

Equatorial Guinea modifies and clarifies law on admission of EG nationals in the capital of foreign companies

EY Global Tax Alert Library

Access both online and pdf versions of all EY Global Tax Alerts.

Copy into your web browser:

www.ey.com/taxalerts

On 20 April 2018, Decree n°72 (the Decree), dated 18 April 2018, was published in Equatorial Guinea's (EG's) *Official Bulletin*. The Decree modifies Decree 127/2004 and clarifies the participation of EG nationals in the Oil and Gas (O&G) sector. Prior to the Decree, foreign companies were required to have EG national participation in the share capital of their companies. Under the new decree, local participation is only required for the O&G sector.

The Decree provides that:

1. The share capital of companies operating in the O&G sector or related subcontractors shall be composed of Equatorial-Guineans or by companies exclusively created by Equatorial-Guineans.
2. In the O&G sector, participation of Equatorial-Guinean shareholders in companies created by foreign investors in Equatorial Guinea or in foreign companies registered in the country, shall not be lower than 35% of the share capital. National participation shall not be less than three local partners. The Board of Directors shall be composed by a minimum of one-third nationals (this should only concern public limited companies as far as private limited companies do not have a board of directors).
3. Foreign companies with headquarters overseas and incorporating in Equatorial Guinea for the purposes of a Public Works Agreement, shall enter into participation agreements with Equatorial Guineans with respect to benefits generated in public markets and investments with a national coefficient set between 5% and 10% of the net benefits.

For additional information with respect to this Alert, please contact the following:

FFA Ernst & Young, Malabo

- ▶ Alexis Moutome alexis.moutome@gq.ey.com
- ▶ Maxime Mbassi maxime.augustin.mbassi@gq.ey.com
- ▶ Davy Ondo georges.obiang@gq.ey.com

Ernst & Young Advisory Services (Pty) Ltd., Africa ITS Leader, Johannesburg

- ▶ Marius Leivestad marius.leivestad@za.ey.com

Ernst & Young LLP (United Kingdom), Pan African Tax Desk, London

- ▶ Rendani Neluvhalani rendani.mabel.neluvhalani@uk.ey.com
- ▶ Byron Thomas bthomas4@uk.ey.com

Ernst & Young LLP, Pan African Tax Desk, New York

- ▶ Silke Mattern silke.mattern@ey.com
- ▶ Dele A. Olaogun dele.olaogun@ey.com
- ▶ Jacob Shipalane jacob.shipalane1@ey.com

Ernst & Young LLP, Pan African Tax Desk, Houston

- ▶ Elvis Ngwa elvis.ngwa@ey.com

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2018 EYGM Limited.
All Rights Reserved.

EYG no. 02876-181Gbl

1508-1600216 NY
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com