

Equatorial Guinea publishes Financial Law 2020

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Equatorial Guinea's Financial Law 2020 (FL 2020) was published on 12 December 2019 through Law n°5/2019.

FL 2020 sets out the main measures adopted by the State to promote development objectives as well as integrate the reforms initiated by mutual agreement with the International Monetary Fund.

From a fiscal viewpoint, FL 2020 reflects the consolidation of measures adopted in the previous FL 2019, since these measures are reaffirmed or clarified and a special regime for infringements/sanctions has been created. FL 2020 also broadens the local tax base.

Key provisions include:

- ▶ Increase in the withholding tax rate on income paid to nonresidents
 - Initially the tax rate was 10%. (see former articles 168 and 461 of the General Tax Code). When FL 2019 was published, this rate was increased to 20% regardless of the category of nonresident taxpayer. It is now set at **20% for natural persons** and **15% for legal persons**.
- ▶ Tax on the use of plastic bags: 25 XAF per unit
- ▶ Tax on telecom services: 10% (excluding Value-Added Tax)

► Reconfiguration of the car tax

- Vehicles up to 50 horsepower (hp): 12.5%
- Vehicles between 51 and 100 hp: 15%
- Vehicles between 101 and 150 hp: 17.5%
- Vehicles between 150 and 200 hp: 20%
- Vehicles with more than 200 hp: 25%

In addition, an annual registration requirement is established with taxation at a rate of 1% on the value of the vehicle for the first five years and 2% from the sixth year.

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