



Country Guide

Comoros

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Bloomberg Tax & Accounting

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Bloomberg Tax Country Guides provide overviews of the tax regimes of more than 220 jurisdictions. The Country Guides are continuously updated to reflect developments as they happen. Written by local experts, each jurisdiction profile covers corporate taxation, personal taxation and social security, transfer pricing and anti-avoidance rules, important miscellaneous taxes, and any special tax regimes applicable to the oil, gas, mining, and banking sectors.

This Comoros Country Guide is a sample of our content. The full version of this Country Guide is available with a subscription to Bloomberg Tax. To learn more or request a demo, visit <https://pro.bloombergtax.com/international-tax-resources>.

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1. Overview

1.1. Government and Tax System

The Comoros Islands is an archipelago consisting of four islands: Grande Comore, Anjouan, Moheli, and Mayotte. Three of the islands gained their independence from France in 1975, but the island of Mayotte chose to remain under French control. Grande Comore, Anjouan, and Moheli constitute the Union of Comoros, a federal democratic republic.

The executive power of the federal government is vested in the president. (The presidency rotates among the three islands.) Legislative power is vested in both the president and the Federal Assembly or the Assembly of the Union. The judiciary is independent of both the legislative and the executive.¹

Comoros tax law is based on the French system and includes the following legislation (in French only):

- *Code Général des Impôts* (CGI) or General Tax Code (GTC) enacted by Law N°11-07, dated 3 May 2011 and amended annually;
- *Livre des Procédures Fiscales* (LPF) or Tax Procedure Rules;
- *Code des Investissements* (CI) or Investment Code enacted on 31 August 2007; and
- *Code Pétrolier* (Petroleum Code), enacted by Law N°2012-19/AU of 27 December 2012.

Comoros also has an audited taxpayer charter, "*Charte du Contribuable Vérifié*," which was issued in 2011. The charter informs taxpayers of their rights when being audited by the tax authorities; it is for informational purposes only and is not binding on the government or the taxpayer.

The collection and administration of tax in Comoros is carried out by the General Administration of Taxes and Domains (*Administration Générale des Impôts et Domaines*, AGID).

1.2. Currency

The currency in Comoros is the Comorian franc (KMF), which is pegged to the euro at a rate of KMF 492 per EUR 1.

1.3. Membership of International Organizations

Comoros is a partner or a member of the following:

- African Development Bank
- African Union
- Arab League
- Common Market for Eastern and Southern Africa (COMESA)
- European Development Fund
- International Monetary Fund
- United Nations
- World Bank
- World Trade Organization (observer status)

1.4. Official Websites

The following tax or finance authority websites exist in Comoros:

Ministry of Finance, Budget and Banking Sector - <http://agid.gouv.km>

Central Bank of Comoros - <https://www.banque-comores.km>

Comoros Customs - <http://www.douane.gov.km>

National Agency for the Promotion of Investments - <https://investcomoros.net>

1.5. Automatic Exchange of Information

Comoros is not a party to the OECD agreements for the automatic exchange of information.

¹ Constitution, arts. 56, 72, and 94.

2. Corporate Tax Computation and Administration

2.1. Residence, Taxable Status, Entity Characterization

2.1.1. Residence

There is no specific definition of residence in the GTC, but based on article 32, it is implied that a company is considered resident of Comoros if it is incorporated or established in Comoros and carries out any transactions or derives profits while doing business in Comoros.

2.1.2. Taxable Status

Resident companies are subject to corporate tax on profits or income earned from activities carried out in Comoros.²

Companies/entities subject to corporate tax include the following: *sociétés anonyme (SA)*, *société à responsabilité limitée (SARL)*, branches of foreign companies, civil companies engaging in commercial activities or that elect to be subject to the corporate tax regime, and public entities engaging in commercial activities.³

2.1.3. Legal Classification of Nonresident Entities

A company that is established outside Comoros but that engages in business activities in Comoros through a branch, an agency, or other representation is taxable on profits derived from Comoros sources.⁴

2.2 Corporate Tax Base

2.2.1. Resident Corporations

Resident companies that derive income from business activities carried out in Comoros are generally subject to corporate tax only on Comoros-source income unless the income is specifically exempt under the GTC.⁵ However, resident companies are subject to tax on moveable capital income that derives from a domestic or foreign source (subject to the terms of any relevant double tax treaty).⁶

2.2.2. Nonresident Corporations

Nonresident companies carrying out a commercial activity in Comoros are taxable on Comoros-source income in the same way as a resident company.⁷

Comoros tax rules do not allow nonresidents to establish a permanent commercial presence in the country except through a company, branch or partnership. If a nonresident company conducts business in Comoros through a noncorporate entity, such as a *société en participation* (joint venture), it must appoint an accredited representative to represent it before the Comorian tax authorities.⁸

2.2.3. Noncorporate Business Entities

2.2.3.1. Recognition

Comorian law recognizes forms of corporate partnerships, such as the *société en nom collectif* (general partnership), *société en commandite simple* (limited partnership), and *société civile* (civil partnership), as well as noncorporate partnerships, such as the *société en participation*.⁹

² GTC, art. 8.

