or factual mistakes will be applicable in the tax management procedure.

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CHAPTER VI
COLLABORATION IN TAX MANAGEMENT

ARTICLE 30.- Every individual or legal entity; public agency, private individuals and entities, through the duty of collaborating with the Tax Administration, will be obligated, at the request of the latter, to provide it with all types of information, reports and records that have tax significance, inferred from their economic, professional or financial lists with other individuals.

ARTICLE 31.- 1) Banks, Savings Banks, Credit Unions and those individuals and entities engaged in banking or credit activities, and those that unexpectedly or intentionally have knowledge of refutable actions and facts involving tax violation, will remain subject to the obligation of collaborating to what the prior article refers.

2) Managers of the Land and Business Registries will send a monthly list to the Tax Administration of their respective jurisdictions about companies whose incorporation, creation, modification or termination has been recorded during the previous month.

3) Likewise Provincial Governors will report tenders awarded and the transfer of assets recorded in their respective jurisdictions.

4) Notaries will offer the same service concerning deeds and other documents authorizing incorporation, modification or termination of civil business corporations or any other kind that intends, either mainly or secondarily, to make a profit for the associates.

5) Customs Administrators will send the Tax Administration copies of ship and aircraft manifests detailing the imported goods.

ARTICLE 32.- 1) Tax investigation of active and passive accounts and transactions will require the previous authorization of the Minister of the Treasury and Budgets, competent Administrative-Economic Court or Regional Delegate of the Ministry of the Treasury and Budgets by territory, in which the transactions will be specified that need to be investigated, their taxpayers, the date the proceeding has to be carried out and the scope of the investigation.

2) The investigation can be done through certificates from the Entities or in the banking office in which the account in question is open, in the presence of

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its Director, Manager or whoever is serving as such with previous subpoena of the interested party.

3) Data or information obtained by the investigation will only be used for tax purposes and to file a complaint of the facts that may constitute any crime against the State.

4) The authorities and officials that are aware of these data or information will be obligated to the utmost and thorough secrecy regarding it.

ARTICLE 33.- Without detriment to the criminal or civil liabilities that might be appropriate, violation of the duty of secrecy will always be considered a very serious disciplinary offense.

ARTICLE 34.- The duty of collaboration to which article 30 and the following refer, will be applicable to the investigation of all the active and passive transactions of the Banks, Savings Banks and other Entities to which this article refers.

CHAPTER VII
LEVIES

ARTICLE 35.- 1) Levies will be set based on the economic capacity of the individuals, taxpayers called to support them, based on the principles of justice, general application, progressiveness and an equitable distribution of the tax burdens.

2) Levies, in addition to being means for collecting public income, must serve as instruments of the general policy of the Nation, stability and social progress and a better distribution of national income.

ARTICLE 36.- 1) Levies are coercive pecuniary benefits established by the Law, which the State, Local Corporations and other Public Entities require in the performance of their sovereign authority.

2) Yields of the levies of the State will be allocated to cover the expenses of the latter, unless, on an extraordinary basis, a specific encumbrance is established.

ARTICLE 37.- a) Levies are classified as Taxes, Excise Taxes, Special Levies, Royalties and Rental Rates.

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1) **Taxes** are the levies required without consideration, whose taxable event is made up of business deals, actions and events of a legal or economic nature that reveals the fiscal capacity of the taxpayer, as a consequence of actual or alleged possession of an asset, the circulation of goods or the acquisition or disposal of income.

2) **Excise Taxes** are those fees whose taxable event consists of the use of the public domain, the rendering of a public service or the Administration carrying out an activity that refers to, affects or benefits the taxpayer in particular.

Assignment of certain assets, materials or goods in exchange for a payment or income to the Public Treasury, will be a levy of a public price.

3) **Special Levies** are fees whose taxable event consists of the taxpayer's securing a profit or increase in value of his assets and income, as a consequence of the carrying out of public developments or the establishment of public services.

4) **Royalties** are compensation for the performance of an activity or use of a business with an industrial or commercial nature.

5) **Rental Rates** are periodic pecuniary considerations that tax the leases of real estate and governmental or administrative concessions of all kinds and type, whose taxable event consists of the use of the domain or expressions of property, determined by the respective contracts and regulations of their granting.

b) The levies referred to in paragraphs 4) and 5) of the previous point, will be required pursuant to the contracts and regulations of their establishment.

CHAPTER VIII
THE TAXABLE EVENT

ARTICLE 38.- 1) The taxable event is the premise of economic, legal or factual nature, set by the Law to configure each levy, whose execution initiates the origin of the tax obligation.

2) The definition of the taxable event may be accomplished through its specific determination, and, when appropriate, through the listing of non-subjection assumptions.

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3) The levies, in each event, will establish the specific determination of the taxable event.

ARTICLE 39.- 1) Levies will be required in accordance with the true economic, legal or factual nature of the taxable event.

2) Whenever the taxable event consists of a legal act or matter it will be classified pursuant to its true legal nature no matter what form is selected by the interested parties, doing without the defects of form that might impair its validity.

3) Whenever the taxable event is defined according to economic concepts, the criterion to classify it will be based on economic situations and relationships, whether they actually exist or are created by the interested parties, independently of the legal forms that are used.

CHAPTER IX
TAXABLE BASE

ARTICLE 40.- 1) **The taxable base** is the amount resulting from assessing the taxable event, with the objective of being able to determine the tax obligation.

2) In each levy the means and methods to determine the tax base will be used in the following systems:

- a) Direct evaluation,
- b) Objective evaluation,
- c) Panel evaluation.

ARTICLE 41.- The system of direct evaluation will be used for determination of the taxable bases by using declarations or submitted documents or the administratively confirmed data recorded in books and records.

ARTICLE 42.- 1) The system of objective evaluation will be used to determine the tax bases individually or overall, by using the signs, indices and modules envisaged in each levy and the outcomes of the tax investigation.

2) Each levy may establish the obligatory or voluntary nature of this system, without detriment, in the first case, of the levy itself giving the taxpayers the right to choose the system of direct evaluation.

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3) Taxpayers that make use of this, are obligated to record all and every one of their transactions in the way that is indicated in the regulations.

4) In the event of taxpayer omission or fraud in the accounts of a transaction when opting for the direct evaluation system, the taxable base cannot be greater than that resulting from the objective evaluation, without detriment to the applicable legal sanctions.

ARTICLE 43.- The panel evaluation system will ancillary to the others envisaged in article 40 of this Law, and will allow the appraisal of the taxable bases.

ARTICLE 44.- The panel evaluation system will be used:

a) Whenever the taxpayer has failed to carry out his obligations in a way that impedes the application of the direct evaluation system.

b) Whenever the objective evaluation system turns out to be damaging to the interests of the taxpayer or when deeming it detrimental in comparison to the direct method, the accounting obligations or other obligations required by the regulations of the levy in question have not been carried out.

CHAPTER X
NET BASE AND RATE OF TAXATION.

ARTICLE 45.- The net base will be the result of applying to the taxable base the deductions and tax rebates set forth for each levy. The net base will match the taxable base whenever there are no deductions or rebates.

ARTICLE 46.- The actions for determining the tax bases and debts will be assumed to be legal and legitimate, such assumption only to be rescinded by the Tax Panels via review and revocation, by virtue of an appropriate appeal.

ARTICLE 47.- The rate of taxation is the percentage, proportional or progressive in nature, that will be applied to the net base to obtain the assessed contribution.

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CHAPTER XI
TAX SETTLEMENTS AND TAX DEBT.

ARTICLE 48.- 1) Tax settlements will be definitive, automatic or provisional.

2) The definitive ones will be:

a) Those carried out following administrative confirmation of the taxable event, whether or not a provisional settlement has been assessed in their evaluation process.

b) Those executed pursuant to the fixed baselines indicated by the Tax Panels.

c) Those that have been confirmed within the deadline indicated in the regulations of each levy.

3) The automatic ones will be:

a) Those carried out whenever the taxpayer has not submitted his statements within the regulated deadlines, has objected to tax control or has refrained from responding to the requirements, clarifications or justifications of the Tax Administration.

b) In automatic settlements, the evaluation system established in Article 42 of this Law will be used.

4) In the other cases they will be provisional in nature, be they interim settlements, complementary or partial ones.

ARTICLE 49.- 1) The Administration will not be obligated to reconcile the settlements to the data recorded in the taxpayers' statements.

2) Notwithstanding, the taxpayer must be notified of the increase of the tax base over the resultant of the statements, stating the additional facts and reasons for doing so.

3) In settlements, fractions lower than fifty cents will be rounded to the following unit. Those that are lower than this limit will be discarded.

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ARTICLE 50.- Whenever an investigation by the Tax Panels is warranted and taxpayers challenge their jurisdiction, the Administration will be able to proceed, by operation of law, to set out provisional or precautionary tax settlements, keeping in mind the tax bases that have been determined in previous periods and those declared by the taxpayer himself.

ARTICLE 51.- 1) Taxpayers will be notified of the tax settlements stating:

- a) Their main elements.
- b) The means of challenging that can be implemented, indicating the deadlines and agencies that would be used.
- c) The place, deadline and way in which the tax debt has to be paid.

2) Definitive settlements, even when they don't confirm the provisional ones, must be decided through an administrative act and the interested party has to be notified pursuant to regulations.

ARTICLE 52.- In the periodically collected levies, once the tax settlement belonging to those recorded in the respective Registry has been notified, the following settlements can be notified collectively through legal notices.

ARTICLE 53.- Defective settlements will serve starting from the date on which the taxpayer receives notice, has lodged the relevant complaint or makes payment of the tax debt.

CHAPTER XII
TAX DEBT.

ARTICLE 54.- 1) The tax debt will be made up of the contribution resulting from the application of the tax defined in article 47, settled incumbent upon the taxpayer, which will include, if existing:

- a) The assessed contribution
- b) The legally callable surcharges on the base or the defined liabilities.

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c) The interest on delayed payments that will be the legal price of money in effect at the time of doing the settlement, as applied by commercial banks on their active transactions.

d) The surcharge, because of deferment or extension.

e) The surcharge for enforced collection.

f) Pecuniary sanctions.

2) Surcharges indicated in letters d) and e) of the previous paragraph, may be set by the General Governmental Budgets Law in each fiscal year.

3) The interest on delayed payments will be, in the cases that are not set out in this Tax System, that of commercial banks applied to active transactions.

ARTICLE 55.- Tax debts will be assumed to be autonomous; in the cases of compulsory performance through an enforced collection proceeding, in which several tax debts had accumulated from the same taxpayer and they could not be fully met, the Administration will apply the payment to the oldest debt, its age being determined according to the date on which it was callable.

ARTICLE 56.- The Department of the Treasury will have the priority for the collection of settled, expired and unpaid debts, whenever they compete with other creditors that do not have ownership, pledge, mortgage or any other real right properly recorded in the respective Registry prior to the date on which the right of the Department of the Treasury is put on the record.

ARTICLE 57.- 1.- Tax debts and liabilities stemming from the practice of economic operations and activities by individuals, companies and legal entities, will be callable from whomever may succeed them by any right of ownership or any notion in the respective activity, without detriment to what the Civil Code sets forth for inheritance.

2) He who seeks to acquire such right of ownership and subject to the consent of the current owner on record, will have the right to request from the Administration a detailed account of tax debts and liabilities stemming from the practice of the operation and activities indicated in the previous point.

3) In the event the certificate is issued with negative contents or is not issued within three months, the former will be released of the liabilities set forth in this article.

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ARTICLE 58.- The Department of the Treasury will have withholding right of any taxpayer regarding goods, equipment or products and the levy of taxes bearing on its trade or movement, subject matter of the tax event, for the respective amount of the settled debt, unless its payment is sufficiently guaranteed.

CHAPTER XIII
FORMS OF DISCHARGE OF TAX DEBTS

ARTICLE 59.- 1) Tax debts can be discharged through cash payment in the General Government Treasury, Collaborating Agencies, in stamped bills or any other forms determined by Law.

2) The tax debt will be understood to be paid in cash whenever it has been deposited into the Tills of the Public Treasury, or in banking entities allocated for its admittance.

3) In the event of the use of stamped bills, the tax debt will be understood to be paid when the former are used in the way the regulations specify.

ARTICLE 60.- 1) Payment in cash will be done with currency in legal tender, checks, money order or transfer, or other business documents in a way specified by the regulations.

2) Except for the case of cash payment, in currency of legal tender, the other procedures do not release the debtor from the obligations until they have been transacted. In these cases, the payment date of the debt will be considered that of deposit of the amount or its credit in the account of the Public Treasury.

ARTICLE 61.- 1) The payment will necessarily be made in the set period of time, according go the Laws and Regulations.

2) Once the tax debt is settled, the payment can be made in installments or deferred, but at any rate, it will accrue the respective interest, it being necessary to guarantee it through a mortgage, pledge, bank guarantee or other guarantee that is sufficient for the amount of the deferred debt.

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3) For the cases of deferral or payment in installments of tax debts, it will be incumbent upon the General Director of Taxes, whenever the amount is equal to or less than five hundred thousand F.CFAS. In all other cases, it will be incumbent upon the Minister of the Treasury and Budgets.

4) Notwithstanding what is stipulated in paragraph 1) above, at the request of the Administration or at the convenience of the taxpayer the payments can be made ahead of time.

5) Differences resulting in favor of the taxpayer between the deposits made and the liabilities that in fact he must pay will be credited to him and compensated in later liabilities through a certificate issued by the Tax Administration, in full view of the original receipts issued pursuant to article 64 of this Law.

ARTICLE 62.- In the taxes whose statements may be self-assessed, the amount of these have to be credited in the offices of the General Government Treasury, or its Collaborating Agencies, following registration in the offices of the Tax Administration.

ARTICLE 63.- Taxpayers will be able to allocate the amount of the tax debts and, when appropriate, the costs accrued by regulation in the General Government Treasury in the form of a deposit. The amount allocated will be considered an advance deposit.

ARTICLE 64.- 1) Tax debts can be discharged, independently of what is set forth in articles 59 and the following, through compensation, remission, subrogation and novation in the way determined by regulations.

2) Whoever pays for a tax debt, will have the right to be given a receipt for the payment made.

3) Every payment receipt must indicate:

- a) Name, surnames, company name or taxpayer's name.
- b) Address.
- c) Tax section and period to which it refers.
- d) Amount stated in numbers and letters.
- e) Collection date.
- f) Issuing agency.

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4) When payment receipts are issued through mechanical or electronic means, the data listed in the prior point may be expressed in codes or abbreviations, as long as they are sufficiently identifying of the taxpayer and the paid debt to which it refers.

CHAPTER XIV
STATUTE OF LIMITATIONS

ARTICLE 65.- The following rights and actions will have a statute of limitations of five years:

a) The right of the Administration to determine the tax debt through an appropriate settlement, starting from the day following that when the right could be put into practice, except in the Succession Tax, in which the term will be ten (10) years.

b) The action to require payment of settled tax debts, starting from the date of its notification or expiration.

c) The action to impose tax sanctions.

d) The right to the recovery of undue deposits.

e) Administrative action for the confirmation of events, situations, activities, operations and other circumstances that make up the taxable event.

ARTICLE 66.- 1) The statute of limitations to what letters a), c) and d) of the previous article refer, will be interrupted:

a) By any administrative action done with the formal knowledge of the taxpayer, leading to acceptance, regularization, inspection, confirmation, settlement and collection of the Tax accrued by each taxable event.

b) By the lodging of claims or appeals of any kind..

c) By any taxpayer proceeding leading to the payment or settlement of debt.

2) The statute of limitation to which letter d) of article 65 refers will be interrupted by any reliable act of the taxpayer attempting the recovery of the

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undue deposit, or any action by the Administration in which its existence is accepted.

ARTICLE 67.- The statute of limitations will be applied by operation of law, without exception and without need for the taxpayer to invoke it.

CHAPTER XV
TAX SUBJECT AND TAXPAYER

ARTICLE 68.- 1) The tax subject is the individual or legal entity that according to the legal regulations, turns out to be obligated to the fulfillment of the tax burden, be it as a taxpayer or as a stand-in taxpayer for him.

2) For the purposes of this Tax System, the following will be understood:

a) **Taxpayer** is the individual, entity or administrator or holder of the assets of others affected by the tax established in this Tax System, for whom the legal regulations impose the tax burden deriving from the taxable event.

The quality of taxpayer will never be lost by whomever must fulfill the tax obligation, according to the Law, even when he transfers it to other individuals.

b) **Stand-In Taxpayer** is the tax subject who, through imposition of the Law, and in place of the taxpayer, is obligated to comply with the material and formal obligations of the tax burden.

c) **Withholding Agent** is the individual or legal entity obligated to withhold, deduct or enforce on the payments made to other individuals, the Tax owed on any type of income taxed by the present Tax System, undertaking the obligation to deposit the money in the Public Treasury within the deadlines established for each levy.

The obligation to withhold will arise at the time when the corresponding income is honored, paid or deposited in the account of the recipient.

Included are individuals, entities and employers that have staff at their service, employed by the job for the payment of salaries or part-time formals and tenants of chattels and real estate of all kinds and nature.

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d) **Representatives** are the guardians, agents, administrators, receivers and any other individual or legal entity that acts on behalf or in benefit of another individual or legal entity.

e) **Resident.** a) In general:

i) Every individual that stays in Equatorial Guinea for more than three months in a calendar year or more than six months altogether within two consecutive calendar years doing activities or rendering paid services in Equatorial Guinea.

ii) The individuals that have a home in Equatorial Guinea in the capacity of owner, equitable owner or tenant.

iii) The individuals that, having no home pursuant to the previous point, still have their principal place of residence in Equatorial Guinea.

iv) To calculate the period of residence, absences of thirty days or less shall not be computed.

e.2) Specifically, in addition to the conditions established in the previous points of this section, an entity is considered a resident when:

i) It has been established pursuant to the laws of Equatorial Guinea.

ii) It has its principal place of business in Equatorial Guinea.

iii) It has its actual administrative headquarters in Equatorial Guinea.

3) Taxpayers with a tax liability will be levied a tax for the total amount of the income they receive, independently of the place in which it originated and the residency of the payer, without detriment to what is set forth in article 84.3 (of this Law).

ARTICLE 69.- 1) The parts of an estate on which heir has not yet taken possession, joint owners and other entities which, while lacking their own legal status, form an economic unit or a separate asset, which may be taxed, shall be treated as tax subjects.

2) Likewise, associations without the status of “Public Utility” pursuant to the Law on this subject matter, shall be treated as the tax subjects.

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ARTICLE 70.- The concurrence of two or more owners of record in the taxable event will cause them to be jointly and severally liable with the Department of the Treasury except whenever the Law of each levy stipulates to the contrary.

ARTICLE 71.- a) Every individual or legal entity as a tax subject, according to the legal regulations, will pay the levies regulated in this Tax System.

a) Every resident individual in Equatorial Guinea, subject to the taxable event, will pay Taxes of any origin set forth in this Law and non-resident individuals will be subject to income tax when the source is located in Equatorial Guinea.

b) Sole absence or lack of residence in Equatorial Guinea does not exempt the taxpayer from its tax liabilities.

ARTICLE 72.- The main liability of the taxpayer consists of the payment of the tax debt. Moreover, it is obligated to present all declarations and reports that are required by each levy.

ARTICLE 73.- The taxpayer is also obligated to keep the accounting books, records and other documents indicated in each case, to facilitate verifications and confirmations and to provide the Tax Administration the data, reports, background and justifications that are related to the taxable event.

ARTICLE 74.- The various elements of the taxable event as well as tax liabilities, cannot be changed by the will of private individuals; these actions, will have no effect for the Tax Administration, without detriment of their legal-administrative outcomes.

CHAPTER XVI
TAX LIABILITIES

ARTICLE 75.- Apart from individuals declared in the previous Chapter XV, other individuals will be liable jointly and ancillary for the tax burden together with the tax subjects.

ARTICLE 76.- a) All individuals that are responsible or collaborate in the execution of a tax violation will be jointly liable.

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b) Copartners and joint owners of record of legal or economic entities, will be jointly liable, prorated to their respective interest, in the tax liabilities of these entities.

c) Public officials authorizing the change of the taxpayer of any tax, state or local levy, whenever the change implies a taxable event by the present Tax System. They carry out actions or use any illegal procedure or means to suppress, hide, cancel, modify or alter the tax debt.

ARTICLE 77.- a) In the cases of violations committed by entities, their administrators that did not carry out the necessary actions that were their responsibility for compliance of the violated tax liabilities, or accepted the noncompliance by their subordinates or adopted agreements that made these violations possible, will be ancillary liable of the tax violations and of the total amount of the tax debt.

b) Likewise, the administrators of legal entities that have stopped their activities will be ancillary liable for the tax liabilities pending.

ARTICLE 78.- Unions, receivers or liquidators of bankruptcies, insolvency proceedings, companies and entities in general will be ancillary for the liabilities, when through negligence or bad faith they do not carry out the necessary steps for the total compliance of tax liabilities produced previously to these situations and that are taxable on their respective tax subjects.

ARTICLE 79.- Whenever the debtor of the evaded amount or the owner of record of the illegally obtained tax advantage is a company, public and public-sector entity or enterprise, the liability will be attributable to the Directors, Managers, Managing Directors or individuals that effectively run their administration, unless they prove their lack of responsibility, in which case the violation of the event will be charged against the material perpetrator, without detriment of the liabilities of another type that are incumbent upon other copartners.

ARTICLE 80.- 1) The buyers of assets legally allocated to the tax debt, will be liable with them, by derivative tax intervention, if the debt is not paid.

2) The derivation of tax intervention against the events and assets allocated to ancillary liability will be demanded through administrative act, duly notified to the purchaser.

3) The derivation will only reach the limit of the affected tax debt.

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CHAPTER XVII
ON TAX RESIDENCY

ARTICLE 81.- For tax purposes, tax residency will be:

- a) For the individuals, the same as their principal residence.
- b) For entities, the place where management activities are centralized for the company or business in Equatorial Guinea.
 - 2) Companies whose activities take place in more than one region or province or have branches in administrative centers of provinces and Districts, will fulfill their tax liabilities in the respective places of establishment of their businesses, whenever offices of the General Government Treasury or authorized banking Entities exist.

ARTICLE 82.- The Administration will be able to demand that taxpayers declare their tax residency. When a taxpayer changes its tax residency, it will have to make it known to the Tax Administration through an express declaration for that purpose, without the change in residency producing consequences for the Administration until the following tax statement is submitted.

ARTICLE 83.- 1) Taxpayers that reside overseas for more than six months each calendar year, will be obligated to designate a representative with domicile in the National Territory, for the purpose of their relationship with the Department of the Treasury.

2) Entities with residency overseas that carry out activities in Equatorial Guinea will have their tax residency in the place in which the actual administration and management of their businesses is located in the Country.

CHAPTER XVIII
INCOME TO BE TAKEN INTO ACCOUNT

ARTICLE 84.- 1) Income will be considered to be from Equatorial-Guinean sources when it comes from assets located in Equatorial Guinea or from economic activity developed in the national territory, no matter what the residence is of the taxpayer.

2) Income from Equatorial-Guinean sources consist, among others, of royalties, the usage rights of patented trademarks, licenses and their assignment, as well as other analogous benefits stemming from the exploitation of the copyright and trademark rights.

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3) Income obtained overseas will also be treated as being of Equatorial-Guinean source, unless the taxpayer proves it has been taxed in the country of production, subject to the condition of reciprocity, and those that, having been taxed overseas, were subject to a tax rate that is lower than the one governed by this Tax System.

ARTICLE 85.- Income that is determined or belongs to a partnership of individuals will be taxed with the respective tax category, and will be deemed to be earned or accrued by its partners in proportion to their interests only for the purposes of other taxes. This same regulation will be enforced for income from joint ventures.

CHAPTER XIX
VERIFICATION AND INVESTIGATION

ARTICLE 86.- 1) The Tax Administration will be able to verify and investigate the events, situations, activities, operations and other circumstances that make up or condition the taxable event.

2) Verification can reach all actions, elements and evaluations set forth in the tax returns and may include the appraisal of the taxable bases, using the means to which article 40.2) of this Law refers.

3) The investigation will affect the taxable event that has not been declared by the taxpayer or that as been declared partially. Likewise, it will reach the taxable events whose settlement must be executed by the taxpayer himself.

ARTICLE 87.- Tax verification and investigation will be carried out through the examination of documents, books, records, invoices, receipts and entries of the main and secondary accounting of the taxpayer, as well as the inspection of assets, elements, operations and any other background or information that should be facilitated to the Administration or that is necessary for the determination of the levy.

ARTICLE 88.- Tax declarations to which article 72 refers will be assumed to be correct and can only be amended by the taxpayer through the evidence that a factual mistake was made upon doing them.

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ARTICLE 89.- The Administration will treat as owner of record of any asset, right, enterprise, service, activity, operation or responsibility, whomever appears as such on a tax roll or other records of a public nature.

CHAPTER XX
CAPACITY OF ACTING IN THE TAX SPHERE

ARTICLE 90.- The capacity to act in the tax sphere shall belong, in addition to the individuals that hold it in accordance with the guidelines of private law, to married women and minors in tax relationships stemming from those activities whose performance is allowed to them by the legal system with help from the husband or the person exercising parental authority or guardianship, respectively.

ARTICLE 91.- The taxpayer with capacity to act, will be able to do so through an agent with whom he will deal with further administrative proceedings, if no objections are made to the contrary.

ARTICLE 92.- 1) In order to file complaints, withdraw them in any one of their stages of proceedings and waive rights on behalf of a taxpayer, the representation has to be authorized with a sufficiently encompassing power of attorney through public or private instrument, with signature authenticated by a notary.

2) In the cases of entities, partnerships, part of estates on which heir has not yet taken possession or joint owners that form an economic unit or separate asset, the person/entity holding its representation shall act on its behalf, provided that such representation can be proved reliably, and if no agent has been designated, the one that normally undertakes the management or administration will be treated as such and, in his absence, any of the members or contributors that make up or compose the entity or community.

3) Legal representatives will act on behalf of the taxpayers that lack the capacity to act.

CHAPTER XXI
VIOLATIONS

ARTICLE 93.- 1) Tax violations are voluntary and unlawful actions or omissions defined in the laws of a tax nature and in the regulations of each levy,

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and those that implicitly alter or obstruct the normal development of the management and discharge of tax liabilities.

2) All actions or omissions constituting a tax violation are assumed to be voluntary, except evidence to the contrary.

- 3) Tax violations can be:
- a) Simple
 - b) Omission
 - c) Fraud
 - d) Evasion

ARTICLE 94.- The following are simple violations:

a) Submission of required returns pursuant to article 72 of this Law and the guidelines of each levy outside the deadline.

b) Noncompliance of the obligations of a registral and accounting nature and the failure to provide data, reports, background and receipts as provided in article 73 of this Law.

c) Resistance, refusal or obstruction of verifying and investigative actions regulated by article 86.1) and the following in this Law.

d) Failure to provide cooperation to the Tax Administration, pursuant to what is set forth in article 31 of this Law.

e) Noncompliance of the obligations set forth in articles 77.a) and 82 of this Law.

f) Acts and omissions to which article 78 refers, whenever economic losses have been caused to the Department of the Treasury.

g) Those regarded as simple violations in the regulations of each levy.

h) Objecting to the statute of limitations of articles 117, 118 and 119.

i) Lift, manipulate, or replace seal without authorization from the competent authority.

ARTICLE 95.- The following are omission violations:

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a) Actions or omissions that tend to hide from the Tax Administration, either partially or totally, the execution of a taxable event or the exact value of the net bases, through:

1. Failure to submit or untimely submission of tax returns to which articles 27 and 72 refer concurrently.
2. The submission of false or untrue returns that are not the result of arithmetic mistakes.

ARTICLE 96.- Fraudulent violations are those consisting of omission pursuant to the previous article, committed by a taxpayer with one of the following circumstances:

a) Not having deposited the sums owed for tax liabilities into the Public Treasury within the deadlines provided for each levy.

b) Having resisted, rejected or impeded the verifying or investigative action of the Tax Administration.

c) Evidence of bad faith inferred from the events themselves with the purpose of slowing down, postponing or preventing the Administration from coming to know and being able to determine their true tax debts.

d) Their accounting or regulatory records offer anomalies or irregularities regarding the levy of the tax.

e) Having submitted a false statement for removal from the applicable levy.

f) Being a recidivist in the commission of simple and fraudulent violations.

ARTICLE 97.- Evasion violations are the production and clandestine sale of assets and products and rendering services subject to tax, avoiding tax payment.

ARTICLE 98.- The taxpayer will be treated as in recidivism when, within the previous tax periods to the commission of the new violation, he had incurred

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in omission or fraud and was reprimanded or sanctioned according to a final ruling and for the same type and concept within the same levy.

ARTICLE 99.- 1) For purposes of this Law, the following will be considered smuggling violations:

a) The holding or movement of goods in the National Territory, infringing the legal and regulatory rules specifically provided for their licit commerce.

b) Operations executed with banned products or items or those of special transaction, in violation of the provisions regulating them.

CHAPTER XXII
TAX SANCTIONS

ARTICLE 100.- Independently of what is provided in chapter IV of Title III of Book II of the Penal Code, and exempting what is provided for each levy, the tax violations will be punished:

With monetary sanctions:

a) Simple ones, with a fine of 100,000 F.CFA, for each month or fraction thereof, whenever dealing with returns outside of the deadline; 50% of the threatened debt in the case of i) from article 94 and 50,000 FCFA in all other cases envisaged in that article.

b) Omissions, with a fine from half to the full amount of the hidden tax debt, with a minimum of 150,000 F.CFA. per month or fraction thereof.

c) Frauds, with a fine from the amount to twice the amount defrauded with a minimum of 100,000 thousand francs.

d) Evasions, with a fine from three to five times the debt or the value of the goods or product.

e) Simple violation for noncompliance of obligations of a registral and accounting nature will be sanctioned by the Administration keeping in mind the repetition of the event that originates the violation and the importance of this latter.

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f) Sanctions for simple violations will be imposed by the Administrators of levies, whenever their amount does not exceed 50,000 F.CFA., by the General Director of Taxes and Regional Delegate for omission violations; by the Minister of the Treasury and Budgets for violations of fraud and evasion.

g) To impose the fine for omission, fraud or evasion violations, a proceeding will be initiated in which the interested party will be afforded a hearing.

2.- With non-monetary sanctions:

a) In the cases of simple violations, the sealing off of the business place or activity center.

b) In the cases of fraud and suspension for one year of the practice of the activity or profession.

c) In the cases of evasion, the loss for a period of three years of the possibility of obtaining public subsidies, of the right to enjoy benefits and tax incentives and a ban for the same period of time of entering into contracts with the State and with other public entities.

3.- The sanctions specified in previous point 2 will be decided by the Presidency of the Government, at the request of the Minister of the Treasury and Budgets.

ARTICLE 101.- Sanctions belonging to omission and fraud violations, will not be enforced with autonomous state entities, and public and public-sector enterprises, when they agree to the requirement of the Administration, to regularize their tax situation.

ARTICLE 102.- Interest and other applicable surcharges because of delay, postponement and enforced collection will not be treated as sanctions and will be compatible with them, and will swell the tax item that has generated them.

CHAPTER XXIII
REMISSION OF SANCTIONS

ARTICLE 103.- 1) With simple tax violations, fines will benefit from automatic remission of 25 percent, whenever the sanctioned party, before being

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so requested by the Administration, complies with its obligations even outside the deadline.

2) Applicable sanctions for violations of omission or fraud, will automatically be reduced to 50 percent of their amount, whenever the taxpayer or responsible party consents to the settlement proposal that is made.

ARTICLE 104.- The merciful clause will be conceded at the discretion of the Minister of the Treasury and Budgets who will offer it directly or via delegation. Previous application by the taxpayers or the responsible parties will be necessary when they are recidivists and they have to expressly waive the use of all actions of challenge to the administrative act.

CHAPTER XXIV
COLLECTION OF TAX DEBTS

ARTICLE 105.- a) Collection will consist of the receipt of tax debts settled by the Administration, in the practice of tax management. It will be performed by the tax collectors and collaborating agents, properly designated by the Ministry of the Treasury and Budgets.

b) Every regulatory settlement notified to the taxpayer, will place on the taxpayer the liability of paying the tax debt.

a) Collection of levies can be done:

In the voluntary period of time;
 Through an enforced collection proceeding.

ARTICLE 106.- The deadline for payment of the tax debt in the voluntary period of time will be counted from:

a) Direct notice to the taxpayer of the settlement, whenever this is made individually.

b) The opening of the respective period of time for collection, whenever dealing with the levies collected by receipts referred in article 52 insomuch they are subject to collective and periodic notification, through legal notices.

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ARTICLE 107.- The enforced collection procedure will begin when the deadline for payment in the voluntary period has expired and the tax debt has not been met.

ARTICLE 108.- Certifications of evidence of outstanding tax debts, issued by the competent public officials per the regulations, will be sufficient instruments to begin the Enforced Collection Proceeding. Once enacted through Writs by the Treasurer of the Treasury Department, they will be just as enforceable as a judicial ruling to proceed against the assets and rights of the debtors.

ARTICLE 109.- Subject to submission of the evidentiary instrument of the tax credit, or, if applicable, the list of debtors properly served with enforced collection writs pursuant to the previous article, judges of all jurisdictions, according to what exists in each location, will authorize the entrance of the Collector into the domicile of liable debtors within twenty-four hours following the petition.

ARTICLE 110.- The seizure will be made on debtor assets in enough quantity to cover the amount of the tax debt, plus the surcharges and costs that have been caused and will be caused after the original administrative act.

