

# WTS Africa Quarterly Newsletter

April 2025

Roadshow Special Edition

wts global  
africa



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# WTS Africa Quarterly Newsletter

## Editorial

### Africa Roadshow Special: Recent Tax Developments & Exchange Control Insights

Dear Reader,

We are pleased to present the Roadshow Special Edition of the WTS Africa Regional Quarterly Newsletter for 2025, where we collate and highlight key tax-related developments from major African jurisdictions.

Our Afri-Can-Do Tax Roadshow takes place across five major European cities - Vienna, Munich, London, Amsterdam, and Brussels, where we bring together the lead partners from key African jurisdictions together with regional hubs in Europe. This initiative is a powerful expression of our can-do spirit in action and includes representatives from Algeria, Angola, Benin, Cape Verde, Egypt, Ghana, Kenya, Mauritius, Mozambique, Nigeria, São Tomé e Príncipe, Senegal, Seychelles, and South Africa.

From ensuring tax-efficient investment structures to navigating the unpredictable maze of transfer pricing and permanent establishment audits, we will explore how to safeguard your assets and mitigate risks as well as address the unique challenges and opportunities faced by multinational enterprises, covering the latest trends, regulatory changes, and best practices in corporate taxation.

This edition features valuable contributions from participants within the WTS Global network, offering a diverse range of insights on international tax matters and exchange control insights. The contributors represent the following countries:

- › Benin – WTS Face Africa Benin
- › Côte d'Ivoire – WTS Face Africa Côte d'Ivoire
- › Ghana – WTS Nobisfields
- › Kenya – Viva Africa Consulting LLP
- › Liberia – WTS Nobisfields
- › Mauritius – WTS Tax Consulting (Mauritius) Ltd
- › Nigeria – WTS Blackwoodstone
- › Senegal – FACE Africa Tax & Legal
- › Sierra Leone – WTS Nobisfields
- › South Africa – WTS Renmere
- › Togo – Face Africa Tax & Laws Togo
- › Zimbabwe – WTS Tax Matrix

We hope you find this special edition insightful and look forward to engaging with you on the evolving tax landscape across Africa and beyond.

We thank you for your interest.

Yours sincerely,

Wim Wuyts

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## The Afri-Can-Do Tax Roadshow in Europe: **our speakers**



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3 April

7 April

8 – 9 April

10 April

11 April





## Ghana



### Appointment of a New Commissioner General

Following the resignation of the former Commissioner General Julie Essiam, the president of the Republic of Ghana, on January 21, 2025, appointed Mr. Anthony Sarpong, the Country Managing Partner of KPMG as the Commissioner-General of the Ghana Revenue Authority (GRA).

The appointment is seen by many as a step in the right direction to foster growth in Ghana's revenue mobilization, given Mr. Sarpong's proven expertise in taxation, finance, restructuring and public financial management.

### Tax Measures in 2025 Budget Statement

The Government of Ghana has proposed some major tax reforms with the aim of easing the economic pressure on households and businesses in the 2025 Budget Statement and Economic Policy which was presented in Parliament on March 11, 2025, by Cassiel Ato Forson, Minister for Finance and Economic Planning. The proposed changes include the abolition of several taxes including the following:

- › 10% withholding tax on winnings from lottery ("Betting Tax").
- › 1% Electronic Transfer Levy (E-levy).
- › Emissions Levy on industries and vehicles.
- › VAT on motor vehicle insurance policy.
- › 1.5% withholding tax on winning unprocessed gold by small-scale miners.

The government further proposed the reintroduction of road tolls and an increase in the Growth and Sustainability Levy on mining companies from 1% to 3%.

In addition to the above, the government has hinted on undertaking comprehensive Value Added Tax (VAT) reforms with the aim of reviewing the current distortions and cascading structure of the VAT regime. The ambit of the reforms shall include:

- › abolishing the COVID-19 Levy.
- › reversing the decoupling of GETFund and NHIL from the VAT.
- › reversing the VAT flat rate regime.
- › reducing the effective VAT rate for businesses and households and
- › raising the VAT registration threshold to exempt micro and small businesses from the collection of VAT.

### To give effects to the tax measures in the Budget Statement, Parliament of Ghana on March 26, 2025 passed the following amendments:

- › the Electronic Transfer Levy (Repeal) Bill, 2025, effectively abolishing the Electronic Transfer Levy (E-Levy).
- › the Emissions Levy (Repeal) Bill, 2025, to scrap tax on carbon emissions from fuel usage.

- › the Income Tax (Amendment) Bill, 2025 to abolish taxes on Gaming and Lotteries (Betting Tax) and repeal 1.5% withholding tax on unprocessed gold.
- › the Growth and Sustainability Levy (Amendment) Bill, 2025 to increase levies imposed on mining companies to 3% from the previous 1%.
- › the Special Import Levy (Amendment) Bill, 2025 to extend the sunset clause.

These amendments shall not take effect unless they have received Presidential assents.

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## Kenya



### Significant Economic Presence Tax: Kenya's Digital Tax Revolution

In recent years, the digital economy has grown exponentially, transforming how businesses operate and interact with consumers. This revolution has created new opportunities but has also posed challenges to tax authorities, including Kenya, as traditional tax frameworks struggle to keep pace with the evolving digital landscape. In 2020, Kenya introduced Digital Service Tax (DST) to address these challenges. DST has since been replaced by the Significant Economic Presence Tax (SEPT) which was introduced through the Tax Laws (Amendment) Act, 2024.

SEPT is a tax imposed on non-resident persons whose income from provision of services is derived from or accrues in Kenya through a business carried out over a digital marketplace. A non-resident person is considered to have a significant economic presence where the user of the service is located in Kenya. This tax does not apply to:

- › non-resident persons who offer the services through a permanent establishment
- › non-resident persons who carry on the business of transmitting messages by cables, radio, optical fibre, television, broadcasting, internet, satellite, or other similar methods of communication
- › income subject to withholding tax
- › non-resident persons providing digital services to an airline in which the Government of Kenya has at least forty-five per cent shareholding, and

- › non-resident persons with an annual turnover of less than Kenya Shillings Five Million.

