

doing business in Benin

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country profile	
government structure	<ul style="list-style-type: none"> • Executive: The president is both chief of state and head of government. He/she is directly elected by absolute majority popular vote and serves a five-year term. Cabinet is appointed by president. • Legislative: Benin has a unicameral parliament. • Judicial: The highest court is the Supreme Court. The subordinate courts are the Court of Appeal or <i>Cour d'Appel</i>, district courts, village courts, and Assize courts. • Next presidential elections: February 2021
economic data	<ul style="list-style-type: none"> • Nominal GDP (USD billions): 10.61 • GDP per capita (USD): 910.45 • Inflation rate (% change): 2.13 • Government revenue (% of GDP): 17.89 • Government gross debt (% of GDP): 53.55 <p>* Source: IMF</p> <ul style="list-style-type: none"> • Benin's economy is reliant on agriculture with cotton as the main cash crop. Benin's key minerals are limestone, marble and granite. Oil and gas deposits may exist in Benin but these are yet to be confirmed. • Benin's main export partners are Bangladesh, India, Ukraine, Niger, China, Nigeria and Turkey. The main export commodities include cotton, cashews, shea butter, textiles, palm products and seafood. • Benin's main import partners are Thailand, India, France, China, Togo, the Netherlands and Belgium. The main import commodities include capital goods, foodstuffs and petroleum products.
risk ratings	<ul style="list-style-type: none"> • World Economic Forum Global competitive index (2017-2018): 120/137 • World Bank ease of doing business (2018): 151/190 • Corruption perception index (2017): 85/180

international treaties and memberships	
international and regional organisations and customs unions	<ul style="list-style-type: none"> • Africa Finance Corporation • African Development Bank Group • African Union • African, Caribbean and Pacific states • Community of Sahel-Saharan States • Economic Community of West African States ("ECOWAS") • European Union • International Monetary Fund • United Nations • United Nations Conference on Trade and Development • United Nations Industrial Development Organization • West African Development Bank • West African Economic and Monetary Union (<i>Union Economique et Monétaire Ouest Africaine</i>, - "UEMOA" or "WAEMU") • World Bank • Benin receives preferential treatment under the agreements listed here: http://ptadb.wto.org/Country.aspx?code=204
bilateral investment treaties	<ul style="list-style-type: none"> • Benin has bilateral investment treaties in force with Belgium-Luxembourg Economic Union, Burkina Faso, Canada, Germany, Kuwait, the Netherlands, Switzerland, and the United Kingdom. • Agreements have been signed with Chad, China, Ghana, Guinea, Lebanon, Mali, Mauritius, Morocco, Turkey, and United Arab Emirates, but these have not yet entered into force.
investment-related agreements / institutions	<ul style="list-style-type: none"> • African Growth and Opportunity Act • Cotonou Agreement • Multilateral Investment Guarantee Agency
dispute resolution	<ul style="list-style-type: none"> • International Centre for Settlement of Investment Disputes • Organization for the Harmonization of African Business Law ("OHADA") • United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards
intellectual property ("IP") treaties	<ul style="list-style-type: none"> • A comprehensive list of IP-related treaties signed by Benin is available at: http://www.wipo.int/wipolex/en/profile.jsp?code=BJ