ARTICLE 111.- Provincial Governments, Government Delegates and municipal Mayors, will have the authority to demand that preventive notes of asset seizures be entered in the respective Records, pursuant to the injunction issued by the competent executor, with the same value as if it were a judicial warrant for seizure and with the scope envisaged in Mortgage Law. They will render the necessary protection and aid for the execution of collection management.

ARTICLE 112.- 1) A general lien can be ruled for goods in enough quantity to assure payment of the tax debt that is appropriate to require for profitable activities practiced without a place of business and that had not been declared.

2) Likewise, they will be able to confiscate income from public spectacles that have not previously been declared to the Tax Administration.

ARTICLE 113.- The enforced collection procedure can conclude with the awarding of the assets to the Department of the Treasury in the following cases:

- a) Whenever dealing with real estate.

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b) Whenever the confiscated assets are not successfully transferred in either the first or second auction.

c) Whenever the award is ruled in the amount of the outstanding debt and in no case could be more than two thirds of the rate that had been used as a base for the second bid.

ARTICLE 114.- In any case, before the awarding of the assets, the debtors, their successors in interest, and, if applicable, the mortgage creditors, will be able to release confiscated assets by paying the tax debt and procedural costs.

ARTICLE 115.- 1) The enforced collection procedure will not be suspended whatever challenge is made, if the tax debt payment is not made, it is guaranteed with sufficient bank guarantee or its amount is deposited pursuant to what is stipulated in article 63 of this Law.

2) Nonetheless, whenever claims are produced by third parties on ownership or any other action of a civil nature, the enforced collection procedure will be suspended in regard to the controversial assets and rights, once their seizure has been carried out and a preventive note has been entered in the respective public Register.

ARTICLE 116.- Against the validity of the Enforced Collection Procedure, only the following reasons will be admissible:

- a) Payment
- b) Statute of limitations
- c) Deferment
- d) Absence of regulatory notice of the settlement
- e) Formal defect in the certificate or document initiating the procedure
- f) Omission of the enforced collection writ.

CHAPTER XXV
TAX INSPECTION

ARTICLE 117.- It will be incumbent on the Tax Inspection:

a) The investigation of taxable events for discovery of those unknown to the Tax Administration.

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b) The final integration of tax bases, through verification proceedings in the cases of direct evaluation and through inspection proceedings and general studies of activities or professions, in the cases of objective or panel evaluations.

c) Executing, through self-initiative or at the request of other agencies of the Administration, those inquisitive or informational proceedings that have to be carried out towards individuals or other agencies and that, directly or indirectly, lead to the enforcement of levies.

ARTICLE 118.- 1) Tax inspectors will be able to enter farms, business premises and other establishments or places in which economic activities or operations are being developed, to practice the responsibilities envisaged in article 117 of this Law.

2) Whenever the owner or inhabitant of the farm or building, or the individual under his guardianship objects to the entrance of Inspectors, the latter will not be able to carry out their inspection without prior written authorization from the General Director of Taxes and Contributions; whenever it is in reference to the private domicile, be it domestic or foreign, an appropriate injunction will be necessary.

ARTICLE 119.- 1) The taxpayer's book and documents related to the taxable event will have to be examined by the tax inspectors in the dwelling, site, shop or offices of the former, in his presence or in that of the individual he so appoints.

2) In dealing with records and documents provided by the tax regulations, they can be required to be submitted in the Office of the Administration for their examination.

ARTICLE 120.- Inspection actions can take place in any of the following places:

a) In the place where the taxpayer has its tax residency or in that of the representative so designated by him for this purpose.

b) Wherever taxed activities are partially or completely done.

c) Wherever some evidence or indications exist of the taxable event.

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d) In the public offices to which the section 2) of article 122 refers, with the agreement of the taxpayer and if the items to be inspected could be examined in this place.

ARTICLE 121.- Tax inspection proceedings, because of their economic implications for the taxpayers, will be documented in inquiries, reports and preliminary or final records.

ARTICLE 122.- 1) In the inspection records documenting the outcome of proceedings the following will be recorded:

a) The name and surnames of the individual with whom the inquiry is issued and the capacity or representation with which the same appears.

b) The essential elements of the taxable event and its imputation to the taxpayer.

c) The normalization of tax situations it deems to have merit.

d) The agreement or disagreement of the taxpayer.

2) The record to which the previous point refers can be issued either in the office, business site, shop or dwelling of the taxpayer or in the offices of the Tax Administration in which the proceedings took place.

ARTICLE 123.- 1) Whenever the taxpayer does not sign the record or, signing it, he expresses his disagreement with the circumstances recorded in it, this document will determine the commencement of an appropriate administrative proceeding.

2) Records signed by individuals without sufficient authorization will be processed according to section 1 of this article.

CHAPTER XXVI
COURTS

ARTICLE 124.- 1) Tax Panels will be the governing bodies that will have the mission of resolving controversies on factual matters that may be brought up between the Tax Administration and taxpayers, on the occasion of the enforcement of tax regulations. Every procedure of the Panels will be dealt with by the General Directorate of Taxes and Contributions in the central area and by

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the Delegations of the Ministry of the Treasury and Budgets in the jurisdictional area.

2) Special responsibilities of the Panels, within the system of objective evaluation of the tax bases will be:

a) Determining the tax bases or the liabilities.

b) Rule on appeals filed for illegal enforcement of the tax bases, including those with cause of action.

c) Advisory opinions on matters submitted to merciful jurisdiction whose resolution is incumbent upon the Minister of the Treasury and Budgets.

3) Merciful jurisdiction will deal with matters tending to:

a) The reduction or moderation of the tax burden stemming from direct taxes, in the cases of properly verified lack of resources.

b) Reduction of the assessed contribution of 500,000 F.Cfas. or greater resulting from a material or arithmetic mistake, or double employment. Cases whose assessed contributions are lower than this amount, will be subject to automatic tax reduction incumbent upon the General Director of Taxes and Contributions.

c) The release of the tax liability stemming from the assessed contribution of the rural property tax resulting from the enforcement of other provisions of a tax nature, whenever the taxpayer is subject to the payment of some concession rental rate or whenever there is concomitance in the taxable event.

4) Any other responsibilities the Minister of the Treasury and Budgets entrusts the Panels will be additional.

ARTICLE 125.- 1) Tax Panels will be formed keeping due equality among its members between public officials of the tax Administration and representatives of the Entities, professional associations, Chambers and other officially recognized institutions, that ensure their expertise in matters submitted to their opinion.

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2) There will be one single Panel for all levies, without detriment to its organization, and it will be established pursuant to article 267 of this Law. It will be structured into one Central and different territorial ones.

4) The Minister of the Treasury and Budgets, after the panel's advisory opinion, will decide on matters envisaged in section 3.a) of the preceding article.

CHAPTER XXVII
PROCEDURES OF THE PANELS

ARTICLE 126.- 1) Except in the cases of section 1 of article 125, a previous administrative act of declaration of jurisdiction will be an essential requirement for the involvement of Panels. In the central area, this will be pronounced by the General Director of Taxes and Contributions and in the territorial area, by the Regional Delegate of the Ministry of the Treasury and Budgets.

2) The declaration of jurisdiction must be requested by the Administration or by the interested taxpayers. Before the declaration of jurisdiction is announced, the motion will be communicated to the taxpayers or to the respective office, so they can argue as appropriate about the merits or lack of merits of the declaration.

3) The action declaring jurisdiction will state its reasons and will be notified to the interested parties.

4) Taxpayers can challenge this act in an economic-administrative action.

ARTICLE 127.- 1) Once the certificate of jurisdictional declaration is final, the original file and as many records and reports the ADMINISTRATION deems necessary regarding the events or factual circumstances submitted to the knowledge of the Panel shall be sent to the Secretariat of the Panels.

2) The Panels can agree to carry out the inquiries, verifications and evidence they deem relevant for clarification and determination of the facts submitted to their opinion.

In order to carry out these proceedings the Panels will have the same prerogatives and authority this Law bestows on the Tax Inspection.

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- 3) In these records the following will be unavoidable:
- a) The Administration's report regarding the facts submitted to the knowledge of the Panel.
 - b) Revealing the file to the interested parties, once the former report is issued or having any items of evidence unknown by them been contributed to the file, for pleadings and evidence, if applicable.

CHAPTER XXVIII
PANEL AGREEMENTS

ARTICLE 128.- 1) Tax Panels will adopt their agreements in all conscience, being inspired by criteria of equity.

2) Agreements will be made by an absolute majority of votes, with the Chair having the casting vote.

3) The Panels will keep confidential the grounds of their agreements or the votes which in this capacity are issued, which can only be known by the Central Panel when it so requests from the territorial Panels.

4) The agreements will be duly notified to interested parties and to the Administration pursuant to the regulations.

5) Whenever the agreements are final, the original records will be sent to the management offices.

ARTICLE 129.- 1) Rulings of Panels at the territorial level, can have resource to an appeal before the Central Panel whenever provided for legally or by the regulations.

2) Agreements of the Panels at the territorial level in the only stage of the process and those of the Central Panel, pronounced on factual matters of its own jurisdiction, will not be prone to any recourse at all, including adversary and administrative appeal, except the exemptions indicated in the following section.

3) The following agreements could have recourse in economic-administrative proceedings:

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- a) Those adopted with violation of defects of any of the procedural steps and formalities.
- b) Agreements that have been extended to legal matters.
- c) Agreements that decide on lodged appeals because of illegal enforcement of the tax regulations.
- 4) Tax settlements made by the Administration cannot be appealed because of factual matters resolved by virtue of a final ruling by a Panel.

CHAPTER XXIX
REVISION OF ACTS THROUGH EXECUTIVE ACTION

ARTICLE 130.- 1) *Ipsa jure* annulment shall be incumbent upon the Ministry of the Treasury and Budgets, subject to an advisory opinion by the Delegated Governmental Commission for Economic and Financial Affairs, of the following acts:

- a) Those pronounced by patently incompetent governing bodies.
 - b) Those that constitute a crime.
 - c) Those pronounced doing completely or absolutely without the legally established procedure for that purpose or the regulations that contain the essential rules for the formation of the will of collective bodies.
- 2) The annulment procedure to what the previous section refers could be initiated:
- a) Through agreement of the governing body that pronounced the act or the one above it in the hierarchy
 - b) At the request of the interested party.
- 3) In the proceeding those individuals on behalf of which the right or the act was recognized will be heard.

ARTICLE 131.- Acts pronounced in tax management proceedings may be revised through a Ruling of the Ministry of the Treasury and Budgets in the

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event of a delegation from the General Director of Taxes and Contributions, as long as the administrative action has not expired, in any of the following cases:

a) Whenever, subject to a proceeding in which a hearing has been given to the interested party, it is deemed they are patently violating the Law.

b) Whenever new evidence is contributed that proves components of the taxable event completely unknown by the Tax Administration at the time it ruled the act that is subject matter of the revision.

ARTICLE 132.- The taxpayers or those responsible and their heirs or successors in interest will have the right to the return of the deposits that they would have improperly made in the Treasury on the occasion of the payment of the tax debts.

ARTICLE 133.- At any time the Administration will correct material or factual and arithmetic mistakes, by operation of law or at the request of the interested party, as long as a year has not gone by since the act subject to the correction was announced.

ARTICLE 134.- Acts of a government authority confirmed by a final judicial ruling will not be reviewed under any circumstance.

The Tax Administration will not be able to overturn its own adjudicative decrees of rights. To obtain their overturn it will have to previously declare them damaging for public interest and contest them in an administrative proceeding pursuant to the Law of this jurisdiction.

CHAPTER XXX
APPEAL FOR REVERSAL

ARTICLE 135.- 1) The appeal for reversal will be optional and will be lodged with the governing body that rendered the appealed act in the management procedure, which will be competent to rule on it, unless it confers its competency to the hierarchically superior authority.

2) The deadline for lodging the appeal for reversal will be fifteen days counted from the day after notification of the act whose revision is being requested.

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3) Whenever in the period of three months express notice has not been served of the vested ruling it will be implicitly understood to be rejected for the purposes of subsequent appeal.

4) If matters of particular legal complexity are brought up, an advisory opinion from the State Counsel should be requested, which will be answered in an urgent manner.

5) The appeal will be decided in the period of ten days starting on the day after the submission, except in the circumstances indicated in the previous point 4).

6) The appeal for reversal interrupts the deadline use of other appeals, which will be submitted again starting from the day in which it is implicitly understood to be rejected or, if applicable, from the date on which the express notice had been served regarding the vested ruling.

7) A new appeal for reversal can not be lodged against the ruling on an appeal for reversal.

CHAPTER XXXI
ECONOMIC-ADMINISTRATIVE CLAIMS

ARTICLE 136.- The use of regulatory legal authority and management acts in tax matters constitute a regulated activity and may be challenged by administrative and legal means in the terms provided for in the Laws.

ARTICLE 137.- Hearing of tax claims is incumbent upon the governing bodies of the economic-administrative jurisdiction, with the exception of those whose resolution is reserved for the Minister of the Treasury and Budgets.

ARTICLE 138.- Economic-administrative challenges of tax management acts will be arranged in the following forms:

- a) Economic-administrative claims in one or in two stages of the judicial process.
- b) Extraordinary appeals for review.

ARTICLE 139.- The following tax management acts can be claimed through economic-administrative proceedings.

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- a) Temporary or final settlements, with or without sanctions.
- b) Those that approve the verification of the value of the assets or rights subject to the levy.
- c) Those that declare jurisdiction or lack of jurisdiction of the Tax Panels, pursuant to article 126.
- d) Those ruled by the tax Panels in the circumstances envisaged in article 129 section 3) of this Law.
- e) Those that in a preliminary manner recognize or dismiss rules governing tax exemptions or rebates.
- f) Those that declare liability for third parties in the payment of tax debts in the absence of in place of the taxpayer.
- g) Those that recognize or reject a right or declare a liability, whether final or ongoing, that ends the management procedure or prevents its continuation.
- h) Those that are expressly declared challengeable in the respective provisions.

ARTICLE 140.- The following individuals will be able to challenge tax management acts in economic-administrative proceedings within the regulatory deadlines provided:

- a) The taxpayers and liable parties, if applicable.
- b) Any other individual whose legitimate and direct interests turn out to be impaired by the management act of a government authority.

ARTICLE 141.- The following will not be entitled.

- a) Public officials, except in circumstances in which a right is immediately or directly breached that is specifically recognized to them.
- b) Private individuals when acting by delegation of the Administration, or as its appointed agents.

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c) The accusers, except regarding the involvement to which article 25, section 2) of this Law refers.

d) Those that assume tax liabilities by virtue of an agreement or contact.

ARTICLE 142. 1) The Courts that rule on economic-administrative claims will be able to decide by operation of law or at the request of a party, on requests for evidence and arrange the taking of any evidence deemed relevant for the best decision on the matter.

2) The results from this gathering of evidence shall be revealed to the interested parties so that they may argue all that they deem appropriate.

ARTICLE 143.- Tax claims confer to the governing body, competent to rule on them at any stage of a judicial process, the closing of all matters offered by the management procedure and the claim procedure before the lower governing body, whether brought up or not by the interested parties, to whom they will be put forward so they can make pleas.

ARTICLE 144.- 1) The extraordinary appeal for review may be lodged by the interested parties or by the State representative against management acts and final resolutions of economic-administrative claims, whenever one of the following circumstances concurs:

a) That an obvious factual mistake would have been made upon pronouncing them, stemming from the same documents incorporated into the record.

b) That documents with an essential value for the determination of the claim show up, unknown at the time of rendering or impossible to contribute to the record during the hearing of the facts.

c) That documents or testimony declared false by a final judicial ruling made before or after the decision in question had an essential influence in the decision, as long as in the former case the interested party was unaware of the declaration of misrepresentation.

d) That the decision had been pronounced as a consequence of malfeasance of office, bribery, violence or another fraudulent scheme and has been so declared by virtue of a final judicial ruling.

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2) It will be the jurisdiction of the Central Economic-Administrative Court to hear the extraordinary appeal for review.

3) The appeal will be lodged:

a) Whenever dealing with case a) or previous section 1, within the two years following the date of notification of the challenged ruling.

b) In all other cases, the deadline will be three months starting from the discovery of the documents or since the judicial ruling was final.

TITLE I
RECONCILED GUIDELINES IN EMCCA

CHAPTER I
CORPORATE TAX

SECTION I
OBJECT AND ENFORCEMENT FIELD

ARTICLE 145.- Corporate Tax is a levy of a general, direct, personal, periodic and proportional nature that taxes the profits or net global income received by corporations and other legal entities during the taxation period.

SECTION II
TAXABLE EVENT AND TAX SUBJECT.

ARTICLE 146.- 1) The taxable events of Corporate Tax consist of the obtaining of profits by the taxpayer for economic operations of every type and those stemming from the yield of assets and professional, service and artistic activities.

2) The following will be tax subjects for Corporate Tax:

a) No matter what their purpose may be, corporations; limited liability companies; limited partnerships by shares; cooperatives and their associations.

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b) Public institutions state agencies that have financial autonomy and every legal entity that is engaged in operations or transactions that are profitable in nature.

c.- Civil partnerships:

i) Whenever, not possessing any of the forms cited in the previous paragraph, they are engaged in operations or transactions that are commercial, industrial, handicraft or agricultural in nature; specifically: whenever engaged in brokerage transactions for the purchase and sale of real estate or goodwill, stock or portions of real estate companies; or whenever they normally buy those goods in their name with a view to reselling them.

ii) Whenever they proceed to the division in plots of land and their sale, after the execution of the work of development and feasibility, of the land acquired for valuable consideration.

iii) Whenever they lease a commercial or industrial site provided with furniture and other necessary material for its use, and whether or not the rent includes all or a portion of the elements of the goodwill or industry that may be included.

iv) Civil partnerships that have among their members one or several corporations or that have opted for this taxing system.

d.- Partnerships of individuals that have opted for the Corporate Tax:

i) General partnerships.

ii) Limited partnerships.

iii) Joint ventures.

iv) Financial unions.

v) This option is irrevocable and cannot be used by de facto corporations or by partnerships of individuals resulting from the previous transformation of corporate enterprises.

vi) For this option to be valid it has to be accepted and signed by all the partners and notified to the Tax Administration, within the first three months of the fiscal year.

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vii) If this option is missing, Corporate Tax will be enforced on the part of the profits corresponding to the rights:

vii.a) Of the limited liability partners in the limited partnerships.

vii.b) Of partners unrestrictedly, liable or whose names and address have not been reported to the Tax Administration, in the general partnerships and in the joint ventures.

e) Public institutions and various communities.

f) Public institutions other than scientific, teaching and aid institutions, as well as associations and communities not subjected to the Corporate Tax by virtue of another legal provision, at the rate of the rental of their real estate, whether built or not, as well as the income from investments not subject to Income Tax on investments which they may possess.

g) For the enforcement of the prior section the income from investments will be included in the taxable income in the amount of its gross total.

3) The following shall be tax subjects:

3.a) Through a personal duty to contribute, companies and corporations residing in Equatorial Guinea.

3.b) Through a real duty, taxpayers who, although not residing in Equatorial Guinea, receive income coming from this country.

SECTION III
EXEMPTIONS, REBATES AND ADVANTAGES

ARTICLE 147.- A) The following are exempt from Corporate Tax:

1) Cooperatives of production, processing, conservation and sales of agricultural products and their associations, which operate pursuant to the legal provisions governing them with the exception of the operations designated below:

a) Processing operations of products or byproducts that are different than the ones used for human and animal food or that might be used as raw material in agriculture or industry.

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b) Transactions made by the above-mentioned cooperatives or associations with those that are not associated.

2) Agricultural unions and supply and purchasing cooperatives that operate pursuant to the provisions governing them.

3) Mutual agricultural credit unions.

4) Corporations and associations of corporations of mutual assistance.

5) Profits obtained by non-profit associations that organize, with common cooperation or that of local public agencies.

6) Trade fairs, exhibitions, sports meetings or other public demonstrations belonging to the objectives defined by their Articles of Association with a specific economic and social interest, as long as the time is restricted.

7) Limited companies of an individual or family nature whenever the taxable profits are lower than the minimum set forth in article 192 of this Law.

8) Local communities as well as their administration of public services.

9) Recognized public utility corporations and agencies in charge of rural development.

10) Cooperative societies for schools recognized as mutual school societies.

11) Clubs and private societies of a recreational or cultural nature, whenever their activities are not a bar or a restaurant.

B) Societies that have their management headquarters and effective centralization of the operations of the company in District administrative centers not on the coast, including Annobón, will receive a rebate of 50% in the levy.

Activities dealing with the extraction of raw materials of forestry, mining, hydrocarbons, energy generation, mineral and non-mineral water, emergent or obtained from drilling and fishing will not be included in this rebate.

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C) Legal entities which, for the execution of their activities, abide by the requirements provided for in the Investment Law, and they report this to the Tax Administration through certified testimony of the National Commission of Investments, will be able to profit by the tax advantages in the conditions, limits and forms envisaged by that Law.

SECTION IV
TAXABLE PROFITS.

ARTICLE 148- Profits subject to Corporate Tax will be determined by considering only those obtained in the companies operating in Equatorial Guinea or on the transactions done there, without detriment of the provisions in the international agreements.

ARTICLE 149.- 1.- The taxable profit is the net profit determined according to the results of the combination of transactions of any nature carried out by the companies during the period used as a basis for the tax, including, in particular, the assignment of any component of the assets, whether during or at the end of the operation.

2.- The net profit is composed of the difference between the values of the net assets upon closing and upon opening in the period in which the results are a basis for the tax, minus the additional contributions by the partners during this period.

3.- What is understood as net assets are the asset values minus the total amount created in the liabilities through third-party loans, amortizations and justified reserves.

4.- Inventory is appraised at cost price; if during the day, the market price is lower than the cost price, the company has to create a reserve for the depreciation of the inventory.

5.- Likewise ongoing jobs will be appraised at cost price.

SECTION V
TAXABLE PROFIT AND GENERAL EXPENSES

ARTICLE 150.- 1) Taxable profit will be determined by deducting from the gross income or gross profit all expenses tied to the performance of the taxable activities in Equatorial Guinea.

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2) The following will be treated as deductible expenses: overheads of any type, staff expenses and labor, expenses relating to the premises and material and furniture, miscellaneous and special expenses, insurance premiums, gifts, donations and subsidies.

Notwithstanding:

A) Compensation and miscellaneous payments:

a.1) Agreed to compensation for a wage earner or salaried employee will only be filed whenever it matches an actual job and is not excessive.

This provision is applicable to all direct or indirect Compensation including per diems, bonuses, benefits in kind and expense reimbursements.

Disagreements stemming from the repayments of the fractions of the Compensation considered excessive will be decided by the Tax Panels envisaged in Chapter XXVI of the Preliminary Title of this Tax System.

a2) Fees of any nature paid to the group of partners of the limited companies or the incorporated companies or to their spouses for work done in the company, will only be deducted to a maximum of 25% of the profit obtained by the company. Within this limit deductions of the salary actually earned by each partner, will be allocated on a prorated basis according to the capital owned by each of them, the excess compensation will be considered as distributed profit

a.3).- Salaries paid to the members of a production cooperative of handicrafts will be deductible to the limit of the authorized minimum wage.

B) The amounts paid to corporate administrators are not deductible from the taxable profit unless they are classified as salary.

C) The attendance fees granted to the members of the board of directors, will not be deductible only when they are Compensation for a job that was done.

D) Compensation granted for any reason to the sole administrator of a corporation, will not be deductible.

E) Payments per item that a corporation confers its leaders, or its company technicians, such as expenses for representation and travel are excluded from the deductible expenses of the Tax base when regular expenses of this kind

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paid to the interested parties make up a part of these expenses. The amounts paid to the corporate leaders or technicians in the capacity of per diem, employment or service that do not match the actual value of the action done will be repaid to the results of the operation.

For enforcement of this provision corporate leaders in partnerships of individuals and in joint ventures are understood to be the partners of general partnerships and the members of said venture.

F) Likewise excluded from deductibles expenses are, whether it be a form of payment per item or expense reimbursement, the payments and expenses of any nature with regard to hunting, sports fishing, use of recreational boats, tourist airplanes or recreational residences.

G) Amounts paid in compensation:

1) Relating to the true services:

1.a. Headquarters overhead in the portion corresponding to transactions done in Equatorial Guinea;

1.b. Study expenses, technical, financial or accounting assistance, commission and fees, interest, arrears and other results from the liabilities, loans, deposits and guarantor agreements.

2) Those related to the use of patents, trademarks, licenses, drawings, manufacturing procedures, models and other analogous rights to legal entities outside of the Union, as long as evidence is produced that they correspond to actual transactions and they do not have an abnormal or excessive nature.

3) Study expenses and justified technical attendance will be limited to 50% of the taxable profit before their deduction.

4) In the event of a deficit, this provision is applied to the results of the last profitable fiscal year closed.

5) Regarding income through assignment or granting of patents, license, trademarks and other analogous rights, the taxpayer has to provide evidence they are still valid.

6) Commissions or brokerages on goods purchased by the companies located in Equatorial Guinea, within the limit of 5% of the amount of purchase.

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These conditions have to be the subject matter of a regular invoice attached to the providers' invoice.

H) 1) On the occasion of vacations by the salaried partners of the company, the companies are authorized to deduct from the profits the round trip transportation expenses of these partners, their spouses and their minor children, as long as the trip has been made.

2) In no case can these expenses give rise to provisions for a reserve account.

1.- Rental expenses.

i.1 The amount of rental fees paid by a company will be admitted as a deductible expense with the only condition that it not represent an excessive amount vis-à-vis rental fees normally charged for real estate or similar facilities.

i.2. Nevertheless, whenever a partner has at least 10% of the portions or stock of a company, the product of its rent, in addition to the real estate made available for the company, is not included in the company expenses.

i.3. For the enforcement of this provision, the overall portions or stock owned or in equitable ownership by the ancestors or offspring of the partner, will be considered as belonging to the latter.

J) Taxes, excise taxes and fines.

j.1. Only professional taxes paid during the fiscal year and that are clearly tied to the company in the part affecting its operations done in Equatorial Guinea will be deductible.

j.2. Corporate Tax and Income Tax on Individuals will not be admitted as deductible expenses for the establishment of this Tax.

j.3. The tax reductions understood on the reducible taxes and excise taxes will be treated as income for the fiscal year during which the company has obtained their reimbursement.

j.4. Transactions, fines confiscations penalties of all kinds and seriousness to the offenders of legal, economic and tax provisions will not be deducted from the profits subject to the Tax.

K) 1) Insurance premiums, will be deducted from the taxable profits regarding the transactions done in Equatorial Guinea.

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2) To the contrary, the amounts instituted by the company for its own insurance will not be deducted from the taxable profit.

L) Gifts and subsidies will be deductible expenses whenever they are of general interest of a philanthropic, sport, educational, scientific, social and family nature as long as the their benefits are located in Equatorial Guinea up to a maximum limit of 0.5% of the domestic sales of the fiscal year, subject to their justification.

M) Financial burdens:

m.1. Interest paid to the partners for amounts made available to the company, in addition to their capital contributions, no matter the form of the company, will be admitted within the limits established for the advances of the Central Bank.

m.2. In the incorporated or limited companies, the deduction of interest will not be allowed for partners or shareholders that have the right to hold, or actually hold, the company management except to the extent that the amounts deposited do not exceed the combination of the contributions of these partners or shareholders.

N) Losses per se.

Losses per se verified on the components of fixed or liquid assets will be deducted from those enjoying the benefit.

O) Amortizations.

Actual amortizations properly recorded through provision to funds of that nature in the liabilities, in a way that impairs the amounts resulting for each nature or element of operation, including those that had been defined previously in periods of deficit, without the amounts being able to surpass those established below:

1. Structures.-
 - Commercial, industrial buildings, garages, workshops and hangars ... 5%
 - Processing booths 5%
 - Dams and dikes..... 5%
 - Factories..... 5%
 - Residential houses 5%
 - Removable or temporary buildings 20%
 - Electric ovens 10%

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2. Material and permanent tools.-
 - Steam boiler 10%
 - Cement vat 5%
 - Electric transmission cables:
 - ✓ In final material 15%
 - ✓ In temporary material 20%
 - Oil refinery machines 20%
 - Hydraulic dams 10%
 - Compression dams 10%
 - Motors or heavy oils 10%
 - Oil deposits 10%
 - High output heavy-duty transformers 10%
 - Steam turbines and machines 10%

3. Mobile material.-
 - Mechanical kneaders 15%
 - Excavators 15%
 - Hogsheads, brewery, distillation or experimentation vats 10%
 - Wood-carving machines or devices 20%
 - Purification machines or devices 10%
 - Lamination machines 10%
 - Light machinery, lathes and similar items 20%
 - Manufacturing material, including its tools 20%
 - Drills 20%
 - Small Tools 100%

4. Transportation material.
 - Roads 25%
 - Naval and air material 20%
 - Containers 20%
 - Automobile material:
 - ✓ Light, used in city 25%
 - ✓ Light rental or school vehicle 33,33%
 - ✓ Heavy (trucks) 33,33%
 - Tractors 20%
 - Tractors used by foresters 33,33%
 - Material for port manipulation:
 - ✓ Lift vehicles 20%
 - ✓ Cranes 10%

5. Furnishings and facilities.-
 - Facilities, layouts and development 20%

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• Office furnishings	10b%
• Office material	15%
• Computer material	25%
• Reprographic material	33,33%
6. Ships or fishing boats	15%
7. Hotels, coffee shops and restaurants.-	
• Pots, glassware, kitchen utensils.....	50%
• Laundry.....	33,33%
• Silverware	20%
• Decorative material.....	20%
• Carpeting, curtains, painting.....	25%
• Refrigerators, air conditioning.....	25%
• Kitchen ovens	20%
8. Material subjected to the action of chemical products-	
• Buckets, containers, receptacles or diffusers of chemical products	20%
• Product recycling devices	20%
• Bleaching devices	20%
• Baking devices.....	20%
9. Fixed asset expenses.....	20%

P) Reserves:

p.1. Reserves set up to meet losses or necessary material expenses which events make likely, as long as they have been effectively recorded in the financial statements for the fiscal year and they appear on the reserve list envisaged in this Tax System.

p.2. Reserves that in the subsequent development have been partially or totally allocated to a different end than what was envisaged will be repaid to the profits and losses of the following fiscal year.

p.3. In no case will reserves be created for expenses that have by nature been considered in the course of the fiscal year in question.

ARTICLE 151.- 1) Without detriment to the provisions in the first paragraph of article 149 of this Tax System, the capital gains that come from the assignment, in the ongoing operation, of the components of the fixed assets will not be included in the taxable profit of the fiscal year in course of which they have been obtained, if the taxpayer puts them in a special account named “capital

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gains to be reused” and is committed to reinvesting in new fixed assets in its company before the expiration of a period of time of three years, starting from the close of this fiscal year, an amount equal to the amount of these capital gains plus the cost of the assigned components.

2) Nevertheless, the reuse thus anticipated cannot be allocated to the purchase or subscription of corporate shares of stock or certificates of interest. This commitment will be attached to the return of the profits and losses from the fiscal year for which this capital gain has been made.

3) For the application of the 1st paragraph of this article, the securities that make up the portfolio will not be treated as part of the fixed assets until they have been recorded in the assets of the company at least during the previous three years to the date of assignment.

4) If the reuse is made in the period of time anticipated, the capital gains withdrawn from the taxable profits will be attached to the amortization of the new fixed assets, and will be deducted at cost price for the calculation of amortizations and the capital gains made subsequently.

5) Otherwise, they will be included in the taxable profit of the fiscal year during which the deadline ended or the fiscal year of the assignment or close of business, if the operation is done previously.

ARTICLE 152.- 1) Capital gains different from those obtained on goods, resulting from free assignment of stock, corporate portions or liabilities, as a consequence of the merger of corporations, limited partnerships by shares or limited companies, will be exempt from the Tax regarding the profits made by those corporations, on condition that the take-over company or the new company has its corporate headquarters in Equatorial Guinea.

2) This same system will be applicable whenever a corporation, a limited partnership by shares or a limited company, provides all of its assets to two or more companies created for this purposes, or a portion of the elements of its assets, to a company created under one of these forms, in the event of a partial investment, under the condition that:

a) The company or companies benefiting from the investment have their headquarters in Equatorial Guinea.

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b) The resulting investments from those transactions be done on the same date for the different companies that are benefiting from it, and they imply from the time it is done, in the event of a merger or spin-off, the immediate dissolution of the investing company.

3) Notwithstanding, the enforcement of the provisions of this article is subordinate to the liability recorded in the merger or investment action of calculating regarding the asset components, in addition to the goods included in the investment, the annual amortizations to detach from the profits, as well as the subsequent capital gains resulting from execution of those components according to the cost they had for the merged companies or the investing companies deducting the amortizations already made by them.

ARTICLE 153.- Without detriment to the provisions of article 149.1), in the event of a partial or complete assignment, the net capital gains, that is, obtained after the allocations; or as appropriate, the losses on occasion of assignment of the fixed asset components and the damages received as compensation for the discontinuation of the practice of the profession or of the transfer of the client, will be levied with the Tax, in regard to the activity.

a) Half of its amount, whenever the assignment or transfer or discontinuation of the practice has taken place before five years after the creation of the purchase of the client asset or goodwill.

b) Otherwise, one third of its amount.

ARTICLE 154.- With regard to consumption cooperative companies, the rebates stemming from the transactions done with the members and distributed to the latter in a prorated fashion pursuant to the portion of each one of them, will be deducted from the profits.

ARTICLE 155.- 1) In the event of a deficit in a fiscal year, this deficit will be treated as a burden to the following fiscal year and deducted from the profit made during that fiscal year, if this profit is not enough for the deduction to be made completely, the remainder of the deficit will be charged consecutively against the profit over the fiscal years until the third fiscal year.