³ GTC, art. 5.

⁴ GTC, art. 8.

⁵ GTC, art. 8(4).

⁶ GTC, art.110.

⁷ GTC, art. 8(3).

⁸ LPF, art. L.2.

⁹ GTC, art. 6.

2.2.3.2. Tax Status

Partnerships in Comoros are subject to corporate tax if the partners so agree in writing. The partners must sign and notify the tax office of their decision within three months from the beginning of the fiscal year. Once elected, the option to be subject to corporate tax is irrevocable.¹⁰

Limited and general partners in partnerships that have not opted to be subject to corporate income tax are subject to income tax on the share of benefits corresponding to their rights in the partnership.¹¹

2.2.4. Permanent Establishments

2.2.4.1. Domestic Law Definition

There is no definition of “permanent establishment” in the GTC. Of key importance is whether a foreign company derives income from a source in Comoros.

2.2.4.2. Treaty Definition

Comoros double tax treaties generally define a permanent establishment (PE) as a fixed place of business in which a business is wholly or partly carried out, including a place of management, branch, office, factory, workshop, mines and quarries, or other places of extraction of natural resources, as well as construction sites. Construction, assembly, or installation projects may also trigger a PE dependent on the length of the activity.

2.2.4.3. Creation Via Performance of Services

A foreign company offering regular services and assistance, including consulting services with local employees and offices or other personnel for this purpose, will be deemed to have a PE in Comoros.¹²

2.2.4.4. Creation Via Customer Downloads or Website Access

Comorian tax legislation does not contain any rules on the provision of services via an online download platform (e-commerce) for the benefit of Comoros customers, so it is unlikely that the provision of such services by a nonresident will give rise to a PE in Comoros.

2.2.4.5. Creation Via Cloud Services

Neither the GTC nor Comoros’ tax treaties indicate whether nonresident companies providing services via “cloud computing” or “cloud services” will trigger PE status, so it is unlikely that the provision of such services by a nonresident will give rise to a PE in Comoros.

2.3. Taxable Year

2.3.1. Default Taxable Year

Corporate tax is based on profits earned over a 12-month period that corresponds to the calendar year.¹³

2.3.2. Reference Year for Computation of Tax

Tax is assessed on income from the previous fiscal year. A company must file and pay its taxes by March 31 following the tax year (see also Section 2.8.1.).¹⁴

¹⁰ GTC, art. 6.

¹¹ GTC, art. 46.

¹² GTC, art. 8.

¹³ GTC, art. 10.

¹⁴ GTC, arts. 38 and 42.

2.4. Computing Taxable Income

2.4.1. General

Taxable income for corporate tax purposes comprises net income from all sources, including capital gains derived from the disposal of assets, after the deduction of allowable expenses.¹⁵ Examples of expenses that may be deducted include the following:

- expenses that are necessary for the operation of the business;
- depreciation and amortization;
- reserves;
- operating losses;
- royalties and other payments made for intellectual property; and
- payments for services (e.g., costs of studies, consultations) provided by a nonresident up to 10% of turnover (5% for public works companies and 15% for engineering and design offices).¹⁶

2.4.2. Exempt Income

There are no significant items of income in the GTC that are exempt from corporate tax, except capital gains derived from the sale of shares following a merger (see Section 4.4.1) and capital gains that are reinvested following a sale of fixed assets (see Section 4.2).¹⁷

2.4.3. Inventory Valuation and Inventory Flow

Inventory is valued at the actual cost of acquisition or production of the good. If the inventory value is less than cost, the difference will be recorded through the inventory writing-down provision. Work in progress is valued at the actual cost.¹⁸

2.4.4. Depreciation or Capital Allowances

Depreciation of an asset generally is the reduction in value of the asset over time due to wear and tear.

Depreciation typically is taken by using the straight-line method, based on percentages listed in the GTC.¹⁹

A company must clearly document expenses deducted and the events leading to depreciation during the fiscal year and must record the depreciation in the annual accounts and include it in the statement provisions provided for in the GTC.²⁰

2.4.5. Reserves

Provisions are deductible for tax purposes where they are made to clearly cover specified losses or charges that current events make probable, provided that they have actually been recorded in the accounts for the year and appear in the statement of provisions provided for in the tax return.

Provisions are not deductible when they are made for general self-insurance purposes and not in respect of an identified risk.²¹

2.4.6. Special Allowances

Few special allowances or deductions are granted under Comorian law. However, donations made to research, development, philanthropic, educational, sports, scientific, and social organizations in Comoros are deductible up to 0.5% of the company's turnover, and special allowances are granted under the CI (see Section 2.6.1.).²²

¹⁵ GTC, art. 9.

¹⁶ GTC, art.14(a).

¹⁷ GTC, art. 27.