The taxable profit of a person liable to pay SEPT shall be deemed to be ten percent of gross turnover which translates to 3% of the gross turnover as opposed to DST which was chargeable at the rate of 1.5% of the gross transaction value.

SEPT, as introduced in Kenya has a broader scope than DST, covering a wider range of digital economic activities. Its introduction is expected to boost tax revenue from the digital economy. However, it may also increase operational costs for digital service providers, potentially leading to higher prices for consumers. Moreover, it could deter foreign investment if compliance is viewed as too complex or burdensome.

As a tax applicable to cross-border transactions involving non-resident entities, the issue of double taxation remains insufficiently addressed, given that existing Double Taxation Agreements (DTAs) between Kenya and other countries, do not explicitly cover this category of tax. This treaty gap presents legal and compliance uncertainties, which may require future clarification through legislative or policy adjustments.

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SEPT marks a significant shift in Kenya's tax policy. While it enhances revenue collection from the digital economy, its sustainability and impact on international trade remains uncertain. Proper implementation and alignment with global tax reforms will determine its long-term success. Continuous monitoring and stakeholder engagement will be crucial to address emerging challenges and ensure effective compliance.

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## Mauritius



### Clarifying Partial Exemption on Interest: Supreme Court of Mauritius Rules in Favor of Alteo Energy Ltd

In the recent case of **Alteo Energy Ltd v. Assessment Review Committee & Anor**, the Supreme Court of Mauritius ("Supreme Court") addressed a significant issue concerning tax exemption on interest income. The appellant, Alteo Energy Ltd (the "Company"), sought to overturn the Assessment Review Committee's ("ARC") decision, which upheld the Mauritius Revenue Authority's ("MRA") disallowance of an 80% exemption on its interest income for the assessment year 2019-2020.

#### Background of the Case

Alteo Energy Ltd, part of the Alteo Group and primarily engaged in electricity

production, reported an interest income of Rs. 2,151,622 for the financial year ended 2019. The company claimed an 80% exemption on this income under item 7 of the Income Tax Act 1995 ("ITA"). However, the MRA contested this claim, stating that the interest income did not arise from the Company's Core Income-Generating Activities ("CIGA"), leading to an assessment notice demanding Rs. 158,145. The Company lodged a notice of objection to the assessment for determination by the Objections, Appeals and Dispute Resolution but the assessment was maintained by the latter.

### Legal Arguments

The crux of the appeal revolved around the interpretation of item 7 of the ITA and Regulation 23D(2) of the Income Tax Regulations 1996 ("IT Regulations"). The appellant argued that the ARC erroneously added a condition that interest income must be derived from CIGA, which was not explicitly stated in the law. The appellant maintained that the language of the law was clear and unambiguous, allowing for the exemption without additional conditions.

Conversely, the MRA contended that the substance of the activities must relate to CIGA, asserting that the interest income did not meet this criterion on the basis that interest income constituted only an insignificant portion of the Company's total income. The ARC's findings reflected this interpretation, leading to the appeal.

### Court's Findings

The Supreme Court found that the ARC's approach was rather confusing. The Supreme Court emphasized that tax provisions must be construed strictly, and any ambiguity should favour the taxpayer. The Supreme Court noted that the term "includes" in the definition of CIGA does not impose exhaustive conditions, allowing for a broader interpretation that does not necessitate the interest income to be derived from CIGA.

The Supreme Court concluded that the ARC had strained the language of the provisions, introducing conditions not expressly provided for in IT Regulations 23D(2). Consequently, the Supreme Court allowed the appeal and remitted the case to the ARC for proper application of the exemption provisions, affirming that the law does not restrict the exemption to interest income derived from CIGA.

### Conclusion

While this Supreme Court judgment clarifies the criteria for eligibility to partial exemption on interest income, it is understood that the MRA has applied for leave to appeal to the Judicial Committee of the Privy Council. Accordingly, on a prudence basis, it is recommended for companies to seek advice on the matter prior to claiming partial exemption on interest income which are not derived from their CIGA.

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## Nigeria



### Nigeria's Guidelines on Advance Pricing Agreements: Enhancing Tax Certainty or Multinationals

To give full effect to the Income Tax (Transfer Pricing) Regulations 2018 with respect to Advance Pricing Agreements (APAs), the Federal Inland Revenue Service (FIRS) issued the Guidelines for Advanced Pricing Agreements (APAs), (the Guidelines). Effective from 1st January 2025, the Guidelines aim to enhance transparency, tax certainty and manage transfer pricing (TP) disputes as the tax treatment of relevant controlled transactions, within the covered period, would be clearly defined ensuring better compliance with the Arm's Length principle. Here, we highlight some of the key features of the Guidelines.

#### Eligibility, Threshold and Cost

To ensure that APAs are utilized by businesses with significant TP risks, only persons with taxable presence in Nigeria are eligible to apply for an APA. It stipulates that applicants must meet a minimum threshold of the equivalent of USD 10million for each covered controlled transaction (single transaction) for each year; or the equivalent of USD 50million in the case of a group of covered transactions (group of transactions) for each year covered in the APA.

Further, taxpayers will be responsible for all costs incurred by the FIRS in the processing of an APA application, including cost of engaging experts, travel costs and other direct costs to the development of the particular APA. Taxpayers are to pay a non-refundable application fee deposit of \$20,000.00 to cover the cost of the process and reimburse any excess direct costs associated with the APA which exceeds the non-refundable deposit and a non-refundable deposit of \$5,000.00, in the case of a renewal.

