

SANTOMEAN INCOME TAXES

(PART 2/2)

III – THE INCOME TAX (*IMPOSTO SOBRE OS RENDIMENTOS*)

1. SCOPE

1.1. PERSONAL SCOPE

The Income Tax is levied on local and foreign commercial and civil in the form of commercial companies, co-operative companies, State and other public entities owed companies, and any other legal entities with central management or control, or fixed establishment in Sao Tome and Principe.

For the purposes of the Income tax farms, forestry and livestock structures, mines, oil and gas wells, quarries, and any other extracting points onshore or offshore are considered to be fixed establishments.

1.2. INCIDENCE

The income tax is levied on the regular, temporary or incidental practice of commercial, industrial, agricultural or liberal activities, business or profession and on dividends, profit of corporate affiliates, interests, allowances, rentals of immovable property, prizes and other profits.

Under the Code, there 3 groups of taxpayers: Group A which are levied upon the real profits; Group B which are levied upon presumption of profits; and Group C which are levied upon normal profits.

2. EXEMPTIONS

Under the Code, the following incomes are exempt: (i) applications of dividends of social relief associations; (ii) rentals of immovable property where foreign Government have their diplomatic representations; (iii) non-profitable applications of co-operatives' profits; and (iv) income less than Dbs. 60,000.00. In addition, the law also exempts some

goods from tax, namely some income or profits of concessionaries of public services elected in a case-by-case basis.

3. TAX RATE

The tax rate varies from 7% to 30%. Income higher than 3,000,000.00 are subject to an additional rate of 15% levied on the income above that limit.

4. PAYMENT

Under the law, the payment must be made under one of the following methods, where applicable: (i) by three installments (on June, September, and December); or (ii) until the last day to deliver the tax declaration.

5. GUARANTEES

The Code grants the taxpayer (or any person jointly or subsidiary liable for the payment of income tax) the right to claim against tax assessment made by the tax administration, under the conditions set in the Tax Proceedings Code. Additionally, the General Tax Law provides other guarantees to the taxpayer and other persons liable for the tax payments.

6. PENALTIES

The Code lays down fines for non-compliance of tax obligations. Taxpayers and other liable persons may be also subject to other penalties provided in the General Tax Code.

For further information, contact us:

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