¹⁸ GTC, art. 9.

¹⁹ GTC, art. 21.

²⁰ GTC, art. 24.

²¹ GTC, art. 24.

²² GTC, art. 18.

2.4.7. Special Provisions or Limits Applicable to Foreign Companies

There are no special provisions, restrictions, or limits applicable to foreign companies in Comoros. Although the IC was enacted to attract foreign investment, it is applicable to both foreign and Comorian investors and provides equal treatment of foreign and domestic companies.²³

2.5. Intercompany Dividends

Dividends are subject to a "tax on securities income" (IRVM or *Impôts sur Revenus de Valeurs Mobilières*).

Dividends paid by a resident company to a less-than-25% unrelated resident company are subject to a 10% withholding tax.²⁴

A participation exemption applies to dividends paid by a resident company to a related resident company where:

- the parent company holds at least 25% of the capital of the subsidiary;
- both entities have their registered seats in Comoros; and
- the shares must have been registered in the name of the parent company or the parent must undertake to hold the shares for at least two consecutive years.²⁵

However, 10% of the dividends paid to the parent company is considered costs and expenses and, therefore, is not exempt.

Dividends paid by a resident company to a nonresident company (whether or not related) are subject to a 10% withholding tax.

Subject to applicable double tax treaties, whenever a resident company receives dividends from a nonresident company, it must pay the applicable tax within 15 days from receipt of the dividends.²⁶

2.6. Special Tax Regimes

2.6.1. Economic Zones

Comoros does not have any economic, development, export, or free trade zones, but the CI provides for tax incentives, and rural areas identified as "Zone II" also are entitled to incentives.

The IC grants tax incentives to investors under the following regimes:²⁷

- **Regime "A"** for approved investments between KMF 5 million and KMF 100 million provided the project includes a significant job creation plan that favors the recruitment of Comoros nationals:²⁸
 - seven-year reduced rate of the single administrative fee (RAU or *redevance administrative unique* (see also Section 9.4.)) on the import of equipment and materials that are specifically intended for production or use under the approved project;
 - seven-year exemption from consumption tax on the above equipment and materials (the exemption is extended for an additional two years for companies established in rural areas);
 - full corporate income tax deduction of amounts invested over a five-year period; and
 - at the end of the incentive period, a 50% rebate on taxes paid for the importation of raw materials destined specifically for production.

²³ CI, art. 10.

²⁴ GTC, art. 109.

²⁵ GTC, art. 28.

²⁶ GTC, art. 110.

²⁷ IC, art. 16.

²⁸ IC, art. 18.

- **Regime "B"** for approved investments of more than KMF 100 million and includes a significant job creation plan that favors the recruitment of Comoros nationals:²⁹
 - 10-year reduced rate of the RAU on the importation of import of equipment and materials that are specifically intended for production or use under the approved project;
 - 10-year exemption from consumption tax for the above equipment and materials (the exemption is extended for an additional two years for companies established in rural areas);
 - full deduction for corporate income tax purposes for amounts invested over an eight-year period; and
 - at the end of the incentive period, a 50% rebate on taxes paid for the importation of raw materials destined specifically for production.

2.6.2. International Finance or Holding Companies

Comorian law does not provide for any specific regime for international finance or holding companies.

2.6.3. Research and Development Companies and Activities

Comorian law does not provide any incentives for research and development companies.

2.6.4. Other Special Regimes

Other than the incentives described in the IC (see Section 2.6.1.), there are no other special regimes.

2.7. Double Taxation Protection

2.7.1. Mechanics

Unless provided for in a tax treaty, there is no relief from double taxation under Comorian law.

2.7.2. Treaty or Statutory Priority

If a conflict arises between the terms of a tax treaty signed by Comoros and its domestic law, the treaty prevails.³⁰

2.7.3. Source of Interpretation

Comoros' tax treaties signed are based on the OECD model treaty.

2.8. Returns and Filing Dates

2.8.1. Filing Deadline

The tax return for a fiscal year must be filed by March 31 of the following year.³¹ However, companies that commence operation of their business within six months before the deadline may submit their first tax return at the end of the fiscal year following the year in which they started their business.³² For installment payments, see Section 2.9.2.

2.8.2. Filing Method

All taxpayers in Comoros must sign and file their tax returns with the income tax office.³³

²⁹ IC, arts. 19 and 20.

³⁰ Constitution, art. 12(3).

³¹ GTC, art. 42(1).

³² GTC, art. 10.

³³ Art. L1 et seq.

2.8.3. Extensions

The GTC does not provide for any extensions for filing a tax return.

2.8.4. Penalties

Any omissions or the inaccurate filing of a tax return that result in a tax adjustment may give rise to the following penalties, in addition to default interest (see Section 2.9.4):³⁴

- 50% tax increase where the taxpayer acted in good faith;
- 100% tax increase where the taxpayer acted in bad faith; and
- 150% tax increase where the taxpayer engaged in fraudulent conduct.