#### Timeframe

Upon the acceptance of a taxpayer's APA formal application, the Guidelines stipulates that the FIRS is to endeavor to conclude the process within 24months in the case of a unilateral APA, or 36months in the case of a bilateral or multilateral APA. However, this is dependent on the negotiations with the Competent Authority (CA) of the tax treaty partners, timeline of provision of documents and the complexity of the issues.

#### Term

The APA commences on the date indicated, which corresponds with the financial year indicated in the APA application or as mutually agreed between the parties. However, the APA shall not exceed three (3) years. Also, an APA may be renewed with the agreement of all relevant parties for a maximum term of 3years or as stipulated in relevant legislation.

Notably, the Guidelines allow for the application of the elements agreed in an APA to

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controlled transactions carried out within a maximum of three (3) years immediately preceding the coming into force of the APA, except where judicial decisions have been reached on such matters and controlled transactions. The FIRS or the taxpayer may issue a notice of termination of the APA based on a material breach of the terms of an APA; or a material change in tax laws amongst others.

As impressive as the APA Guidelines are, it is imperfect and needs to be further reviewed. Notably, it is recommended that to encourage the participation of more MNEs, the timelines, threshold, cost of the process needs to be reviewed.

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## Senegal



### Overview of the main tax measures of the 2025 Finance Act

Adopted in line with the forecasts set out in the Initial Finance Act (PLFI), the Finance Act for 2025 introduces several major tax reforms aimed at modernizing tax administration and enhancing transparency.

#### Administrative reforms and tax obligations

- › **Abolition of certain commissions:** Deemed inefficient, the special registration duty commission and the joint conciliation commission have been abolished, simplifying tax procedures.
- › **End of COVID-19 tax measures:** The exceptional measures adopted during the health crisis have been abolished, as they are no longer relevant.
- › **Mandatory electronic invoicing:** The adoption of electronic invoices will enable real-time VAT tracking and strengthen the fight against fraud. In the event of non-compliance, a fine of 25% of the invoiced VAT is provided for, capped at 5 million XOF per invoice.
- › **Tax clearance for certain companies prior to payment to foreign service providers:** Construction, mining, oil and utilities companies will be required to obtain a tax clearance less than one month old before paying a foreign company based in Senegal. Failure to do so will result in non-deductibility of payments.
- › **Dematerialization of refund and claim requests:** Taxpayers will have to submit their claims electronically, facilitating administrative processing.

- › **Shorter deadline for VAT credit refunds:** Refunds will be made within 15 days of approval of the claim and will only be made via a tax-free certificate.
- › **New taxation procedures following a tax census:** The tax authorities will now be able to issue a tax assessment by means of a roll instead of an ex officio tax assessment following a tax census.

### Changes to taxes and levies

- › **Withholding tax on medical and paramedical services:** Private healthcare establishments must apply a 10% withholding tax on payments made to non-salaried healthcare professionals.
- › **Increase in specific tobacco tax:** The rate of this tax is raised from 65% to 70% to boost tax revenues and discourage tobacco consumption.
- › **VAT withholding tax maintained for certain players:** VAT withholding is maintained for public establishments and public service concessionaires (water, electricity, telephony).
- › **Reduced tax penalties for SMEs:** The fine for non-declaration of beneficial owners is reduced from 10 million to 1 million XOF for SMEs not covered by the Direction des Grandes Entreprises (DGE).
- › **Extension of the status of Export Processing Enterprises (EFE):** This regime has been extended until December 31, 2025, pending the introduction of a new Investment Code.

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These reforms mark a major shift in Senegal's tax policy and will have a significant impact on businesses and taxpayers alike.

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## South Africa



### The Ku-waiting is over: Far-reaching changes to the South Africa-Kuwait Tax Treaty

Unless a specific exemption or reduction applies, South Africa ('SA') imposes dividends tax at a statutory rate of 20% on all dividends paid by SA companies ('DWT'). The original SA/Kuwait double tax agreement ('DTA') provided for a 0%

DWT rate. Even though the protocol with Kuwait was not yet in force (only ratified on 18 September 2024), the SA government imposed 5% DWT on dividends paid from SA to Kuwait from 1 April 2012.

On 18 January 2019, the Dutch Supreme Court delivered a Hoge Raad Judgment interpreting the most favoured nation ('MFN') clause in the DTA between SA and the Netherlands, dated 10 October 2005, as amended by the protocol dated 8 July 2008 ('SA/Ned DTA'). The judgment concluded that if any other DTA that SA entered into provided a more favourable DWT rate than the SA/Ned DTA, that more favourable rate must automatically apply.

The MFN clause in the SA/Ned DTA suggested that the automatic application of a more favourable rate should apply to DTAs concluded after the SA/Ned DTA came into effect. However, the DTA concluded with Sweden on 25 December 1995 (as amended by the protocol on 18 March 2012) ('SA/Swe DTA') contained wording that extended its MFN clause to DTAs concluded before the SA/Swe DTA came into effect. This meant that if the SA/Ned DTA or the SA/Swe DTA were utilised, the most favourable DWT in the Kuwait DTA could be applied, resulting in a 0% DWT rate.

The matter was again considered in the Cape Town Tax Court judgment of ITC1925 82 SATC 144 delivered on 12 June 2019. The Tax Court found in favour of the taxpayer, ordering that the MFN clause would apply until the date of ratification of the SA/Kuwait protocol, and ordered SARS to refund the overpaid DWT with interest and to pay the taxpayer's cost. This judgment provided significant relief to many taxpayers engaged in similar disputes with SARS and highlighted the importance of adhering to the clear terms of DTAs. Interestingly, SARS never appealed the Tax Court judgment, instead focusing their efforts alongside National Treasury on the ratification of the Kuwait protocol to close this 'loophole' and prevent taxpayers from utilising the MFN clause.

