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**Structuring your investment into Senegal via UAE (UAE-Senegal Tax Treaty)**

In today's global economy, where opportunities for investment span continents, navigating tax liabilities across borders can be a daunting task for investors. However, the tax treaty between Senegal and the United Arab Emirates (UAE), effective 2 July 2017, offers clarity and certainty for those considering or already engaged in investments between these two dynamic nations.

**Taxes Covered**

One of the pivotal aspects of this treaty is its coverage of various forms of income, ensuring that investors have a clear understanding of their tax obligations. From corporate taxes to capital gains on both developed and undeveloped land, the treaty leaves no ambiguity, offering investors peace of mind and a solid foundation for their financial planning.

**Service Permanent Establishment**

For those engaged in providing services across borders, the treaty's provision on Service Permanent Establishment (PE) offers clarity on when a business presence triggers tax obligations. A permanent establishment (PE) is established when services are provided in a Contracting State for a period exceeding six months. This provision adds clarity to the determination of tax liabilities in cases involving the provision of services across borders.

**Withholding Tax**

A crucial aspect for investors to consider is the withholding tax rates outlined in the treaty. Below is a table showing the withholding tax rates applicable in Senegal under the treaty:

|  |  |  |
| --- | --- | --- |
| **Income** | **WHT as per DTAA with UAE** | **Normal WHT rate (non-treaty)** |
| Dividends | 5% | 10% |
| Interest | 5% | 16% |
| Royalties | 5% | 20% |

**Double Taxation Relief**

Both Senegal and the UAE adopt the credit method for the elimination of double taxation, providing relief to investors subject to tax in both jurisdictions. This mechanism ensures that income is not taxed twice, promoting fairness and facilitating cross-border investment.

**Capital Gains**

The treaty delineates the taxation of capital gains, particularly focusing on gains from the alienation of immovable property, shares, and other movable property. Such clarity enables investors to navigate the taxation landscape with confidence, ensuring compliance while optimizing their investment returns.

**Limitation on Benefits**

Furthermore, the treaty includes provisions on Limitation on Benefits, aimed at preventing abuse of its provisions for tax avoidance purposes. By ensuring that the treaty's benefits are enjoyed by legitimate investors with genuine economic activities, this provision enhances the integrity and effectiveness of the treaty.

**Conclusion**

Since its entry into force on 2 July 2017, the treaty has provided a solid foundation for investors looking to capitalize on the growing opportunities between Senegal and the UAE. By offering clarity, predictability, and fairness in tax matters, the treaty unlocks the full potential of investments between these two dynamic economies.

If you would like to know more about the UAE-Senegal tax treaty, or about setting up your investment holding company in the UAE, please reach out to our Dubai-based experts.

**Get in touch with us:**

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