Failure to file a tax return results in automatic assessment, with a penalty of 100% of the due tax (increased to 150% in the case of a repeated offence).³⁵

2.9. Payment Mechanics

2.9.1. Internal Withholding on Resident Companies

The GTC provides that certain amounts paid by a resident company or public entity are subject to withholding tax, as follows:

- 10% withholding tax on dividends;³⁶
- 10% withholding tax on interest (unless exempt);³⁷
- withholding tax on wages;³⁸ and
- 10% withholding tax on rent under a real property lease.³⁹

2.9.2. Schedule for Tax Payments or Deposits

Corporate tax for the current year is collected in three installments (June 30, September 30, and December 31) based on the previous year's tax liability, with a final installment due on March 31 to take account of any additional tax liability.⁴⁰ If the final tax owed is lower than the installments paid, the company is entitled to a tax credit that will be attributed to the installment payments due in the following three years.⁴¹

2.9.3. Electronic Payments

Electronic payments of tax are not permitted; the tax return and payment of tax due must be made in person. However, the Comoros government is in the process of transitioning to an electronic filing/payment system.

2.9.4. Interest and Penalties

Failure to make timely installment payments of corporate income tax is subject to a 10% per month penalty.⁴² Late payment of any tax in Comoros is subject to interest of 1.5% per month of delay capped at 50% of amounts due (see also Section 2.8.4.).⁴³

³⁴ GTC, art. L97.

³⁵ Book of Fiscal Procedures, art. L98.

³⁶ GTC, art. 109.

³⁷ GTC, art. 61 and 109.

³⁸ GTC, art. 104.

³⁹ GTC, art. 111.

⁴⁰ GTC, art. 38.

⁴¹ GTC, art. 40.

⁴² LPF, art. L.115.

⁴³ LPF, art. L.115 bis.

2.10. Statute of Limitations

The tax authorities can take steps to rectify a deficiency, inaccuracy, or error in a tax return until the end of the third year following the year in which the tax is due.⁴⁴ The three-year statute of limitations period will be suspended where an audit is initiated by the tax authorities. The statute of limitations period may be extended in cases of fraud.⁴⁵

3. Corporate Tax Rates

3.1. National Taxes

3.1.1. Corporate Tax Rates

The normal corporate tax rate is 35%, which applies to both Comorian companies and foreign companies deriving Comorian-source income. However, public industrial and commercial enterprises or those where the state or certain public institutions are participants are subject to a corporate tax rate of 50% if their turnover exceeds KMF 500 million.⁴⁶

3.1.2. Alternative Tax Regime

From 2020, corporate tax in Comoros may not be less than 1.5% of a company's turnover (3% in 2019).⁴⁷

Companies whose accounts are kept at a head office outside Comoros are subject to a minimum tax of 3% on their turnover in Comoros.⁴⁸

3.1.3. Special Reduced Rates or Regimes

There are no special regimes or reduced rates that apply to small or medium-sized companies in Comoros.

3.1.4. Special Additional Taxes or Levies

There are no special taxes or short-term levies in Comoros.

3.2. State, Cantonal, Provincial, or Other Local Taxes

3.2.1. Main Rates

There are no local taxes applicable to corporate profits in Comoros.

3.2.2. Reduced Rates

There are no local taxes applicable to corporate profits in Comoros.

3.2.3. Income Tax Base

There are no local taxes applicable to corporate profits in Comoros.

3.2.4. Income Tax Deductions

There are no local taxes applicable to corporate profits in Comoros.

3.2.5. Incentives

In Comoros, there are no local incentives on corporate profits.

⁴⁴ LPF, art. L36.

⁴⁵ LPF, art. L37.

⁴⁶ GTC, art. 33.

⁴⁷ GTC, art. 35 (as amended by Ordinance No. 20-001/PR, art. 22(5)).

⁴⁸ GTC, art. 36.

3.2.6. Non-Income Taxes in States

See Section 9.3.2.

3.3. Taxes Imposed as a Penalty

In Comoros, there are no taxes imposed as a penalty.

4. Corporate Tax Capital Gains, Losses, Group Treatment

4.1. Taxation of Corporate Capital Gains

Capital gains are generally considered taxable income and taxed at the normal corporate tax rate.⁴⁹

From 2020, net capital gains realized in Comoros or abroad on the direct or indirect transfer of shares, bonds, or other capital of Comorian companies, including rights relating to natural resources, are subject to tax at the rate of 15%.⁵⁰

4.2. Definition of Corporate Capital Gains

There is no definition of capital gains in Comorian law, although a capital gain is considered as the difference between the disposal price of an asset and its net book value. Under article 9(1) and (2) of the GTC, taxable income includes capital gains derived from the sale of assets. However, capital gains from the sale of fixed assets are not included in taxable profits in the year in which they are realized if the taxpayer undertakes to reinvest an amount equal to the gains, plus the acquisition costs of the assets transferred within three years from the year in which the gains were realized.⁵¹

4.3. Computation

The GTC does not contain any specific computation rules relating to capital gains. There are no allowances or deductions when calculating capital gains except reinvested capital gains (see Section 4.2.) and capital gains resulting from a merger (see Section 4.4.1.).