The Tax Court judgment indicates how SA courts may handle disputes related to the retroactive application of tax treaties. Given the contentious nature of the retroactive application of the SA/Kuwait protocol, similar legal challenges are likely to arise.

The ratification of the SA/Kuwait protocol represents a pivotal development in the tax relationship between the two countries. The changes introduced by the protocol, particularly those related to dividends, have far-reaching implications for Kuwaiti, Dutch and Swedish investors in SA companies. It is advisable that taxpayers reassess their tax positions, ensure compliance with the new provisions and seek professional advice to navigate the evolving landscape.

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## Benin



### Benin: Exchange Control Insights

#### 1. Legal framework

##### 1.1. What laws and regulations govern exchange control regime in your jurisdiction?

The laws and regulations governing exchange control regime in Benin are:

- › Regulation 06/2024/CM/UEMOA on financial relations of the Member States of the West African Economic and Monetary Union (UEMOA) of 20 December 2024 ACT No. 2016-11 OF 8 JULY 2016 providing uniform rules for the litigation of infringements of the rules governing the external financial relations of the Member States of the Economic Union and West African Monetary Union (WAEMU);
- › Act No. 86-005 of 26 February 1986 on the litigation of foreign exchange control offenses;
- › Act No. 2018-17 of 25 July 2018 on combating money-laundering and the financing of terrorism in the Republic of Benin, as amended by Act No. 2020-25 of 20 September 2020;

##### 1.2. Which bilateral and multilateral exchange control instruments have an effect in your jurisdiction? How is regulatory cooperation and consolidated supervision ensured?

The Community provisions on exchange control regime within the UEMOA shall apply to Benin; in this case, it is Regulation 06/2024/CM/UEMOA on the financial relations of the Member States of the West African Economic and Monetary Union (UEMOA) of 20 December 2024, which repealed and replaced Regulation No 09/2010/CM/UEMOA/of 10/10/2010 on the external financial relations of the Member States of UEMOA and its implementing texts, which had hitherto been applicable.

##### 1.3. What are the current priorities of regulators and how do they work with the banking industry?

###### Current priorities of regulators

In Benin, foreign exchange regulators, such as the Central Bank of West African States (BCEAO) and the Ministry of Economy and Finance, are focusing their efforts on several key priorities:

- › Combating money laundering and terrorist financing (AML/CFT):
- › Strengthening foreign exchange control regime and supervision.
- › Improving transparency and regulatory compliance:
- › Ensure compliance with the rules on the external financial relations of WAEMU member States.



These priorities aim at ensuring the stability of the financial system, preventing illegal activities and fostering an environment conducive to trade and investment.

### **Modalities for working with the banking industry**

In Benin, collaboration between foreign exchange regulators and the banking sector is crucial to ensuring financial stability and compliance with regional and international standards.

## **2. Exchange control regime**

### **2.1. Can a subsidiary or affiliate repatriate money to a non-resident parent company?**

Yes.

### **2.2. Is there limitation of transfer of foreign currency to procure goods or payment for services to non-resident person?**

Yes.

### **2.3. Can a subsidiary easily make payments for intra-group transactions?**

Yes

### **2.4. Are there rules against intercompany netting off?**

No

### **2.5. Are permits required to transfer money to a third party or non-resident entity for procurement of goods or services?**

Yes, authorization to exchange currency.

### **2.6. What requirements or documentation must be in place before banks authorize requests for international transfers?**

- › The invoice for the good or service;
- › The foreign exchange authorization issued by the Directorate for Monetary and Financial Affairs.

### **2.7. Have there been recent directives issued by your Central Bank on Exchange Control?**

No.

### 3. Exchange control contraventions

#### 3.1. Which entities are responsible for enforcing the relevant laws and regulations? What powers do they have?

Law enforcement agencies

In Benin, several agencies are responsible for enforcing exchange laws and regulations:

- > The Central Bank of West African States (BCEAO);
- > The Ministry of Economy and Finance; and
- > Authorized Intermediaries.

In summary, the BCEAO is the main body responsible for regulating and controlling foreign exchange in Benin, in collaboration with the Ministry of Economy and Finance and authorised intermediaries.

#### Sanctions

#### 3.2 What sanctions are applicable in the event of a violation of the exchange control regime?

In Benin, the sanctions applicable to violations of the exchange rate regime are defined by Act No. 2016-11 of 8 July 2016 and the regulations of the Central Bank of West African States (BCEAO). These sanctions are aimed at ensuring compliance with the rules on external financial relations (EFR) within the West African Economic and Monetary Union (WAEMU). These are mainly fines and prison sanctions.

### 4. Trends and forecasts

#### 4.1 How would you describe the current exchange control regime and trends in your jurisdiction? Are there any plans for further developments in the next 12 months, including proposals for legislative reforms?

The current exchange control regime in Benin is rather strict and does not offer any possibility of deviance. We are not aware of any new developments planned in the next 12 months.

#### 4.2 Does your jurisdiction regulate cryptocurrencies? Are there any legislative developments with regard to cryptocurrencies or financial technologies in general?

In Benin, the regulation of cryptocurrencies is an evolving subject. There are no specific rules for cryptocurrencies.

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## Côte d'Ivoire



### Côte d'Ivoire: Exchange Control Insights

Ivory Coast is the largest economy in Francophone West Africa. It enjoys monetary stability largely due to its membership in the West African Economic and Monetary Union and the CFA franc zone. The country has abundant natural resources (hydrocarbons and minerals) and very fertile land (coffee, cocoa and sugar). The strengthening of its political strategy with significant progress in democratic institutions is an asset for private investment. To improve its attractiveness, Ivory Coast has put in place an investment code, a one-stop shop for business start-ups, a commercial court, and a platform for centralized development partner support for the business environment. Thus, the country has undertaken several reforms, all of which contribute to increasing its attractiveness to private investors.