2) Any company, except when newly created, no matter what type, when its results are negative during a maximum period of three consecutive years, will immediately be removed from the register by the Tax Administration for the practice of the activity for which it was registered.

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ARTICLE 156.- 1) Whenever an incorporated company or a limited company has, either registered shares in an incorporated company or interest in a limited company, the net proceeds of the shares of stock or the interest in the second company earned through the first during the fiscal year will be deducted from the total net profit of the parent company, minus the fourth part of expenses and liens. This proportional part is established at 10% of the amount of these proceeds, and represents the management expenses already deducted from overheads.

2) Nevertheless, this provision is only applicable in the following conditions:

a) That shares of stock or interest owned by the parent company represent at least 25% of the capital of the subsidiary.

b) That the shares of stock or interest conferred in the share issue have always remained registered in the name of the participating company and the latter is committed to keeping them as registered for at least two consecutive years.

3) Noncompliance of this commitment will be sanctioned with the taxation of the improperly exempted income, without detriment to the penalties applicable due to a shortfall on the returns.

4) For banks or credit concerns, as well as investment or management companies of bonds and securities, all the delays, interest or other proceeds exempt from Income Tax on Investments will be excluded from the deductions envisaged in this article.

SECTION VI
PLACE OF TAXATION

ARTICLE 157.- 1) The Corporate Tax will be established at a proportional rate on behalf of the legal entity or partnership for the total of its taxable activities in Equatorial Guinea, in the company administrative headquarters or, if absent, in its main place of business.

2) Regarding legal entities located outside of Equatorial Guinea and which have subsidiary or interdependence ties with other legal entities or companies located in Equatorial Guinea, the place of their taxation will be the

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same as that of the legal entities or companies with which it maintains those ties. These latter are jointly and severally liable for the payment of the tax owed by the legal entities located outside of Equatorial Guinea.

5) In the cases envisaged in article 184.3) of this Law, the tax will be established on behalf of the company or manager known by third parties, and in the administrative headquarters of the common operation or the main place of business.

SECTION VII
TAX PERIOD

ARTICLE 158.- 1) The tax period will be the fiscal year that will match the calendar year. It will be twelve months long and it will include the period between January 1st and December 31st of each year.

2) For companies that begin their activities within six months before the date of obligatory closing, it will be treated as an interrupted fiscal year and they will be able to close their first financial statement at the end of the budgetary period in which they begin their activities.

SECTION VIII
TAX CALCULATION

ARTICLE 159.- 1) For the Tax calculation, any fraction of the taxable profit lower than 1,000 francs will be disregarded.

2) The Tax burden is set at 35% and can be revised by the General Governmental Budgets Law, pursuant to the economic situation at the time.

3) If the company has earned income from securities, the calculated tax will be decreased through allocation, in the amount of the Tax already borne by that income. These system will not be applicable to the companies envisaged in article 156 of this law.

SECTION IX
TAXPAYERS' LIABILITIES

ARTICLE 160.- 1.- As a basis of this Tax, taxpayers shall be obligated to submit a Statistical Statement and Tax Return of the profits and losses of their

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operations in the tax period within the four months following the close of the fiscal year.

2.- In addition they will be obligated to submit the following documents, established pursuant to the accounting system adopted in the Sub-Region.

- a) A table of characteristic management balances.
- b) A table of transfer to the balances of the asset accounts.
- c) A balance sheet.
- d) A detailed statement of fixed assets and amortizations, this statement must include deferred estimated amortizations in a deficit period, which will be deductible from the profits and losses of later fiscal years.
- e) A statement of the reserves included in the balance sheet with an exact indication of their objective.
- f) A table of the profits and losses made available and attached to the fiscal year.
- g) A table of the determination of the tax result.

3.- Likewise the following has to be submitted:

- a) A detailed summary of overhead.
- b) A detailed statement of paid rent, specifying the complete name of the recipients and making reference to additional leases.
- c) A certified copy of any proceeding that constitutes or modifies the bylaws and the minutes of the general shareholders' assembly or meeting.
- d) An attendance sheet of the shareholders.
- e) A statement of compensation allocated to the partners.

ARTICLE 161.- Individuals subject to Corporate Tax will likewise be obligated to:

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- a) Submit, at the request of the tax Administration, all the documents justifying the precision of the declared profits and losses.
- b) Make available their accounting to the tax Administration at any time, as well as the supporting documents.
- c) Keep the accounting in the official languages of Equatorial Guinea; otherwise, they will be obligated to provide, at the request of the Tax Administration, a certified translation by a legally recognized translator.
- d) Indicate in their returns the name, the address and the qualifications of the accountant in charge of keeping their accounting, specifying whether the latter is part of the salaried staff of their company.

SECTION X
TAX CREATION

ARTICLE 162.- 1) Returns signed by the taxpayer will be verified by the Tax Administration, it being able to request either verbally or in writing the clarifications and support it deems relevant from the taxpayers.

2) The Tax Administration will be able to correct the returns, but then it will have to inform the taxpayer in writing of the correction that it deems necessary, indicating its reasons to him. At the same time it will invite him to submit his acceptance or his observations, when appropriate, within a reasonable period of time of 10 days.

3) The reasonable period of time of 10 days will start the day following the receipt of the notification by the taxpayer, having acknowledged the date of receipt. The answer can be validly extended until the day of the expiration of the date.

In the absence of an answer within the deadline of 10 days, the tax administration will set the tax base, without detriment to the right of the taxpayer's claim, after the creation of the tax debt. In this case the duty of proof will fall on the taxpayer.

4) Whenever observations have been submitted within the deadline, and nevertheless the disagreement persists, the taxation will be created according to the figures set by the tax Administration and notified to the taxpayer. The taxpayer will then be able, to request, after the debt is placed in collection, a

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solution through the tax Panel proceedings, pursuant to Chapter I of Title I of this Law; in which case, the notification of the tax Administration will be interruptive.

SECTION XI
AUTOMATIC SETTLEMENTS

ARTICLE 163.- 1) The following settlements will automatically be made:

- a) For any taxpayer who has not filed his return within the period established in article 160 of this Tax System.
- b) For any taxpayer that has objected to tax control.
- c) To any taxpayer that has abstained from answering the motions for clarification or supporting documents from the tax inspector.
- d) To any taxpayer that cannot submit supporting accounting books, papers or documents or that submits them incomplete so that they do not allow the precise determination of the profits and losses of the company.

2) The Tax Administration will evaluate the tax base and will notify the taxpayer, who will have a period of 10 working days, to submit his observations; once this period has expired the automatic settlement will be final, if the taxpayer has not submitted the set of documents envisaged in article 160 of this Law of the Tax System.

3) After this time, the taxpayer will not be able to obtain in an adversary proceeding acquittance or deduction of the debt that has been settled against him, unless he provides evidence of the exact figure of the profit subject to the protested settlement.

ARTICLE 164.- 1) For the creation of a Corporate Tax owed by the company that is under the dependence and control of companies located outside of Equatorial Guinea, the income and profits transferred directly or indirectly to the latter, whether through surcharge or a decrease in the purchase or sale prices, or through other means, will be incorporated into the profits and losses shown in the accounting.

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2) Likewise the same procedure will be used with companies located outside of Equatorial Guinea in regard to the transfers or allowances of interest from loans or transactions of any nature with the parent companies.

3) Accounting from a branch or an agency of a company whose headquarters is located outside of Equatorial Guinea has to emphasize the profits made by that agency or branch, for the knowledge of the Tax Administration.

4) If the exact components to determine the profits for this kind of company are missing, or to apply the corrections envisaged in this article, the taxable benefits will be determined by comparison with similar companies and their normal operation inside of Equatorial Guinea.

SECTION XII
SURCHARGES AND FINES

ARTICLE 165.- The following surcharges and fines will be applied in:

1) Late returns:

a) Delay of a month or fraction thereof, fine of 200,000 Frs.

b) Nevertheless, the total amount of the fine thus calculated cannot exceed 75% of the Tax owed.

2) Shortfall in the return.

50% of the undeclared amount, when the shortfall exceeds 1/10 of the declared profit. This penalty will be increased to 100% if the taxpayer has not proved his good faith.

3) Automatic settlement.

a) 50% of the total amount if the good faith of the taxpayer is established or assumed.

b) 100% whenever the taxpayer does not prove good faith.

ARTICLE 166.- The refusal to submit the accounting documents or any other supporting document envisaged in points a) b) c) d) of article 161 of this Tax System will be sanctioned, after a clear demand, with a penalty of 50,000

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FCFA. For each month of delay, any fraction of a month being treated as a full month.

SECTION XIII
TAX PAYMENT

ARTICLE 167.- The Corporate Tax, calculated by the taxpayer as indicated in article 159 of the present Tax System on the profits and losses contained in the Return, will be paid in one payment in regard to the fiscal year in question, except the differences resulting from verification.

ARTICLE 168.- 1.) The tax total owed by each company or group, cannot be less than what the result would be through application of 1% on the invoicing or the global income obtained during the preceding fiscal year, except as set forth in article 497 of this Law It will be called the Minimum Tax Amount.

2) Non-resident taxpayers or individuals will pay a tax equivalent to 10% of the gross income obtained in Equatorial Guinea.

3) Invoicing will be understood to be the amount of commercial, industrial or entrepreneurial transactions done within the framework of the activities that constitute the corporate or entrepreneurial objective.

4) All domestic and foreign companies operating in Equatorial Guinea, no matter what kind of entity, will be subject to the payment of the Minimum Tax Amount, which will not be less than the amount of 800,000 FCFA.

5) With regard to timber companies, the amount of the transactions to be considered will be obtained once the transportation expenses of the timber from its extraction to the port of shipment are deducted from the gross income.

6) For brokers and commission agents, the reference total will be the earned commissions.

7) The Minimum Tax Amount will be reduced by 50% for handicraft production Cooperatives and for small domestic producers.

ARTICLE 169.- The following will be exempt the payment of the Minimum Tax Amount:

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1°. Companies or other legal entities benefiting from any rules of the Investment Law, which contemplate a waiver of the tax on industrial and commercial profits and during the legal effect of this rules.

2°. Liquidated companies and those that have stopped their activities in a date prior to July 1st of the tax year

3°. New handicraft production cooperatives during the first two fiscal years.

4°. Insurance companies that practice their activities en masse with other companies or that limit their activities to reinsurance operations, in the fields of transportation or fires, or that do not obtain an annual profit greater than 3,000,000 francs CFA.

5°. Public or private development companies that have a quarry or a building site or a construction or assembly project in Equatorial Guinea, without having a branch, an administrative headquarters, an office or a workshop in the country.

6°. Exporters of agricultural products, companies of the agricultural and livestock sector, excluding the timber sector, fishing ones and the industries for the processing of agricultural products, as well as authorized brokers that collect very low gross commission and whose amounts established by laws and regulations to not exceed 4 percent.

ARTICLE 170.- 1.- The Minimum Tax Amount will be paid before the end of the month of March each year for companies, and in the deadlines and amounts set forth in article 248 of this tax system for individual companies.

2.- The copy of the payment voucher of the Minimum Tax Amount, issued by the General Government Treasury, will be obligatorily attached to the Statistical Statement and Tax Return envisaged in article 199 of this Tax System.

3.- Lack of payment of payment outside the deadline of the Minimum Tax Amount will be sanctioned with a surcharge of 50% of the agreed to tax.

ARTICLE 171.- The total of the Minimum Tax Amount paid in the conditions set in the previous article 168.1, excluding surcharges and penalties, if applicable, will be deducted from the amount resulting from the Corporate Tax and the Income Tax on Individuals corresponding to the fiscal year of the tax result that is settled, including what is referred in article 497 of this Law.

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The Tax surplus, calculate in application of article 168 of this Tax System, will be paid to the Treasury pursuant to article 167; if the calculated tax amount is lower than the minimum tax, this will remain in the Treasury.

CHAPTER II
INCOME TAX ON INDIVIDUALS

SECTION I
1.1 GENERAL PROVISIONS

ARTICLE 172.- 1) Income Tax on Individuals is a levy of a general, direct, personal, periodic and progressive nature that taxes the net global income of individuals obtained in Equatorial Guinea, stemming from different sources.

2) The global income indicated in the above point 1 will be constituted by the total income from the following categories or sources:

- a) Income from real estate assets, including capital gains.
- b) Profits from industrial, commercial and handicraft activities.
- c) Profits from farming operations.
- d) Profits from non-commercial professions and the income related to them.
- e) Wages, salaries, fees, bonuses, life annuities and other related ones.
- f) Income from investments, including capital gains.

1.2 – TAX SUBJECTS

ARTICLE 173.- The following will be subject to Income Tax on Individuals:

1.- Through a personal duty, all individuals that have their usual residence in Equatorial Guinea.

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In addition to what is set forth in article 68.e) of this Law, the following shall be treated as usual residents in Equatorial Guinea:

a) Individuals that have a dwelling in Equatorial Guinea in the capacity of owner, equitable owner or tenant, whether or not forming a family unit.

b) The family unit will be treated as a resident in Equatorial Guinea when all the members that form it live there or, failing that, either one of the spouses.

c) Individuals who without having a residence in Equatorial Guinea in the conditions specified in the preceding section have, nevertheless, their main residence in Equatorial Guinea.

2. Through real duty, whenever the taxable annual net income, calculated pursuant to the provisions of this Law, exceed the minimum total indicated in the scale created by article. 252 or they obtain taxable income even when it does not exceed the minimum total indicated.

3. Without detriment to the provisions of the International Agreements individuals that have their usual residence overseas shall be likewise taxpayers of the Income Tax on Individuals, regarding income that originates in Equatorial Guinea.

4. Public officials or State Agents that practice their responsibilities overseas or on mission, are subject to the Tax if they are exonerated from it in the country in which they practice their responsibilities.

5. Employees of International Agencies and Diplomatic Missions in Equatorial Guinea lacking Diplomatic status.

6. Likewise individuals having or not a usual residence in Equatorial Guinea, that earn profits or income that is taxed in Equatorial Guinea through International Conventions of double taxation, will likewise be taxpayers for Income Tax on Individuals.

7. All individuals that earn salaries or wages as fair compensation of their work for others.

ARTICLE 174.- 1) The family unit, made up of the head of the family will be subject to Income Tax on Individuals, both on his personal profits or income, as well as those of his wife and children regarded as his dependents.

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Notwithstanding, in the event of his disagreement, he will be able to request separate taxation for his children, whenever these have their own income.

2) A married woman under the rules governing separation of marital property that lives with her husband will be liable for the tax payment to the limit of the respective proportion of her own income in comparison to the total income of the family unit.

ARTICLE 175.- 1) A married woman will be the object of separate taxation:

a) Whenever she has her assets separated and does not live with her husband.

b) Whenever living separately from her husband while the paperwork is being processed for legal separation or divorce.

c) Whenever having been abandoned by her husband or having herself abandoned the marital domicile, she has separate income from that of her husband.

2) In addition, a married woman is personally liable:

a) For income obtained during the course of her marriage until its end.

b) For income stemming from an activity done in Equatorial Guinea, whenever her husband is not liable in this Country.

ARTICLE 176.- In the event of the taxpayer's demise, the outstanding Tax Liability unpaid by the latter will be demanded from his agent or successor in interest.

ARTICLE 177.- 1) Partners of individual companies, limited liability companies and limited partnerships will be subject to Income Tax on Individuals for the portion of corporate profit corresponding to their rights in the company, when these companies have not opted for Corporate Tax.

2) The same applies to members of civil partnerships, joint ventures or de facto companies that are not subject to Corporate Tax.

ARTICLE 178.- 1) Companies and other legal entities subject to Corporate Tax, will have ancillary liability for the payment of Income Tax on

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Individuals, at the rate of the overall total of the sums they deposit directly or indirectly, under any form and name, on behalf of individuals, even whenever their identity not disclosed.

2) The application of the above provision does not impede taxation of this same income on behalf of its beneficiaries whenever they can be identified by the Tax Administration.

1.3.- EXEMPTIONS

ARTICLE 179.- 1) Diplomatic Agents, Consuls and consular Agents of foreign citizenship will be completely exempt of Income Tax on Individuals as long as the countries they represent extend analogous advantages to the diplomatic and consular Agents of Equatorial Guinea.

2) The following will have provisional exemption:

a) Individuals whose annual income is lower than 1,000,000 francs Cfas.

b) Individuals included in categories b), c) and d) of article 172, will be subject to the piecework system, except when they opt for the actual profit taxation system.

1.4.- TAXATION PLACE

ARTICLE 180.- 1) If the taxpayer has a single residence in Equatorial Guinea, the Tax will be created in the place of this residence.

2) If the taxpayer has several residences in Equatorial Guinea, the tax will be created in the place where he has his main residence.

3) Domestic and foreign individuals that live overseas, and obtain income of Guinean origin will have their taxation place in their tax residency, this being that of the individual, place of business or company with which it keeps its ties in the Republic of Equatorial Guinea.

**1.5.- DETERMINATION OF THE NET PROFITS FROM THE
VARIOUS INCOME CATEGORIES**

ARTICLE 181.- Profits or income obtained by the taxpayer during the period of 12 months corresponding to the budgetary year will be used as the basis for calculation of the resulting tax in the following budgetary year.

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ARTICLE 182.- 1°- The taxable income or profit will comprise the difference between the total income obtained and the total expenses incurred for its receipt.

2°- The net profit of income of each one of the categories envisaged in this chapter, will be determined separately, following the rules specific to each one of them.

3°.- The total profit and loss of each income category will be obtained by totaling, where appropriate, the profit or income belonging to each one of the individual companies, operations or professional activities resulting from that category and determined in the conditions envisaged for it.

4°.- Exceptionally, the Administration may use outward signs in the system of objective evaluation envisaged in article 42, for the determination of the tax bases of the Income Tax on Individuals.

SECTION II

2.1.- INCOME FROM REAL ESTATE ASSETS:

ARTICLE 183.- 1) The following will be included in the category of income from real estate assets when not included in that of profits of an industrial, commercial or handicraft company, of an agricultural operation or of a non-commercial profession:

a) The income obtained by the owners of components of the material or immaterial fixed assets as a consequence of their lease.

b) Income stemming from occupied plots of land, quarries, ponds, vegetable gardens and undeveloped property of any type.

2) Income from built-up property such as housing and factories, as well as.

a) Income from equipment and tools of industrial establishments attached to permanent funds or placed under special foundations in a block with the whole.

b) Income from all commercial or industrial facilities that may be related to constructions.

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c) Income stemming from the rental of signs, the granting of the right of exploitation of quarries and analogous rights that have their origin in the right of ownership or equitable ownership.

d) Capital gains obtained through the sale of components of real estate assets.

3) Income from non-built property of any nature, including those on land occupied by quarries, warehouses, gardens and storage of all kinds.

2.2 EXEMPTIONS

ARTICLE 184.- The following are exempt of real estate income tax:

1. Income from real estate, belonging to the State and the Municipalities.
2. Income from real estate or part of it occupied by its owners or by his direct ancestors or offspring.
3. Buildings in complete or partial alteration, whenever they produce or are prone to produce income.
4. National prizes to stimulate the development of science and culture; of bets and games of chance.

ARTICLE 185.- To have the exemptions specified in points 2 and 3 of the preceding article, the owner will have to submit to the Tax Administration, within four months before his own occupation, or that of his ancestors or offspring, and the completion of alterations, a statement indicating the nature of the building, its purpose and designation, according to the blueprint of the land on which it is built.

2.3.- DETERMINATION OF THE TAXABLE INCOME

ARTICLE 186.- Net real estate income is equal to the difference between the total of the gross income and the total expenses of the real estate property.

ARTICLE 187.- Gross income from real estate or part of it used for letting is made up of the total of the gross income earned by the owner plus the total of the expenditures made by the tenant incumbent upon the owner deducting

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from that result the total of the expenses made by the owner incumbent upon the tenant.

ARTICLE 188.- 1) Deductible expenses of the property for the determination of the net Income, include:

a) Interest from the debt contracted for the construction, acquisition, maintenance, repair or improvement of said property.

b) Taxes with the exception of those incumbent upon the occupant, paid to the Treasury, relating to this property.

c) An automatic deduction of 20% of the gross income representing management, insurance, maintenance and amortization expenses.

2) In any case, the taxpayer can choose to take into consideration the actual expenses supported by bills, but that option is irrevocably valid for three consecutive years.

SECTION III

3.1.- INDUSTRIAL, COMMERCIAL AND HANDICRAFT PROFITS

ARTICLE 189.- 1) Profits obtained by individuals in the performance of an industrial, commercial, or handicraft activity will be treated as industrial and commercial profits.

2) The same applies to profits obtained in the same conditions by farm licensees and miners, including quarries and sand and gravel of the tenants and sub-lessees of these licenses, as well as the holders of exploitation permits for mines and hydrocarbons.

ARTICLE 190.- Profits obtained by the following individuals have the nature of industrial and commercial profits:

1°.- Those engaged in brokerage transactions of purchase or sale of real estate or goodwill or habitually buy the same assets in their name with the object of their resale.

2°.- Those that sell land belonging to them.

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3°.- Those that rent a commercial or industrial place of business provided with furnishings or with the necessary equipment and material for its operation.

4°.- Those that lease or sublease with furnishings a portion or all the real estate they own.

5°.- Those that operate a farm or forest property.

3.2.- DETERMINATION OF TAXABLE PROFITS

ARTICLE 191.- Taxable profit is the net profit determined as in the Corporate Tax.

3.3.- PIECEWORK SYSTEM

ARTICLE 192.- 1) The taxable profit will be set per item regarding taxpayers of all categories, whose annual turnover does not exceed the following limits:

a) 30,000,000 francs CFA. per annum, for individuals engaged in the rendering of non-commercial, agricultural, industrial and construction services and activities.

b) 15,000,000 francs CFA. per annum for individuals engaged in commercial activities and liberal professions.

c) 12,000,000 francs CFA per annum for individuals engaged in jobs for others, both in the public as well as in the private sector.

2) Notwithstanding, individual companies whose turnover is lower than the limits envisaged in the preceding point are not subject to the rules governing piecework except when their turnover has been lower than these limits during three consecutive fiscal years of twelve months.

ARTICLE 193.- 1) Taxpayers that are in a position of fulfilling the provisions of article 199 will be able to opt for the actual profit taxation system.

2) The option is valid for the year in question and the two following years. During this period it is irrevocable.

3) For this purpose, they should notify their option to the Tax Administration during the first month of the year of taxation.

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ARTICLE 194.- 1) The Tax Administration will estimate the amount of the profit per item. It has to match the profit that the individual company can normally produce.

2) The estimate made by the Tax Administration will be notified to the taxpayer, who will have a period of ten days starting from the date of notification to either convey his acceptance or make his observations indicating the accepted amount. Lack of answer within the deadline envisaged will be treated as an acceptance.

3) In the event of a disagreement, taxation will be established on the basis set by the Tax Administration and the taxpayer cannot request its reduction except through Panel proceedings after collection management has been initiated, as long as he provides all the necessary accounting and miscellaneous items that allow the evaluation of the significance of the profit its company can obtain in regular circumstances. Notwithstanding, the Tax Administration on its part will be able to suspend the piecework system of the taxpayer for obviously justified reasons.

ARTICLE 195.- 1) Taxpayers subject to the piecework system are obligated to sign, within the first six months of each fiscal year, the annual declaration of their sales, purchases and inventory upon the close of the preceding fiscal year.

2) They must supply to the Tax Administration the necessary books and accounting records reflecting the itemization of their purchases and sales, as well as the invoices or any other supporting documentation for the fiscal year.

3) Those taxpayers whose trade encompasses other transactions, in addition to the sale of goods, objects, supplies and assets or to carry to consume on the ground, are obligated to have and submit to the Tax Administration a daily log in which the professional income relating to their transactions is itemized.

ARTICLE 196.- When the determination per item is done as a consequence of imprecision found in the legally required information or documents, the piecework set for the period to which this information or documents refer will lack validity and a new piecework system will be set if the individual company continues meeting the conditions envisaged in article 192 to benefit by this system.

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ARTICLE 197.- The Minimum Tax Amount for piecework, for individual companies in the informal sector subject to Income Tax on Individuals will be divided into the following categories:

A) Factories and commerce places in general, Printing Presses, Restaurants, product Buyers; itinerant Trade; Hotels, Bakeries, Construction Companies; Carpenter's Workshops with mechanical infrastructure; transportation of merchandise and passengers; and similar.

B) Sawmills, upholsterer's stores; automobile workshops, mechanical, refrigerating, electric, electronic equipment workshops; Welding and metallic construction in general; liberal Professions; fixed stands, stands in the public market; Fish Shops; and similar.

C) Services in general, including production, projection and dissemination of image and sound; graphic arts and sign-writing or sign-painting; Pharmacies; electrical appliances shops, battery charging, tire repairs; photographic Studios; boarding houses; handicraft Shops; taxis in general; inn-bars, dancing-bars, public market food bars; Village Council bars, neighborhood bars; hair salons in general; tailor shops; restaurants in districts outside the provincial capitals; public market shelf stands; and similar.

ARTICLE 198.- 1) The Minimum Amount indicated in the previous article of each one of the activities cited in the same article will be paid through a tax permit, of a discharging nature, within the first and third quarters of each year, at 50% of the annual amount, and is set in the following categories that can be revised annually by the General Governmental Budgets Law:

CATEGORY A)

Regional Capitals	800,000 FCFA	
Provincial Capitals	200,000	"
Districts Capitals	50,000	"
Municipality Capitals	20,000	"

CATEGORY B)

Regional Capitals	360,000 Fcs.CFA.	
Provincial Capitals	75,000	" "
Districts Capitals	50,000	" "
Municipality Capitals	20,000	" "

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CATEGORY C)

Regional Capitals	100,000 F.CFAS		
Provincial Capitals	50,000 "	"	"
Districts Capitals	30,000 "	"	"
Municipality Capitals	20,000 "	"	"
Village Councils	15,000 "	"	"

2) The piecework Tax established by the previous point will be deducted from the assessed contribution of the Income Tax on Individuals, in the cases envisaged in article 199 of this Law.

3) Purchasers of products shall pay the Minimum Amount only once at the time of submission of their annual return.

4) The amount provided in each category of point 1) can be reviewed by the General Governmental Budgets Law each year.

5) Carpenter's workshops, shops and handicrafts without mechanical infrastructure, except upholsterer's shops, will receive a 50% rebate off the assessed contribution.

3.4.- ACTUAL PROFIT SYSTEM

ARTICLE 199.- 1) Taxpayers not included in the limits envisaged in article 192, are obligated to submit a statistical statement and tax return of their profits and losses for each tax year in the condition and deadlines envisaged for Corporate Tax.

2) The provisions of article 188 are applicable to the partners of partnerships of individuals and to the members of joint ventures.

ARTICLE 200.- 1) The profit of companies and associations envisaged in article 177 will be determined in every case in the conditions envisaged for the individual operators subject to taxation according to the total of their actual profits.

2) Partners and participants of these companies or associations will be treated as beneficiaries of their portions of the profits upon the close of the accounting fiscal year of the company.

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5.- SPECIAL RULES GOVERNING ARTISANS

ARTICLE 201.- The following will be treated as artisans:

- a) Manufacturers and manual workers that work at home with or without motive power, for day's wage or not and use the cooperation of no more than five skilled workers or apprentices, and do not sell anything other than the product of their own work.
- b) Seamen, drivers or coachmen that have nothing other than a boat or vehicle they drive themselves.
- c) Fishermen engaged in fishing without any other resource than a maximum of two assistants.

ARTICLE 202.- Regarding the taxpayers to which the preceding article refers, the taxable profit will be determined as industrial and commercial profit.

SECTION IV
PROFITS FROM FARMING OPERATIONS

4.1.- NATURE

ARTICLE 203.- 1) Income produced by rural assets, be it by farmers, ranchers, tenant farmers, or by owners that work for themselves, will be treated as profit from farming operations.

2) Those profits mainly include everything stemming from the production of crops, stockbreeding, agriculture and fish farming.

4.2 EXEMPTIONS

ARTICLE 204.- Income from the farming of land exclusively used for food crops and whose farmed surface is smaller than five Hectares or farms and farmyards accommodating fewer than fifty heads of cattle as a quarterly average in a calendar year are tax exempt from the Tax.

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4.3.- PIECEWORK SYSTEM AND DETERMINATION OF TAXABLE PROFIT

ARTICLE 205.- Without detriment to the waiver authority envisaged in article 207, the taxable profit from farming operations located in Equatorial Guinea will be determined per item and pursuant to the following provisions:

1.- Profit per item will be determined per Hectare. For each type of operation according to the value of the harvest obtained and the other farm proceeds obtained during the fiscal year, after deduction of the expenses borne during the same year, excluding the lease.

a) Notwithstanding, for some kinds of crops or operations, it can be determined according to all other appropriate components that may allow the evaluation of the average profit of the crops or operations of the same type in the area, multiple crops the agricultural region or livestock.

b) Regarding the farming of multiple crops, a distinction will be made according to the agricultural area or region, treated by categories. For each category an average piecework profit will be determined per Hectare.

c) For those categories, the piecework profit per Hectare will be set keeping in mind the nature of the crops, their importance and other elements that include upon the profits and losses of the operation.

d) The determination of the piecework profit per Hectare, has to be done in a way that the figures set in an area match those set in the neighboring areas for similarly productive land.

2.- Without detriment to the case envisaged in the second point of the above paragraph, the piecework profit for each operation will be obtained by multiplying the average piecework profit per Hectares, assigned to the category or the nature of the operation in question, by the cultivable surface of the operation.

3.- a) Regarding the lands farmed by the taxpayers under a lease, the taxable profit will be obtained by deducting from the profit determined pursuant to the second point, the amount of the average lease for the respective category or nature of the operation.

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b) This amount will be determined by deduction of the real estate burdens that have already been admitted as deductible for the calculation of the piecework profit, in application of section one of the first point.

4.- In the event of natural disasters, such as floods, droughts, fires, pests damages caused to the harvest, the operator may request the deduction of the amount of the losses incurred from the piecework profits of his operation. The request has to be addressed to the services of the Tax Administration in the place of residency of the taxpayer, during the month following the closing date of the fiscal year, attaching the following supporting documentation:

a) A certificate from the regional Head of Agricultural Service, another one from the Village Council of the area and another one from the Veterinary Service in the case of cattle losses all of them, authenticated by the Government Delegate of the District.

b) A quantitative statement of the losses, reliably indicating the surface area of the damaged land.

ARTICLE 206.- The piecework agricultural profit envisaged in the previous article will be determined in each agricultural zone or region by the Tax Administration in view of the reports provided each year by the Regional Services of Agriculture and Stockbreeding, which will determine for each operation:

- a) The type of crop.
- b) The surface area devoted to each kind of crop.
- c) The number of head in the case of livestock.
- d) The importance of poultry or farming ponds.
- e) Average yield per Hectare and zone.
- f) The importance of the operation in the case of fish farming.

ARTICLE 207.- 1) The piecework envisaged in article 198, can be waived by the taxpayer, requesting to be subjected to taxation according to the actual profit.

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2) This waiver, which will be valid for the year under consideration and the following two, must be made in writing and addressed to the Tax Administration at least two months before the close of the financial year.

SECTION V
TAXATION ON THE ACTUAL PROFIT

ARTICLE 208.- 1) The actual profit will consist of the surplus of the income stemming from crops, livestock and other products minus the necessary expenses for the operation. During the fiscal year, to make this determination the following will be taken into consideration: on the one hand, the production stored upon the close of the fiscal year, and on the other hand, the amortization of the components of the fixed assets in the conditions set out in this Tax System.

2) Nevertheless, with regard to staff expenses, compensation for the spouse of the operator is not deductible except in the amount corresponding to four times the established minimum wage in effect, on condition that the job has actually been done.

3) Taxation rules of capital gains envisaged in articles 151 and 152 of this Law will likewise be applied.

ARTICLE 209.- Taxation of the profit determined pursuant to articles 206 and 208 will be reduced by application of a base deduction pursuant to paragraph C) of article 188 of this Law.

SECTION VI
PROFITS FROM NON-COMMERCIAL PROFESSIONS.

6.1 NATURE

ARTICLE 210.- 1.- Occupations and trades whose practitioners do not have the status of a dealer and every occupation, profitable operation, and sources of profits that do not fit into any other profit or income category will be treated as stemming from a non-commercial profession or from income assimilated to profits from the liberal professions.

2.- Mainly these refer to:

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- a) Proceeds from stock exchange transactions done in a regular manner by private individuals.
- b) Proceeds from royalties earned by writers or composer and by their legitimate heirs.
- c) Proceeds earned by inventors by way of granting a license for the use of their invention patents trademarks, be this from an assignment or granting of patents or trademarks, process or manufacturing formulae.
- d) Income obtained by liberal professionals and independent consultants.

6.2 DETERMINATION OF THE TAXABLE INCOME.

ARTICLE 211.- 1) Taxable profit will consist of the surplus of the income over the necessary expenses for the practice of the profession.

2) The deductible expenses are the same as in industrial and commercial profit, and mainly they include:

- a) The rent of professional premises actually paid.
- b) Amortizations made according to the same rules applicable for industrial and commercial profits.
- c) Taxes paid during the fiscal year, with the exception of Income Tax on Individuals.
- d) Regarding literary, scientific and artistic productions whose income is not received annually, the taxable profit can be determined, at the request of the interested party, by deducting half of the expenses of the tax year from the average of profits obtained in the two preceding years; not being able, in this case, to withdraw from this option in the following years.

ARTICLE 212.- Capital gains made during the operation or at the end of it, shall be taxable as in the case of Corporate Tax.

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6.3 SYSTEM OF ADMINISTRATIVE EVALUATION
ESTABLISHMENT OF PROFITS

ARTICLE 213.- 1) The taxable profit will be set per item, following the system of administrative evaluation, regarding the taxpayers whose total annual income does not exceed the limits provided in article 192.