4.4. Corporate Combinations and Divisions

4.4.1. Mergers

There are no specific provisions in Comorian law that permit the tax-free merger of companies. However, capital gains from a free allotment of shares following a merger, spinoff, or partial transfer of assets are exempt from corporate tax if all of the following requirements are met:⁵²

- the absorbing or new company in the case of a merger or the beneficiary company or companies in the case of an asset transfer have their head office in Comoros;
- the asset transfers take place on the same date and the transferring company is immediately dissolved; and
- a special provision is included in the merger or transfer agreement regarding the calculation of remaining depreciation, which is considered a continuation of the depreciation plan in the dissolved company.

Mergers are subject to a 2% registration duty (see Section 9.3.1.).

⁴⁹ GTC, art. 9.

⁵⁰ GTC, art. 72 bis (as inserted by Ordinance No. 20-001/PR, art. 22(6)).

⁵¹ GTC, art. 27.

⁵² GTC, art. 29.

4.4.2. Transfers of Corporate Property

The GTC does not address the transfer of business property to a corporation in exchange for shares.

GTC article 30 addresses the disposal of a business by way of a transfer of the business assets. Capital gains from the transfer of corporate property or a business are taxable. However, a special allowance is granted that reduces the taxable base by 50% when the transfer is made less than five years after the commencement of business or the purchase of the transferred asset and by two-thirds if made more than five years after the commencement of business or purchase of the transferred assets.

4.4.3. Share Transfers

There are no provisions in Comoros tax legislation that permit a tax-free transfer of shares in exchange for shares in the acquiring company. All transfers of shares are subject to a registration duty of 5% on the value of the shares (see Section 9.3.1.).

4.4.4. Divisions or Separations

There are no specific provisions under Comorian law permitting the tax-free division of a company into two or more smaller companies. However, see Section 4.4.1 for special provisions that apply on a spinoff or partial transfer of assets.

4.5. Position of Losses From Business Operations

4.5.1. Definition

There is no specific definition of a net operating loss in the GTC. Losses arising in Comoros from a disposal of assets (capital losses) are added to operating losses. If a loss is claimed, the company still is liable to a minimum corporate tax of 3% on its turnover (see Section 3.1.2.).

4.5.2. Treatment

Normal operating losses may be deducted in the year they are incurred, with any excess carried forward for up to three fiscal years; the carryback of losses is not permitted.⁵³

4.5.3. Losses After Change in Ownership

There are no provisions that restrict a company's use of previous losses after a significant change of ownership in Comoros.

4.6. Group Treatment

4.6.1. General Rule

There are no provisions regarding group taxation in Comoros.

4.6.2. Definition of Group

There are no provisions regarding group taxation in Comoros.

4.6.3. Special Aspects

There are no provisions regarding group taxation in Comoros.

⁵³ GTC, art. 26.

5. Corporate Withholding Taxes on Nonresident Corporations

5.1. Dividends

A 10% withholding tax is levied on dividends paid by a Comorian company to a nonresident shareholder, unless the rate is reduced under an applicable tax treaty.⁵⁴

5.2. Interest

A 10% withholding tax is levied on interest paid by a Comorian company to a nonresident, unless the rate is reduced under an applicable tax treaty.⁵⁵

5.3. Royalties

A 10% withholding tax is levied on royalties paid by a Comorian company to a nonresident, unless the rate is reduced under an applicable tax treaty.⁵⁶

5.4. Services

A 10% withholding tax is levied on payments made by a Comorian company to a nonresident company for the rental of equipment, technical assistance, and research and development, as well as on management fees paid to a nonresident.⁵⁷

5.5. Other Withholding Taxes

A 10% withholding tax is levied on the following payments:⁵⁸

- payments made for broadcasting rights (for films or TV shows);
- payments of fees for studies, advice, and technical or accounting assistance;
- payments of commissions; and
- payments relating to author rights.

5.6. Special Tax Havens Rates

Comoros does not have any specific rules relating to payments made to beneficiaries resident in a tax haven.

6. Personal Taxes

6.1. Domicile and Residency Requirements

An individual is deemed to be resident in Comoros if any of the following requirements are met:

- he/she has his/her abode or main residence in Comoros;
- Comoros is the place where the individual has his/her principal place of business or the place where the individual exercises his/her profession (unless the individual demonstrates that this activity is exercised on an ancillary basis); or
- Comoros is the place where the individual's center of economic interests is located.⁵⁹

⁵⁴ GTC, arts. 67 and 109 (as amended by Finance Act 2015).

⁵⁵ GTC, arts. 61 and 72.

⁵⁶ GTC, art. 128.

⁵⁷ GTC, art. 128.

⁵⁸ GTC, art. 128.

⁵⁹ GTC, art. 45.