#### 1. Legal framework

##### 1.1. What laws and regulations govern exchange control regime in your jurisdiction?

In Ivory Coast, exchange control is governed by:

- › Regulation 06/2024/CM/WAEMU of 20 December 2024 on the financial relations of the Member States of the West African Economic and Monetary Union (WAEMU);
- › Law No. 2014-134 of March 4, 2014, on litigation for violations of the regulations on external financial relations of WAEMU member states;
- › Various decrees, circulars and opinions taken over by the Minister in charge of Finance or the Governor of the BCEAO.

##### 1.2. Which bilateral and multilateral exchange control instruments have an effect in your jurisdiction? How is regulatory cooperation and consolidated supervision ensured?

###### Bilateral instruments

- › Monetary Cooperation Agreement between France and the WAEMU on the arrival of the CFA to the Euro
- › Monetary Cooperation Agreement between France and the WAEMU revised in 2019 on the centralization of foreign exchange reserves.

###### Multilateral instruments

- › Agreement between Ivory Coast and the IMF under the Economic Support and Adjustment Program;
- › Agreement between the BCEAO and WAEMU countries;

- › Regulation 06/2024/CM/WAEMU of 20 December 2024 on the financial relations of the Member States of the West African Economic and Monetary Union (WAEMU), a multilateral instrument with effect in Ivory Coast.

Regulatory cooperation and consolidated supervision are provided by:

- › the BCEAO, as the WAEMU's central bank, plays the role of monetary and financial regulator and oversees the management of foreign exchange reserves;
- › WAEMU, through ECOWAS, harmonizes exchange rate and banking regulations;
- › Working with international regulators, Ivory Coast benefits from the implementation of international regulatory and supervisory standards, which improves the consistency and effectiveness of oversight.

### **1.3. What are the current priorities of regulators and how do they work with the banking industry?**

#### **Regulatory Priorities**

The main priorities of economic regulators in Ivory Coast are:

- › Macroeconomic and financial stability ;
- › Strengthening the regulatory framework and financial supervision ;
- › The development of financial markets ;
- › Regulation and transparency of public procurement ;
- › Financial Inclusion and Digitalization.

#### **How do these bodies work with the banking sector?**

It should be noted that collaboration between regulators and the banking industry is based on several strategic axes, namely:

- › Banking supervision and regulation;
- › Combating money laundering and terrorist financing;
- › Financial inclusion and digitalization to promote digital banking and access to finance for SMEs and individuals.
- › Financing for development and financial markets.

## **2. Exchange control regime**

### **2.1. Can a subsidiary or affiliate repatriate money to a non-resident parent company?**

Yes, a subsidiary in Ivory Coast can repatriate money to its non-resident parent company subject to compliance with the rules set out in the change control regulations.

**2.2. Is there limitation of transfer of foreign currency to procure goods or payment for services to non-resident person?**

The transfer of foreign currency in Ivory Coast is not limited solely to the acquisition of goods or the payment of services to non-residents. Rights may be transferred for various reasons subject to compliance with change control regulations.

**2.3. Can a subsidiary easily make payments for intra-group transactions?**

Yes, a subsidiary can make payments for intra-group transactions subject to compliance with local tax laws, change control and financial transparency. Supporting documents will be required by the authorized intermediary with whom the transaction will be carried out.

**2.4. Are there rules against intercompany netting off?**

Under the change control regulations, compensation cannot be made for export transactions. According to Article 15 of that regulation, exporters are required to collect all their export earnings and to repatriate them.

However, as regards the settlement of imports or local operations, there are no rules prohibiting the use of compensation.

**2.5. Are permits required to transfer money to a third party or non-resident entity for procurement of goods or services?**

Whether or not authorization is required for the transfer of the money to a third party or non-resident entity depends on the purpose of the transfer. are subject to prior authorization while others are not.

**2.6. What requirements or documentation must be in place before banks authorize requests for international transfers?**

Before authorizing an international transfer, the bank shall request information on the issuer and the beneficiary of the transfer. It requires documents justifying the transaction (contracts, invoices, sales documents, general meeting minutes in case of dividend distribution, etc.) and compliance with tax legislation and change controls.

**2.7. Have there been recent directives issued by your Central Bank on Exchange Control?**

The central bank does not issue directives on change control but takes instructions, opinions, notes, etc. To this end, we have the decision of the governor of the BCEAO instructing No. 025-11-2016, which deals with the accounting of foreign currency transactions and equivalent values.

**3. Exchange control contraventions**



## Ghana

### Enforcement

#### 3.1. Which entities are responsible for enforcing the relevant laws and regulations? What powers do they have?

There are a number of agencies that are responsible for enforcing laws and regulations. The BCEAO, the Banking Commission, the General Directorate of the Treasury and Public Accounts, other sworn agents of the State specially designated by the Minister in charge of Finance, Customs and judicial police officers.

### Sanctions

#### 3.2. What sanctions are applicable in the event of a violation of the exchange control regime?

Penalties for violating change control rules can be administrative, or criminal. Administrative sanctions include fines, suspension or prohibition of the activities of financial institutions, as well as seizure of undeclared currency or funds.

Finally, criminal sanctions, such as imprisonment, may be imposed in cases of serious violations.

### 4. Trends and forecasts

#### 4.1. How would you describe the current exchange control regime and trends in your jurisdiction? Are there any plans for further developments in the next 12 months, including proposals for legislative reforms?

Current trends show a willingness to relax some restrictions to encourage foreign investment and facilitate international trade. Legislative reforms are expected, including measures to improve the management of financial flows and the digitalisation of payments. These reforms should focus on simplifying procedures and modernising the change control system, although the specific details are yet to be specified. In addition, more and more controls are being initiated by the Directorate of External Finance and the Customs Administration to ensure that companies engaged in export transactions actually cash in foreign currency and repatriate their export earnings. The aim is to avoid any shortfall in the stock of instruments managed by the BCEAO.