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legal regime	
applicable legal regime	<ul style="list-style-type: none"> Benin's legal system is based on French civil law and customary law.
dispute resolution	<ul style="list-style-type: none"> Arbitration is the preferred method of dispute resolution in Benin. The OHADA treaty also provides an arbitration procedure. Disputes relating to the general uniform acts, or any other business dispute, can be submitted to the OHADA arbitration procedure. All national legislation has been superseded by the uniform act on arbitration.
land acquisition, planning and use	<ul style="list-style-type: none"> Land ownership in Benin is governed by the <i>Code Foncier</i> (Land Property Act) which was signed into law in 2013. Beninese law guarantees the right to own and transfer private property. Foreigners may own land in Benin.
competition	<ul style="list-style-type: none"> There is currently no operational competition law regime in Benin. Benin is a member of the regional competition body ECOWAS but, at this time, ECOWAS does not have an operational competition law regime.
employment requirements	<ul style="list-style-type: none"> Expatriates working in Benin must hold a valid work permit. Employment contracts with expatriates must be submitted to the Ministry of Labour for approval.
foreign investment regime	
investment regime	<ul style="list-style-type: none"> The Code of Investments, 1990, generally governs foreign investments in Benin. Investment in certain sectors is also governed by specific laws and regulations and certain regulations of the UEMOA or WAEMU also apply. The <i>Agence de Promotion des Investissements et des Exportations</i> ("APIEX") has been established to promote and facilitate investment, with the <i>Guichet Unique de Formalisation des Entreprises</i> ("GUFE") acting as a one-stop shop.
registration / licensing requirements	<ul style="list-style-type: none"> Companies must be registered with the GUFE, which allows entrepreneurs to register with the commercial registry and the tax authority (<i>Direction Générale des Impôts et des Domaines</i>), the Labour Directorate (<i>Direction Générale du Travail</i>) and the Directorate of Commerce (<i>Direction Générale du Commerce Intérieur et la Direction Générale du Commerce Extérieur</i>) at a single agency.
non-industry specific registrations/licences	<ul style="list-style-type: none"> The following general non-industry specific registrations/licences may also be required:
<i>Direction Générale des Impôts et des</i>	<ul style="list-style-type: none"> Following registration with the GUFE, all new businesses must declare their existence (<i>déclaration d'enregistrement aux impôts</i>) to the tax DGID within 20 days of the commencement of the business activity for purposes

<i>Domaines</i> ("DGID")	of updating the records of the <i>Direction Nationale des Impôts et des Domaines</i> (DNID)
<i>National Social Security Fund</i> (<i>Caisse Nationale de Sécurité Sociale</i> ("CNSS"))	<ul style="list-style-type: none"> Every newly registered company employing staff must register with Social Security at the CNSS within three months of its incorporation.
industry-specific licences	<ul style="list-style-type: none"> Industry specific licences may also be required.
incentives	<ul style="list-style-type: none"> Incentives include: <ul style="list-style-type: none"> benefits under the privileged regimes (A – E, depending on the size of the enterprise and investment) granted in terms of the Code of Investments to companies contributing to the national economic and social development plan; a special tax regime for companies operating in the tourism and hotel, industrial maintenance, environmental protection, cultural, artistic and audio-visual production and health, education, or public sector services sectors; and tax and customs duty incentives are granted to eligible companies operating in Industrial Free Zones ("IFZ").
exchange control regulation	<ul style="list-style-type: none"> Benin is a member of UEMOA or WAEMU and subject to the UEMOA or WAEMU Unified Foreign Exchange Regulations. In terms of the UEMOA or WAEMU Regulations, investment from outside the monetary union can be made without approval from the local Minister of Finance. However, direct investment must be reported by the relevant local commercial bank to the office of the Central Bank (<i>Banque Centrale des Etats d'Afrique de l'Ouest</i>, BCEAO) for statistical purposes.



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types of entities available for foreign investment	<ul style="list-style-type: none"> The forms of doing business available in Benin are mainly the following provided for by the OHADA Uniform Act on Commercial Companies and Economic Interest Groupings: <ul style="list-style-type: none"> public limited companies (<i>sociétés anonymes</i>, SAs); simplified joint-stock companies (<i>sociétés par actions simplifiées</i>, SASs); private limited liability companies (<i>sociétés à responsabilité limitée</i>, SARLs); private companies (<i>sociétés à nom collectif</i>, SNCs); sleeping partnerships (<i>sociétés en commandite simple</i>, SCSs); joint ventures (<i>sociétés en participation</i>); de facto companies (<i>sociétés de fait</i>); economic interest groupings (<i>groupements d'intérêt économique</i>, GIEs); registered branch of a foreign company; and representation or liaison offices.
private limited liability company	
minimum number of shareholders	<ul style="list-style-type: none"> SARL SA SAS: A minimum of one shareholder is required. Local shareholders are not required, except in certain specified sectors such as mining, oil and gas.
minimum share capital	<ul style="list-style-type: none"> SARL: at least FCFA1-million, which shall be divided into equal shares whose face value may not be less than FCFA5 000; SA: FCFA10-million; and SAS: no minimum required share capital, but in practice FCFA10-million.
managing director	<ul style="list-style-type: none"> SARL: must have at least one managing director (<i>gérant</i>). It is recommended that someone who is either based in or regularly travels to Benin be appointed as managing director, as it is required for such a person to hold a long-term visa; SA: must appoint a chairman of the board who can also act as general manager of the company (<i>Directeur Général</i>); and SAS: free to determine its management structure, which could consist of only one chairman.
directors	<ul style="list-style-type: none"> SARL: not required to appoint directors / managers in addition to the managing director; SA: a board of directors with three to 12 members, including a chairman, is to be appointed; and SAS: no requirement to appoint a board of directors.
company secretary	<ul style="list-style-type: none"> There is no requirement to appoint a company secretary in Benin.
auditor	<ul style="list-style-type: none"> SARL and SAS: must appoint a statutory auditor when two of the following three conditions are met at the end of the financial year:

	<ul style="list-style-type: none"> its total balance sheet exceeds FCFA125-million; the annual turnover exceeds FCFA250-million; or the permanent staff exceeds 50 employees. <p>SA: appointment of an auditor is mandatory.</p>
registered address	<ul style="list-style-type: none"> Every company shall have a registered office which shall be indicated in the Articles of Association. The address of the company's accountants or lawyers may be used as a registered address for an interim period.
shelf companies	<ul style="list-style-type: none"> There are no shelf companies available in the Benin.
registration process	<ul style="list-style-type: none"> Companies are registered at GUFÉ and registration can be completed in a day once all required documents have been submitted.



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tax			
tax system	<ul style="list-style-type: none"> Benin has a source-based taxation system in terms of which residents are subject to tax on profits from a source in Benin, as well as foreign-sourced passive income, whereas non-residents are subject to tax only on their Benin-sourced income. 		
corporate residence	<ul style="list-style-type: none"> Benin tax law does not define the concept of residence, but specifies the types of companies and legal persons subject to corporate income tax. 		
corporate tax rate	<ul style="list-style-type: none"> Resident companies and permanent establishments of foreign companies are subject to corporate income tax at the rate of 30%. Industrial and mining companies are taxed at a rate of 25%, whereas a rate of between 35% and 45% applies to petroleum companies. An alternative minimum tax of 0.5% on annual turnover is levied on industrial companies and 0.75% on other companies, with a minimum amount of CFA200 000. 		
capital gains tax ("CGT")	<ul style="list-style-type: none"> Capital gains are included in ordinary taxable income and subject to corporate income tax at the standard rate of 30%. 		
withholding tax ("WHT") rates	WHT rate (%)		
	payment to	residents	non-residents
	branch profits	N/A	15% on 90% of after-tax profits
	dividends	15% (10% for joint stock companies, 7% for listed companies, 5% by IFZ companies)	15% (10% for joint stock companies, 7% for listed companies, 5% from IFZ companies)
	interest	15% 0% / 3% / 6% on interest from bonds	15% 0% / 3% / 6% on interest from bonds
	royalties	N/A	12%
double tax agreements ("DTAs")	management, consulting and technical service fees	1% / 5%	12%
	<ul style="list-style-type: none"> DTAs are in force with France, Kuwait, Norway and UEMOA or WAEMU (including Burkina Faso, Guinea-Bissau, Ivory Coast, Mali, Niger, Senegal and Togo). 		
losses	<ul style="list-style-type: none"> Losses may be carried forward for a period of three years and depreciation may be carried forward indefinitely. 		