6.2 Income Tax Base

6.2.1. Tax Base for Residents

A resident individual is subject to personal income tax (*IRPP* or *Impôt sur le Revenu des Personnes Physiques*) on both domestic and foreign employment income and moveable capital income.⁶⁰

Business profits and rental income are subject to tax only if they derive from a source in Comoros.⁶¹

6.2.2. Tax Base for Nonresidents

A nonresident individual is taxed only on Comoros-source income.⁶²

6.2.3. Personal Income Subject to Income Tax

The following income is subject to personal income tax:

- salaries, wages, pensions, and life annuities;
- dividends and interest;
- income from real estate;
- income from professional activities; and
- income from artisanal, agricultural, industrial, and commercial activities.⁶³

Exempt income

Certain income is exempt from income tax, including the following:⁶⁴

- life annuities or temporary allowances granted to the victims of workplace accidents;
- family allowances;
- special allowances granted to employees to cover their expenses;
- certain income from bonds issued with the authorization of the Minister of Finance;
- interest from a bank savings account;
- salaries and wages of foreign diplomatic and consular agents subject to reciprocity; and
- redundancy and severance payments.

6.2.4. Deductions and Allowances

Specific deductions may be taken in calculating personal income tax liability, including:⁶⁵

- pension contributions made by the taxpayer up to 6% of the individual's total annual remuneration; and
- a lump-sum amount equal to 30% of annual wages (after deducting the pension contribution) to cover an employee's professional expenses provided the employee does not receive any specific allowance from the employer to cover the expenses.

6.3. Main Rates and Bands

6.3.1. Individual Tax Rates

Personal income tax rates are progressive from 5% to 30%.⁶⁶

- 5% on income between KMF 150,001 and KMF 500,000;
- 10% on income between KMF 500,001 and KMF 1 million;

⁶⁰ GTC arts. 108 and 110.

⁶¹ GTC arts. 82 and 77.

⁶² GTC, art. 45(3).

⁶³ GTC, art. 44.

⁶⁴ GTC, art. 49.

⁶⁵ GTC, art. 59.

⁶⁶ GTC, art. 97.

- 15% on income between KMF 1,000,001 and KMF 1.5 million;
- 20% on income between KMF 1,500,001 and KMF 2.5 million;
- 25% on income between KMF 2,500,001 and KMF 3.5 million; and
- 30% on income exceeding KMF 3.5 million.

Individuals that have profits from agricultural, artisanal, industrial, commercial, or noncommercial activities are subject to a minimum income tax.⁶⁷ Income tax on these activities cannot be less than 1% of the turnover excluding tax realized during the financial year.

Special rules apply to persons exercising a professional or commercial activity in Comoros and whose annual turnover is less than KMF 20 million. Such individuals will be subject to the single professional tax (TPU or *Taxe Professionnelle Unique*) in lieu of the personal income tax, with the amount of the TPU depending on the annual turnover:⁶⁸

- turnover up to KMF 3 million: the *patente* (business license duty, see Section 9.4.) payable;
- turnover greater than KMF 3 million and up to KMF 5 million: double the *patente* payable;
- turnover greater than KMF 5 million and up to KMF 15 million: three times the *patente* payable; and
- turnover greater than KMF 15 million and up to KMF 20 million: four times the *patente* payable.

If turnover exceeds KMF 20 million, the taxpayer will be subject to the normal personal income tax.

Nonresidents deriving Comoros-source income also are subject to the personal income tax.⁶⁹

From 2020, net capital gains realized in Comoros or abroad on the direct or indirect transfer of shares, bonds, or other capital of Comorian companies, including rights relating to natural resources, are subject to tax at the rate of 15%.⁷⁰

6.3.2. Individual Returns, Filing Dates, and Payment

An annual income tax return must be filed by March 31. However, individuals whose remuneration (e.g., wages, pensions, dividend, interest) already has been subject to withholding are not required to file a return.⁷¹

6.4. Dividends

6.4.1. Domestic Corporations

Dividends received by a resident individual from a Comoros resident company are subject to 10% withholding tax.⁷² A resident individual receiving foreign dividends is required to account for the tax on securities income, at a 10% rate, directly to the tax authority within 15 days of receiving the income.⁷³

6.4.2. Foreign Corporations

Dividends received by a nonresident individual from a Comoros resident company are subject to 10% withholding tax, unless the rate is reduced under an applicable tax treaty.⁷⁴

6.5. Interest

6.5.1. Domestic Borrowers

Interest paid by a resident in respect of bonds, debts, deposits, guarantees, and current accounts to a resident or nonresident individual is subject to a 10% withholding tax unless specifically exempt.

⁶⁷ GTC, art. 98.

⁶⁸ GTC, arts. 89 and 90.

⁶⁹ GTC, art. 45.3.

⁷⁰ GTC, art. 72 bis (as inserted by Ordinance No. 20-001/PR, art. 22(6)).

⁷¹ GTC, art. 100.