#### 4.3 Does your jurisdiction regulate cryptocurrencies? Are there any legislative developments with regard to cryptocurrencies or financial technologies in general?

We are not aware of any domestic regulation of cryptocurrencies. However, cryptocurrencies are subject to the rules of the BCEAO Instruction N°008-05-2015, which determines the conditions and modalities for the exercise of the activities of issuers of electronic money in the Member States of the WAEMU, in order to prevent money laundering and the financing of terrorism.

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## Ghana: Exchange Control Insights



Ghana, with a population of about 33 million located in West Africa provides an opportunity to investors with a wealth of natural resources such as cocoa, gold, oil, timber, and gas. Ghana is known for its political stability, providing a secure environment for business operations.

The government of Ghana is committed to creating a conducive business environment with transparent regulations and strong private sector participation. This includes various incentives for foreign investors and support for start-ups and SMEs such as tax incentives, free trade zones, a robust legal framework which protects investors, and investment guarantees to foster foreign direct investment.

The country offers a dynamic and well-educated workforce with a large consumer market. The country's ports, especially the Tema Port, are well-developed, enhancing its status as a regional trade hub. Ghana represents a unique opportunity for investors seeking to tap into Africa's growth potential in energy, agriculture, mining, manufacturing, and industrialisation.

## **1. Legal framework**

### **1.1. What laws and regulations govern exchange control regime in your jurisdiction?**

The Foreign Exchange Act 2006 and various directives from the Bank of Ghana outline the legal framework that oversees exchange control in Ghana. These BOG directives are:

- › Foreign Exchange Market Reference Rate, Notice No: BOG/FMD/2024/65
- › Prohibition Of Pricing, Advertising and Receipt Or Payment For Goods and Services In Foreign Currency In Ghana, Notice No: BG/GOV/SEC/2022/04
- › Amendments To The Rules On Advance Payments For Imports Of Goods And Services, Notice No: BG/GOV/FMD/2024/42
- › Bank of Ghana Guidelines for Allocation of Foreign Exchange Through Forward Auctions
- › Notice to the General Public Importation and Exportation of Foreign Currency (Cash Couriers), Notice No: BG/GOV/SEC/2019/05
- › Notice to Licensed Forex Bureaux and The General Public, Notice No. BG/GOV/SEC/2018/16

### **1.2. Which bilateral and multilateral exchange control instruments have an effect in your jurisdiction? How is regulatory cooperation and consolidated supervision ensured?**

There are currently no bilateral and multilateral instruments affecting exchange control in exchange control in Ghana.

### **1.3. What are the current priorities of regulators and how do they work with the banking industry?**

### **Current priorities of regulators**

The mandate of the Bank of Ghana as the regulator is to license and supervise authorized dealers such as banks and other financial institutions involved in foreign exchange transactions

The Bank of Ghana is introducing a new methodology for computing its Foreign Exchange Market Reference Rate (MRR) in line with international best practices. This is to guarantee that the rate reflects market developments more accurately. The new methodology is the priority of the Bank of Ghana as it seeks to broaden the data coverage and reflect daily transactions executed between commercial banks and their clients.

For this to be achieved, all banks will submit data on all spot US\$/GH¢ transactions concluded on the reporting day before 3.30 pm for each working day. The data will cover all spot transactions on the interbank markets as well as transactions with their clients that have nominal values of US\$10,000 or more, mutually reflective of prevailing market conditions.

## **2. Exchange control regime**

### **2.1. Can a subsidiary or affiliate repatriate money to a non-resident parent company?**

A subsidiary or an affiliate can repatriate capital cash to a non-resident parent company, however, this must be done through a person licensed to carry out the business of money transfers or any other authorized dealer.

### **2.2. Is there limitation of transfer of foreign currency to procure goods or payment for services to non-resident person?**

Yes, making payments for goods and services in foreign currency in Ghana is prohibited unless the person has received authorisation from the Bank of Ghana to carry out such transactions.

### **2.3. Can a subsidiary easily make payments for intra-group transactions?**

Yes, a subsidiary can easily make payments for intercompany transactions in cedis, but in the case of foreign currency, the payment must be made through an authorised bank.

### **2.4. Are there rules against intercompany netting off?**

There are no rules against intercompany netting off.

### **2.5. Are permits required to transfer money to a third party or non-resident entity for procurement of goods or services?**

A permit might be required if the money is in foreign currency.

**2.6. What requirements or documentation must be in place before banks authorize requests for international transfers?**

The Bank of Ghana (BOG) has issued a notice that provides guidance and clarification on the procedures that govern Advance Payments for imports. In this notice, the Bank of Ghana (BOG) stated clearly the documentation required to effect Advance Payments. These documents are listed below.

- > A Customer instruction or request
- > A valid Import Declaration Form (IDF)
- > A Pro forma or Commercial Invoice outlining the details of the transaction.
- > An Undertaking by the importer to submit clearing documents within a period
  - > not exceeding:
  - > 90 days from payment of invoice for general merchandise or finished goods.
  - > For capital goods such as plant, machinery and equipment with long manufacture periods, the period shall be 180 days which can be extended with prior approval from the Head, of the Financial Markets Department, Bank of Ghana.
- > A Sales Contract or Supplier Agreement detailing payment terms and
  - > schedules. (Optional)

**2.7. Have there been recent directives issued by your Central Bank on Exchange Control?**

Yes, the recent directive was on rules for advance payments for imports of goods and services which was issued on 25th June 2024. The purpose of this directive is to substantiate the requirements and bring precision to the procedures that govern Advance Payments for imports.

**3. Exchange control contraventions**

**Enforcement**

**3.1. Which entities are responsible for enforcing the relevant laws and regulations? What powers do they have?**

The Bank of Ghana (BOG) is responsible for the enforcement of these applicable laws and regulations. They have the power to license, regulate and supervise the exchange control environment.