2) Taxpayers that are in a position to prove their actual profit will be able to opt for taxation according to the system of controlled return; in this case, they should make their option known in writing to the Tax Administration. The option is valid during a period of two years.

3) The tax Administration will evaluate the total of the profits per item and will notify the taxpayer according to the procedure envisaged in articles 193 to 196.

ARTICLE 214.- a) Taxpayers subject to the piecework system are obligated to indicate the conditions of the practice of their profession to the Tax Administration, within the first two months of each year, mainly:

- 1) The nature of the activity he or she is practicing.
- 2) Los regular services he or she renders, for compensation, on behalf of companies or public and private groups.
- 3) The applied rates.
- 4) The total of the gross income during the year in question.

c) At the request of the Tax Administration they will have to submit a document with the daily details on their professional income.

6.4 SYSTEM OF CONTROLLED RETURNS

ARTICLE 215.- 1) Taxpayers whose annual total of gross income exceeds the limits established in article 192 of this Law will be taxed according to the system of controlled returns.

2) These taxpayers are obligated to create and submit, in the first two months of each year, a return that indicates the total of their gross income, the

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nature and the total of their professional expenses, and the figure of net profits from the preceding year.

ARTICLE 216.- 1) Taxpayers subject to the system of controlled return are obligated to have an updated log that shows the itemization of their income and professional expenses.

2) The Tax Administration can require the submission of the books and other supporting documents.

SECTION VII
SALARIES AND WAGES

7.1 NATURE

ARTICLE 217.- 1) Wages or day wages, salaries, pensions, annuities, global allocations for public and private positions, technical fees and per diems for attending meetings of Boards of Directors and similar ones, when the compensated activity is done in Equatorial Guinea, including the compensations of public officials from Equatorial Guinea on diplomatic Missions and International, Regional and Sub-Regional Agencies overseas and the employees of the International Agencies and authorized diplomatic Missions in the country lacking diplomatic status will be taxable in this category.

2) Compensations indicated in the previous point will be treated as earned in Equatorial Guinea whenever the payer has domicile or is established in this country.

3) The amount owed for salaries, wages and related compensation, paid and withheld in the period of one month will be declared and deposited in the Public Treasury within the first fifteen days of the following month.

7.2 EXEMPTIONS

ARTICLE 218.- 1) The following will be exempt of this tax:

a) Special allocations used to cover expenses inherent to the responsibility or representation, to the extent that they are effectively used pursuant to their objective and not excessive.

b) Allocations or advantages of a family nature.

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c) Allocations, per diems and benefits paid under any form, by the State or the Communities and public Institutions by virtue of the laws and decrees for assistance and insurance.

d) Student scholarships.

e) Retirement of veterans.

f) Temporary per diems, benefits and annuities of the victims of work-related accidents or to whomever has the right.

g) Workers' compensation for permanent disability and for damages of a physical or psychological nature to individuals.

h) Pensions for being wounded or handicapped granted to individuals having served in the armed forces, to war widows, to civil war victims or to whomever has the right.

i) Annuities earned as a consequence of damages and interest by virtue of a legally returned conviction, for the redress of a bodily injury that has caused the victims a total permanent disability, that requires him or her to resort to the assistance of another individual to carry out the ordinary actions of life.

j) Sunk funds.

k) Per diems for relocation paid to public and private employees.

l) Those earned by parents declared of a large family by the General Direction of Taxes and Contributions or with annual gross incomes equal to or lower than the exempted limit.

m) Annual net income lower than the minimum provided in article 252 of this Law.

2) A parent will be treated as having a large family, pursuant to letter l) of the previous section, whenever he or she has under his or her parental authority more than five children under eighteen years.

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7.3 DETERMINATION OF THE TAXABLE INCOME

ARTICLE 219.- For the determination of the tax base the net amount of salaries, per diems, fees, wages, pensions and annuities as well as all the added benefits in money and in kind granted to the interested parties, after deduction of withholdings made by the employer towards the constitution of pensions and retirements as well as social security contributions, will be considered.

ARTICLE 220.- 1) The added benefits in kind and services will be evaluated as follows:

- a) Lodging 15% of the gross wages
- b) Domestic services 5% of the gross wages
- c) Water and electricity 5% of the gross wages
- d) Service or office vehicle 5% of gross wages
- e) Food 20% of the gross wages up to a maximum total of 150,000 FCFA Cfas.

2) Every per diem representing an added benefit in has to be included in the Tax base within the percentage limits envisaged in the previous section, unless there are provisions to the contraries.

ARTICLE 221.- 1) The total of the taxable income will be determined by deducting from the amount of the income calculated pursuant to article 219, the professional expenses established per item at 20%, which cannot be more than 1,000,000 francs CFA. per annum.

2) Likewise salaries and wages shall be subject to proof of the total of their actual expenditures.

**7.4 WITHHOLDING AT SOURCE OF THE INCOME TAX ON
INDIVIDUALS UPON WAGES**

ARTICLE 222.- 1) State agencies and local communities, individuals and legal entities, individual entrepreneurs as well as International Agencies and Diplomatic Missions which pay taxable sums pursuant to the provisions of article 217 and the following of this Law are obligated to carry out on account of the

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Treasury the withholding of Income Tax on Individuals and its deposit in the Internal Revenue Service.

2) For each beneficiary of a taxable payment, they have to mention in a book, a record or other document used to determine the payment or, failing that, on a special form, that must contain the following data:

- a) The date
- b) The nature and the amount of this payment, including the value of the benefits in kind and services.
- c) The amount of the withholdings made
- d) The number of children declared by the beneficiary of the payment as his dependents.

ARTICLE 223.- Individuals and institutions designated in the preceding article will be the only ones liable before the Tax Administration whenever the formal requirements of Tax withholding have not been carried out.

ARTICLE 224.- Within 15 days of the following month the individuals and institutions envisaged in article 223 shall be obligated to declare the total of the withholding made in the course of the previous month at the Tax Administration and deposit the amount withheld in the Public Treasury within the same period of time.

7.5 SANCTIONS.-

ARTICLE 225.- The following sanctions will be applied:

1.- For non-execution of the withholding or for its payment in arrears, 25% of the withholdings that should have been carried out with a minimum sanction of 1,000 francs CFAS. The application of this sanction does not exempt payment of the respective tax.

2.- For lack of payment or late payment, 25% of the amount whose payment was deferred or compromised, with the enforcement of an interest on arrears of 10% per month, with a minimum of 1,000 F CFA and a maximum equal to 100% of the amount of the withholdings made.

When the lack of payment is the result of the non-execution of withholdings, the sanction of 25% will be enforced once.

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ARTICLE 226.- Individuals and institutions to which article 222.1) refers, will have to provide to the Tax Administration, during the month of January each year, a statement of regularization that recapitulates the names, surnames, addresses of the beneficiaries and the amount of the taxable sums.

ARTICLE 227.- In the event of assignment or suspension of an individual company, whether partial or total, the liabilities envisaged in article 225 have to be fulfilled within the 10 days following the date of such assignment or suspension.

SECTION VIII
INCOME FROM INVESTMENTS

8.1 NATURE

ARTICLE 228.- The following will be considered income from investments:

- 1) The proceeds from stock and corporate portions and related income.
- 2) Income from bonds
- 3) Income from loans, deposits, guarantees and checking accounts except for special provisions that may exonerate them the interests of short-term bonds.
- 4) Capital gains obtained through the sale of components of real estate assets.

**8.2 PROCEEDS FROM STOCK CORPORATE PORTIONS AND
RELATED INCOME**

ARTICLE 229.- The following will be treated as related income:

- 1.- All profits or proceeds that are not included in reserve or incorporated into the capital stock.
- 2.- All the sums or securities made available to the partners, stockholders or agent and not withdrawn from the profits principally:
 - a) Unless there is evidence to the contrary, the sums made available to the partners directly or through interposed individuals or companies, by way of an

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advance, a loan or on account, will be submitted to the reduction of taxable income at the time of their return.

b) Sums or securities attributed to the holders of rights that allow participation in the beneficiary portions or portions of founders by way of the purchase of these rights or portions.

c) Hidden compensation and benefits

d) All of the profits and reserves whether incorporate or not into the capital at the time of company dissolution.

e) The fraction of the compensation of the partners of corporations or limited liability companies that is not deductible from the taxable income.

f) Compensation granted for any reason to the sole administrator of the corporation.

g) Bonds, attendance per diems and any other compensation paid to members of the Board of Director of corporations for any reason with the exclusion of wages and income from industrial property.

h) Sums belonging to readjustments done as a consequence of a tax control and that are added to the profits and losses declared as the base of the Corporate Tax. These sums of distributed income are recorded only to the extent they are not reinvested in the company.

ARTICLE 230.- 1) Allotments made to partners or shareholders by way of reimbursement of their contributions or issue premiums will not be treated as distributed income, on condition that all the profits and reserves, beside the legal reserves, have been distributed in advance.

2) No serán considerados como aportes para la aplicación de la presente disposición.

a) Reserves added to the capital.

b) Sums added to the capital or reserves on occasion of a merger of companies.

3) Amortization of all or part of the capital, part of the interest, or those carried out by licensee companies of the State, municipalities or public

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communities, whenever said amortizations, are justified because of the expiration of all or part of the corporate assets or through the liability of returning the franchise to the granting authority.

4) Consecutive reimbursements from the liquidation of the company and affecting amortized capital, at the concurrence of the fraction existing at the time of the amortization, bearing in Equatorial Guinea, the income tax on investments.

5) The sums made available to the partners, provided they are compensation for a loan, for a service or for a responsibility and they are validly included within the deductible expenses for the creation of the Corporate Tax.

ARTICLE 231.- In the case of a merger of companies, the free assignments of shares of stock from the takeover companies to the members of the company being taken over will not be treated as taxable distributions, according to the provisions of article 229, if the takeover company has its headquarters in a State of the Union.

8.3 INCOME FROM BONDS

ARTICLE 232.- The following will be treated as income for the purposes of these provisions:

1.- Interest, back payments and any other proceeds from the bonds, government bonds other negotiable certificates of loans, issued by the local communities and public agencies of Equatorial Guinea, associations of any kind and financial, industrial, commercial or civil corporations, companies and partnerships in Equatorial Guinea.

2.- Lots and reimbursement premiums paid to the owners of those assets.

ARTICLE 233.- For the purposes of the previous article, the income will be determined:

1. For bonds, government bonds and loans, by the interest or income paid during the year.

2. For lots, for the amount itself of the lot..

3. For reimbursement premiums, by the difference between the reimbursed sum and the issuance rate of the loans.

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8.4 INCOME FROM LOANS, DEPOSIT AND GUARANTEES.

ARTICLE 234.- For the purposes of this Chapter, whenever they are not income from the practice of an industrial, commercial, non-commercial, handicraft, agricultural, or extracting activity, the interest, back payments and any other proceeds will be treated as income when they originate from:

1. Priority mortgage loans, with the exception of those represented by bonds, government bonds and other negotiable loan certificates.
2. Demand or fixed term deposits, no matter who the depositor is and no matter what the deposit is attached to.
3. Checking accounts
4. Guarantees in cash.

ARTICLE 235.- 1) Income will be determined by the gross total of the income and any other proceeds from the securities designated in this article.

2) The tax base will be created, either by the payment of interest, or by its deposit in the individual account of the beneficiaries.

8.5 INTERESTS FROM SHORT-TERM BONDS

ARTICLE 236.- 1) Interests from short-term bonds issued by a company that is engaged in a commercial or industrial activity in Equatorial Guinea will be treated as income for the purposes of this Chapter.

2) Also interest from short-term bonds issued by banks or companies, which do not indicate the name or identifying address of the beneficiary.

**8.6 INCOME FROM INVESTMENTS PAID TO AN INDIVIDUAL NOT
HAVING HIS ACTUAL DOMICILE OR HIS HEADQUARTERS IN
EQUATORIAL GUINEA**

ARTICLE 237.- 1) Without detriment of the provisions of International Agreements the income from investments, whenever it benefits individuals or legal entities, not having their usual domicile or headquarters in Equatorial Guinea, shall be subject to a discharging tax of 25% by way of Income Tax on Individuals.

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2) The paying individual or establishment will be treated as a withholding Agent, subject to the liabilities established in letter c) of Article no. 68 of this Law.

8.7 CONTROL OF INCOME FROM INVESTMENTS

ARTICLE 238.- 1) Any individual or company that is obligated to the payment of interest, dividends, income and more from investments or whose profession includes transactions of this nature, cannot carry out, through those transactions, any payment or open any account without demanding the beneficiary support documentation for his identity and the indication of his usual domicile.

2) During the month following the distribution, he is also obligated to submit in the Tax Administration the statement of the sums paid for any item whatsoever.

3) The same liability refers to communities for the dividends, interest of their own shares, portions or bonds they pay to individuals, or companies, in addition to those that are in charge of the service of their coupons. This statement will indicate, for each beneficiary, his name, surnames, usual domicile, the gross total of the sums collected by him and the value of the benefits in kind of which he may have profited the total of the deduction or subtraction that is possibly made.

4) Individuals of companies subject to the provisions of this article and that do not abide by them, or that provide imprecise information in the statements provided by them to the Administration will be subject to the sanctions envisaged in article 100.1) of this Tax Law.

ARTICLE 239. 1) Every individual, company or association that habitually takes securities in deposit, is obligated to address to the Tax Administration, reports of the opening and closing of all deposit accounts for certificate bonds, securities, or in kind, checking accounts and others.

2) Noncompliance of the provisions of this article will give rise to the monetary sanction envisaged in 100.1.a) of this Tax System.

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SECTION IX
TOTAL INCOME

9.1 TAXABLE INCOME

ARTICLE 240.- Total income used as a base for Income Tax on Individuals will be determined by totaling all profits or net income from the different categories examined above, keeping in mind, as appropriate, deductible losses and expenses.

ARTICLE 241.- 1) Income Tax on Individuals will be provided according to the total amount of the net income that each taxpayer has available.

2) This net income will be determined based on the professions practiced, salaries, wages, pensions and annuities received, as well as other profits from all profitable activities engaged, after deducting the following expenses, when not considered for the valuation of profits or income of the different categories:

a) Interest on loans and debts, incurred by taxpayer for the construction, purchase or major repairs of real estate located in Equatorial Guinea and which the owner keeps for his own enjoyment as his principle residence.

b) Back payments of income made by him, both obligatory and as a gift, within the limit of 50% of taxable income before deduction of those payments, as long as such payments are properly supported.

c) Alimony and/or child support paid in compliance with a judicial ruling.

d) Payments made for the purpose of setting up retirement funds, pursuant to the legislation of the Ministry of Labor

e) Payments made to the welfare fund on behalf of domestic employees.

f) Amount of the deficit recorded annually in one income category; in the event the income in said category is not sufficient for the allocation to be completely transacted, then the surplus of said deficit will be charged to the following years through the third year following the deficit year. Nonetheless, no allocation of deficits arising from recreational real estate or that serve for summer holidays will be authorized.

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ARTICLE 242.- Without detriment to what is provided in international agreements, global net income will consist of net income from the different categories valued according to the rules set in articles 220 and following, regardless if said income originates within or outside of Equatorial Guinea.

ARTICLE 243.- 1) When a partner, shareholder or holder of corporate portions, assigns to a third party, during the life of a corporation, all or any part of his or her corporate rights then the surplus of the assignment price in excess of the purchase price will be taxable.

2) Notwithstanding, the allocation of capital gains thus made will be subject to its exceeding 100,000 F.CFA.

ARTICLE 244.- 1) Partners directing limited partnerships by shares will not be able to use the interest respective to them from the corporate profits affected upon setting up reserves until the distribution of these reserves.

2) The provisions of the preceding section will equally apply to partners of general partnerships, limited partners of limited partnerships, and members of a joint venture whose names and addresses have been reported to the Tax Administration, from the time in which these companies chose the tax system of corporations.

9.2 HIDDEN COMPENSATION

ARTICLE 245.- Taxable income of the partners referred to in article 177 will consist of the sum of the amounts paid by these partners directly or via third parties, with corporate funds during the budgetary period in question to individuals whose identity they have not revealed.

2) The declaration of taxable amounts will be signed and submitted at the same time as the Corporate Tax returns.

9.3 INCOME FOR THE FISCAL YEAR IN WHICH DOMICILE OR RESIDENCY WAS ACQUIRED IN EQUATORIAL GUINEA

ARTICLE 246.- 1) When a taxpayer previously domiciled overseas transfers his/her domicile to Equatorial Guinea, then the income whose taxation is caused by this establishment of domicile in Equatorial Guinea will be treated, for tax purposes, as of the date this domicile was established.

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2) This rule will also apply in the case of a taxpayer who, although not previously a resident of Equatorial Guinea, has acquired the regulatory authority of said residence.

9.4 INCOME DURING THE FISCAL YEAR IN WHICH DOMICILE OR RESIDENCE WAS TRANSFERRED ABROAD, OR DURING WHICH THE RESIDENCE IN EQUATORIAL GUINEA WAS COMPLETELY ABANDONED.

ARTICLE 247.- 1) Any taxpayer domiciled in Equatorial Guinea who transfers his domicile overseas will be subject to Income Tax on Individuals for available income during the fiscal year of his departure to the effective date of said move, including all profits made from the end of the last taxed fiscal period and for all income obtained and not taxed to the time that he left.

2.- Taxpayer shall submit a partial return of taxable income at least thirty days prior to his leaving. This return will be subject to the rules and sanctions envisaged regarding annual returns.

This return can be completed, as appropriate, within the first two months of the fiscal year following the year in which taxpayer left. In the event no complementary or correcting return is filed within said period, then the temporary return will be treated as confirmed by the interested party.

3.- The same rules will apply in the case of taxpayer's complete abandonment of his residence in Equatorial Guinea.

4.- All taxpayers abandoning Equatorial Guinea will not be able to obtain their exit visa without previous proof of payment of all taxes owed both as a result of income obtained during previous years, as well as any that may be due under the provisions of this article.

5.- Any taxpayer who does not depend on the Public Administration and who is compelled to leave Equatorial Guinea on a temporary basis must submit, prior to his exit and as appropriate, the commitment of his employer or a banking institution in the case of non-salaried workers, to pay, in his name, any taxes that may be due in the event he fails to return to Equatorial Guinea or, in its absence, to leave collateral to guarantee payment of said taxes.

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9.5 TAXPAYER RETURNS

ARTICLE 248.- 1) All taxpayers subject to Income Tax on Individuals will be obligated to sign a partial return each month showing the gross income received during the previous month.

2) The return will be prepared on a form including all the necessary information with regard to the taxpayer's marital status, family situation and obligations, income classified by category and normally deductible expenses.

3) The return will be duly signed by the taxpayer and filed with the Tax Administration in the area where contributor resides, within the first ten days of each month following the month in which said income was received. The taxpayer can request acknowledgment of receipt for said return or that his copy be signed and sealed.

4) In accordance with article 241 taxpayers must file, each year, prior to the end of March, an itemized global return of the gross income received during the previous year and respective deductible expenses.

ARTICLE 249.- 1) For the purpose of establishing Income Tax on Individuals, the Tax Administration will verify the returns made and demand that taxpayer make the following clarifications and supporting documents:

a) Marital status and family dependents.
b) Expenses deductible from overall income in accordance with article 241.

2) It can also require supporting documents, in the event that it has collected data allowing it to establish that taxpayer may possess income and profits in excess of the amount stated in his return.

3) Requests for clarification and supporting documentation must specifically indicate the points to which they refers and grant the taxpayer a period of twenty days to submit his answers or clarifications.

5) The provisions of articles 73, 161 and 216 of the current Tax System will apply.

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9.6 AUTOMATIC SETTLEMENTS

ARTICLE 250.- The following settlements will automatically be made:

1.- For all taxpayers who have not filed their return within the period established in articles 247 and following of this Law.

2.- For all taxpayers opposing tax control.

3.- For all taxpayers failing to respond to the requests for clarifications or supporting documentation required by the Tax Administration.

4.- For all taxpayers required to keep books of accounts and who cannot submit books, supporting documents, supporting accounting documents, or who submits books, supporting documents or accounting documents that are incomplete and do not allow a precise determination of the profits and losses of their activity.

5.- For all taxpayers whose declared income, after deduction of all allowed expenses, is below the total amount of personal, sustainable or obvious expenses, increased by his income in kind. In the absence of any components allowing the inclusion of more income, then the tax base of these taxpayers will be set in an amount equal to their level or amount of expenses and income in kind.

ARTICLE 251.- In the event of any disagreement with the Tax Administration, then the taxpayer whose tax is automatically settled will not be able to obtain via any adversary proceedings the acquittance of the reduction of the amount ascribed to him, without first providing proof of said excessive taxation.

9.7 CALCULATION OF TAX

ARTICLE 252.- 1) Income Tax on Individuals will cover the total taxable net annual income received in excess of the exempt amount as set in the following table:

Taxable Annual Income				Lien	Tax
From	0	to	1.000.000	0%	exempt
From	1.000.001	to	3.000.000	10%	200.000
From	3.000.001	to	5.000.000	15%	500.000

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From	5.000.001	to	10.000.000	20%	1.500.000
From	10.000.001	to	15.000.000	25%	2.750.000
From	15.000.001	to	20.000.000	30%	4.250.000
	Over 20,000,000			35%	

2) The tax debt of Income Tax on Individuals will be calculated by applying the taxes established in the foregoing point to net profits, according to the annual income, after applying all benefits and a deduction of 20% respective to professional expenses as determined in articles 219, 220 and 221 of this law.

3) Salaries or daily wages per item work that are paid to individuals as fair compensation of their work for others will be subject to a single tax of 10% and declared to the Tax Administration as described in number 1) of article 259 of this Law.

ARTICLE 253.- Any compensation received by a citizen of Equatorial Guinea who is member of an international organization that is other than official compensation as such member, and when said compensation is exempt from Tax, then said compensation will be taken into account provided it is taxable, in order to determine if said citizen is subject to Income Tax on Individuals for his other income; without detriment, in this case, to the application of international agreements relating to double taxation. If such is the case, then the tax will be calculated adding the compensation to the taxable income and including on the figure reached the deduction of the amount of said compensation.

ARTICLE 254.- 1) In the event of taxpayer's demise, the Income Tax on Individuals will be established on the basis of the income obtained during the last fiscal year of his life.

2. In addition any untaxed income distributed or paid as a result of taxpayer's demise and income earned but not received by taxpayer prior to his death will be affected.

3. The tax thus established cannot exceed 3/4 of the decedent's estate prior to payment of death or mutation duties. These will constitute a charge on the estate, but cannot be treated as part of the income of the heirs.

4. The declaration of taxable income by virtue of this article when will be submitted by the successors of the deceased and will have to be submitted within six months of the date of death.

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5. In the event of the death of the operator, the appraisal of the capital gains of the goodwill (tangible and intangible component), will be when the operation is continued by the heirs in any succession, provided at the time of the assignment or end of the operation by the latter, as long as no increase in the value of said elements of the estate has been done over the amount listed in the last statement of financial condition made by the deceased.

This provision will apply when the operation is continued by the heir/s in direct line or by the benefiting spouse after distribution of the estate, as well as in the case when the heirs in direct line or spouse exclusively constitute among themselves a general partnership, a limited partnership or a limited liability company, on condition that the value of the assets, existing at the time of death have not been increased by the assignment of distribution or by the transformation of the company into a corporation.

SECTION X
COMMON PROVISIONS WITH REGARD TO CORPORATE TAX AND
INCOME TAX ON INDIVIDUALS

ARTICLE 255.- 1) In the event of an assignment or cessation, either in whole or in part, of an industrial, business, handicraft or mining company or an agricultural operation or a non-commercial profession, whose results are taxed in accordance with the true profit system, then Income Tax on Individuals or Corporate Tax owed as a result of the profits made by this company or operation and not yet taxed will be immediately established.

2) Taxpayers will, within ten days, as indicated in the foregoing article 254.4), inform the Tax Administration of the assignment or cessation, reporting the date in which said operation became or is to become effective as well as the name, surnames, business name and address of assignee, if applicable.

3) The ten day period will begin to run:

a) In case of the assignment or cessation of a goodwill, the day in which said assignment or cessation was published in the Official State Gazette.

b) In case of an assignment, the date in which purchaser or assignee effectively takes command of the management of the operations.

c) In case of the cessation of a company, the day in which the place of business permanently closes.

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ARTICLE 256.- For taxpayers who are subject to the piecework system, the profit for the ongoing year will be set at the amount received for piecework withheld during the preceding year prorated for the time transpired since the first day of the fiscal year to the effective date of the assignment or cessation. However in the event the piecework rate has not been set, then taxable profit will be determined using the procedure set in article 192, in accordance with the income obtained since the first day of the fiscal year.

ARTICLE 257.- 1) Taxpayers not subject to the piecework system will submit to the Tax Administration within 10, days in addition to the information required, the returns of real income accompanied by required accounting documents, as set in article 160 of this Tax System.

2) In the event taxpayers subject according to their real profit fail to submit the returns or information referred to in article 160, or in the event they fail to submit the necessary supporting documents requested, based on their true income, within ten days following receipt of said request, then the tax bases will be automatically established.

ARTICLE 258.- 1) In the event of an assignment under any conditions whatsoever, assignee may be treated jointly and severally liable with assignor for the amount of taxes either issued or to be issued. This can be resolved only during a three month period beginning with the expiration of the return period envisaged in article 255, and only up to the amount paid for the assignment, if acquired for valuable consideration, or the value withheld to pay duties for inter-vivo transmission, if as a gift.

2) In any event this period will be six months in the event of any undeclared assignment.

SECTION XI
OBLIGATIONS OF INDIVIDUALS

11.1 GENERAL REGULATIONS

ARTICLE 259.- 1) Individuals or legal entities that, in the practice their business, industrial, handicraft industry, agricultural or non-commercial professions pay to third parties commissions, brokerage, bonuses or other compensation, occasional fees, piecework daily wages, intellectual property or inventor rights, gratuities or other forms of compensation will declare said amount to the Tax Administration.

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2) Said obligation includes Notary Publics, Recorders of Deeds and Commercial Registrars and Business and Stock Brokers who receive fees for practicing their activity or profession, even when these are paid from the General Governmental Budgets.

ARTICLE 260.- General partnerships and limited partnerships not choosing the corporate tax system are required to submit to the Tax Administration, at the time they submit the annual return described in articles 197 and 214, a statement indicating the conditions under which their profits are shared or have been distributed among partners and copartners.

ARTICLE 261.- Civil partnerships and trading corporations subject to Corporate Tax will provide to the Tax Administration, within the first three months of each fiscal year, a statement indicating the conditions under which their profits are distributed or shared as compensation for responsibilities or investment among the general partnership partners or limited liability partners, managing partners, copartners or members of the Board of Directors or management.

ARTICLE 262.- The returns referred to in articles 247 through 249 will state:

- a) The names and surnames, business name and address of payer.
- b) Amounts paid, payment details by nature, or the part of the profit attributed.
- c) The names and surnames, business name and address of payee.
- d) Period of application of said payment.

ARTICLE 263.- 1) Individuals or legal entities that practice a business, industrial or handicraft activity not subject to the piecework system, with regard to the provisions of their profit or turnover, must, if required declare to the Tax Administration the total amount of sales per client, as well as retail sales, during the fiscal year transpired.

2) In addition, an invoice must be provided for each sale that is not retail, all rental of assets and all services provided in an amount equal to or above 5,000 FCFA. Client's identity and address will be shown on the copy of the invoice or any other accounting document. Each of these sales will be recorded separately in the accounts.

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3) For all effects of the foregoing section, sales made at a retail price over quantities not exceeding the normal private needs of a consumer will be treated as retail sales.

4) The following will not be treated as retail sales:

a) Sales of objects that, based on their nature or use, are not normally used by the end consumer.

b) Sales made at identical prices, whether these are made at wholesale or retail.

c) Sales of products earmarked for resale, regardless of the amount delivered.

11.2 SURCHARGE, PENALTIES AND FINES

ARTICLE 264.- Surcharges, sanctions and fines envisaged in article 165 of this Tax System will apply under the same conditions set for Income Tax on Individuals.

ARTICLE 265.- The following will be punished by fine from 100,000 to 5,000,000 F. CFA:

1) Individuals or legal entities acting as withholding agents, who fraudulently withhold or attempted to withhold the establishment or the payment of the withheld tax.

2) Those who, while not withholding agents have withheld or attempted to withhold the declared tax.

3) Employers or individuals who have not paid the amounts owed in the time and manner provided by Law as tax on salaries and wages.

4) Business, accounting, tax counseling or independent consulting agents convicted of having established or helped to establish false statements of financial condition.

5) Individuals receiving income directly or indirectly overseas, and who have not mentioned the same separately in their overall returns.

6) Taxpayers submitting false supporting documentation to benefit from a Tax reduction.

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7) Individuals or taxpayers failing to submit returns of this levy within the periods established for each case.

11.3 PROFESSIONAL SECRET

ARTICLE 266.- 1) Any individual who, based on his responsibilities or authority, is called upon to intervene in the establishment, receipt or dispute of taxes referred to in this Tax System is subject to professional secret under the terms envisaged in the penal code and under the respective sanction.

2) The provisions of this article do not forbid the exchange of information with the competent authorities of the Governments who have co-signed with Equatorial Guinea a reciprocal assistance Agreement in tax matters.

SECTION XII
TAX PANELS

ARTICLE 267.- Tax Panels regulated under the Preliminary Title, Chapters XXVI through XXVIII of this Law, intervening in all administrative tax procedures, will be comprised of:

1) The General Director of Taxes and contributions or his delegate, who will serve as president.

2) The Chief Tax Inspector.

3) A Customs Inspector.

4) A member designated by the Agricultural Industry and Forestry Chamber of Commerce.

5) Two technicians appointed by the Ministry of the Treasury and Budget.

6) An official of the Technical body of the Treasury, who will serve as Secretary.

ARTICLE 268.- The interested taxpayer, convened at least ten days prior, will be heard if he so desires. He may have the assistance of one person of his choice or delegate on a duly empowered agent.

ARTICLE 269.- Taxpayer will be notified of the Panel's opinion by the General Director of Taxes.

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CHAPTER III
VALUE ADDED AND SPECIAL DUTY TAX.

SECTION I
PRINCIPLES AND SPHERE OF APPLICATION.

ARTICLE 270.- Value Added Tax, is an indirect and general tax imposed at several stages, based on consumption and levied on the volume of both normal and occasional business carried out by businessmen, professionals and industrialists. It also taxes the importation of goods by companies, professional and private individuals.

ARTICLE 271.- The following are subject to value added tax

- 1) Goods sold or assigned for valuable consideration.
- 2) Services provided.
- 3) Self-consumed goods and services.
- 4) Imports.
- 5) Other operations done by individuals or legal entities in their sphere of professional, individual, or business activities, including extraction industries of all kinds.

SECTION II
TAXABLE TRANSACTIONS (TAXABLE EVENT)

2.1 SALES OF GOODS.

ARTICLE 272.- 1) Sale of goods is understood as any transmission of the power of disposal of a physical good in the capacity of owner, both regular or occasional, even though said transmission occurs as the result of a requisition by the public authority.

Exchange, contributions of elements of the business or professional assets of corporations and sales with installment payments will likewise be assimilated to sales of goods.

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2.2 SERVICES PROVIDED

ARTICLE 273.- 1) Services provided is understood as any operation that is not a sale of goods, carried out by a taxpayer in exchange for compensation or other economic benefit.

2) The following will be treated as services provided:

- a) Rental of real estate or chattels,
- b) Operations carried out on intangible chattels,
- c) Lease or financing lease operations and leases with an option to buy,
- d) Transportation of people and merchandise, shipping and handling in Domestic territory, including the portion of international transportation performed within domestic territory,
- e) Supply of water, electricity, gas, telephone and energy of any source,
- f) Operations carried out within the framework of a profession,
- g) Sales of goods consumed on the premises,
- h) Repair and handicraft activities,
- i) Real estate work performed by different trades involved in the construction, maintenance and repair of buildings and real estate developments, public works, accessory or preliminary work for real estate projects including public works whose, sources of financing are located in Equatorial Guinea,
- j) Preparation, manufacture or construction of personal properties commissioned by an individual,
- k) Goods received in kind commissioned by another individual,
- l) Any work or service not included in the foregoing letters.

2.3 SELF-CONSUMED GOODS AND SERVICES.

ARTICLE 274.- The following are treated as self-consumed goods and services:

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1) In the case of goods, any operation performed by a taxpayer, both for the needs of his company and for other needs, within the framework of his activity, except for those performed for the personal requirements of the owner of an individual company provided these do not exceed those carried out by any individual to satisfy his own needs, and by any group for the personal needs of its members, as long as these deliveries are made at the premises serving as the principal residence.

2) With regard to Services, all those performed by a taxpayer, both for the needs of his company, as well as other needs within his normal sphere of activity.

2.4 IMPORTS.

ARTICLE 275.- Import is understood as any entry of a good within the customs territory of Equatorial Guinea.

2.5 OTHER OPERATIONS.

ARTICLE 276.- The following operations are also treated as taxable:

- 1) Sales of secondhand items done by professionals.
- 2) Transfer of assets or other elements not included in the list of exempt goods and operations according to article 241 of the Customs Code, modified by Acts numbers 2/92-UDEAC-556-CD-SE1 dated April 30 and 2/98-UDEAC-1508-CD-61 dated July 21.
- 3) Activities dealing with the extraction of raw materials of forestry, mining, hydrocarbons, energy generation, emergent water or obtained from drilling and fishing, when no other provisions deem them exempt.
- 4) Leasing of non-inhabitable buildings and land by real estate agents or professionals.
- 5) Commercial subsidies of any kind received by taxpayers with regard to their taxable activity.
- 6) Interest on loans.