⁷² GTC, art. 109.

⁷³ GTC, art. 110.

⁷⁴ GTC, art. 109.

6.5.2. Foreign Borrowers

Subject to the provisions of an applicable tax treaty, interest received by a resident individual from a nonresident person is subject to the tax on securities income, at a 10% rate. The individual is required to account for the tax directly to the tax authority within 15 days from receipt.⁷⁵

6.6. Social Security/National Insurance Payments

6.6.1. Employer Tax or Contribution

An employer must contribute to the National Fund for Social Security and Solidarity on behalf of its employees at a rate that ranges from 2.5% to 5%, depending on the type of activity.⁷⁶

6.6.2. Employee Tax or Contribution

Employees in Comoros are not required to make social security contributions – the contributions are the responsibility of the employer.

6.6.3. Employee Tax Collection Mechanism

Employers are required to join the National Fund and pay the contributions, with penalties applying for failure to comply. Social security contributions are exclusively borne by the employer and any clause that requires the employee to pay all or part of the contribution will be null and void.⁷⁷

6.7. Royalties and Rents

6.7.1. Domestic Licensors

Royalties

Payments made to a domestic licensor for the use of patents, trademarks, copyrights, or other intellectual property is subject to corporate tax or the personal income tax, as the case may be; there is no withholding tax on "royalties" paid to a domestic licensor.

Rents

Rent paid for built or undeveloped property is subject to a 10% withholding tax if the lessee is a public entity, a company subject to corporate tax, or an individual enterprise subject to a "controlled declaration"⁷⁸ (under the controlled declaration regime, the taxpayer is required to maintain its accounts and file returns in the same way and under the same rules that apply to corporations).⁷⁹ In all other cases, where the lessor receives the full rent without any deduction from the lessee, the lessor must pay 10% of the rent received as payment on account of income tax (which must be paid by the 20th of the month following the end of each quarter of the tax year).⁸⁰

6.7.2. Foreign Licensors

Payments made to a foreign licensor for the use of patents, trademarks, copyrights, or other intellectual property are subject to a tax on external remuneration at a rate of 10%.⁸¹

⁷⁵ GTC, art. 110.

⁷⁶ Decree No. 14-176 of December 4, 2014.

⁷⁷ Decree No. 14-176 of December 4, 2014.

⁷⁸ GTC, art. 111.

⁷⁹ GTC, art. 84.

⁸⁰ GTC, art. 113.

⁸¹ GTC, art. 128.

7. Transfer Pricing Policies

7.1. Application

For the purpose of establishing the corporate income tax due, where companies are dependent on, have control of, or are controlled by companies located outside the Comoros, any profits indirectly transferred to the foreign company, either by way of an increase or decrease of purchase or sale prices, or by any other means, can be included in taxable income.⁸²

7.2. Permissible Pricing Methods

Comorian law does not mention any permissible transfer pricing method.

7.3. Penalties for Improper Pricing

There are no specific provisions that impose penalties for improper transfer pricing, although article L97 of the LPF provides in general terms for penalties for improper declarations that reduce taxable income and give rise to a tax adjustment.

7.4. Advance Rulings or Pricing Agreements

Comoros does not have any rules for advance tax rulings and/or advance pricing agreements.

7.5. Documentation

There are no specific transfer pricing documentation requirements in Comoros.

8. Anti-Avoidance Provisions

8.1. General Anti-Avoidance Provisions

The tax authority has broad powers to counter any transaction concluded in the form of a contract or any legal act that conceals a realization or transfer of profits or income made directly or through intermediaries. The tax authority can look through the transaction to restore the operation to its true character.⁸³

8.2. Thin Capitalization/Other Interest Deductibility Rules

Comoros does not have thin capitalization rules.

Interest paid to shareholders is deductible from taxable income and limited to 2% above the discount rate of the Comoros Central Bank.⁸⁴

8.3. Controlled Foreign Company (CFC) Rules

Comoros does not have a CFC regime.

⁸² GTC, art. 31.

⁸³ LPF, art. L35.

⁸⁴ GTC, art. 19.

9. Other Taxes

9.1. Payroll Taxes

There are no specific payroll taxes in Comoros.

9.2. Capital Taxes (Capital Duties)

Registration duty is levied on the formation of a company in Comoros and on increases in capital. The duty is KMF 15,000 for a SARL (limited liability company) and KMF 100,000 for an SA. A 1% capital duty is levied on the company's original capital and any subsequent capital increase.⁸⁵

9.3. Property Taxes

9.3.1. Transfer Taxes, Including Real Property Transactions

Registration duties apply to the following:⁸⁶

- transfer of shares: 5% of the value of the shares;
- transfer (assignment) of a loan: 3% of the value of the loan;
- transfer of a business (goodwill): 9% of the value of the business;
- transfer of real property: 9% (6% for tourist property) of the value of the property; in addition, a publication tax is levied ranging from 1% to 2%, depending on the level of formalities;
- transfer of movable property: 5% of the value of the property;
- temporary concession of public domain or real property: 2% of the value of the concession; and
- mergers between companies: 2%.⁸⁷

9.3.2. Real Property Taxes

An annual local real property tax is payable by the owner of real estate as follows:⁸⁸

- for property used as a residence, the tax ranges from KMF 1,000 to KMF 5,000, depending on the surface area of the house;
- for property used for a professional activity that is subject to corporate tax or income tax, the tax is 1% of the balance sheet value with a minimum of KMF 5,000; and
- for unimproved land, the tax ranges from KMF 2,000 to KMF 5,000 per tranche of 1,000 m², depending on whether the land is or is not building land.