**Sanctions**

## 6.2 What sanctions are applicable in the event of a violation of the exchange control regime?

Offense	Penalty
A person who transfers a license granted by the Bank of Ghana.	Liable on summary conviction to a fine of not less than five hundred penalty units or a term of imprisonment of not less than two years or to both.
An exporter who fails to repatriate proceeds from merchandise exports through an external bank.	Liable on summary conviction to a fine of not more than five thousand penalty units or to a term of imprisonment of not more than ten years or to both.
A bank or any other authorized dealer that refuses to furnish information or produce books, accounts, or other documents.	Liable on summary conviction to a fine of not less than five hundred penalty units or to a term of imprisonment of not less than four years or to both.
A person who fails to furnish the information or produce the document as required.	Liable on summary conviction to a fine of not more than five hundred penalty units or to a term of imprisonment of not more than four years or to both.
A person who fails to comply with the general prohibitions under section 28 of the Foreign Exchange Act, 2006 (Act 723).	Liable on summary conviction to a fine of not more than five hundred penalty units or a term of imprisonment of not more than four years or both.
<p>A person who</p> <ul style="list-style-type: none"> <li>› engages in the business of dealing in foreign exchange without a license issued.</li> <li>› contravenes or fails to comply with a restriction imposed under Section 6 of the Foreign Exchange Act, 2006 (Act 723).</li> <li>› contravenes or fails to comply with any of the terms or conditions required to carry out the business of foreign exchange transfers.</li> </ul>	Liable, on summary conviction, to a fine of not more than seven hundred penalty units or a term of imprisonment of not more than eighteen months or both.



Contravention of the regulations made by the Ministers under section 30 of the Foreign Exchange Act, 2006 (Act 723).	Liable to a fine of not more than two thousand, five hundred penalty units.
<b>General Penalty</b>  A person who commits an offense for which a penalty has not been provided.	Liable on summary conviction to a fine of not more than five hundred penalty units or a term of imprisonment of not more than four years or both.

#### 4. Trends and forecasts

##### 4.1. How would you describe the current exchange control regime and trends in your jurisdiction? Are there any plans for further developments in the next 12 months, including proposals for legislative reforms?

The current exchange control regime in Ghana can be described as restrictive. This can be attributed to the intricate licensing requirements needed to engage in forex transactions, which creates a regulatory environment that ensures transactions are conducted through approved channels.

For the next 12 months it can be anticipated that due to the high rate of depreciation of the Cedi over the years, there could be legislative reforms aimed at introducing measures for currency stabilization. This could include mechanisms for managing speculative trading in the forex market or introducing stronger controls on foreign exchange rates.

##### 6.3 Does your jurisdiction regulate cryptocurrencies? Are there any legislative developments with regard to cryptocurrencies or financial technologies in general?

Ghana is yet to establish a clear regulatory framework for cryptocurrencies. Cryptocurrencies are not recognized as legal tender in Ghana according to the Bank of Ghana. However, legislation such as the Payment Systems and Services Act 2019 (Act 987) has been passed to provide a legal framework for regulating electronic payment systems and fintech operations in Ghana.

The Bank of Ghana has further launched a Regulatory Sandbox framework to promote innovative financial technology. This initiative allows fintech innovators to test their products and services under a controlled regulatory environment.

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## Kenya



### Kenya: Exchange Control Insights

Kenya is a dynamic and rapidly growing economy and the leading economy in the Eastern African region. It is characterised by a diverse and young population, vibrant market, skilled manpower, high mobile phone and internet penetration and a conducive business environment. With the growing tech ecosystem, a well established financial system and a dynamic cultural environment, Kenya is often referred to as the Silicon Savannah.

As the Eastern Africa's regional economic powerhouse, Kenya is a gateway into the region. It has made significant strides in infrastructure, technology and governance, creating a favourable environment for businesses. It is a prime destination for international investors. Alongside South Africa, Nigeria and Egypt, it has been one of the 'big four' destinations for private capital for several years.

With ongoing infrastructure projects, a strong tourism sector, and increasing consumer demand, Kenya offers diverse opportunities across industries, including agriculture, technology, real estate, manufacturing, and renewable energy.

#### 1. Legal framework

##### 1.1. What laws and regulations govern exchange control regime in your jurisdiction?

As Kenya does not have exchange control restrictions, it does not have a legal regime for exchange control. However, the Central Bank of Kenya Act and the Capital Markets Act and the subsidiary laws made under this deal with some foreign exchange aspects such as licensing of foreign exchange businesses. In the recent past, we have observed the Central Bank, in exercise of its supervisory power over banks, requiring them to avoid speculative foreign exchange trading and limiting the spread between buying and selling rates when dealing with business customers.

##### 1.2. Which bilateral and multilateral exchange control instruments have an effect in your jurisdiction? How is regulatory cooperation and consolidated supervision ensured?

This is not applicable.

##### 1.3. What are the current priorities of regulators and how do they work with the banking industry?

The Central Bank exercises incidental powers when dealing with banks, in limited aspects of foreign exchange matters.

## **2. Exchange control regime**

### **2.1. Can a subsidiary or affiliate repatriate money to a non-resident parent company?**

Yes. The only procedures to be had regard to are anti money laundering procedures.

### **2.2. Is there limitation of transfer of foreign currency to procure goods or payment for services to non-resident person?**

No.

### **2.3. Can a subsidiary easily make payments for intra-group transactions?**

Yes.

### **2.4. Are there rules against intercompany netting off?**

No.

### **2.5. Are permits required to transfer money to a third party or non-resident entity for procurement of goods or services?**

No.

### **2.6. What requirements or documentation must be in place before banks authorize requests for international transfers?**

Anti-money laundering and terrorism financing documentation such as documents supporting the reasons for payment.