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- 7) Placing of petroleum products for consumption and distribution, except for the retail sale of these products, under the condition that the price structures are set by the Government.
- 8) Bank expenses and commissions of all kinds.
- 9) Mediation operations and commission agencies when the agent does not act for himself.

SECTION III
SPECIAL DUTY TAX.

3.1 NATURE

ARTICLE 277.- Special Duty Tax applies to the products listed in Annex Number I of the provisions relating to taxpayers, to taxable operations, to exemptions and to territoriality generally applicable to VAT and Special Duty Tax.

3.2 TERRITORIALITY.

ARTICLE 278.- All operations performed in Equatorial Guinea are subject to VAT, unless they are included in the list of exemptions envisaged in article 283 of this Law, even though the domicile of the individual or legal address of the debtor corporation is located outside the territorial borders of Equatorial Guinea.

ARTICLE 279.- A sales operation is treated as performed in Equatorial Guinea when it has been carried out under the conditions for the delivery of goods described in article 271 of this Law, or in the case of other operations, when the service provided, right assigned or object leased is used or operated in Equatorial Guinea.

ARTICLE 280.- 1) A service provided is taxed in the place where it was executed. However, if the service was provided outside the place of execution, then it will be taxed in the place where the service was used. To that end, the taxpayer is obligated to appoint before the Tax Administration of that place an authorized and solvent agent, resident of Equatorial Guinea, who will be jointly and severally liable with him for the payment of said tax.

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2) In the event taxpayer fails to appoint an agent, then both VAT as well as any fines that may be payable, will be paid by the client on behalf of the party with no permanent place of business in Equatorial Guinea.

3.3 TAX SUBJECTS.

ARTICLE 281.- All individuals and legal entities habitually or occasionally and independently performing the economic activities of production, trade or rendering services, as well as all operations connected to said activities including extractive, farming and liberal professional or similar activities, are subject to Value Added Tax and Special Duty.

ARTICLE 282.- 1) Local communities and agencies of public law are not treated as taxpayers when acting as public authorities.

2) Nevertheless, the foregoing communities and agencies are treated as taxpayers when they act in the industrial and commercial sectors, regardless of the special treatment reserved for the establishment promoting same, as long as said operations are performed based on means and methods comparable to those used by the private sector.

3) The following are also treated as taxpayers:

a) Individuals and legal entities that, according to customs law, import goods as recipients, assignees or owners of same, and any consignee acting on its own behalf.

b) In the case of goods or services acquired without an invoice, the party acquiring same will be jointly and severally liable for the respective tax on said operations, except when it reports this circumstance to the Tax Administration in the time and manner set.

3.4 EXEMPTIONS.

ARTICLE 283.- The following are exempt from VAT and Special Duty Tax:

1.- Raw agricultural, livestock, fishing and hunting products, as long as said products are sold directly to the end consumer by the owner.

2.- The following operations, as long as they are subject to some specific taxes:

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- a) Sale of products resulting from soil and subsoil extraction activities.
 - b) Operations transmitting real estate between individuals that do not qualify as real estate developers and that are subject to Asset Transfer Tax.
 - c) Interest generated by foreign loans.
 - d) Interest generated by deposits of non-professional clients in credit or financial establishments.
 - e) Travelers with small imports when the value of the goods does not exceed 500,000 F.Cfas.
 - f) Banking, insurance and reinsurance operations, which are subject to a specific tax.
 - g) Operations transferring real estate, and real estate rights and mutations of goodwill which are subject to the Asset Transfer Tax or other equivalent taxes.
- 3.- Medical services, including transportation of accident victims and sick people, and medical assistance to individuals provided by public hospitals and health centers, or similar agencies, and medical assistance provided by members of the medical and paramedic corps.
- 4.- Staple commodities included in Annex I of this Law, as well as their supplies, the supplies of livestock and fishing products used by producers, as long as said products are exempt.
- 5.- Services provided in the field of school or university teaching by public and private establishments or similar agencies.
- 6.- Importation and sale of school or university books.
- 7.- Sale of newspapers and periodicals, not including income received from advertising.
- 8.- Rental of unfurnished houses.
- 9.- Operations relating to the international traffic of:

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- a) Ships or vessels used in industrial or commercial activities on the high seas.
- b) Salvage or rescue ships.
- c) Airplanes and ships used in international transit operations and related services, in accordance with the provisions of articles 158 and following of the EMCCA Customs Code.

10.-Social, educational, sports, cultural, philanthropic or religious services or operations provided to their members by non-profit benevolent and charitable agencies, as long as said operations can be directly related to the collective defense of the moral or material interests of their members. However these are taxable when they are in a situation of competition with the private sector.

11.-Importation of equipment goods listed in Annex I (bis) of this Law.

12.-Amounts deposited by the Public Treasury into the Central Bank in its capacity of issuing bank, as well as proceeds of the operations of said currency issuing bank.

13.-Suspensive Customs systems to defer or suspend taxation can be accorded to mining, oil and timber companies. Nonetheless, the right to said systems must be sole and limited exclusively to investment goods strictly necessary to practice the activity in the implementation, prospecting or research phases.

3.5 TAX BASE.

ARTICLE 284.- The tax base for VAT and Special Duty on the delivery of goods and rendering of services performed in national territory is:

- 1) With regard to the delivery of goods, all amounts or securities and all benefits, goods or services received or pending receipt as compensation for the delivery.
- 2) With regard to imports, the Customs value, including all rights and duties paid upon entry, except for VAT.
- 3) With regard to services, all amounts and benefits received and, if applicable, the value of goods that are consumable in the execution of said services.

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4) Dealing with exchanges, the value of the products received in exchange for the good provided, plus the amount of compensation received.

5) With regard to real estate projects, the amount of the operations, memoranda or invoices.

ARTICLE 285.- Tax base for self-consumed goods comprises:

1) The purchase price without VAT of the goods purchased or used but not transformed.

2) The cost of goods extracted, produced or transformed.

ARTICLE 286.- The following are included in the tax base defined in articles 284 and 285 of this Law.

1) Accessory expenses for the delivery of goods and services invoiced to clients,

2) Taxes, duties and excise taxes, including Special Duty Tax, except for VAT.

ARTICLE 287.- The following are not included in the tax base defined in the foregoing articles:

1) Discounts and reductions, as well as price reductions as long as they benefit the client, and are reflected in the invoices or equivalent commercial documents.

2) Amounts collected that do not constitute compensation for taxable transactions.

3) Free distributions of goods in the framework of advertising or commercial promotion.

ARTICLE 288.- With regard to imports, the tax base for VAT is constituted of the customs value defined in articles 23 through 26 of the EMCCA Customs Code plus customs duties and Special Duty Tax.

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2) With regard to Special Duty Tax, the tax base is formed of the customs value plus customs duties.

ARTICLE 289.- Tax bases for VAT and Special Duty Tax for the introduction of goods into national territory or that of another member State, comprises the cost period upon leaving the factory, including shipping expenses.

ARTICLE 290.- 1) Amounts earned by the taxpayers as and for deposits for the delivery of unidentifiable recoverable and reusable shipping material are included only in determining the tax base for VAT and not that of Special Duty Tax.

2. Amounts earned for consignment at the time of delivery of identifiable, recoverable and reusable shipping material are likewise excluded from the tax base.

3. Nevertheless, when said shipping material has not been returned within the periods normally set in the profession, then VAT will be levied against the assignment price.

ARTICLE 291.- 1) With regard to public works financed by the General Governmental Budgets, foreign aid or loans, the VAT tax base, if applicable, will be the amount of the works including taxes and excise taxes, not including VAT and Special Duty Tax.

2. The provisions of the previous paragraph are also applicable to works done by public institutions, be they industrial, commercial, scientific, technical or administrative, state-owned corporations, communities and public agencies both with and without legal status or financial autonomy.

3. The tax base used to calculate VAT and Special Duty Tax will be rounded to the next following unit in whole numbers of FCFA, thus eliminating the use of decimal numbers below fifty cents.

3.6 DETERMINATION OF TAX BASE AND TAX INCURRENCE

ARTICLE 292.- The incurrance of VAT and Special Duty Tax is defined as the event in which the necessary legal conditions are fulfilled leading to the enforceability of the Tax.

1) Value Added Tax will be incurred upon the:

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- a) Delivery of goods and merchandise, in the case of sales, exchanges or manufactured products.
 - b) Execution of services and work or part of services and work, with regard to real estate services and work provided.
 - c) Collection of the price for all other taxable operations.
 - d) Introduction of goods and merchandise into national territory, as defined in the EMCCA customs code, in the case of imports.
 - e) Agreements to transfer property, for real estate operations performed by real estate developers.
 - f) Lease agreements for unimproved lands or unfurnished buildings, performed by real estate professionals.
 - g) Except for the foregoing, the incurrence comprises:
 - First placement for consumption or into service, in the case of self-consumption of goods and services.
 - Sales of real estate work made by businessmen expressly opting for this system.
- 2) With respect to the Special Duty Tax, said taxes are incurred upon the delivery of goods and merchandise by the producer or distributor or wholesaler, in the case of sales and exchanges.

3.8 ENFORCEABILITY

ARTICLE 293.- Enforceability is defined as the right of the Public Treasury to demand that the taxpayer pay the Tax by a specific date.

Enforceability comes into being:

- a) For sales, goods delivered, including self-consumed goods, at the time that the Tax is incurred.
- b) For the collection of the price, down payments or advance payments for services provided and real estate work, on operations occurring in the social sphere and development of industrial areas as well as partial services and work,

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including suppliers of the Government, of Public Administrations provided with an attached budget, the state companies and establishments and local communities.

c) For transfers of real estate, on the date of transfer.

d) With regard to leases with options to buy done within the social framework by real estate developers, contracts for the use and enjoyment of unimproved land and unfurnished buildings by professionals of the real estate sector, enforceability occurs on the date each payment falls due.

e) For imports or the introduction of goods and merchandise into domestic territory, at the time of registry of the declaration of consumption of said goods.

f) For consumer credit operations or leases with options to buy done by financial establishments, when interest or rents fall due.

g) Any settled tax must be deposited within the first fifteen days of the month following invoicing.

SECTION IV
TAX RATES.

4.1 VALUE ADDED TAX
4.1.1 GENERAL RATE

ARTICLE 294.- The general rate of 15% is applied to all taxable transactions, except for those subject to the zero rate and to the reduced rate of 6%.

4.1.2 REDUCED AND ZERO RATES

ARTICLE 295.-1) The reduced rate of 6% is applied to basic products included in Annex II of this Law.

2) The 0% rate is applied to basic products listed in Annexes I and I bis of this Law.

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4.2 SPECIAL DUTY TAX.

4.2.1 GENERAL RATE

ARTICLE 296.- The general rate of 30% is applied to the products listed in Annex III. The foregoing provisions relating to taxpayers, taxable transactions, exemptions and territoriality are the same for Special Duty Tax.

4.3 ZERO RATE

ARTICLE 297.- Zero rate is applied only to exports whose returns have been certified by the customs services.

ARTICLE 298.- General and zero rates are applied over a base calculated without VAT.

SECTION V
DEDUCTIONS.

5.1 PURPOSE AND NATURE OF THE DEDUCTION RIGHT .

ARTICLE 299.- Value Added Tax levied on the price components of a taxable transaction is deductible from VAT applicable to said operation.

5.2 ORIGIN OF THE DEDUCTION RIGHT.

ARTICLE 300.- 1) The deduction right originates when the deductible tax is callable from the supplier of goods and services.

2. For imports, the deduction right originates at the time the item is placed for consumption.

3. Deduction concerns VAT when levied on:

a) The raw materials and supplies necessary for the operation that form part of the production process of goods and services.

b) Services that effectively concur in said production, as long as the service providers are also subject to the actual system.

c) Purchases of goods and merchandise necessary and intended for use in the operation.

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d) Equipment goods necessary for the operation, excluding private vehicles, as well as their spare parts and their respective repair expenses.

5.3 EXERCISE OF THE DEDUCTION RIGHT.

ARTICLE 301.- When goods and services have been used for the needs of their taxable transactions, on condition that said transactions have a deduction right, then the tax the taxpayers can deduct, as the case may be, is as follows:

1. That stated on purchase invoices issued to them by sellers, whenever these are legally authorized to include the tax in said invoices.
2. That paid at the time of import.
3. That levied on equipment goods, excluding private vehicles, as well as their spare parts and their respective repair expenses.

ARTICLE 302.- 1) Taxpayers who do not have in their possession the invoices or the respective import declarations naming them the actual recipient have no right to deduct VAT.

2) Invoices capable of justifying the deduction are exclusively those issued to the company and in its name by its suppliers of goods and services either directly or through the mediation of an official commission agent acting on behalf of the suppliers.

5.4 TIME REQUIREMENTS.

ARTICLE 303.- 1) VAT that has taxed goods, services and self-consumption is deductible from the contribution belonging to the month in which the deduction right originated.

2) Nevertheless, the deduction right can be exercised until the end of the second fiscal year after that of enforceability.

5.5 DEDUCTION BY ALLOCATION.

ARTICLE 304. - The right to deduct VAT that has taxed the purchase price or cost of elements that are deductible is normally exercised by allocating same to the tax due for operations that are deductible.

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ARTICLE 305.- The allocation is applicable exclusively to VAT owed by the same company, both for operations with a deduction right as well as for the regularization of deductions previously made.

ARTICLE 306.- When the amount of VAT deductible for one month exceeds that of VAT callable, the surplus constitutes a tax credit attributable to the VAT callable for the following period. Notwithstanding, this right cannot at any time be subject to return for the fraction of the tax whose allocation has not been possible.

ARTICLE 307.- Taxpayers will submit their monthly tax returns within the first fifteen days following the one being declared.

5.6 DEDUCTION BY PRORATING.

ARTICLE 308.- 1) Taxpayers who do not perform only operations with the right to deduct, are authorized to deduct the Value Added Tax levied on goods and services acquired, by applying a prorated amount of the deduction. This prorated amount is calculated based on the fraction of the turnover relating to operations that are deductible.

2) This fraction is the ratio of:

a) Amount of respective income for transactions subject to the Value Added Tax, as the numerator.

b) And the total amount of income of any kind obtained by taxpayer, as the denominator.

ARTICLE 309.- The following transactions are excluded from the VAT tax base:

a) Self-consumption and subsidies for equipment exempt from the tax.

b) Payment of damages that are a compensation of a transaction subject to VAT.

ARTICLE 310.- To simplify the matter, the prorated figure will be set per fiscal year and not monthly. The prorated figure established at the end of the fiscal year is valid for monthly returns for the following fiscal year. The company can make final regularizations upon submitting the new statement of financial condition.

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5.7 REGULARIZATIONS.

ARTICLE 311.- 1) When a component of the fixed assets that has been the subject matter of a deduction is no longer part of the fixed assets of the company or its departure from the assets is not supported, before the end of the fourth year of acquisition, the company becomes the debtor of the tax fraction previously deducted.

2) Said fraction is equal to the difference between the total deductions made and one fifth per year or per fraction of a year since it was acquired.

3) In the case of an assignment, if the good constitutes a component of the purchaser's fixed assets, the latter can deduct the VAT in the amount reverted by seller as regularization, as long as he is also a VAT taxpayer.

4) As a condition for said deduction, seller must issue a statement to purchaser reflecting the amount of the deductible VAT.

SECTION VI
6.1 TAXPAYERS' OBLIGATIONS

ARTICLE 312.- Any person subject to Value Added Tax must register with the Tax Administration of his jurisdiction, pursuant to sections 2) and 3) of article 27 of this Law.

ARTICLE 313.- He must likewise submit a declaration to the Tax Administration of his jurisdiction, stating either the cessation or assignment or modification of his activities, within the first fifteen days following the operation.

6.2 ACCOUNTING OBLIGATIONS.

ARTICLE 314.- 1) Taxpayers are required to keep the following accounting registries, apart from the accounting books required by the Commercial Code:

- a) A registry book of all invoices issued separated into those belonging to operations that are subject, exempt, not subject and self-consumption.
- b) A registry book of invoices received.
- c) A registry book of investment goods.
- d) A book with current accounts of clients and suppliers.

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2) Taxpayers will also keep all accounting items showing income and expenses for five years following the respective operation.

3) The accounting books mentioned in this article must allow a precise determination of the following for each settlement period:

a) Total amount of Value Added Tax that taxpayer has passed on to its clients.

b) Total amount of Value Added Tax that suppliers have passed on to the taxpayer during the same settlement period and that taxing imported goods.

ARTICLE 315.- Every taxpayer is required to issue and deliver invoices for goods delivered or services provided to his clients, whether they are tax subjects of the tax or not, as well as down payments received for said operations and which give rise to the enforceability of the tax.

Each invoice will reflect:

1) Correlative number and chronological date.

2) Name, address and Taxpayer Number of the company.

3) Prices, with the respective VAT listed separately.

4) Name, address and Taxpayer Number of taxpayer.

ARTICLE 316.- Invoices issued to any client who is not a VAT taxpayer, must include the respective amount of VAT.

6.3 SUBMISSION OF TAX RETURN AND TAX PAYMENT.

ARTICLE 317.- 1) Any taxpayer of the Value Added Tax is required to submit his monthly return in the appropriate Tax Administration, within the period established in article 307 of this Law.

2) Said taxpayers must determine by themselves the amount of tax debt using the returns-settlements in the form and periods established, and debtor must deposit the resulting self-settled amounts in the Public Treasury.

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ARTICLE 318.- Value Added Tax belonging to imported goods will be settled by the Customs Services and deposited in the General Government Treasury by the taxpayer liable for said tax.

ARTICLE 319.- 1) Without detriment to the provisions of article 317, Value Added Tax must be declared and paid, before removing imported goods, in the Customs offices.

2) To have the right to deduct, taxpayer must submit the following for each transaction:

- a) A Customs declaration in the correct form.
- b) A voucher of deposit issued by the official tax collection Entity.

ARTICLE 320.- Any individual or legal entity, reflecting VAT in an invoice or any other document, for the fact of having invoiced it, is required to declare and deposit same.

ARTICLE 321.- All taxpayers are required to submit monthly returns of their transactions during the preceding month and make immediate payment. Any taxpayer not performing any transaction during said period must still submit a negative return.

SECTION VII
VERIFICATION AND PROCEDURES TO CORRECT TAX BASE.

7.1 VERIFICATION OF RETURNS

ARTICLE 322.- To verify the precise compliance of taxpayers with their tax liabilities, the Tax Administration may proceed to verify both the returns submitted by taxpayer to the Tax Administration pursuant to article 86. 1) and 2) of this Law, as well as any other document it deems necessary to obtain information on taxpayer's transactions.

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7.2 CORRECTION PROCEDURE .

7.2.1.- Contradictory correction of the tax base.

ARTICLE 323.- The tax Agent may make a contradictory, unilateral correction to an automatic settlement when noting any shortfall, inaccuracy, omission or concealment in the elements used as the basis of the tax calculation.

7.2.2 Unilateral correction of the tax base.

ARTICLE 324.- The Tax agent can proceed to the unilateral correction or automatic settlement whenever the taxpayer is in one of the following situations:

- 1) Failure to submit or untimely submission of return.
- 2) Obstruction or opposition to conduct of inspection.
- 3) Failure to answer or to provide clarifications and supporting documentation required by the Tax Administration within a maximum period of five days.

7.2.3 Sanctions.

ARTICLE 325.- 1) Tax sanctions for Value Added Tax depend on the correction procedure used.

a) With respect to the contradictory procedure, in addition to the 10% interest for being in arrears, the fine will be 50% of the fees involved, which may be increased up to 100% if taxpayer fails to show good faith.

b) With regard to the unilateral procedure without detriment to the interest in arrears, the fine will be 100%.

2) At no time will interest in arrears be understood as a sanction, regardless of the procedure used, as it will compensate the financial loss suffered by the Treasury as a result of the tardy collection of its debt.

ARTICLE 326.- When the director of a company, regardless of the legal system to which it is subject, is liable for fraudulent acts or failure to observe tax liabilities for more than two months during which the company cannot pay the VAT respective to said period then said individual will be treated as jointly and severally liable for payment of said tax and the respective fines caused.

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ARTICLE 327.- Depositories, holders or debtors of sums belonging to or due to belong to the tax debtor will be required through the order issued to them as legal holders to deposit in favor of the Treasury, in the name of the debtor and charged as part of the funds held by them, the amount of the tax owed.

SECTION VIII
LITIGATION AND STATUTE OF LIMITATIONS.

8.1 LITIGATION.

ARTICLE 328.- The provisions of the Preliminary Title, Chapter XXVI of this Law relating to contested matters, will be applicable to Value Added and Special Duty Tax.

8.2 STATUTE OF LIMITATIONS.

ARTICLE 329.- The provisions of the Preliminary Title, Chapter XIII of this Law relating to the statute of limitations, are applicable to Value Added Tax and Special Duty Tax.

CHAPTER IV
TAX ON INDIVIDUALS

SECTION I
BACKGROUND INFORMATION AND TAXABLE EVENT

ARTICLE 330.- The subject matter of the Tax on Individuals is the active existence of the individual in Equatorial Guinea.

ARTICLE 331.- Tax on Individuals is levied on all individuals residing or domiciled in Equatorial Guinea and is applied throughout the Country, regardless of the individual's nationality or origin.

1.2 TAX SUBJECT

ARTICLE 332.- All citizens and foreigners, over the age of eighteen years, regardless of gender, residing in or domiciled in Equatorial Guinea, are subject to this Tax on Individuals.

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ARTICLE 333.- 1. The amount of this Tax is set as follows:

a) An amount of 5,000 FCFA. per person for all residents of the urban areas of Malabo and Bata. Said amount will be reduced by 50% for residents in neighborhoods and adjoining areas, while they have not been developed.

b) An amount of 3,500 FCFA per person for all residents of the remaining urban areas of provincial administrative centers.

c) An amount of 1,500 FCFA. per person for all residents of District administrative centers.

d) An amount of 1,000 FCFA per person for all residents of municipal administrative centers.

e) An amount of 500 FCFA per person, for all residents of rural areas.

2.- The foregoing amounts will be adjusted every three years in the Budget Law.

3.- The Tax amount will be due on a yearly basis and will be paid within the first quarter of each fiscal Year.

ARTICLE 334.- Said Tax on individuals will be levied through the fixed contributions established in the foregoing article based on the rolls of taxpayers to be prepared and kept by the Tax Administration.

Said tax rolls will be prepared based on information from the respective Tax Inspections of the different areas.

ARTICLE 335.- The fixed contribution will be represented by a personal identification card, entitled "IDENTITY CARD" of the Tax on Individuals. This document will not be transferable and will contain the information necessary for the taxpayer's personal identification.

1.3 EXEMPTIONS

ARTICLE 336 1.- The following individuals will be exempt from this Tax:

a) Individuals under 18 years of age.

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b) Diplomatic and Consular Agents and Members of foreign mission not citizens of this country, as long as the Countries that they represent grant analogous benefits to Diplomatic and Consular Agents of Equatorial Guinea.

c) The handicapped.

d) Heads of family, men, women and guardians, liable for more than six children below the age of 18 years.

e) Men over the age of 60 years and women over the age of 50 years.

f) Single women caring for more than three children below the age of 18 years.

2.- The foregoing exemptions a) d) and f) will abate when the children reach the ages stated in said letters.

3.- To exercise the exemptions listed in letters c, d, e, and f of this article, the interested parties must request the respective certification of enjoyment of these benefits from the General Direction of Taxes and Contributions. Those domiciled in rural villages will justify same with a certificate issued by the respective Village Council, accrediting the guardianship of the interested party or cause of exemption.

1.4 VARIOUS OBLIGATIONS

ARTICLE 337.- The Tax on Individuals will be established in the current place of residence of taxpayer on the first of January of the tax year.

Taxpayers will attempt to discharge the tax in the area of their habitual place of residence or tax domicile.

ARTICLE 338.- All individuals subject to the Tax on Individuals as well as those not subject to same are required to carry as a document their Tax Identity Card or, if appropriate, supporting documentation that they are exempt from said payment, which will be issued by the Tax Administration for the cases of non-subjection.

Failure to submit the Personal Identification Card or Proof of exemption will be punished with a fine equivalent to 100% of the Tax owed, apart from the payment of the principal.

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ARTICLE 339.- Duplicates of the Personal Identification Card or Proof of Exemption will not be issued. In the event said documents are lost or missing for any reason, then the interested parties will proceed to pay the tax.

ARTICLE 340.- Individuals must prove payment of the Tax on Individuals or exemption from same in the following cases:

1) To perform any public position or employment, understood as such, for the purpose of this Law, those resulting from appointment by the Government Administration and Local Corporations, Authorities of any kind and category including Village Councils and Traditional Chieftainships.

2) To exercise parliamentary positions.

3) To execute contracts, exercise acts and rights, grant credits, submit any claim or request to the tribunals, courts, corporations, authorities and public and private offices.

4) To exploit agricultural, forestry, industrial, and commercial goods and to exercise any profession or trade.

5) To collect wages or any other compensation paid for providing personal dependent services.

6) At the requirement of law enforcement agents.

ARTICLE 341.- Those paying compensations, interest, credits and other similar payments, must demand from payees supporting documentation that they have paid the Tax on Individuals.

ARTICLE 342.- Notary Publics and Recorders of Deeds will not authorize any instrument, certification or letter, nor make any notations or registries of any kind unless the interested party has proven that he has satisfied the Tax on Individuals.

ARTICLE 343.- Those executing public and private documents will include in same the identity of the interested party referring specifically to the Tax Identity Card.

ARTICLE 344.- Individuals who in accordance with what is stipulated in this Law, are required to pay the Tax on Individuals are also required to

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document their payment whenever a public official or a law enforcement agent so requests.

ARTICLE 345.- Failure to comply with the obligations referred to in articles 341 and following of this Law will be punished with a fine from the amount to twice the amount of the tax.

1.5 ADMINISTRATIVE PROCEDURE

ARTICLE 346.- 1) Registration and Removal from the Tax on Individuals will take effect the day following the date in which the event determining same occurred.

2) The event determining Registry and Removal refers to the date the taxpayer is registered in the General Roll of taxpayers of his neighborhood, which will be provided to that end, by the Tax Administration.

3) Tax inspector for the respective area, will prepare the respective rolls and require from the Village Councils the supporting documentation of the receipts to be supplied to them by the Tax Administration.

TITLE II
NON HARMONIZED EMCCA REGULATIONS

CHAPTER I
RURAL AND URBAN PROPERTY TAX

SECTION I
RURAL PROPERTY TAX.

1.1 TAXABLE EVENT

ARTICLE 347.- 1) This tax is levied on rural properties in use or not.

2) Rural property is understood as any land capable of agricultural, forestry or livestock use, that is not located in an urban area, and that produces or may produce output, possessed either outright or temporarily, regardless of the object of the concession.

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1.2 TAXPAYER, TAX BASE AND NET BASE

ARTICLE 348.- The following will be subject to this tax:

- a) Owners of the properties subject to same.
- b) Concession holders of lands, during the life of the concession or contract, when not subject to other taxes, duties or rental rates.
- c) Heirs, joint owners and other entities that, while having no legal standing, constitute an economic unit that is the owner of record of assets of a rural nature.

ARTICLE 349.- The rural tax base consists of the actual or potential output obtained or capable of being obtained from the rural real estate, whether they are in use or not.

1.3 TAX DEBT

ARTICLE 350.- Tax Debt will consist of:

- a) A fixed contribution of 100 francs CFAS, for each hectare or fraction thereof of the surface area on the property. It will be due per completed six months and paid in the second and fourth quarter of the respective fiscal year.
- b) A variable contribution that will be due based on the real income obtained from the property, settled through the Income Tax on Individuals or the Corporate Tax in the case of individuals or corporations.

1.4 EXEMPTIONS

ARTICLE 351.- The following properties will be completely and permanently exempt:

- a) Farms with a surface area not exceeding five hectares.
- b) Farms of the Government Administration that are used for Public Service, regardless of the agency in charge of their administration.

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c) Properties belonging to Municipal Governments, Village Councils or any other administrative Agency, as long as the income produced is devoted directly to maintain public services.

d) Properties belonging to Congregations and Religious Institutions, as long as they produce no income and are devoted directly to worship or charitable acts.

e) Publicly owned lands located within the reserves of villages.

f) Lands belonging to diplomatic, consular missions and international agencies, as long as they are not used for profit, and as long as there is reciprocity.

1.5 TAX REBATES ON ASSESSED CONTRIBUTIONS:

ARTICLE 352.- Real estate devoted to the following uses will have a 50% tax rebate on the established assessed contribution:

- a) Livestock grazing and breeding.
- b) Growing of cocoa, coffee and coconuts.
- c) Growing of palm trees.
- d) Growing of vegetables of any kind.

ARTICLE 353.- 1) To receive this tax rebate, owners and licensees of the land earmarked for the purposes included in the foregoing article must request same from the Tax Administration, proving that the land fulfills said purpose by showing a certificate issued by the respective technical service.

2) The ruling of the Tax Administration granting the tax rebate will take effect the semester following that in which it was granted.

ARTICLE 354.- The tax rebate on land included in sections 1) and point 2) of article 353 will automatically take effect on the date on which the tax is incurred, as long as the taxpayer has registered same within the regulatory period.

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1.6 ADMINISTRATIVE PROCEDURE

ARTICLE 355.- 1) Registration and removal from rural tax rolls will take effect the on six-month period of time following that in which the determining event occurred.

2) With regard to concessions or purchases, the event determining Registration or Removal will refer to the date in which the period in which said concession or contract entered into effect.

ARTICLE 356.- All taxpayers are required to submit their initial declarations or modifications within thirty days following the date on which the event determining the Registration or Removal occurred.

ARTICLE 357.- 1) With regard to farms and plots of land, the event determining Registration will refer to the date of recording with the Recorder of Deeds.

2) With regard to concessions said date will be the date of the concession or the contract.

ARTICLE 358.- 1) All owners of lands with a surface area larger than that set in letter a) of article 149 of this Law, will be required to record their properties in the Land Registry.

2) Any owner failing to comply with the provisions of the foregoing section and whose surface area is greater than five Hectares, will be fined in an amount equal to the administrative valuation made, in addition to the assessed contributions resulting from the settlement.

ARTICLE 359.- 1) The levy of the assessed contributions of this tax will be based on the Tax Roll of rural properties, to be prepared and kept by the tax Administration.

2) The Tax Roll will include all rural properties with all the information necessary to reflect the tax situation of same and, especially, the possession of the taxpayer, the concession or purchase, location of the property and its surface areas.

ARTICLE 360.- 1) All Village Councils are required to keep a neighborhood registry of all rural properties existing within their jurisdiction.

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This registry will include the same information established in the Tax Roll for rural properties.

2) They will also be required to report every year to the Tax Administration of the area, all Registrations or Removals and other information necessary to allow the tax control of rural properties, within the last two months of each fiscal year.

ARTICLE 361.- Each rural property will be listed on a Tax Registry card and the information there recorded will be determined as a result of the returns that must be submitted by the owners, holders, concession holders or equitable owners as well as the verifications carried out by the Tax Administration and information provided by the Village Councils.

ARTICLE 362.- The Tax Administration will promote the investigation and inspection of assessed contributions to correct any discrepancy that may exist between the information found in the Tax Registry and the actual situation of the rural properties.

1.7 SANCTIONS.-

ARTICLE 363.- 1) Failure to submit or untimely submission of the returns of rural property taxes, and the shortfall of those returns will be sanctioned with a fine of 50% of the resulting tax owed, which will not be less than 10,000 FCFA.

3) This sanction may increase to 100%, in the event the taxpayer shows bad faith.

SECTION II
URBAN PROPERTY TAX

2.1 TAXABLE EVENT

ARTICLE 364.- Ownership, possession, equitable ownership and real or potential income from urban properties are subject to the Urban Property Tax.

ARTICLE 365.- 1) Urban property is understood for these purposes as any land with or without buildings and the buildings built thereon, whenever located in urban areas.

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- 2) The following will be treated as urban land:
 - a) Land included inside the perimeter that defines the area of each town and that is suitable for building.
 - b) That occupied by buildings subject to this tax.
- 3) The following are treated as buildings:
 - a) All buildings of the social sphere, regardless of the elements from which they are constructed and their use.
 - b) Development and improvement projects and those carried out for use as uncovered areas such as markets, open air repositories, docks, parking lots and areas next to buildings.
- 4) Urban area will be the municipal surface including the urban shell, attached neighborhoods and those adjacent lands where it may be foreseen that the construction may extend.
- 5) In any case centers attached to the urban area where a municipality is located will be treated as urban areas, for tax purposes.

2.2 TAX SUBJECT

ARTICLE 366.- All owners, holders, equitable owners of the assets, heirs, joint owners and other entities which, while lacking their own legal status, constitute an economic unit are the owners of record of assets that are urban in nature, will be required to pay this tax.

2.3 TAX BASE AND NET BASE

ARTICLE 367.- 1) The tax base for urban property tax, which will coincide with the net base, will be constituted by 40% of the sum of the value of the land and the construction. It will enter into effect for taxation purposes beginning on the fiscal year immediately following its notification.

2) For all cases involving the award of urban properties whose values are globally estimated, the Tax base will be constituted by the value of the award or acquisition.

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ARTICLE 368.- 1) To determine the land value, the urban area will be divided into several polygons and each will receive a basic value per square meter; from this, corrective coefficients will be established, for more or less, to recognize the differences in the lots, according to their location within the polygon and their degree of development.

2) A basic value per square meter of construction will be established to determine the value of the construction, considering the type of construction.

3) When the basic value of the land and construction cannot be determined pursuant to the preceding sections, it will be determined according to market values.