transfer pricing	<ul style="list-style-type: none">In terms of the Benin's transfer pricing rules, transactions entered into between related parties, must be entered into on an arm's length basis.												
thin capitalisation	<ul style="list-style-type: none">There are no specified thin capitalisation rules applicable in Benin. However, interest paid by a company to its shareholders is deductible based on a maximum interest rate equal to the Central Bank of West African States interest rate plus three percentage points.												
employee taxes	<ul style="list-style-type: none">The income tax rates applicable to resident and expatriate individuals are: <table><tr><th>chargeable income (FCFA)</th><th>tax rate (%)</th></tr><tr><td>up to 50,000</td><td>0</td></tr><tr><td>50,001 – 130,000</td><td>10</td></tr><tr><td>130,001 - 280,000</td><td>15</td></tr><tr><td>280,001 - 530,000</td><td>20</td></tr><tr><td>Above 530,001</td><td>30</td></tr></table>	chargeable income (FCFA)	tax rate (%)	up to 50,000	0	50,001 – 130,000	10	130,001 - 280,000	15	280,001 - 530,000	20	Above 530,001	30
chargeable income (FCFA)	tax rate (%)												
up to 50,000	0												
50,001 – 130,000	10												
130,001 - 280,000	15												
280,001 - 530,000	20												
Above 530,001	30												
social security contributions	<ul style="list-style-type: none">Both employers and employees must make monthly social security contributions to the CNSS.The employer contribution rates are:<ul style="list-style-type: none">family allowance: 9%;work injury: 1% – 4% depending on injury; andretirement: 6.4%.The employee contribution rate is 3.6% of total monthly remuneration.												
payroll tax	<ul style="list-style-type: none">A payroll levy is payable by employers at a rate of 4%.Newly incorporated companies are exempt from payroll tax during the first year of activity.												
stamp duty	<ul style="list-style-type: none">Stamp duty is levied on all contracts, agreements and documents subject to registration duty in Benin.A fixed stamp duty of CFA6 000 is due on the transfer of shares, which does not involve the takeover of a company.The transfer of shares which results in the takeover of a company and the transfer of immovable property are subject to a transfer tax at the rate of 8%.												
VAT													
<i>taxable supplies</i>	<ul style="list-style-type: none">VAT is levied on the supply of goods and services rendered or used in or imported into Benin.												
<i>VAT rate</i>	<ul style="list-style-type: none">18%												
<i>registration threshold</i>	<ul style="list-style-type: none">All companies that purchase goods for resale or carry on industrial, commercial, non-commercial, artisanal or professional activities are subject to VAT and must register for VAT purposes.												



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<i>reverse VAT on imported services</i>	<ul style="list-style-type: none"> Resident companies are required to account for output VAT in respect of imported services rendered by non-resident companies where the foreign service provider has not registered for VAT or appointed an agent to collect VAT from the customer. Such VAT can be claimed as full or partial input credit if the entity engages in the provision of taxable supplies.
trade marks	
general	<ul style="list-style-type: none"> Benin is a member of the <i>Organisation Africaine de la Propriété Intellectuelle</i> ("OAPI"), together with Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Congo, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Ivory Coast, Mali, Mauritania, Niger, Senegal and Togo. OAPI has a central registry in Cameroon which facilitates the central filing of IP rights, including trade marks. An OAPI application automatically covers all member countries, as the member states had to renounce their national IP laws in order to become members. It is therefore not possible to file individual national applications in any of the OAPI member states.

international conventions, treaties and arrangements	<ul style="list-style-type: none"> Madrid Protocol Nice Agreement Paris Convention Trade Mark Law Treaty World Intellectual Property Organization World Trade Organization
classification	<ul style="list-style-type: none"> The International Classification of goods and services applies. A single application may cover any number of classes, however, goods and services may not be included in the same application.
categories of trade marks	<ul style="list-style-type: none"> Provision is made for: <ul style="list-style-type: none"> collective marks; service marks; and geographical indications.
filing requirements	<ul style="list-style-type: none"> Full particulars of the applicant; Power of Attorney, in French or English, simply signed; electronic copy of the trade mark; and a certified copy of the priority document (if applicable).
procedure	<ul style="list-style-type: none"> An application is filed at the OAPI office in Cameroon. Applications are examined to determine if it complies with formal requirements and in respect of prior conflicting trade marks. If accepted, the registration certificate will be issued and the trade mark registration published for opposition purposes.
oppositions	<ul style="list-style-type: none"> Opposition may be lodged within six months following the date of advertisement of the registration. No extensions are allowed.

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