



## PERMANENT ESTABLISHMENT IN SENEGAL: BRANCH OR SUBSIDIARY?

### DEFINITION OF A PERMANENT ESTABLISHMENT

A company is regularly established in Senegal only if it is incorporated with a notary, registered in the Commercial Register, and registered with the tax authorities (by obtaining a tax identification number called NINEA).

### DEFINITION AND MAIN DIFFERENCES BETWEEN A BRANCH AND A SUBSIDIARY

#### BRANCH

The branch is defined as "a commercial or industrial establishment or services belonging to a company and with some management autonomy."

The branch has no separate independent legal status from that of the owning company. It must be registered in the trade register.

When it belongs to an individual or foreign company, branch must be brought to an existing registered company (or to be created) two (2) years after its creation.

However, it is necessary to differentiate branch and representative or liaison office.

The representation or liaison office is a facility owned by a company and responsible for the liaison between the company and the location of the country's market. It does not have management autonomy and only carries an auxiliary preparatory activity relative to that of the owning company.

As the branch, liaison offices have no separate legal status independent of that of the owning company. It must also be registered in the trade register.

#### SUBSIDIARY

The subsidiary status differs according to whether in company law or tax law.

In company law, "a company is a parent company of another company when it has more than half of the capital in the other company. The second company is called subsidiary of the former." From a tax standpoint, the capital ownership interest in the subsidiary by the parent company is reduced to at least 10%. In addition, for the tax regime provided for to apply, it is necessary that the parent company has its head office in Senegal.

### TAX AND ACCOUNTING OBLIGATIONS

Taxes and current taxes owed by companies as part of their activities are summarized below:

- Income tax: 30% of the annual profit
- Wage tax: 3% of the gross salary, paid monthly or quarterly
- VAT: 18% of the turnover, paid monthly (1)
- Special tax on passenger cars Corporations: flat rate (2) (from €19,00 to €77,00), paid quarterly
- Patent - General Rate (3): flat rate (from €115,00 to €1220,00) + 19% of annual rental value of operating equipment, annual tax



- (1) VAT invoiced by suppliers is deducted from the amount due
- (2) According to the power of the vehicle
- (3) There is a special rate for certain categories of activities

## REGISTRATION FORMALITIES

For corporate establishment procedures, it will require service of a notary with the following documents:

- National identity card or passport of the different partners or shareholders;
- The criminal record of managers;
- The deposit of the share capital (at least € 153.00 for LLC and € 15 245.00 for PLC);
- An information sheet regarding the corporate name, head office, share ownership and contributions;
- An information sheet on shareholders or partners civil status including the full name, address, occupation, date and place of birth, marital status and matrimonial regime.

The notary will conduct itself in drafting the memorandum and articles of association, registration in the commercial register and advertising formalities.

For information, the notary fees will be approximately:

- € 35,00 for a shared capital less than € 765,00
- € 110,00 for a shared capital between € 765,00 and € 7625,00
- € 2300,00 for a shared capital of € 150 000,00

## STANDARD LEGAL OBLIGATIONS AND FORMALITIES FOR A BRANCH

The branch creation formalities shall require a notary service in that it will remit:

- The minutes of the meeting of the parent company authorizing the establishment of the branch
- The appointment of the representative
- Copy of the identity card or passport of the representative