ARTICLE 369.- 1) Constructions will also be valued based on their actual cost, with corrections according to their age, actual use, kind of building and possibility of producing income and, if appropriate, current market value. A corrective rate will be applied to this value, accounting for the cases in which the buildings do not correspond to the ideal land use.

2) Improvements that are not permanent will not be included in the value of the buildings.

3) In the case of leased dwellings or premises, in order to determine the taxable or tax base, the amount of the annual rent may prevail, when it is greater than the result obtained from the tax base.

ARTICLE 370.- 1) Urban areas and urban polygons as well as their values will be determined by agreement of the Ministry of the Treasury and Budgets, after instituting proceedings, in which the respective municipalities will be heard, as well as the General Direction of Housing and other departments affected.

2) The Ministry of the Treasury and Budgets may, for said purposes, directly request the reports it considers necessary from the different Official agencies and the Local Administration.

3) The Ministry of the Treasury and Budgets may convene the competent Agencies to review the values on its own initiative or at their request. Any modifications resulting from same will be in effect for five years.

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2.4 TAX DEBT

ARTICLE 371.- The tax debt will be the result of applying 1% to the tax base. Said tax will be due per complete six months and its amount paid in the second quarter of the respective fiscal year.

2.3 EXEMPTIONS

ARTICLE 372.- The following properties will be exempt:

1. PERMANENTLY:

a) Properties belonging to charitable, non-profit foundations or associations.

b) Those directly used without profit by representatives of foreign countries as a result of their status, when there is reciprocity, and international agencies

c) Lands and buildings directly devoted to teaching as long as these centers have official recognition and they are owned by the owners of record of said centers or by entities and individuals that place the buildings and land at the service of said centers with no rent of any kind.

d) Urban properties whose tax base does not exceed 1,000,000 FCFA, when the owner holds a single property of this type or the sum of those that he owns does not exceed said figure.

2. TEMPORARILY

a) Properties with buildings that are newly built or subject to rebuilding, during the first 5 fiscal years following January first of the year following that in which the respective construction or reconstruction was concluded.

b) Properties whose buildings are being modified or which for this reason are not capable of generating income, either completely or partially, while they are under construction.

c) Buildings with new construction will not pay assessed contributions while under construction and for one year afterwards, with the time from the conclusion of work until the end of that calendar year counting as one year.

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d) Nonetheless, when these constructions are concluded or the premises, floors or flats are ready to produce income of any kind, even though the others have not yet been finished, then the exempt period of five years will begin to run for the concluded part beginning on this date.

ARTICLE 373.- Constructions subject to modification which continue in partial use will pay the respective part of the assessed contribution. The nature of the work requires that all the building remain without use, even when only part of is being modified the exemption will be limited to the time that work continues for the part not affected by the modification work.

2.6 ADMINISTRATIVE PROCEDURE

ARTICLE 374.- To enjoy the foregoing temporary exemptions the Tax Administration of the area must be notified by means of an application before thirty business days have transpired from the date on which the work concluded. This application will be submitted together with a professional certification, duly authorized, clearly stating the date on which it is believed that the property will again be in a position to produce income, as well as the cost or value of the construction work done.

ARTICLE 375.- The Government may agree to temporary reductions of this tax in order to stimulate the development of buildings that it deems of special interest.

ARTICLE 376.- The determination of the tax base will be initiated based on a previous declaration required once from the owners of the subject properties and that will be submitted in the offices of the Inspection of respective area.

ARTICLE 377.- The owners, holders and equitable owners will be required to declare any substantial alteration, be it physical, economic or legal, made to the ground or structures. These variations will enter into effect on the six months period following that in which the alteration took place.

ARTICLE 378.- Registration and Removals to this tax will enter into effect beginning on the six months period following that in which the event determining same occurred.

ARTICLE 379.- Taxpayers are required to submit their initial returns and later modifications within thirty days following the date in which the event determining the tax liability took place.

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ARTICLE 380.- The levy of this tax will be stated in the Tax Registry of Urban Properties, prepared and kept by the Tax Administration. This Registry will contain all partial registrations for the different urban areas.

ARTICLE 381.- Each urban property will be listed on a Tax Registry card, stating the information necessary to better know the tax situation of the property and especially the personal details of the taxpayer, location of the property and its value, as well as the coefficients applicable for same.

ARTICLE 382.- 1) Each City Council is required to keep a partial registry of all urban properties existing in its municipality with the same formal requirements demanded in the Tax Registry.

2) They will also be obligated to report to the Tax Administration in the area the initial data modifications and other necessary information for better tax control of the properties, within the last two months of each fiscal year.

ARTICLE 383.- The Tax Administration will promote the investigation and inspection of assessed contributions to correct any discrepancy that may exist between the information found in the Tax Registry and the actual situation of the urban properties.

For management purposes of Urban Property Tax, the Ministry of the Treasury and Budgets may directly appoint tax Agents for the settlement and collection of this tax form.

2.7 SANCTIONS

ARTICLE 384.- 1) Failure to submit or untimely submission of the returns of urban taxes and the shortfall of those returns will be sanctioned with a fine equivalent to 50% of the resulting tax debt, which will not be less than 10,000 FCFA.

2) This sanction may increase to 100%, in the event the taxpayer shows bad faith.

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CHAPTER II
TAXES ON “Inter. Vivos” ASSET TRANSFERS,
DOCUMENTED LEGAL ACTS, "Mortis Causa"
SUCCESSIONS AND DONATIONS

SECTION I
GENERAL REGULATIONS.

1.1 JURISDICTION

ARTICLE 385.- Settlement of Taxes on “Inter Vivos Asset Transfers, Documented Legal Acts and “Mortis Causa” Successions, regulated by this Law, shall be the responsibility of the Tax Administrator of the General Direction of Taxes and Contributions and the Recorders of Deeds, the latter in acts concerning Tax management, depending on the General Direction of Taxes and Contributions.

1.2 SUBMISSION OF DOCUMENTS.

ARTICLE 386.- 1) Any document or return that includes an act or contract referring to valuable quantity, item or right must obligatorily be submitted in the competent Settlements Office, whether or not it is subject to the tax or exempt from same.

2) The submission of documents determines the incurrance of the assessed contribution of the Tax.

ARTICLE 387.- The periods in which the documents or the written declarations referred to in the previous article must be presented for settlement are:

a) For acts or contracts subject to a General Tax on “inter vivos” Asset Transfers and Documented Legal Acts, thirty business days.

b) For those related to the General Tax on “mortis causa” Successions, three months if the deceased has died in Equatorial Guinea and six months if the death has occurred overseas.

c) Said period should be counted from the incurrance of the tax.

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ARTICLE 388.- Failure to submit the documents or returns within the periods stated in the previous article shall be sanctioned with a fine equivalent to 20% of the assessed contributions, if the delay is does not exceed a period equal to those stated and 30% if the delay should exceed such terms.

1.3 VERIFICATION OF VALUES.

ARTICLE 389.- 1) The Tax Administration will verify the real value of the goods and rights transferred without detriment to the provisions in article 86 of this Law, by the following means:

- a) Average sales prices in the local markets.
 - b) The values assigned to building lots for the purpose of Urban Property Tax, when dealing with the transfer of land without buildings or of the part without buildings, and of Rural Property Tax, as is regulated for this tax.
 - c) The price at which the goods being transferred or other goods of similar nature and in analogous circumstances, located in the same area or District, were sold in the last transference.
 - d) The principal assigned in the insurance contracts.
 - e) The verified value that is stated in the last registration of the property or real estate right involved in the Land Registry.
 - f) The price at which the goods are being leased, considering as such the value of the use, whatever the contract type may be.
 - g) When transferring motor vehicles, the assessment set out for them by the industrial engineers employed by the Department of the Treasury.
- 4) The administrative action for verification purposes will expire after five (5) years, as determined by article 65 of this Law.

ARTICLE 390.- The expert appraisal of the goods, except of those mentioned in paragraph g) of the previous article, will constitute an extraordinary method of verification, which has to be ordered by the General Director of Taxes and Contributions.

ARTICLE 391.- 1) In case the experts do not agree on the value of the goods or rights, and if the appraisal performed by the Administration does not

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exceed that done by the individual by more than 10%, the latter will become the basis for settlement. If the appraisal carried out by the Administration's expert does exceed that done by the individual by more than 10%, the Liquidator examining the proceedings will inform the General Director of Taxes and Contributions, so that the latter may request from the Lower Court Judge in the respective jurisdiction the appointment of a third expert by operation of law.

2) In no case the result of the expert valuation may be used as basis for settlement, if it is lower than the one declared by the interested parties.

ARTICLE 392.- The verification of the values may only be suspended by the request of the taxpayer for causes that are justified in the opinion of the Administration for a period of one year; however, a provisional settlement will be issued in accordance with the declared values and the taxpayers are obligated to pay the legal interest for delays regarding the new settlements that may result from the verification.

ARTICLE 393.- When the filing of an economic-administrative claim against the verification is proved before the settlements office, a settlement for the declared value will be carried out, without detriment to the issue of any applicable complementary settlements, once the proceedings are resolved. If there is no such proof, the settlement will be issued on the verified value, without detriment to any applicable corrections.

1.4 PAYMENT OF TAXES, DEFERMENT AND SUBDIVISION.

ARTICLE 394.- 1) The payment of the taxes regulated in this Title shall be done in the fifteen days following the day after the date on the receipt given when the respective documentation was presented to the settlements Office.

2) The presenter of the document will have, by the sole action of presenting it, the character of representative of the interested parties, and all notifications sent to him/her with regards to the document presented either with respect to the verification of the values, or the settlements that are performed, as well as the inquiries that he/she subscribes, will have the same value and will produce the same effects as if they were presented to or subscribed by the interested parties themselves.

3) For the tax levied on Medals, Titles or Emblems the period for payment will be thirty days after the date on which they are awarded.

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ARTICLE 395.- 1) The General Director of Taxes and Contributions may grant a deferment or subdivision for up to six months for the payment of the taxes that are settled due to death, provided the assessed contribution does not exceed 200,000 FCFA. For amounts above that figure it will be decided by the Minister of the Treasury and Budgets.

2) Regarding inheritance successions, when, in the portion awarded to each party, there is no cash, securities or other goods and chattels that are easily converted into cash, or they were not enough to pay the entire assessed contribution, the General Director of Taxes and Contributions may grant deferment or subdivision into partial payments partially with respect to the first case and for the full amount in the second with a maximum of three annual payments, within the limit of the assessed contribution stated in the previous item, and the Ministry of the Treasury and Budgets in all other cases, by means of five annual payments.

3) Granting the deferment and the subdivision of payment will not preclude the interested parties from registering their respective goods and rights in the Land Registry, once payment is made for the first two annual payments or the first two agreed payments which must be made within the period stated in the agreement, starting on the date they were granted.

4) To obtain the benefit granted in the previous paragraph, the interested parties who wish to use it must request it before the deadline defined for payment expires.

5) If the payment deferral or subdivision is denied, the taxpayer will be required to pay the fine and the delay interests due to lack of payment within the period, pursuant to what is stated in this article.

1.5 STATUTE OF LIMITATIONS.

ARTICLE 396.- The Administration's action to determine the tax debt through an appropriate settlement of the taxes regulated in this Chapter, will expire after ten years. This same term will govern the review period of the tax settlements and all other acts pronounced in management proceedings.

ARTICLE 397.- Regarding the statute of limitations of the documents that have to be presented for settlement it will be assumed that the date of the matters is the date of presentation unless they were previously incorporated or registered in a public registry or delivered to a public official on account of

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his/her function, in which case the date of incorporation, registration or delivery shall be taken into account.

1.6 DUTIES OF THE AUTHORITIES, PUBLIC OFFICIALS AND INDIVIDUALS.

ARTICLE 398.- 1) Lower Court and Examining Judges, as well as District and Local judges will make sure the court Secretaries who report to them send to the General Direction of Taxes and Contributions, Delegations of the Treasury and Budgets or settlement offices in their respective jurisdictions, a monthly balance of ab intestato and probate trials; other statements with the executive resolutions or final verdicts that award, declare, recognize or transfer, perpetually, indefinitely, temporarily, revocably or irrevocably amounts in cash that are not from the price of goods and chattels or real estate, from services or credit and another statement with the allocation of government bonds and other securities, and in general, all types of goods and chattels, whether they are allocated to the plaintiffs as payment of debts of any sort, or of services, or they are allocated to third parties for the payment of debts, legal costs or analogous concepts.

2) The Judges will not decide on the delivery of goods to creditors before they justify previously the payment of the tax and they will also make sure that court Secretaries fulfill the obligations imposed by this Law.

ARTICLE 399.- Within the first two weeks of each month, those in charge of the Office of Vital Records will send to the General Direction of Taxes and Contributions and the settlements offices of the respective jurisdictions a list of the names of the deaths registered during the previous month.

ARTICLE 400.- 1) Notary Publics shall be obligated to supply to the Tax Administration and tax liquidators any data requested regarding the acts and contracts in which they have intervened while performing their responsibilities and to deliver within two weeks the copies that the above may request of the documents that they authorize or have in their original record.

2) Notary Publics who authorize any document that is subject to the respective tax will state on it, expressly and with all due legal warnings, the deadline to settle the tax, during which period the interested parties are obligated to present it for settlement, as well as the encumbrance of the goods to the payment of the respective tax on the transfers they may have made, and the responsibilities in which they shall incur in case they do not make the submission.

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3) In the documents they authorize for the processing of real estate the taxable cash value assigned to it in the income value shown in the Tax Registry shall also be stated if the interested parties prove or declare it or, otherwise, the statement that they do not know it.

ARTICLE 401.- 1) Individuals, banks, associations, partnerships and any other public or private Entity, as well as public officials of the State, municipalities and administrative agencies with autonomous character, shall have the obligation to supply to the Administration, within a period of two weeks, starting on the day following the date of the requirement being made, reporting the death of any individual, all data requested about the amounts of cash, securities, personal effects and any property that may be in the name of that individual.

2) Insurance organizations shall be equally obligated to supply to the Administration in the same terms all data requested about any insurance policy taken out by the decedent with them.

3) Individuals, banks, associations, partnerships and other persons and entities mentioned in the previous article shall not be able to return the securities, personal effects or goods of any kind they may have received as a deposit or under any other form of civil or commercial contract, to anyone else but the holder, when dealing with transfers subject to tax without the authorization of the Administration.

ARTICLE 402.- 1) Insurance entities shall not be able to perform the settlement and payment of any policy on the life on an individual or any other modality, without prior supporting documentation stating that the payment of taxes respective to said policy has been made.

2) Administrative authorities and tax Collectors that approve auctions shall not give the goods to the purchasers without prior supporting documentation that the respective taxes have been paid.

3) State authorities and public officials, or those from local corporations, public Entities and partnerships or individuals that are licensees of public services or subrogated on some right of the State or said corporations or entities or who enjoy a monopoly or legal privilege for whom or in whose favor any kind of bonds have been constituted may not agree to return them without proving payment of the amount due respective to the main contract and to that of the bond.

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ARTICLE 403.- Public officials and authorities of any kind in the State Administration, union and public sectors, as well as those of the local administration, who in the exercise of their responsibilities were to know about acts or contracts that, though subject to tax, have not paid it in full or the exemption has not been duly justified, are obligated to make this known to the General Direction of Taxes and Contributions.

ARTICLE 404.- 1) Whenever the individuals or legal entities, public officials or authorities of any rank to whom the previous article refers to fail to supply the data, documents or copies they are obligated to deliver or show, the Administration, without detriment to any penalties that may take place, may obtain those it deems necessary from the original domiciles and offices through the tax Inspectors.

2) Whenever it deems it convenient, the administration may verify the data supplied, in compliance with what is provided in the previous articles in with the books, documents and files of the respective individual, office or entity.

3) Of the provisions in this article exception is made of notary records and the files, records and registries that, due to express legal provisions, are reserved in nature.

1.7 SANCTIONS.

ARTICLE 405.- 1) The taxpayers from whom the liquidator demands documents that are necessary to carry out the verification of values or the settlement will incur a fine of 50,000 FCFA, if the periods given expire, and such documents are not presented.

2) The following will incur in a fine from 25,000 to 50,000 FCFA, according to the seriousness of the offense.

- a) Judges who do not comply with the provisions of article 398. 1).
- b) Those in charge of the Office of Vital Statistics who fail to send the data to which article 382 of this Law refers.
- c) Court secretaries who do not fulfill the obligations imposed by this Law.
- d) Notary Publics who fail to comply with the obligations established in article 400.1 and 2).

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e) Authorities and public officials who fail to comply with the obligations imposed by this Law with respect to the supply of data or documents regarding tax management.

3) The liquidators who contravene the provisions of this Law will incur a fine from 50.000 to 100.000 FCFA, for each offense they commit. The fines will be imposed by the General Director of Taxes and Contributions.

ARTICLE 406.- The following will incur a fine from 100,000 to 250.000 FCFA, according to the seriousness of the offense:

1) The taxpayers who with resistance, excuses or refusal to appear in the acts of inspection of which they are the object, obstruct or block the work of the inspectors, without detriment that the Administration may proceed through the regulated means to carry out the appropriate settlement, as well as those individuals, banks, partnerships, associations, legal entities, public or private, authorities and public officials of any rank who, with resistance, excuses or refusals obstruct or prevent the inspectors from acting in the cases in which the Administration uses the faculties conferred to it by article 401.1) of this Law.

2) The participants, authorities and public officials of any rank and any kind of legal entities, public or private, who refuse expressly or tacitly to supply the data, documents or their copies that are demanded as stated in this Law by the Administration agencies in charge of Tax investigation.

3) The heirs and other people responsible who fail to present the necessary documents to make a provisional settlement in the case envisaged by article 387.b) of this Law.

4) The people and entities mentioned in article 401 when they fail to fulfill the obligations imposed on them in said article.

5) The managers of the Land and Business Registries who fail to supply the data demanded by the Administration or that they must provide in accordance with this Law, and are necessary to verify values and levy taxes.

6) Authorities and public officials who fail to comply with the obligations imposed by article 403 of this Law.

7) The judges and court secretaries who deliver goods to creditors, violating the provisions of article 398.2) of this Law.

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8) Public officials, authorities and judges of any kind, managers of the Land and Business Registries who violate the prohibitions contained in articles 398 and 403.

9) Authorities, public officials and entities to which article 402 refers, whenever they deliver auctioned goods, settle, pay the policies or return the bonds mentioned in that rule without first demanding supporting documentation regarding the payment of the respective taxes.

10) The authorities and public officials mentioned in article 403, when they fail to fulfill the obligations imposed on them.

ARTICLE 407.- Any falsehood or deliberate omission in any of the returns made before the Administration, regarding the tax by which it is attempted to avoid its payment, shall be punished by one to thirty days imprisonment and a fine from 50,000 to 150,000 FCFA, according to the magnitude of the fraud, provided the falsehood is beyond doubt.

ARTICLE 408.- 1) No state or local levy shall be made, without previous supporting documentation regarding the payment of the respective tax or its exemption.

2) The change of the taxpayer for any state or local levy, when said change entails directly or indirectly the transfer of goods, rights or actions taxed by this Law, in which case a sanction will be imposed from the amount to twice the amount of the debt resulting from the levy.

SECTION II
TAX ON “INTER VIVOS” ASSET TRANSFERS

2.1 GENERAL PRINCIPLES

ARTICLE 409.- The Tax regulated by this Chapter is an indirect levy, and it will be demanded according to the true legal nature of the act or contract, no matter what the parties call it, doing without the defects, whether of form or content, that may impair its validity and effectiveness.

ARTICLE 410.- 1) In the acts or contracts in which there is some condition their classifications will be done in accordance to the provisions contained in the current Civil Code. If the act or contract were suspensive, the

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Tax will not be settled until the condition is met, stating the deferment of the settlement in the registration of goods in the respective Land Registry.

2) If the condition were subsequent, the tax will also be demanded, without detriment to its appropriate return once the condition is met.

ARTICLE 411.- 1) The Tax falls on the true value the goods and rights had at the time the contract is entered into or the act subject to same takes place, except the provisions in the following article, with a deduction of the perpetual, temporary or redeemable burdens or levies that affect the goods, provided they are directly attached to them and actually reduce their value.

2) Those that constitute a personal obligation of the purchaser or those like mortgages and pledges, which only cause a decrease in the price to be paid will not be regarded as deductible expenses.

ARTICLE 412.- Any acquisition of goods whose effectiveness is in fact interrupted because of a concurrent condition, term, trust or any other limitation, will be considered as taking place on the day these limitations disappear, and this is the date to be used in determining the value of the goods and in applying the respective tax rates.

ARTICLE 413.- For the legal classification of the goods that are taxable in view of their different types, ends, use or application, the respective provisions of the current Civil Code will be heeded or if applicable, those of the Administrative Law.

ARTICLE 414.- All facilities of any kind, that are established permanently, whatever the manner in which they are built, whether or not they are transportable, and the land on which they are located, whether or not it belongs to their owner, shall be treated as real estate, for the purposes of this tax.

ARTICLE 415.- The concurrence of two or more owners of record in the taxable event will only determine that they will be jointly and severally obligated before the Department of the Treasury when so expressly established by this Law.

ARTICLE 416.- 1) When the same act or contract comprises goods and chattels and real estate, without specifying the part or value that corresponds to each one, the tax rate of real estate will be applied.

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2) When different concepts are comprised that are separately subject in the tax, Rate without specification of, the part of the value that corresponds to each of them, they will be settled using the rate of the highest one.

2.2 TAXABLE EVENT.

ARTICLE 417.- The Asset Transfer Tax will levy onerous "Inter vivos" transfers, the increase in the value of rural and urban property, that take place within civil traffic and corporate transactions.

ARTICLE 418.- This tax shall be demanded for:

1) Onerous "inter vivos" transfers regarding every kind of goods and securities located in the national territory and the rights, shares and obligations that have emerged, can be exercised or were to be fulfilled there.

2) The actual increase in the value of rural and urban property located in Equatorial Guinea.

3) The constitution, capital increase, modification, transformation and dissolution of partnerships.

4) The establishment, recognition, modification, extension, transfer and termination of every class of rights in rem, whether by contract or by judicial or administrative act.

5) The establishment, modification, renewal, explicit extension, transfer and termination of loans and bonds, whatever their nature or class.

6) The establishment, extension, subrogation and transfer of leases on goods, works, services, rights or uses of any kind.

7) The administrative concession of goods, works, services or public uses and their transmission by means of "inter vivos" acts.

8) Leasing, equitable ownership, use and dwelling.

ARTICLE 419.- For the purposes of this tax, the following shall be considered:

1) Companies:

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- a) Contracts regarding joint accounts and the co-ownership of goods.
 - b) Joint ownership constituted by “inter vivos” acts for the operation of commercial businesses, whose profits are subject to Corporate Tax.
 - c) Joint ownership constituted or originated by “mortis causa” acts, when it continues, undivided, operating the business of the decedent for a period of more than five years.
- 2) The material division of goods in “pro indiviso” possession will be deemed as the dissolution of a partnership when they have been acquired for valuable consideration or, if it was for profit, when there is an express agreement between the joint owners to maintain or create the joint ownership.
 - 3) The allotment among joint owners of the apartments or business premises of a building or of part of them that may be used independently, with annexed common elements, shall be treated as material division of goods in “pro indiviso” possession.
 - 4) The merger of companies, even if done by a takeover by a new one in which the others that existed previously will become integrated, will be taxed as the establishment of a company.

ARTICLE 420.- With respect to this tax, the change in the nature and form of a company will be understood as a transformation of the same.

ARTICLE 421.- The following shall be treated as onerous transfers and will be settled according to the nature and class of the goods or rights involved:

- 1) Non-money investments by the partners, if the partnerships meet their equivalent value by issuing treasury stock or in virtue of the subscribed capital.
- 2) The transfers of lease in business premises, even when the purchaser is the owner of the real estate who exercises his/her rights of redemption of pre-emption.
- 3) Acknowledgment of ownership on behalf of certain persons.
- 4) Awards or assignments that consist of real estate awarded by individuals or legal entities by virtue of a commitment agreement.

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5) The issue of titles that give interest in the capital of a company but are not representative of an investment in goods or rights in it.

ARTICLE 422.- The establishment and express extension of bonds and rights to mortgage, pledge and antichresis as collateral for a loan, as well as the modification, termination or cancellation of these rights to mortgage, pledge and antichresis, when these acts take place as a consequence of the modification or termination of the loan for which they were constituted as collateral, will pay taxes as loans.

ARTICLE 423.- For the purposes of this Tax, a modification of the bond will be understood to exist when the obligations being guaranteed are expanded or the person of the guarantor is substituted totally or partially.

ARTICLE 424.- For the purposes of this Tax, any authorization given, in accordance with the respective laws and regulations, to exploit public resources and services shall be treated as an administrative concession.

ARTICLE 425.- 1) Donations, no matter what type of goods they consist of, will pay taxes according to Tariff III of article 454, no distinctions made regarding the amount.

2) Conditional and remunerative donations will pay taxes by that concept and on the full amount.

3) Donations given by a same donor to the same beneficiary within a period of six months starting from the date of each one will be considered as a single donation for the purpose of tax settlement.

ARTICLE 426.- 1) The existence of a lucrative transfer will be presumed:

a) When, after a person died without leaving a widowed spouse or offspring or adopted children, the tax Rolls show, in the elaboration of the decedent's assets, reductions that, simultaneously or afterwards, but never after three years, correspond to the increase in the assets of the beneficiaries or recipients of the legacy.

b) Any addition of new goods and rights to the current possessions, provided they remain constant or the difference in a greater value of the goods or rights acquired during a period of time with respect to those that were disposed of in that same period, shall be understood as an increase in the assets.

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c) Any disposal of goods and rights in possession without the acquisition of new ones or the difference in a lesser value of the goods or rights acquired during a period of time with respect to those that were disposed of in that same period shall be understood as a decrease.

2) In acquisitions for valuable consideration, performed by the ancestors in representation of underage descendants, a lucrative transfer will be assumed on behalf of the latter for the amount of the value of the transferred goods or rights, unless there is proof to satisfy the Tax Administration, regarding the previous existence of enough goods in their assets to perform them.

2.3 TAX BASE.

ARTICLE 427.- 1) The following shall serve as tax base:

a) With respect to transfers, the value of the goods and rights declared by the interested parties, unless an administrative verification shows a greater value.

b) In the transfer for valuable consideration of the rights derived on behalf of the grantee from a subcontract of works, services or supplies, the agreed price will serve as base.

c) In the transfer of securities, the effective value resulting from their current market value in the stock market on the day the acquisition takes place or the last previous market value.

d) In the establishment, recognition, modification or termination of rights in rem, the base will be the capital, price or value recorded by the parties.

e) Regarding mortgage, pledge and antichresis, the base will be estimated in the value of the liability or principal guaranteed.

f) In the establishment of companies and in the increase of their capital the base will be determined by the value of the goods and rights contributed by the partners.

g) In the issuance of certificates that grant interest in the capital of companies and which are not representative of contributions of goods or rights to them, the acknowledged interest in the capital will serve as the base, and when that interest does not exist or is unknown, the value of each share will be

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estimated as the average resulting from taking the face value of the fully paid up shares of that same company. .

h) In the merger of companies, the base will be the liquid assets available, on the day of the agreement is adopted, either of the annexed company, if it is via takeover, or the integrating ones, if is via the creation of a new company.

i) In transfers done through public, notary, judicial or administrative auction, the base will be the value of the allocation, unless the result of the verification shows a greater value.

j) In the extension, transformation and modification of partnerships, the base will be the liquid assets the company has available on the day the agreement is adopted.

k) In the dissolution of companies, the base will be the value of the goods and rights distributed to the partners.

l) In a capital reduction that involves the return or delivery of goods to the partners, the base will be the value of those goods. If the reduction in capital is produced by a shared buy-back implemented by the company, the actual value of the amortized shares will serve as the base.

m) Regarding loans with no guarantee other than the borrower, in those that are insured via bond and in the contracts of debt recognition and paid deposits, the base will be the principal of the obligation or the value of what has been deposited. In credit accounts, what the borrower has actually used.

n) Regarding loans constituted through the issue of obligations, bonds or other analogous certificates, the guaranteed principal, if there is a pledge or a mortgage, or the face value, if that is not the case.

o) Regarding bonds, the base will be given by the value of the obligation being guaranteed.

p) In leasing, the base will be the total amount that will be paid during the entire duration of the contract.

q) In the transfers of lease in business premises, the base will be the greater value resulting from capitalizing 4% of the respective minimum tax contribution.

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r) In administrative concessions:

- In mining concessions, the base will be determined by capitalizing the surface rental rate at 2%.

- In the transfer of mining concessions, the base will be the value established by the interested parties.

- In the administrative concessions that are not regulated in this article, the net base will be determined according to the value established for them in the respective administrative proceedings by the entity that awards them or, in its absence, by the value declared by the interested parties.

- In the usufructs and rights in rem of use and dwelling, the base will be 5%.

2) What is established in this article is understood without detriment to the right the Administration has to verify, through the ordinary and extraordinary means at its disposal the value of the goods and rights.

3) Leasing contracts for urban and rural properties will be drawn up necessarily using the respective stamped paper or by a public deed. Those that are not drawn up in stamped paper will be taxed through number 14 of Tariff L.

2.4 TAX DEBT AND INCURRENCE.

ARTICLE 428.- Tax debt shall be constituted by the assessed contribution resulting from the application of the respective rate of Tariff I to the tax base or to the capitalizations established in this Law, plus legally callable surcharges, including deferment and delay interests and applicable penalties.

ARTICLE 429.- In "inter vivos" asset transfers, the tax will be incurred on the day the levied act or contract takes place.

ARTICLE 430.- For the transfers of goods and rights in rem that are formalized via private documents, the assessed contribution will have a 10% surcharge.

2.5 TAXPAYERS AND THOSE RESPONSIBLE FOR THE LEVY.

ARTICLE 431.- The following shall be obligated to pay the tax:

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- a) With respect to the transfer of goods and rights of any kind, the acquiring party.
- b) In the establishment, recognition, modification, extension and termination of rights in rem, those on behalf of whom these acts are being carried out.
- c) In the dissolution of partnerships and in capital reduction, the partners.
- d) For the establishment, modification, renewal and extension of loans of any kind, the borrower.
- e) In the establishment, modification and extension of bonds, the bonded creditor and at termination, the guarantor.
- f) In the constitution and extension of leases, the lessee.
- g) In administrative concessions, the licensee.

ARTICLE 432.- With respect to Chapter XVI of the Preliminary Title, the following will be jointly and severally liable for the payment of taxes:

- a) In the establishment, increase and decrease of capital stock, merger, modification, transformation and dissolution of partnerships, the promoters, board members, managers and administrators of these partnerships.
- b) In loan agreements, the lender, if he or she receives in whole or in part the interests, the capital or the goods lent, without requiring from the borrower the supporting documentation showing the taxes were paid.
- c) In lease agreements, the lessor, if he or she receives the first payment of the lease without requiring from the borrower the supporting documentation showing the taxes were paid.

ARTICLE 433.- The Public Official or Authority who, violating the provisions of article 408 of this Law, allows the change of the taxpayer for any state or local levy, when said change entails, directly or indirectly the transfer of goods, rights or actions taxed by this tax, shall be jointly and severally liable for the payment of the tax, as well as the corresponding delay interests and fine that may ensue.

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2.6 EXEMPTIONS.

ARTICLE 434.- The following shall be exempt from this Tax:

1. "Inter Vivos" asset transfers, in which the obligation to pay the Tax falls on:

a) The State, without the tax abatement reaching entities and agencies that, whatever their relationship of dependence with the State may be, have their own and independent legal status, and have not been awarded any special exemption by this Tax System.

b) Autonomous Agencies of the State Administration that do not have their own, independent legal status.

c) Charity or education institutions that are supported by funds from the State, the Church or Local Corporations, and private charitable establishments when their sponsors or legal representatives hold pro bono or honorary positions.

d) The equity of Social Assistance.

e) Those mutilated in war defending their country.

f) Municipal Governments, minor Local Entities, Associations and Commonwealths.

2.- The transfer of goods on behalf of foreign States allocated to their diplomatic or consular representation, or their official agencies, in case a similar exemption is provided in that State for the acquisitions made there by the State of Equatorial Guinea.

3.- Credit transfers, when the assignor or assignee is a merchant and the transfer has its origin in a commercial operation that is usual for him, as well as the issue or endorsement of credits for an account, receipts for amounts, promissory notes, acquittances, deposit slips, checks, current account checks, bills of lading, bills of freight or other documents that have a similar purpose in trade traffic.

4.- Subsidies, bonuses, no-interest advances and assistance provided by the State, Autonomous Agencies and Local Corporations.

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5.- Transfers and other acts or contracts in which the exemption is granted by International Treaties or Agreements ratified by the State of Equatorial Guinea.

6.- Transfers that take place by virtue of bills of exchange or legacies, when the acquiring party against whom they are executed has already paid the tax.

7.- Transfers and other acts or contracts, when they have the exclusive aim of saving other ineffective operations, for which tax has already been paid but are impaired by vices that entail their inexistence or nullity.

SECTION II
DOCUMENTED LEGAL ACTS

3.1 TAXABLE EVENT.

ARTICLE 435.- The following are subject to the Tax on Documented Legal Acts:

a) Administrative resolutions and those in the ordinary, civil and penal, adjudicatory, administrative, economic-administrative, smuggling and other special jurisdictions, that are pronounced to resolve a motion or any ordinary or extraordinary appeal, arbitral award and mediations with or without agreement.

b) The documents of the interested parties or their representatives, the formalities that are carried out and the notarial certified copies given in the administrative and jurisdictional proceedings to which the previous section refers.

c) Certifications, authorizations, licenses and permits of any kind issued by central, peripheral, autonomous or local administrative authorities, at the request of a party or parties, and the motions or appeals presented by individuals at public agencies.

d) The conferring and reinstatement of medals, titles or emblems, and the authorization to use foreign medals in Equatorial Guinea.

e) The authorization to negotiate foreign securities in the stock market of Equatorial Guinea, provided the issuing entity has no business in that Country.

f) Preventive notes made in the public registries.

