

South Sudan enacts *Finance Act 2017/2018*

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Executive summary

The South Sudan Government has enacted the *2017/2018 Finance Act* (the Law). The Law aims to reaffirm the various changes in tax rates enacted in the *Taxation Amendment Act 2016* and which became effective from 1 January 2017.

The Law also seeks to reduce fees on certain government services such as visas, work permits and airport fees for aircrafts. Some governmental fees proposed in the *2016/2017 Finance Act* were strongly opposed by taxpayers both within and outside of the country.

Detailed discussion

Customs

The Law sets forth custom tax rates applicable to various imported goods. The tax rates for honey has been increased while a reduction has been made on products such as live animals, building materials, salt, Sulphur, soaps, lubricants, washing preparations, lubricating preparations, and dental preparations. Other items remain as established in the *2016/17 Finance Act*.

Withholding tax

The withholding tax rate on technical fees paid to nonresident persons has been increased from 10% to 15%. Tax rates on other income categories subject to withholding tax remain the same.

Sales tax

For sales tax, the Law in one Section has increased the sales tax from the current 18% to 20% while the accompanying schedule to the Law has maintained a rate of 18%. A clarification is required from the Directorate of Taxation on the applicable rate.

Excise tax

The excise tax rate changes introduced in the Law are as follows:

- ▶ Air transport services - reduced from 20% to 15%
- ▶ Insurance services - increased from 5% to 7%
- ▶ Telecommunication services - increased from 10% to 15%

Excise tax rates on other categories of goods and services remain the same.

Government levies

Notably, work permit fees have been reduced by more than 50% from the 2016 /2017 rates. For example, in the *2016/17 Finance Act*, the fees for a work permit for a professional category position was increased to US\$10,000 but this has now been reduced to US\$ 3,000.

Other service categories where a reduction has been enacted include: judicial services, Ministry of Health, Food and Drugs Control Authority, General education, electricity provision, Ministry of Mining, National Communication Authority, Ministry of Petroleum and the Investment Authority.

Increased fees have been introduced for the following service categories: telecommunications, water, Ministry of Trade, Ministry of Foreign Affairs, immigration, National Bureau of Statistics, Media Authority, Civil Aviation Authority, Relief and Rehabilitation Commission and South Sudan Broadcasting Corporation services.

Newly introduced fee categories include those from the Ministry of Transport and the National Bureau of Statistics.

Next steps

The Law is now in effect, however, as it's the norm in South Sudan, before application of these changes, taxpayers should seek advice from the Directorate of Taxation or the relevant government bodies.

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