



COMPANY FORMATION IN SENEGAL

MAIN FORMS OF COMPANY/BUSINESS IN SENEGAL

The company law applied in Senegal called 'Uniform Act Relating to Commercial Companies Law' is common to seventeen (17) states of West and Central Africa. These states are members of the Treaty of the Organization for the Harmonization of Business Law in Africa (OHADA).

The Uniform Act provides for two types of trading companies: Limited liability companies (Plc) and unlimited liability companies.

1 - Limited Liability Companies

These are companies in which the liability is mainly limited to the amount contributed.

This first category consists primarily of two types of companies: the SARL and the SA.

Limited Liability Company (LLC "SARL")

The Uniform Act defines the limited liability company as follows: "the limited liability company is a company in which the partners are liable for corporate debts to the extent of their contributions and whose rights are represented by shares. It may be formed by a natural or legal person or between two or more natural or legal persons".

Public Limited Company (PLC "SA")

The Uniform Act defines public limited company as "a company in which the shareholders are liable for corporate debts to the extent of their contributions and whose rights are represented by share certificates. The public limited company shall include only one shareholder. "

The main differences between the two types of company lie in:

- Organization: at the organizational level, the PLC is very hierarchical
- The form of social rights: the capital of LLC is divided into shares while in PLC the rights are represented by share certificates to be publicly traded.

Because of the flexibility in its operations, the LLC is more common in Senegal than the PLC.

2 - Unlimited Liability Companies

These are companies in which the liability is not limited to the contributions of its members. Partners' liability is unlimited joint and several. This corporate class includes two (2) types: General Partnership Company (GP) and Limited Partnership Company (LP).

General Partnership Company

The Uniform Act defines the General Partnership company "in which all the partners are traders and have unlimited liability for the debts."

The GP cannot be a one man company. It takes at least two (2) associates, but no maximum is required.

Limited Partnership Company

It is defined by the Uniform Act as a company "in which coexist one or more partners whose liabilities are unlimited joint and several for the debts called 'active partners' with one or more partners liable for corporate

debts to the extent of their contributions called 'secret partners' and whose capital is divided into shares." The complexity of cohabitation between "active partners" and "secret partners" explains the disaffection noted for this type of company.

SPECIFIC TAX CONCERNS RELATED TO ESTABLISHING A COMPANY

In terms of taxes, only a registration fee based on the amount of share capital is due upon incorporation of a company. This fee is collected by the notary in charge of the setting up formalities.

Registration fees includes a fixed fee of € 39.00 and a proportional duty of 1% on the amount of capital in excess of € 152 450.00 if it is cash contribution.

For example, for a capital of € 150 000.00 cash consisting, the rights will be limited to € 39.00.

LEGAL ISSUES RELATED TO ESTABLISHING A COMPANY

Business creation and commercial activity operation are not difficult in Senegal. The main obstacles that consisted of slowness and high costs of procedure were all lifted. Indeed, in order to promote doing business in Senegal, the government has taken incentives for business creation. Among these measures include:

- Simplification and easing of company setting up procedures, lower minimum capital, reduced notary fees
- Quicker access to land ownership and cost
- Simplifying procedures for obtaining the building license
- Strengthening trade justice

CULTURAL CONCERNS RELATED TO ESTABLISHING A COMPANY

On the cultural and traditional approach, the establishment of a company in Senegal does not require special precautions more than elsewhere. However, in land acquisition, always use notary services because of land disputes that often arise from the traditional method of land attribution.