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- g) Deeds, record and notarial certified copies.
- h) Bills of Exchange.
- i) Contracts and documents belonging to insurance and reinsurance companies, except those envisaged in sections 9, 10, 11, 12, 13 and 14 of article 442 of this Law.
- j) Public documents that prove acts and contracts by virtue of which any kind of rights or obligations are established, recognized or expired.
- k) Documented Legal Acts that are made official in Equatorial Guinea and those which, having been made official overseas, have legal or economic effects in Equatorial Guinea.

3.2 TAX BASE.

ARTICLE 436.- 1) The following shall serve as tax base:

- a) In the resolutions from the different jurisdictions, in awards and acts of mediation, the amount in litigation or controversy established in the respective proceedings. In resolutions of a penal nature and those regarding smuggling, the sum of the amounts imposed as fines and penalties.
- b) Regarding authorizations to negotiate foreign securities in the stock market of Equatorial Guinea, provided the issuing entity has no business in the Country, the face value of the securities for which the authorization is being sought, unless in cases of reciprocity.
- c) In preventive annotations, the value of the right or interest being guaranteed, published or constituted.
- d) In the first copies of deeds and notary certificates that have as a direct object an amount or valuable item, the declared value, without detriment to an administrative verification.
- e) In Bills of Exchange, the amount disbursed.
- f) In certificates of protest, one-third of the face value of the item protested or of the amount that gave rise to the protest.

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2) An act shall be considered as pertaining to an object with no value when, during its entire validity and even at the moment of its expiration, the base amount cannot be determined, though the tax as such can be called without detriment to the completion of the settlement when the amount is determined.

ARTICLE 437.- 1) Jurisdictional proceedings and notary documents must be written on stamped paper.

2) A payment in cash may be made, as a substitution for stamped documents, in bills of exchange whose value exceeds the maximum contemplated for the corresponding notes and in those cases in which there are no bills of sufficient value available in town, in which case mobile revenue stamps shall be adhered.

ARTICLE 438.- The concept of medals shall be comprised in the current ones, as well as those that may be created in the future.

3.3 TAXPAYERS AND THOSE RESPONSIBLE FOR THE LEVY.

ARTICLE 439.- 1) The following are subject to the Tax on Documented Legal Acts:

a) In documented legal acts of jurisdictional nature, the parties or stakeholders, and if legal costs are imposed, the party that is convicted.

b) In documented legal acts of administrative nature, the party that brings them about or in whose favor the verdict is rendered. Regarding motions and appeals, those who present them.

c) In notary documents, the grantors, the people who request them or those in whose interest they are issued.

d) Regarding medals, titles or emblems, the beneficiaries.

e) In Bills of Exchange, the drawer, and when issued overseas, the first holder in Equatorial Guinea.

2) When two or more people intervene in the same act, all will be jointly and severally liable for the levy, except in acts of jurisdictional nature, in which only the parts in litigation or that intervene in them under a single representation shall respond jointly and severally.

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3.4 INCURRENCE, PAYMENT AND FORMS OF RECEIPT

ARTICLE 440.- The Tax on documented Acts with Legal Consequences shall be callable and paid at the moment the document becomes official, or when the act that is subject to the levy takes place, unless this Law establishes special regulations.

ARTICLE 441.- The tax will be received in the amounts determined by the Tariffs, through:

- a) Fixed stamps
- b) Mobile stamps
- c) Income in cash
- d) Use of stamping machines
- e) Stamped paper or document established by the Ministry of the Treasury and Budgets, on which the features, stamping forms, serials and numbering are determined.

3.5 EXEMPTIONS, REDUCTIONS AND DISPENSATIONS

ARTICLE 442.- The following acts and documents shall be exempt from this Tax:

1. Legal proceedings and resolutions, when the individual obligated to pay the tax had obtained legal abatement due to poverty, as well as those in which the courts and tribunals act by operation of law.

2. The resolutions in the ordinary penal jurisdiction, when the legal costs are declared by operation of law.

3. The resolutions of the smuggling courts, when the verdict is not guilty.

4. The resolutions of the military and labor jurisdictions, and those rendered by children's guardianship courts.

5. Public deeds dealing with the segregation, grouping and adding of land, for the development of official protection housing projects.

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6. Public documents regarding land division and subdivision declared mandatory by municipal governments and other competent urban development agencies.

7. Public documents regarding land segregation, adding, grouping and division with the purpose stated in the previous section.

8. All other acts and contracts presented as documents and for which special laws have recognized exemptions.

9. Insurance contracts subscribed by the State and public communities

10. Insurance contracts regarding work-related accidents.

11. Insurance contracts subscribed by the consular and diplomatic missions accredited in Equatorial Guinea, under condition of reciprocity.

12. Insurance contracts subscribed by EMCCA Institutions.

13. Exports credit insurance, under condition that the credit drafts be domiciled in an EMCCA member State.

14. Risk reinsurance of any type, regarding sea-going ships, inland water transport or air transportation, and against fires.

ARTICLE 443.- 1) Legal resolutions and other actions will enjoy a 50% reduction of this tax when those obligated to pay have obtained legal abatement due to poverty.

2) Life insurance or life annuities subscribed by individuals who do not have a fixed address or domicile in Equatorial Guinea shall be exempt from this Tax.

SECTION IV
TAX ON "MORTIS CAUSA" SUCCESSIONS AND DONATIONS

4.1 NATURE AND TERRITORIAL SCOPE

Article 444.- The tax on "mortis causa" Successions and Donations is a direct, personal tax, levied on for-profit acquisitions by individuals of every kind

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of goods located in Equatorial Guinea, and of rights, shares and obligations that have emerged, can be exercised or were to be fulfilled there, and the acquisition of goods and chattels located outside of Equatorial Guinea when the decedent or successor or the donor or beneficiary are citizens of Equatorial Guinea, including benefits on life insurance policies.

4.2 TAXABLE EVENT

ARTICLE 445.- The taxable event is:

- a) The acquisition of goods and rights via inheritance, legacy or any other “mortis causa” succession title.
- b) The acquisition of goods and rights via donation or any other legal business as a gift and “Inter. Vivos”
- d) The receipt of amounts by the beneficiaries of life insurance contracts, when the party to the contract is not the same individual as the beneficiary.

4.3 TAX BASE

ARTICLE 446.- 1) The following shall constitute the tax base:

- a) In “mortis causa” acquisitions, the actual value of the goods and rights acquired by each successor reduced by the burdens and debts that may be deductible.

The domestic furnishings, trousseau and layette will form part of the estate, and will be assessed by operations of law at 1% of the proceeds from the decedent's estate, unless the interested parties have assigned a higher value, without detriment to administrative verification.

- b) Regarding donations and other “Inter vivos” acquisitions as a gift, the actual value of the goods and rights acquired, reduced by the burdens or debts that may be deductible.
- c) Regarding life insurance, the amounts received by the beneficiary. The amounts received from life insurance will be settled by accumulating their amount to the rest of the goods and rights that comprise the portion inherited by the beneficiary, when the decedent is, at the same time, the party to the contract of an individual policy or the insured party in a collective insurance.

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2) If the same goods were to be transferred “mortis causa” two or more times to legitimate descendants within a maximum period of five years, in the second and later operations the amount paid for this tax in the previous conveyances shall be deducted from the tax base.

ARTICLE 447.- In transfers because of “mortis causa” successions, the following shall be deductible:

a) Debts of any kind and nature against the decedent in a succession, provided their existence is proven by means of a public or private document of undoubted legitimacy, which entails its execution on the date the decedent passed away.

b) Debts against the decedent derived from personal or guaranteed loans, whether they are in the form of a credit account or not, granted by official banks or Savings Banks.

c) Debts against the decedent in the succession that are not included in the previous two items, if the following demands are met:

1. That their existence is justified to the satisfaction of the Tax Administration, with means of proof admissible in Law.

2. That the debt be ratified as well in a Public Document by the heirs, with the presence of the creditor or, as appropriate, its payment is also stated in a public document.

3. That an aliquot not be incurred by any of the heirs or beneficiaries of a legacy, nor by the spouse(s), ascendants, descendants or siblings of these heirs or legatees, even if the latter were to renounce the inheritance.

4. That the amounts owed by the decedent due to taxes or contributions to the State, Local Corporations and other public organizations.

4.3 TAXPAYERS AND THOSE RESPONSIBLE FOR THE LEVY

ARTICLE 448.- 1) The following are obligated to pay the Tax on “mortis causa” successions, as taxpayer:

a) In “mortis causa” acquisitions, the successors in interest.

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b) Regarding donations and other "Inter. Vivos" acquisitions for free, the beneficiary or the individual favored by them, considering as such the beneficiary of a life insurance policy when surviving the insured party or the beneficiary of an individual policy, in case the insured party who dies is someone other than the party to the insurance contract.

c) Regarding life or accident insurance in case the insured party dies, the beneficiary.

2) Regarding legacies in cash, government bonds or other securities, jewelry, credits and goods and chattel in general, the tax will be settled and charged to the legatee, but will be callable directly from the heirs, representatives or administrators of the inherited estate, who, in substitution of the taxpayer, are empowered to deduct or pass on its amount.

ARTICLE 449.- The following shall have ancillary liability for the payment of the tax:

a) In the Proceedings of the inheritance regarding deposit, guarantees or current accounts, the Banks, partnerships or individuals who had returned the deposited cash and securities or the constituted guarantees.

b) In the delivery of amounts by way of inheritance or as beneficiaries designated in the policies, the insurance companies that carry them out.

4.4 SPECIAL REGULATIONS

ARTICLE 450.- This tax shall be incurred:

1) In "mortis causa" acquisitions and when receiving amounts under any form, by the beneficiaries of life insurance policies in case the insured party dies, the day the decedent or insured party passed away, or when the death declaration of the decedent becomes firm.

2) In acquisitions by donation and by other legal, lucrative "Inter. Vivos" transactions, the day the act or contract is enforced; it is understood that the day shall coincide, in the case of the beneficiary of a life insurance policy receiving amounts when surviving the decedent or the insured party, with the date in which the first or only amount to be received can be callable by the beneficiary.

ARTICLE 451.- The transfer of goods, shares and rights of any kind that take place via inheritance or legacy, will pay taxes in accordance with the degree

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of kinship between the decedent and the successor and the amount of the individual acquisition of the latter.

- a) The degree of kinship the tariffs refer to, are all in consanguinity.
- b) If the successors were not known, the settlement will be issued according to the scale corresponding to succession among strangers, without detriment to the return that is in order once they are known.

4.5 TAX DEBT

ARTICLE 452.- Tax debt shall be determined by the application, to the taxable income, of the Tariffs established in Section V of this chapter.

4.6 EXEMPTIONS

ARTICLE 453.- The following shall be exempt from this Tax:

- 1) Acquisitions via inheritance by the ascendants, legitimate descendants and spouses, when the total interest of each one in the inheritance does not exceed 500,000 F.CFA.
- 2) Salaries and other fees that had been earned but not received by active and passive public officials, employees and workers at the time of their death.
- 3) Amounts up to a maximum of 500,000 F.CFA received from insurance companies or entities by the beneficiaries of the life insurance policies, if the kinship stated on the policy between the party to the contract and the beneficiary were that of spouse ascendant or legitimate descendant, natural or adopted.
- 4) The acquisition, either by inheritance or legacy of the bonds and short-term bonds issued by industrial or business banks.
- 5) Inheritances and legacies in favor of educational and charitable institutions and foundations of any type or kind, recognized or authorized by the competent Ministries.

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SECTION V
TARIFFS

ARTICLE 454.- The following tariffs will apply for the settlement of the taxes regulated in this Chapter:

I.- TAX ON "Inter Vivo" ASSET TRANSFERS.
A.- TRANSFERS.

No. 1.- Transfers of goods and chattels for valuable consideration between residents and nonresidents and between non-residents3%

No. 2.- Transfers of real estate for valuable consideration :

- a) Between residents5%
 b) Between residents and non-residents and between non-residents ...25%

No. 3.- Transfers for valuable consideration of goods and chattels and livestock, credits and rights not expressly specified in this tariff5%

B.- RIGHTS IN REM

No. 4.- The establishment, recognition, modification, extension, transfer, termination by contract, legal or administrative act of all kinds of rights in rem over real estate, except real estate mortgage and antichresis:

- a) Between residents5%
 b) Between residents and non-residents and between non-residents ...25%

No. 5.- The same acts referring to rights in rem over goods and chattels, except those of pledges and real estate mortgage:

- a) Between residents3%
 b) Between residents and non-residents and between non-residents5%

No. 6.- The establishment, modification, extension, conveyance and termination of rights in rem of chattel or real estate mortgage, pledge and antichresis3%

C.- CORPORATIONS

No. 7.- Incorporation, capital increase, extension, modification and transformation of corporations, whose capital stock is represented by securities2%

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No. 8.- The same acts, when capital stock is not represented by securities
 1 %

No. 9.- Dissolution of corporations and decrease of their capital stock .. 1 %

No. 10.- Transfer of shares not handled by Stock Exchange Agents or
 official business brokers and that of official participations or other analogous
 securities2%

No. 11.- The conveyance of officially Listed shares and their subscription
 rights handled by Stock Exchange Agents or official business brokers, according
 to the following scale:

To		5,000.- F.CFA.	100.- F.CFA
From	5,001 to	30,000.- F.CFA.	150.- F.CFA
From	30,001 to	150,000.- F.CFA.	200.- F.CFA
From	150,001 to	250,000.- F.CFA.	500.- F.CFA
From	250,001 to	500,000.- F.CFA.	1,000.- F.CFA
From	500,001 to	1,000,000.- F.CFA.	1,500.- F.CFA
Over 1,000,000, 20 F.CFA for each 10,000 or fraction thereof.			

No. 12.- The transfer of shares not listed and their subscription rights
 handled by Stock Exchange Agents or official business brokers, according to the
 following scale:

To		5,000.- F.CFA.	100 F.CFA.
From	5,001 to	30,000.- F.CFA.	150 F.CFA.
From	30,001 to	150,000.- F.CFA.	200 F.CFA.
From	150,001 to	250,000.- F.CFA.	500 F.CFA.
From	250,001 to	500,000.- F.CFA.	1,500 F.CFA.
From	500,001 to	1,000,000.- F.CFA.	2,500 F.CFA.
Over 1,000,000, 50 F.CFA. for each 10,000 or fraction thereof.			

D.- BONDS.

No. 13.- the establishment, modification, express extension and
 termination of bonds 1%

E.- LEASE

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No. 14.- The establishment, extension, subrogation and assignment of leases over goods, projects, services, rights or uses of all kinds, issued on unstamped paper2%

No. 15.- The establishment of leases for residences issued on stamped paper, according to the following scale:

To		60,000 F.CFA.	100 F.CFA.
From	60,001 to	100,000 F.CFA.	500 F.CFA.
From	100,001 to	150,000 F.CFA.	800 F.CFA.
From	150,001 to	500,000 F.CFA.	1,500 F.CFA.
From	500,001 to	1,000,000 F.CFA.	2,500 F.CFA.
From	1000,001 to	1,500,000 F.CFA.	3,000 F.CFA.
From	1,500,001.to	2,000,000 F.CFA.	3,500 F.CFA.
From	2,000,001 and over, 2 F.CFA for each thousand or fraction thereof.		

No. 16.- The establishment of leases for business premises issued on stamped paper, according to the following scale:

To		100,000 F.CFA.	500 F.CFA.
From	100,001 to	150,000 F.CFA.	1,000 F.CFA.
From	150,001 to	500,000 F.CFA.	1,500 F.CFA.
From	500,001 to	1,000,000 F.CFA.	2,500 F.CFA.
From	1,000,001 to	1,500,000 F.CFA.	3,500 F.CFA.
From	1,500,001 to	2,000,000 F.CFA.	5,000 F.CFA.
From	2,000,001 and over, 3 F.CFA. for each thousand or fraction thereof.		

No. 17.- Usufruct, use and dwelling of all classes of goods over value and per each.....1%

F.- ADMINISTRATIVE CONCESSIONS

No. 18.- Administrative concessions when they are in perpetuity or with no determined time or not reversible2%

No. 19.- Transfer of this class of concession except for mining concessions.....2%

No. 20.- Transfer of mining concessions.....1%

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No. 21.- Administrative concessions when they are temporary or reversible.....3%

No. 22.- Transfer of this class of concession.....3%

II.- TAX ON DOCUMENTED LEGAL ACTS

No. 23.- Administrative resolutions and those of the ordinary, civil, penal, administrative, economic-administrative, contraband and fraud jurisdictions and other special proceedings ruled at the conclusion of each proceeding or resolutions of any ordinary or extraordinary appeal, arbitration awards and mediations with agreement, when the subject of same are amounts or objects with value, according to the following scale:

To		25,000 F.CFA.	100 F.CFA.
From	25,001 to	50,000 F.CFA.	150 F.CFA.
From	50,001 to	100,000 F.CFA.	200 F.CFA.
From	100,001 to	250,000 F.CFA.	500 F.CFA.
From	250,001 to	500,000 F.CFA.	1,000 F.CFA.
From	500,001 to	1,000,000 F.CFA.	1,500 F.CFA.
From	1,000,001 to	1,500,000 F.CFA.	2,000 F.CFA.
From	1,500,001 to	2,000,000 F.CFA.	2,500 F.CFA.
From	2,000,001 to	2,500,000 F.CFA.	3,000 F.CFA.
From	2,500,001 to	5,000,000 F.CFA.	3,500 F.CFA.
From	5,000,001 to	10,000,000 F.CFA.	5,000 F.CFA.
Over 10,000,000.- 1 F.CFA for each thousand or fraction thereof.			

No. 24.- Same resolutions as the previous number.

Awards and mediations, when the subject was not an amount or object with value, or its value cannot be determined, entered without agreement. 5,000 F.CFA.

No. 25.- Documents of the interested parties or their representatives, judicial proceedings held and notarial certified copies issued in the administrative and jurisdictional proceedings referred to in the above numbers, as well as petitions and appeals of individuals submitted at public agencies, including certifications, authorizations, licenses and permits of all kinds.

- a) Administrative and jurisdictional proceedings..... 5,000 F.CFA.
- b) Documents, motions and appeals by private individuals:

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Submitted to the Office of the President of the Republic	5,000 F.CFA.
Submitted to the Office of the President and other Government Authorities	3,000 F.CFA.
Submitted to the Ministerial Offices and Constitutional Bodies	2,000 F.CFA.
Submitted to General Directions, Regional and Municipal bodies of a Regional Capital	1,500 F.CFA.
Submitted to the Provincial and Municipal bodies of a Provincial Capital	1,000 F.CFA.
Submitted to the District and Municipal bodies	500 F.CFA.
No. 26.- Certifications issued by Authorities or public officials at the request of a party	2,000 F.CFA.
No. 27.- Deeds, records and notarial certified copies. Per page	500 F.CFA.
No. 28.- Concessions, authorizations, license and permits to extract natural resources	1,000 F.CFA.
No. 29.- Civilian medals	
a) 1.- Award	
Order of independence, award:	
Knight of the Great Chain	Exempt
Knight of the Great Cross and equivalent orders	10,000 F.CFA
Commander and equivalent	5,000 F.CFA.
Knight and equivalent	2,000 F.CFA.
Officer and equivalent	1,000 F.CFA.
Silver Medal and equivalent	1,000 F.CFA.
Bronze Medal and equivalent	1,000 F.CFA.
b) Reinstatement of the above	
Expired	10% above tariff
Retired	15% above tariff
Loss due to robbery	20% above tariff
Loss	25% above tariff

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No. 30.-

a) Titles, Honors and Distinctions awarded:

- First Class	2,000 F.CFA.
- Second Class	1,500 F.CFA.
- Third Class.....	1,000 F.CFA.

b) Reinstatement of the above:

- Expired	10% above tariff
- Retired	15% above tariff
- Loss due to robbery	20% above tariff
- Loss	25% above tariff

No. 31.- Notarized documents accrediting acts and contracts
executed in Equatorial Guinea2.000 F.CFA/ per page

No. 32.- Administrative authorizations for listing foreign securities
on the Equatorial Guinea stock exchanges, when the issuer does not
operate in national territory, on condition of reciprocity 1 %

No. 33.- Preventive notes made in public registries 1%

No. 34.- Letters of exchange and other credit documents

To	50,000 F.CFA.	100 F.CFA.
From 50,001 to	100,000 F.CFA.	500 F.CFA.
From 100,001 to	250,000 F.CFA.	1.000 F.CFA.
From 250,001 to	500,000 F.CFA.	1,500 F.CFA.
From 500,001 to	1,000,000 F.CFA.	2,000 F.CFA.
From 1,000,001 to	1,500,000 F.CFA.	2,500 F.CFA.
From 1,500,001 to	2,000,000 F.CFA.	3,000 F.CFA.
From 2,000,001 to	2,500,000 F.CFA.	3,500 F.CFA.
From 2,500,001 to	5,000,000 F.CFA.	5,000 F.CFA.
From 5,000,001 to	10,000,000 F.CFA.	15,000 F.CFA.
Over 10,000,000.-	2 F.CFA for each thousand or fraction thereof.	

No. 35.- Insurance policies, regardless of the form, over agreed
value 10%

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No. 36.- Public documents and documented legal acts executed in the Country or overseas, that they may have economic, legal and administrative effect in Equatorial Guinea.
 Per page 1,000 F.CFA

III.- TAX ON "Mortis Causa" SUCCESSIONS AND DONATIONS

No. 37.- For all kinds of hereditary successions, over 100,000 F.CFA 10%

No. 38.- Donations 5%

No. 39.- Life insurance 10%

CHAPTER III
INCOME TAX FOR THE HYDROCARBON SECTOR.

SECTION I
TAX SYSTEM FOR THE HYDROCARBON SECTOR.

ARTICLE 455.- Companies, corporations, individuals and agencies of all kinds involved in the search, exploration, exploitation and marketing of hydrocarbons in the Republic of Equatorial Guinea will pay levies pursuant to this Law.

ARTICLE 456.- Tax subjects or taxpayers described in the previous article will be subject, as established in this Law, for the following levies:

- 1) Income Taxes.
 - a) Corporate Tax.
 - b) Income Tax on Individuals.
 - c) Income Tax on Resident and Non-Resident Individuals.
 - d) Tax on Individuals.
- 2) Taxes on Transfer and Assignment generating Capital Gains not invested in Equatorial Guinea.

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- 3) Export Duties.
- 4) Gross Output Royalties
- 5) Surface premiums o rental rates.
- 6) Discovery, production and marketing bonds.

SECTION II
CORPORATE AND INDIVIDUAL INCOME TAX

2.1 GENERAL REGULATIONS

ARTICLE 457.- Taxpayers mentioned in article 455 will pay the Corporate Tax and the Income Tax on Individuals, as appropriate, pursuant to Chapters I and II of Title I of this law.

ARTICLE 458.- In no case will the amounts paid for royalties, surface Premiums or Rental rates or other similar items be deducted when determining the annual gross income pursuant to what is stipulated in the previous article.

2.2 DEDUCTIBLE EXPENSES

ARTICLE 459.- Amounts paid for the following items will be treated as deductible expenses:

- a) Royalties incurred during the year in accordance with the Participation on production Contract.
- b) Governmental participation in net hydrocarbons
- c) Governmental participation as a shareholder.
- d) Other deductible expenses allowed by this Law for the settlement of the Taxes referred to in article 457, with the respective limitations. Nevertheless the following will be considered:

1. Interest on loans incurred will be deductible, as long as they do not exceed the interest charged by official banks established by the COBAC.

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2. Net operating losses incurred during the previous year up to a maximum of 5 years for deduction.

3. The following will not be deductible:

a) Interest on loans obtained by Contractor from any affiliated company or the parent company or non-affiliated third parties, that exceed the commercial rates charged by official banks.

b) Expenses incurred by Contractor prior to and during Contract negotiations and any expense incurred prior to the effective date of the contract.

c) Bond paid by Contractor upon execution of the Contract.

d) Discovery bonds paid by Contractor.

e) Annual surface rental rate paid to the Government.

f) Amounts in excess of 7.5% of the annual budget approved by the appropriate Branch Ministry during the initial exploration period; and/or over 5% of the annual budget approved by said Ministry during the development and exploitation phase.

g) Any payment made to the Government as a result of failure to comply with minimal exploration work obligations as agreed upon in the Contract;

h) Any sanction imposed by the Government on contractor as a result of environmental contamination (oil spills, etc.)

i) Fines or sanctions that may be levied as a result of violation of the laws, regulations and other legal provisions in Equatorial Guinea.

j) Audit and inspection expenses incurred by the Government at Contractor's headquarters, as a result of the absence of original documents in Contractor's office in the Republic of Equatorial Guinea.

k) Contractor's expert's expenses according to the Contract.

4. Amortization of goods will be calculated beginning on the calendar year in which the good entered into service, with amortization allowed for the complete year during the initial calendar year, considering the periods established in each contract, using the straight-line method.

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The balance pending amortization for tangible goods written off will be charged to oil operating expenses in the year in which they are written off.

SECTION III
TAX CALCULATION

ARTICLE 460.- 1) Corporate tax will be 35% of net profits, calculated pursuant to article 159 of this Law.

2) Income Tax on Individuals will be settled pursuant to the provisions and scale established in article 252 of this Law.

ARTICLE 461.- Tax subjects or taxpayers subject to the taxes stated in the previous Article will pay:

1) A minimum tax contribution equivalent to 1% of the total invoices for the preceding fiscal year, as established in paragraph 2) of article 168 of this Law.

2) A levy equal to 6.25% of gross income obtained in Equatorial Guinea by Resident taxpayers and 10% by Non-Resident taxpayers.

3) Amounts deposited by resident taxpayers, will be deducted from the resulting assessed contribution of Corporate Tax and Income Tax on individuals belonging to the fiscal year in which the tax result is settled the deposits made pursuant to the previous paragraph.

SECTION IV
COMPANY LIABILITIES

ARTICLE 462.- 1.- Contractors and Subcontractors of the Hydrocarbon Sector, treated as tax subjects or taxpayers must submit the Statistical Declaration and Tax Return duly filled out with sufficient detail to be correctly understood by the Tax Administration considering, also, the following:

- a) Details of the standard "AFE" form (authorized expenses), with a breakdown of the authorized and real drilling expenses for each well drilled for discovery, development, appraisal, assessment and similar purposes.
- b) Details of all depreciations.
- c) Details of fixed assets.
- d) Production and export statistics.

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- e) All reports relating to the reports envisaged in the Contract.
- f) Details regarding deductible expenses used to determine the net base in accordance with this Law, for Corporate Tax and Income Tax on Individuals.

2) Contractor and subcontractor companies constituted in withholding agents pursuant to article 68.c) will be required to withhold and deposit in the Public Treasury, within 15 following the date of withholding.

3) Within the 15 day period after the date of withholding contractors and subcontractors, constituted as withholding agents in accordance with articles 467 and 468, their agents and substitutes, will be required to file with the Tax Administration all kinds of information and documents that determine the taxable event and net base of the tax, together with supporting documentation of income referred to in the previous subparagraph.

SECTION V
TAX VERIFICATIONS

ARTICLE 463.- 1) The books and records kept by tax subjects or Taxpayers mentioned in the previous article, will be available for inspection and auditing in the offices of same in Equatorial Guinea, for the purpose of allowing compliance with their obligations with regard to Corporate Taxes and Income Tax on Individuals.

2) In the event these books and records are kept outside of Equatorial Guinea and in the event that, for all purposes related to Corporate Taxes and Income Tax on Individuals, said books and records must be inspected or audited, then all travel and lodging expenses incurred by the auditors or tax Inspectors outside of Equatorial Guinea will be paid by the taxpayer responsible for said Tax. Said expenses must be supported by receipts that do not exceed \$30,000 USA for the auditing or inspection of one year, which amount will be reviewed by the General Governmental Budgets Law for each Fiscal Year.

SECTION VI
GENERAL CLASSIFICATION OF OPERATING EXPENSES FOR THE
HYDROCARBON SECTOR

ARTICLE 464.- 1.- Operating expenses for the hydrocarbon sector will be classified according to their nature.

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2) Classification criteria will be included in the annual work program and annual budget approved for the calendar year in which the expense is incurred and other line items that may be agreed upon by the Parties.

3) Memoranda of operating expenses of the hydrocarbon sector will be kept in a manner that allows their own assignment to each field in the event of a commercial discovery.

4) All operating expenses for the hydrocarbon sector will be classified, defined and designated as follows:

a. Exploration expenses.

All direct, general and administrative expenses incurred during the exploration for hydrocarbons within an area forming part of the Contract Area, including but not limited to the following:

i) Aerial, geophysical, geochemical, paleontological, geological, topographic, seismic studies and surveys and their interpretations;

ii) Drilling to obtain samples;

iii) Labor, materials, supplies and services used in drilling exploration Wells.

iv) Facilities used only for the purposes listed in the previous points i, ii, iii, including access roads and importation of geological and geophysical material acquired which must be identified separately; and

v) Any other expense incurred in the exploration and assessment of hydrocarbons after the effective date but prior to the date of approval of the exploration and development plan relating to the respective field:

b. Development expenses.

All direct, general and administrative expenses incurred, including but not limited to the following:

i) Drilling of wells defined as Development Wells for the purpose of producing from a field, whether said wells are dry or productive ones, and the drilling of wells for the purpose of injecting water or gas to improve hydrocarbon recovery.

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ii) Completion of wells by installing pipes or equipment, or in any other way, converting the well after drilling it into a productive well or a water or gas injection well to improve hydrocarbon recovery.

iii) Development, transportation, storage tank facilities, pipelines, gas pipelines, flow lines, exploitation and treatment units, wellhead equipment, subsoil equipment, production improvement systems, offshore drilling platforms, exploitation terminals and piers, ports, their facilities, and access roads for development operation activities; and,

iv) Engineering and design studies for the facilities referred to in the previous point.

c. Exploitation or production expenses.

All general and administrative, service and other Oil Operations costs incurred after the date of approval of the respective development and exploitation plan, as set in the Contract.

d. Marketing expenses.

All expenses incurred in the exploitation and sale of hydrocarbons.

SECTION VII
OTHER CLASSIFICATION OF OPERATING EXPENSES FOR THE
HYDROCARBON SECTOR

Article 465.- For all purposes of the previous article, taxpayers will submit the following expenses in detail:

1) Tangible capital expenses.

Tangible capital expenses are understood as expenses incurred in acquiring fixed assets relating to oil operations with a useful life that normally extends for more than one year. Said assets will be depreciated annually as established in paragraph O) of article 150 of this Law. Tangible capital expenses include the following:

a) In development wells: trucking equipment and material costs (downhole equipment; fixed production pipes; production Parkers; valves and others; Wellhead equipment; subsoil elevation machinery; pump rods; surface

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pumps; discharge cables; collection equipment; delivery lines (flexible); a fixed shaft, piers, oil anchorages, buoys, Hydrocarbon treatment facilities and materials; secondary recovery systems; reinjection compressors, water pumps and their pipes.

b) With regard the purchase of equipment and other chattels and goods: the real cost of the asset (excluding shipping); construction expense of platforms outside the Contract area; cost of electrical generator groups; land facilities and similar.

c) With regard the purchase of other goods and chattels: automotive machinery (vehicles, tractors; tugs; helicopters; planes; barges; ships; etc.); construction machinery and equipment (furniture; office equipment; miscellaneous equipment).

d) For construction: construction expense for housing and recreational areas; offices; warehouses; workshops; electrical plants; field warehouses and access roads; cost of oil anchorages and furnishings; treatment plants and machinery; secondary recovery systems; gas plants and steam systems.

e) In drilling and pumping facilities: platforms and similar.

2) Except for the land acquired by contractor, all the assets listed in this paragraph, will be depreciated in accordance with the accounting procedure stated in the Participation on Production Contract.

B) Intangible capital expenses.

Intangible capital expenses are understood as the continuous expenses incurred in acquiring goods and chattels and services either directly or indirectly related to oil operations, including the following:

a) Expenses for aeromagnetic; aero-gravimetric; topographic; geologic; geophysical; geochemical surveys; the interpretation and reinterpretation of the technical data; exploration labor.

b) Costs incurred in drilling exploration wells; assessment and Appraisal; drilling service expenses for development wells; production; chemical products; leasing, transportation costs; storage; lodging; technical mud control services; sampling; well geology; laying of foundations; directional Well; diving service and similar.

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c) Expenses for mobilization and de-mobilization of platforms; drilling contracts and platform leasing; labor; fuels; water; tricones and drilling pipes; thirty inch directories; equipment leasing; production testing equipment; shaft for production tests; mud and its components; chemical Products; helicopter rental costs; technical mud control services; Well geology; directional Well; diving service; production and estimation test; completion; supervision and similar costs.

d) Acquisition or purchase of goods and equipment: transportation expenses (freight); handling; equipment review; on-site facility expenses; maintenance costs; fuel and other similar costs.

e) General and technical services incurred during drilling of the Wells (electrical logs, vertical seismic profile (VSP); mud control, geology sampling from Wells; cementing; production tests; supervision and other similar expenses); drafting services; rental of heavy machinery necessary for engineering; and other expenses outside.

f) Materials; reconstruction of paths and roads; if there are any access paths or roads to the facilities; and other intangible assets for the construction; public and auxiliary construction services.

g) Other expenses incurred in exploration, auxiliary or temporary facilities with a useful life of less than one year; and

h) Bonds and premium costs as set in the Contract.