Comorian state and public entities, religious authorities, and foreign diplomatic representations are exempt from the real property tax.

9.3.3. Taxes on Movable Property

There are no taxes on movable property in Comoros.

9.3.4. Fixed Asset Taxes

There are no other fixed asset taxes besides the real property taxes covered in Section 9.3.2.

⁸⁵ GTC, arts. 286-291.

⁸⁶ GTC, arts. 264, 270, 271, 273, 278, 281, 289, 298, and 450.

⁸⁷ GTC, art. 289.

⁸⁸ GTC, arts. 185-192.

9.4. Miscellaneous Taxes

Business activity tax: A business license duty (*patente*) must be paid by all persons, whether corporate or individual, carrying on a trade, business, or profession in Comoros. The duty is levied at a fixed rate (depending on the type of trade, business, or profession) and a variable duty on the rental value of the person's business/professional premises, subject to certain exemptions.⁸⁹

Consumption tax: Consumption tax is a VAT-type tax imposed on production activities and commercial and noncommercial services and on imported goods at rates that range from 0% to 25%. Reduced rates apply to certain supplies.⁹⁰ For more information, please see the VAT Navigator.

Inheritance and gift tax: Inheritance and gift tax are levied in Comoros. This tax, the "*Droit de mutation à titre gratuit*," is levied on the value of the total assets that is passed to heirs/beneficiaries at the following rates:

- Transfer to children/parents/spouse/husband:
 - Assets value below KMF 10,000,000: 5%
 - Assets value between KMF 10,000,001 and 20,000,000: 10%
 - Assets value above KMF 20,000,000: 15%
 - o Transfer to brothers/sisters: 30%
 - o Transfer to uncles, aunts, nieces, nephews, cousins, etc.: 40%
 - o Transfer to other beneficiaries: 60%

The tax is paid by the heir/beneficiary.

Customs and excise duties: Comoros is a member state of the Common Market for Eastern and Southern Africa (COMESA), a customs union that eliminates customs duties and measures that restrict trade for all participating countries, i.e., goods imported from other COMESA member states are subject to a 0% customs duty. For goods imported from outside the COMESA member countries, a three-band common external tariff applies: (i) 0% for capital equipment and raw materials; (ii) 10% for intermediate goods; and (iii) 25% for finished products.

RIC: As part of its membership in various international organizations such as the African Union, Comoros levies an international cooperation fee of 1.5% on the value of imports from outside Africa. This fee is called *Redevance de Coopération Internationale* (RCI) and is used to fund Comoros contributions to various international organizations.⁹¹

Miscellaneous taxes and duties: Several other types of taxes and duties apply in Comoros:

- 10% tax on alcohol and tobacco;⁹²
- KMF 12,300 surtax per 1,000 imported cigarettes;⁹³
- KMF 230 per liter of petrol and KMF 115 per liter of diesel;⁹⁴
- KMF 40-KMF 200 per kilogram of imported rice;⁹⁵
- (from 2020) 1% tax on empty plastic packaging (except plastic bottles used to bottle locally produced mineral water) and imported mineral water.

⁸⁹ GTC, arts. 159, 165, and 179.

⁹⁰ GTC, arts. 139-152.

⁹¹ Finance Law (2019), art. 22.

⁹² GTC, art. 157.

⁹³ Finance Law (2016) art. 17.

⁹⁴ GTC, art. 153.

⁹⁵ GTC, art. 156.

10. Special Industries

10.1. Oil, Gas, and Mineral Extraction

The Petroleum Code governs oil and gas concessions in Comoros. The law contains an appendix with a template of a concession agreement for oil and gas production between Comoros and a contractor. The template agreement provides that (i) all goods, materials, and equipment imported into Comoros for the purpose of the exploration and production of oil and gas are exempt from taxes and custom duties; and (ii) all exported oil and gas is exempt from taxes and duties. The code also provides that oil and gas production sharing as may be agreed in the concession agreement will include all taxes and duties taxes of any kind that may be due by the contractor in Comoros.

10.2. Banking and Finance

There are no special tax rules governing the banking, finance, or insurance business in Comoros; the normal tax rules apply.

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For 21 years, he acted as Group General Counsel, managing a team of 40 lawyers dealing with various subjects from M&A to litigation, competition and corporate issues.

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