3) Direct operating expenses not from capital.

Direct operating expenses that are not from capital are understood as those not directly linked with oil operations, and are classified as:

a) Overhead and administrative expenses (personnel wages, insurance premiums, labor, technical office and similar services, material services, public relations, expenses incurred outside the country relating to oil operations in Equatorial Guinea and similar);

b) Inspection and labor; office materials; feasibility studies for the production of Crude Oil or Natural Gas fields; secondary recovery operations; storage operations; handling; transportation and delivery of natural gas; public and auxiliary services for the treatment of natural gas; environmental conservation measures and other maintenance activities that are directly related with Oil Operations.

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c) Tugs; helicopters; maintenance and down time of barges; ships and other equipment; port loading; communications and data transmission; workshops; fuel; electricity and similar.

d) Bonds paid by Contractor upon execution of the Contract;

e) Each discovery bond paid by Contractor.

f) Expenses incurred by Contractor prior to and during Contract negotiations and any expense incurred prior to the effective date of the contract;

g) Amounts over 7.5% of the annual budget approved by the appropriate Branch Ministry during the initial exploration period. Interest on loans obtained by Contractor, from any affiliated or parent company or, from non-affiliated third party in excess of the commercial rates prevailing for investments in oil operations. Interest at normal rates on loans obtained by Contractor from any affiliated or parent company or non-affiliated third parties for investments in Oil Operations.

h) Any payment made to the Government as a result of failure to comply with minimal exploration work obligations as agreed upon in the Contract.

i) Any sanction imposed by the Government on Contractor as a result of environmental contamination, caused by oil spills. .

j) Fines or sanctions levied as a result of violation of the laws, regulations and other legal provisions in Equatorial Guinea;

k) Any voluntary donation to the Government and other similar expenses; and

l) Expenses for Government auditing and inspections held at Contractor's headquarters, incurred as a consequence of the absence of original documents in Contractor's Office in the Republic of Equatorial Guinea.

4) Indirect operating expenses not from capital.

Indirect operating expenses not from capital are understood as those that are not indirectly linked with oil operations performed in Equatorial Guinea (travel, conference, technical meetings and similar expenses).

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SECTION VIII
INCOME LEVY ON INDIVIDUALS AND LEGAL ENTITIES

ARTICLE 466.- A special system is hereby established requiring that the amount of Income Tax be discounted or withheld from those individuals receiving wages or other income in the hydrocarbon sector.

This obligation will apply to wages and income that must be paid to individuals and legal entities, whether or not resident in Equatorial Guinea, regardless of their nationality, origin or activity.

SECTION IX
WITHHOLDING AGENTS

ARTICLE 467.- All individual companies, legal entities or other organizations working in the hydrocarbon sector as contractors or subcontractors, just as in the general tax system, shall be withholding agents and must discount or withhold from the wages and income of its contractors and subcontractors the amounts respective to the settlement of Income Tax on Individuals and Corporate Tax as established in this Law.

ARTICLE 468.- The withholding agents mentioned herein will:

1) Discount or withhold a percentage by way of Corporate Tax or Income Tax on Individuals, from each non-resident individual or legal entity, in an amount equal to 10% of the total gross income obtained in Equatorial Guinea for any kind of commercial or industrial activity, services in general, project leasing and analogous services; for resident taxpayers this rate will be 6.25%, pursuant to article 461 of this Law.

2) In the case of mobilization and de-mobilization services, transportation in Equatorial Guinea, they shall discount or withhold a percentage from each non-resident individual or legal entity by way of Corporate Tax or Income Tax on Individuals, in an amount equal to 5% of the total gross income obtained in Equatorial Guinea by said companies.

3) In all cases withholding agents will deliver proof to the taxpayer of the amount withheld.

ARTICLE 469.- The percentage of the discount or withholding established in the previous article will apply to all payments made whether or not

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included in a contract, invoice or equivalent documentation, corresponding to economic activities performed in Equatorial Guinea by the Contractors, Subcontractors, both resident and non-resident in national territory.

ARTICLE 470.- Withholding agents will deposit the amounts withheld in the Public Treasury within 15 days of having made said discount or withholding.

ARTICLE 471.- Within 30 days of having discounted or withheld said funds, the withholding Agents will submit to the Tax Administration a return containing all kinds of information and documents that determine the taxable event, the tax base and amount of the tax, attaching certificates with supporting documentation of the deposit of the amount withheld as stated in the preceding articles 468 to 470.

ARTICLE 472.- Deposits made pursuant to the previous Articles 468 through 470 will not be returnable, except when declared as incorrect in a final administrative resolution.

ARTICLE 473.- Any differences in favor of taxpayer between the deposits made by withholding agents in accordance with the system established in this Section and the taxes effectively owed will be credited to same and compensated against his tax liabilities by means of a certificate issued by the General Government Treasury.

SECTION X
FINES AND PENALTIES

ARTICLE 474.- 1.- Untimely or incomplete submission of the documentation referred to in article 471 will lead to a surcharge of 15% over the amount of the discount or withholding done.

2) Presentation of false information and documents will be punished with a fine equal to 50% of the assessed contribution or withholding if taxpayer is observed to be acting in good faith. Said fine will be doubled if the opposite is true.

3) Failure to pay the amounts discounted or withheld will be punished with a fine equal to 100% of the amount withheld, if taxpayer is observed to be acting in good faith. Said fine will be doubled if the opposite is true.

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SECTION XI
DEFINITIONS

ARTICLE 475.- In accordance with article 68 of this Law, the following definitions will be used

1) Resident person will be the individual or legal entity hired, subcontracted or subcontractor by the latter who, remaining a total of over three months per calendar year in national territory, either works or provides remunerable services in Equatorial Guinea. Absences of 30 days or less will not be considered when computing the residency period.

2) Non-resident person will be the individual or legal entity, subcontracted by contractor or subcontracted by the former who, not habitually residing in national territory, performs economic activities, whether these are registered or not as such in the Tax, Business and Administrative Registers of Equatorial Guinea, for a period not exceeding a total of three months within one calendar year.

3) Taxpayer will be the contractors, subcontractors, subcontracting parties of Subcontractors or individuals or legal entities who are legally obligated to bear the tax burden regulated by this Law and other concurrent provisions.

4) Withholding agents are the contractors, subcontractors, and individuals and legal entities who are obligated to withhold Income Tax on Resident and Non-Resident Individuals, and to deposit same directly into the Public Treasury.

SECTION XII
MISCELLANEOUS LIABILITIES

ARTICLE 476.- 1. Resident individual will be subject to the general tax system and will be required to register with the Taxpayer Rolls of the Ministry of the Treasury and Budgets, clearly stating their activity, principal place of business, or place of permanent residency, as stated in article 27 of this Law. .

2) They will also be required to file with the Tax Administration a Statistical Declaration and Tax Return for themselves, as described in the official Company Accounting Plan, for the Sub-region, prior to the 1st of May and the 1st of April of each year, with the results of the preceding fiscal year as appropriate for legal entities or individuals according to Articles 160 and 248 of this Law.

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Failure to Register and to file the Statistical Declaration and Tax Return within the period set in the previous points, will lead to the levying of sanctions envisaged in point 1, paragraphs b) c) and d) of Article 100 and 165 of this Law.

ARTICLE 477.- 1. Withholding agents will be constituted as liable for said tax together with the taxpayer.

2) Withholding agents residing overseas and performing economic activities in Equatorial Guinea will be required to appoint an agent domiciled in the Country, with sufficient power for all purposes in regard to their relations with the Tax Administration.

SECTION XIII
TAXES ON TRANSFERS AND ASSIGNMENTS GENERATING
CAPITAL GAINS NOT INVESTED IN EQUATORIAL GUINEA

ARTICLE 478.- Capital gains not invested in Equatorial Guinea, received during a fiscal year or at the end of same, will be taxable in accordance with the Corporate Tax regulated in chapter I of Title I of this Law.

SECTION XIV
IMPORT AND EXPORT DUTIES AND RATES

ARTICLE 479.- Import and Export Duties and Tax and Non-Tax Rates will be paid pursuant to the current Customs Regulations and Code and Rates Law.

SECTION XV
ROYALTIES AND SURFACE RENTAL RATES

ARTICLE 480.- Royalties on gross output and surface Rental Rates will be required pursuant to the respective Participation on Production Contracts or other contracts.

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**CHAPTER IV
SPECIAL TAXES**

**SECTION I
VEHICLES AND BOAT OWNERSHIP AND USE TAX**

1.1 TAXABLE EVENT AND TAX BASE

ARTICLE 481.- 1) Ownership and use in any legal form of automobiles, tourism airplanes and recreations boats, both motor and sailing, constitutes the taxable event for the Vehicle and Boat Ownership and Use Tax.

2) The tax base will be set according to the horse power (HP) determined in regulations for tourism automobiles and airplanes or, if appropriate, the length in meters of recreational motor or sailboats.

ARTICLE 482.- To determine the tax base, in the case of individuals, the total or combined power of the automobiles owned enjoyed by the taxpayer and his or her spouse will be computed, and said assessment decreased for said purposes by 30% for each semester transpired, beginning on the date of registration, up to 10 years after which it will no longer be taxed.

1.2 TAX SUBJECT

ARTICLE 483.- Individuals and legal entities who own or have equitable ownership, through any legal title, of tourism automobiles, airplanes and recreational motor or sail boats will be subject to pay Vehicle and Boat Ownership and Use Tax.

1.3 INCURRENCE AND ASSESSED CONTRIBUTION

ARTICLE 484.- The Tax will be incurred on the first day of January of each year.

ARTICLE 485.- 1) The Tax will be levied based on the rates resulting from the following Tariffs:

- a) Tourism automobiles:
 - First 9 HP. Per HP500 F.CFA.
 - From 10 HP to 15 HP700 F.CFA. Per HP

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From 16 HP to 20 HP	1,000 F.CFA. Per HP
From 21 HP to 25 HP	1,500 F.CFA. Per HP
From 26 HP to 30 HP	2,000 F.CFA. Per HP
Over 30 HP	3,000 F.CFA. Per HP

b) Tourism aircraft: 12,000 F.CFA per HP except in cases where they are exclusively devoted to teaching or pilot training in which cases the applicable Tariff will be 1,000 F.CFA per HP.

c) Motor boats:

1) New inboard motors up to 10 HP	2,000 F.CFA/HP
2) The above, over three years of use	1,000 F.CFA/HP
3) New inboard motors over 10 HP and up to 20 HP ..	4,000 F.CFA/HP
4) The above, over three years of use	2,000 F.CFA/HP
5) New inboard motors over 20 HP	8,000 F.CFA/HP
6) The above, over three years of use	4,000 F.CFA/HP
7) Outboard motors	3,000 F.CFA/HP
8) Over three years of use	1,500 F.CFA/HP

d) Sailboats:

1) Up to 7 meters in length	2,000 F.CFA/M
2) From 8 meters to 12 meters	4,000 F.CFA/M
3) From 13 meters to 15 meters	7,000 F.CFA/M
4) Over 15 meters	10,000 F.CFA/M

2) The resulting assessed contributions will not be deductible for the purpose of any of the Taxes regulated in this law.

1.4 EXEMPTIONS AND TAX REBATES

ARTICLE 486.- 1. The following will be exempt from the Vehicle and Boat Ownership and Use Tax:

a) Automobiles and boats of any class owned by the Government, Local Corporations, Charity Institutions and Social Security. This exemption does not include vehicles owned by private individuals with public positions or authority, who use same in the performance of their responsibilities, nor automobiles rented or leased for the same purpose.

b) Automobiles and boats of any kind belonging to Missions or members of the Diplomatic Corps and to career Consuls accredited in Equatorial Guinea, who are subjects of their respective countries. This exemption depends on the

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strictest reciprocity, to the same extent and degree allowed the Missions and individuals of the same position sent by Equatorial Guinea and accredited overseas.

- c) Vehicles and boats owned by the Red Cross of Equatorial Guinea.
 - d) Vehicles owned by archbishoprics and bishoprics and used by the holders of said positions. The use of leased or rented vehicles by said persons is not included in this exemption.
 - e) Vehicles devoted to the vehicle leasing industry, whether provided with taximeters or not, excluding those leased without driver. Owners must prove to the Tax Administration the exercise of this industry and their forms of operation with all pertinent documentation.
 - f) Vehicles devoted to school transportation and group travel.
 - g) Automobiles used exclusively for industrial, commercial, and agricultural purposes.
- 2) The following will enjoy a 50% tax rebate from the assessed contribution:
- a) Automobiles whose use or holding by any authorized judicial title is proved in the Districts, except for Malabo and Bata.
 - b) Vehicles owned by doctors whose weight does not exceed 750 kilograms. This tax rebate covers only one vehicle per doctor.

SECTION II
TAX ON SCREENING AND DISTRIBUTION OF IMAGE AND AUDIO
RECORDINGS

2.1 TAXABLE EVENT AND INCURRENCE

ARTICLE 487.- The projection and distribution of image and audio recordings, either via radioelectric or Hertzian waves or by cable, parabolic antennas or other media or technology used for said activity, is subject to this Tax.

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ARTICLE 488.- This tax will be incurred upon execution of the Screening and Distribution of Image and Audio Recordings Contract, either in the form of a notarized or private document or in any other legal way.

2.2 TAX SUBJECT

ARTICLE 489.- Any person or entity that habitually or occasionally performs the activity of Sound and Image screening is required to pay this Tax.

2.3 ASSESSED CONTRIBUTION

ARTICLE 490.- The assessed contribution will be set at 10% of the monthly Gross income and will be payable within the first two weeks of the following month. .

2.4 EXEMPTIONS

ARTICLE 491.- The following will be exempt from paying the tax on Screening and Distribution of Image and Audio Recordings:

a) Learning Centers, when the screening and distribution of image and sound recordings is done as a complement to an activity by independent or associated institutions.

b) Screening and distribution of image and sound recordings for scientific or philanthropic purposes by individuals and private and public institutions.

SECTION III

TAXES ON GAMBLING, ENTERTAINMENT OR RECREATION

3.1 GENERAL PROVISIONS

ARTICLE 492.- a) A Tax is hereby established on Gambling, entertainment or recreation, whatever the nature of the establishment or casino in which said activities occur.

b) Machines or devices whose functioning requires the introduction of a coin or token in order to test luck to gain a prize.

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3.2 TAX BASE

ARTICLE 493.- The tax base will be constituted by the total gross proceeds from the games and pursuant to the specific and compulsory accounting elements of the establishment operator.

- a) For games in compensation: the difference between the cash supplies at the end of the game and the initial amount.
- b) For casino games: Total amount in the moneybox.

3.3 TAX SUBJECT

ARTICLE 494.- All individuals or legal entities exploiting games of chance Entertainment or recreation for profit in equatorial Guinea, under any legal form, and those engaged in their organization, including the operation of casinos, will be subject to the Tax established in Article 492.

3.4 ASSESSED CONTRIBUTION

ARTICLE 495.- The assessed contribution will be set at 15% of the gross Income obtained each month.

ARTICLE 496.- Taxpayers will be required to file declarations of the gross income obtained in each month within the first 15 days of the following month.

ARTICLE 497.- Specifically they will pay the amount of 50,000 FCFA per year for each machine and device, as described in point b) of article 492, depositing said amount into the Public Treasury prior to January 31 of each year by way of Minimum Tax Amount, which will be deducted from the assessed contribution set in article 171 of this Law.

ARTICLE 498.- 1) Taxpayers will make an annual return to the Tax Administration of the amount, manufacturer's number, brand and other characteristics of the machines and devices in use, as well as any variations thereof.

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2) Failure to comply with the terms of the previous paragraph will be punished by a fine of 100,000 Fcfas. per machine or device, in cases of omission, and double or triple that amount in cases of fraud and evasion, according to the respective cases.

SECTION IV
ALCOHOLIC BEVERAGE CONSUMPTION, DISTRIBUTION AND
PRODUCTION TAX

4.1 TAXABLE EVENT

ARTICLE 499.- 1) The following will be subject to this Tax:

a) Consumption, distribution and production of natural alcohols including denaturalized alcohols.

b) Sale of alcoholic beverages.

c) Distribution of beverages derived from natural alcohols.

2) Mixtures of taxed beverages, prepared by tax subjects of this tax, will be taxed for each of their components. In the case of taxed beverages with other non-taxed ones, the tax will be callable for the amount the former.

3) When the exact proportions of the beverages forming the mixture cannot be determined, then the respective tax of the component with the highest tax levy will be applied.

ARTICLE 500.- 1) The following will be regarded as alcoholic beverages:

a) Beverages deriving from natural alcohols.

b) Beers and their substitutes.

2) Liquors and aperitifs without a wine base will be regarded as beverages deriving from natural alcohols, and especially:

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a) Wines and hot punch of any class or name with an alcoholic concentration over twenty three percent proof.

b) Beers, ciders and other beverages obtained from fermentation, with an alcoholic concentration over five percent proof for beers and fifteen percent proof for ciders and other fermented beverages.

3) Beverages gasified or not, obtained from the fermentation of vegetable substances, including honey derivatives, provided their alcoholic content is over five percent proof will be regarded as beer substitute.

4.2 TAX SUBJECTS AND TAX BASE

ARTICLE 501.- Those who manufacture, prepare, market, trade, place in distribution or transport ethyl alcohols and alcoholic beverages subject to this Tax are tax subjects or taxpayers.

ARTICLE 502.- 1) The tax base is constituted as follows:

a) With regard to the production and preparation of alcohols, by the real volume of products available or not for consumption, expressed in liters.

b) With regard to the distribution, marketing, transportation and trading of ethyl alcohols and alcoholic beverages, by the net content of the containers expressed in liters.

2) Tax bases will be determined in any case by the direct assessment system.

4.2 RATES AND INCURRENCE

ARTICLE 503.- The tax will be callable pursuant to the following Tariffs:

1) For the production of ethyl and denaturalized, distilled or rectified alcohols of any origin or proof, ten FCFA. per liter.

2) For the transportation, trade and distribution of alcoholic beverages, denaturalized and not, twenty five FCFA for each percentage point Gay-Lussac proof and liter.

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3) For the marketing or sale of wines and their derivatives, beers and their substitutes, five FCFA per percentage point proof.

4) For the marketing or sale of alcoholic beverages, fifty FCFA per percentage point Gay-Lussac proof, and liter.

ARTICLE 504.- The Tax will be incurred at the time the taxable event takes place.

4.4 EXEMPTIONS

ARTICLE 505.- The following will be exempt from this Tax:

1) Alcohols obtained in experimental Centers, except when said products leave those centers.

2) Products subject to this Tax produced for direct export, as well as those acquired by other producers for use in products to be exported.

ADDITIONAL PROVISIONS.-

FIRST 1.- The Government is empowered, to oversee strict compliance with the contents of this Law.

2.- The Government is also empowered to dictate as many regulations as are necessary for best application of this Law, as requested by the Ministries of the Treasury and Budget and of Mines and Energy .

SECOND.- Matters of Collection, Tax Inspection, Rates, Public Complaints and Economic - Administrative Claims listed in the Preliminary Title of this Law, will be regulated by specific regulations.

REPEAL PROVISION

SINGLE.- All provisions of equal or lower rank that are opposed to the provisions of this Law are hereby repealed.

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FINAL PROVISION

SINGLE.- This Law will enter into effect on the 1st day of January, 2005.

Issued in Malabo, on the 28th day of October of the year Two Thousand Four.

FOR A BETTER GUINEA

**OBIANG NGUEMA MBASOGO
PRESIDENT OF THE REPUBLIC**

**MIGUEL ABIA BITEO BORICO
PRIME MINISTER HEAD OF GOVERNMENT**

His Excellency the Minister of the Treasury and Budgets.

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ANNEXES

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ANNEX I
LIST OF STAPLE COMMODITIES EXEMPT FROM VAT.-

1. Insulin and its salts
2. Quinine and its salts
3. Antibiotics
4. Pharmaceutical products
5. Fertilizers
6. Dental wax
7. X-ray plates and tapes
8. X-ray films
9. Insecticides
10. Rubber hygiene and pharmacy items
11. Surgical gloves
12. School books in flexible protective covers.
13. Glass for eyeglasses
14. Medical-surgical sterilizers for laboratories
15. Wheelchairs and other vehicles for the handicapped
16. Spares for wheelchair and other vehicles for the handicapped
17. Corrective lenses
18. Medical-surgical devices
19. Dental chairs
20. Other medical and surgical furnishings
21. Other agricultural supplies

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ANNEX II

LIST OF PRODUCTS ELIGIBLE FOR 6% REDUCED VAT.-

1. Meats and poultry
2. Milk and cream that are not concentrates, containing sugar or other sweeteners
3. Milk and cream, concentrated or sweetened
4. Bread
5. Rice
6. Prepared foods for children
7. Books and school books

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Special duties set on products shown in the annex of certificate number 5/93-UDEAC-SE1 determined by the Republic of Equatorial Guinea to the extent provided in the same certificate as well as the tax rate, of EMCCA

ANNEX III

**PRODUCTS SUBJECT TO SPECIAL
DUTIES**

<u>CHAPTER, ENTRY AND SUB-ENTRY</u>	<u>PRODUCT NAMES</u>	<u>CATEGORY</u>	<u>SPECIAL DUTIES</u>	<u>C/EMCCA</u>
2203.00.00	Other non-alcoholic drinks excluding juices from entry 20.90	IV	20%	15%
2203.00.00	Beer containing more than 6.5% alcohol in volume and stout from entry 2203.00.90.	IV	25%	15%
2204.10.10 2204.10.90 2204.21.10 2204.21.20 2204.21.30 2204.29.10	Sparkling wines of champagne, other different sparkling wines, from those in entries 22.04. 21.20 to 22.04.29.30, in containers not exceeding 2 liters; vinado wines, wines different from entries 2204 29.20 and 22.04 29.30, in containers with a capacity greater than 2 liters.....	IV	40%	30%
2205.90.00 2207.10.90 2208.00.00	Vermouths and other muscatels, other fermented drinks (cider); ethyl or denatured alcohol at 80% volume or more for medicinal uses, alcoholic preparations for manufacturing of drinks (eau-de-vie, whiskies, rum, gin non-denatured ethyl alcohol at 80% volume, anisettes and other spirits at 15% volume).	IV	50%	35%
2401.00.00	Raw or non-manufactured tobacco, tobacco residues	II	50%	25%
2402.00.00	Cigars, cigarettes and tobacco or tobacco-substitute cigarettes.....	IV	50%	25%
2403.00.00	Other tobaccos and tobacco substitutes, homogenized and reconstituted manufactured tobacco; tobacco extracts and tobacco substitutes (all entries)	II III IV	50%	25%

Translated by Antonio M. Regueiro, Sworn Interpreter. Madrid, Spain

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Special duties set on products shown in the annex of certificate number 5/93-UDEAC-SE1 determined by the Republic of Equatorial Guinea to the extent provided in the same certificate as well as the tax rate, of EMCCA

Annex

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<u>CHAPTER, ENTRY AND SUB-ENTRY</u>	<u>PRODUCT NAMES</u>	<u>CATEGORY</u>	<u>SPECIAL DUTIES</u>	<u>C/EMCCA</u>
3301.00.00	Essential oils, resinoids; concentrated solutions of essential oils in greases, fixed oils, waxes and analogous material, etc. (all subentries)		20%	10%
3302.00.00	Mixtures of odoriferous substances and mixtures (alcoholic solutions included) based on one or many of these substances of the type used as base matter for the industry (all subentries)	II	20%	10%
3303.00.00	Perfumes and eau de cologne for bathing	IV	32%	25%
	Beauty or makeup products, preparations for skin pleasure of skin care, different from medication and including sun block preparations and preparations for tanning, preparations for manicures and pedicures (all subentries)	IV	32%	25%
3305.00.00	hair preparations (shampoos, preparations for permanents, hairspray and others) all subentries.	IV	32%	25%
3306.00.00	preparations for oral and dental hygiene, including products and cream to facilitate dental cleaning (all subentries)	IV	32%	25%
3307.00.00	Shaving and aftershave preparations, body deodorants hair-removing preparations for bathing, body lotion, other perfumes or bath preparations and cosmetic preparations not appearing in other entries or subentries, prepared air fresheners including the non-scented preparations whether or not including disinfecting properties (all subentries)	IV	32%	25%
7101.00.00	Fine pearls, jewelry, precious stones, gems or similar,			
7117.00.00	precious metals and works from these materials; costume (imitation) jewelry, coins (all subentries)	IV	20%	
8521.10.00	Video-ponic or magnetic band recording or production devices	IV	20%	

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<u>CHAPTER, ENTRY AND SUB-ENTRY</u>	<u>PRODUCT NAMES</u>	<u>CATEGORY</u>	<u>SPECIAL DUTIES</u>	<u>C/EMCCA</u>
8521.90.00	Other recording or video-ponic reproduction devices	IV	20%	
8525.30.00	Television cameras	II	20%	
8528.10.10	Color video monitors and projectors	IV	20%	
9006.40.10	Photographic devices with automatic flashes	IV	25%	
9006.51.00	Photographic devices for movies in rolls no longer than 35 millimeters.	IV	25%	
9006.52.00	Photographic devices for movies in rolls less than 35 millimeters.	IV	25%	
9006.53.00	Photographic devices for movies in rolls that are 35 millimeters long.	IV	25%	
9006.59.00	Other photographic devices	IV	25%	
9007.11.00	Cameras for film that is no longer than 16 millimeters. Or for double 8 millimeter film.	IV	25%	
9007.19.00	Other cameras.	IV	25%	
9007.21.00	Projectors for films with a length under 16 millimeters.	IV	25%	
9007.29.00	Other projectors for films	IV	25%	
9008.10.00	slide projectors	IV	25%	
9008.30.00	Other projectors for fixed images	IV	25%	
9008.40.00	Photographic devices for enlarging, reducing	IV	25%	
9301.to 9307	Weapons, ammunition and accessories (all entries).	IV	25%	

Translated by Antonio M. Regueiro, Sworn Interpreter. Madrid, Spain

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ANNEX 1 (bis)

LIST OF THE CAPITAL GOODS EXONERATED FROM VAT.-

7308	Iron structures of structural components (towers, piers, columns, pillars, bridges, etc. ...)
84021100	Water tubular steam boilers with a steam output that exceeds 45 tones per hour.
84021200	Water tubular steam boilers with a steam output that does not exceed 45 tones per hour.
84021900	Other steam boilers, including hybrid boilers.
84022000	Other boilers known as “overheated water boilers.”
84031000	Other boilers.
84051000	Gas generators.
84061100	Steam turbines for the propulsion of ships.
84061900	Other steam turbines.
84071000	Aviation motors.
84072910	Other internal combustion engine for vessels of 10,000 kg or less (excluding outboards).
84072920	Other internal combustion engines for vessels of more than 10,000 kg.
84081091	Other diesel engines for vessels of 10,000 kg or less (excluding outboards).
84081092	Other diesel engines for vessels of more than 10,000 kg.
84091000	Meters for aviation

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84101200	Turbines and hydraulic turbines, whose power oscillates between 1,000 and 10,000 kw
84101300	Turbines and wheels with a power greater than 10,000 kw.
84111100	Turbo reactors with a thrust not exceeding 25 kN.
84111200	Turbo reactors with a thrust exceeding 25 kN.
84112100	Turbo propellants with a power not exceeding 1.100 kw.
84112200	Turbo propellants with a power exceeding 1,100 kw.
84118100	Other gas turbines with power not exceeding 5,000 kw.
84118200	Other gas turbines with power exceeding 5,000 kw.
84122100	Jet propellers in addition to turbo reactors.
84122900	Hydraulic engines with rectilinear movements (cylinders).
84122900	Other hydraulic engines.
84123100	Air-operated engines with rectilinear movements (cylinders).
84123900	Other air-operated engines.
84128000	Other engines and motor engines.
84131100	Pumps for fuel distribution, of the types used in service stations and garages.
84131900	Other pumps for liquid, with measurement devices.
84132000	Arm pumps, in addition to numbers 841311 or 841319.
84133000	Pumps with fuel, with oil, or with a coolant for spark or compression ignition motors.
84134000	Pumps with concrete
84135000	Other alternative volumetric pumps.
84136000	Other rotary volumetric pumps.

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84137000	Other centrifugal pumps.
84138100	Other liquid pumps.
84138200	Hoisted with liquid.
84141000	Vacuum pumps.
84143000	Compressors of the kind used in refrigeration equipment.
84144000	Air compressors assembled on a chassis with wheels and can be towed.
84161000	Liquid fuel burners.
84162000	Other burners, including hybrid ones.
84163000	Automatic spotlights.
84171000	Electric furnaces, to burn and smelt minerals and metals.
84172000	Non-electric ovens for bakery, pastry shop and cake shop.
84178000	Other non-electric ovens.
84191100 to 84198900	Appliances and devices for operations that imply a change in temperature: cooking, roasting ...
84201000	Mangles and laminators
84211100	Centrifuges; filtration devices for liquid and gas purification.
84213900	
84223000	Machines and devices to fill, close and validate or label bottles, cans, bags, other containers, devices for carbonating drinks.
84224000	Machines and devices for wrapping or packing goods.
84241000 to 84248990	Other devices for projection, dispersion or spray.
84251100	Rigs with an electric motor.
84251900	Other rigs
84252000	Hand winches ensuring the raising and lowering of the cages or skips in the wells of mines.
84253100	Hand winches and winches, with an electric engine.
84253900	Other hand winches and winches.
84254100	Permanent elevators for vehicles in garages.

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84254200	Other jacks and hydraulic jacks.
84254910	Other jacks and air operated jacks.
84261100 to 84269900	Cranes and mechanical bridges.
84271000 to 84279000	Stacker trucks, and other maintenance trucks
84281000 to 84289000	Other lifting, loading or maintenance machines and devices.
84291000 to 84295900	Excavators, levelers, mechanical stackers, steamrollers.
84301000 to 84306900	Other machines and devices for removing, leveling, excavating land.
84331900 to 84336000	Machines for the harvesting or threshing of agricultural products.
84341000 to 84342000	Milking machines and dairy machines and devices
84351000	Presses
84361000 to 84368000	Other machines and devices for agriculture, horticulture, silviculture and aviculture.
84371010 to 84378000	Machine for manufacturing flour or for cereal treatment.
84331000 to 843880 00	Other machines for the industrial manufacturing of foods and drinks.
84391000 to 84399100	Machines and devices for the manufacturing of pulps of a fibrous material or for paper and cardboard manufacturing.
84401000	Binding machines.
84411010 to 84418000	Other machines for paper pulp, paper or cardboard work.
84421000 to 84423000	Machines to compose or manufacture negatives.

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	Other jacks and air operated jacks.
84261100 to 84269900	Cranes and mechanical bridges.
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84331000 to 843880 00	Other machines for the industrial manufacturing of foods and drinks.
84391000 to 84399100	Machines and devices for the manufacturing of pulps of a fibrous material or for paper and cardboard manufacturing.
84401000	Binding machines.
84411010 to 84418000	Other machines for paper pulp, paper or cardboard work.
84421000 to 84423000	Machines to compose or manufacture negatives.

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84431100 to	Printing machines.
84433600	
84440000	Machines for threading textile material.
84451100 to	Textile machines (shelling, threshing, spinning mill, fabrics)
84459000	
84471104 to	Knitwear machines and trades.
8479000	
84490000	Machines for manufacturing or finishing felt or unwoven textiles.
84514000	Machines for laundries, bleaching or dry cleaning.
84515000	Machines for winding, cutting, grinding the textile.
84518000	Other textile machines .
84522100 to	Sewing machines in addition to the home type (excluding
84572900	number 84521000).
84531000 to	Machines for preparing, tanning or working leather.
84538000	
84541000 to	Converters, flow machines for metallurgy, steelworks or
84543000	smelting.
84551000 to	Metal laminators.
84553000	
84561000 to	Laser or ultrasound operated machine and tools
84569000	
84571000 to	Mechanized center for metalwork.
84573000	
84581100 to	Metal pickup towers.
84589900	
84591000 to	Machines to drill, mill, stretch, etc. ..., metals
84597000	
84601100 to	Machines for the operation of topping metals.
84609000	

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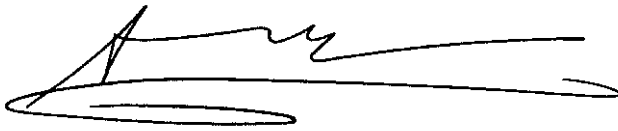
8461100 to 8461900	Machines for brushing, sawing, etc. ... metals.
8462100	Machines (including presses) to forge, stamp, etc. ... metals.
84629900	
84631000 to 84639000	Other machines for metal work.
84641000 to 84649000	Machines for stonework, for work on ceramic products.
84651000 to 84659000	Machines for working wood, hardened rubber or plastic materials.
84681000 to 84688000	Machines for welding.
84702100	Other electronic calculating machines comprising a printer.
84741000 to 84748000	Machines and devices to pull, sieve, sift, screen, crush, grind, etc. ...
84751000	Machines for assembling lamps, tubes.
54752000	Machines to manufacture or heat glass.
84771000 to 84778000	Machine for working rubber or plastic raw matters.
81781000	Machines for tobacco preparation.
84791000	Machines for public development housing.
84792000	Machines and devices to extract or prepare oils.
54793000	Press for the manufacture of particle board.
84794000	Machines for ropes and cables.
84798100	Other machines for metal treatment (including winders)

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84798200	Other machines for mixing, crushing, etc. ...
8480	Casts, forms, patterns, frames

Mr. Antonio M. Regueiro y González-Barros, sworn English interpreter, certifies that the above is a complete and faithful translation into English of a document written in Spanish.

Madrid, 12 January 2005

A handwritten signature in black ink, consisting of a series of fluid, connected strokes. The signature is positioned above the printed name.

Antonio M. Regueiro