### **2.7. Have there been recent directives issued by your Central Bank on Exchange Control?**

No directives, but the Central Bank issued a Forex Code for commercial banks in 2023, with the objective to strengthen and promote the integrity and effective functioning of the wholesale (interbank) foreign exchange market.

### 3. Exchange control contraventions

#### Enforcement

#### 3.1. Which entities are responsible for enforcing the relevant laws and regulations? What powers do they have?

This is not generally applicable. As regards licensing of foreign exchange businesses, the Central Bank and the Capital Markets Authority are responsible.

#### Sanctions

The Central Bank and the Capital Markets authority can give directives to their licencees and suspend or revoke licences.

#### 3.2. What sanctions are applicable in the event of a violation of the exchange control regime?

Not applicable.

### 4. Trends and forecasts

#### 4.1. How would you describe the current exchange control regime and trends in your jurisdiction? Are there any plans for further developments in the next 12 months, including proposals for legislative reforms?

There is no restriction in foreign currency holding and exchange. This is not expected to change in the next 12 months.

#### 4.2. Does your jurisdiction regulate cryptocurrencies? Are there any legislative developments with regard to cryptocurrencies or financial technologies in general?

Presently, there are no laws regulating cryptocurrencies and fintech in general (there are laws with interface with fintechs such as money transfer laws) but there are proposals to enact such laws.

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## Liberia



### Liberia: Exchange Control Insights

Liberia presents a wealth of unexplored investment opportunities in sectors such as natural resources, agribusiness, infrastructure, tourism, and fintech. Positioned advantageously along the Atlantic coast, it grants access to both regional and global markets.

Investors are urged to consider opportunities in Liberia because of its plentiful natural resources, featuring significant reserves of iron ore, gold, diamonds, and fertile land for agriculture; appealing government benefits like tax breaks, duty-free imports, and allowances for profit repatriation; a growing market fueled by rising consumer demand and a burgeoning digital economy; and supportive policies that promote the advancement of fintech and infrastructure.

With ongoing economic reforms and a business-friendly climate, Liberia is poised for investment.

#### 1. Legal framework

##### 1.1. What laws and regulations govern exchange control regime in your jurisdiction?

- › Central Bank of Liberia Act 2020 (as amended)
- › Central Bank of Liberia Bills Auction
- › Amended Foreign Exchange Auction Rules and Regulations No. CBL/FMD/09/2019.
- › Amended Foreign Exchange Auction Rules and Regulations.
- › Framework for the Administration of the Interbank Markets (IBM).

##### 1.2. Which bilateral and multilateral exchange control instruments have an effect in your jurisdiction? How is regulatory cooperation and consolidated supervision ensured?

There are currently no bilateral and multilateral instruments affecting exchange control in Liberia.

##### 1.3. What are the current priorities of regulators and how do they work with the banking industry?

The Central Bank of Liberia is focused prioritizing the importance of increasing the country's foreign reserves to safeguard the economy from unexpected domestic and international disturbances. It seeks further to maintain the current managed float foreign exchange regime by intervening in the foreign exchange market when required to ensure market stability.



The Central Bank is fixed on pursuing policy initiatives designed to support trade finance for companies, alleviate the burden on foreign exchange bureau payments by businesses, enhancing financial markets to draw in greater foreign investment in local financial assets, and offering policy recommendations to the Government regarding the necessity for diversifying the Liberian economy to bolster the Balance of Payments (BoP) and International Investment Position (IIP) of Liberia.

In order to address the difficulties encountered by small and medium-sized enterprises in Liberia regarding cross-border trade, the Central Bank of Liberia will investigate the potential for establishing bilateral currency swap agreements with other central banks, particularly those within the West African Monetary Zone (WAMZ).

## **2. Exchange control regime**

### **2.1. Can a subsidiary or affiliate repatriate money to a non-resident parent company?**

Liberia allows for the full repatriation of funds and has no restrictions on currency exchange.

### **2.2. Is there limitation of transfer of foreign currency to procure goods or payment for services to non-resident person?**

The Central Bank of Liberia's Regulation regarding foreign currency transfers permits the transfer of foreign currency by businesses, organisations or individuals without a limit on the amount. Nevertheless, the amount intended for transfer must have been deposited in the entity's bank account for at least three (3) banking days before the transaction.

### **2.3. Can a subsidiary easily make payments for intra-group transactions?**

Yes, a subsidiary can easily make payments for intercompany transactions.

### **2.4. Are there rules against intercompany netting off?**

There are no rules against intercompany netting off.

### **2.5. Are permits required to transfer money to a third party or non-resident entity for procurement of goods or services?**

There are no specific permits required for the transfer of money to a third party or non-resident entities for goods and services.

**2.6. What requirements or documentation must be in place before banks authorize requests for international transfers?**

Banks require the following documentation to initiate an international transfer from Liberia.

- › Valid Identification;
- › A completed transfer form detailing the transfer amount, currency, beneficiary's details and purpose of the transfer;
- › Proof of Funds;
- › Beneficiary Information;
- › Invoices, contracts. Or purchase orders

**2.7. Have there been recent directives issued by your Central Bank on Exchange Control?**

Yes, The Government of Liberia, through the Ministry of Commerce and Industry, the Liberia Revenue Authority (LRA), the Central Bank of Liberia (CBL), and the Ministry of Finance and Development Planning (MfDP), has issued a series of directives, which include:

- › Recognizing the Liberian dollar as the official currency for transactions, even though the US dollar remains legal tender;
- › Mandating that businesses and forex bureaus prominently display their exchange rates between the US dollar and the Liberian dollar at their places of operation; and
- › Promoting the utilization of the Liberian dollar for investments and tax payments.

**3. Exchange control contraventions**

**Enforcement**

**3.1. Which entities are responsible for enforcing the relevant laws and regulations? What powers do they have?**

The Central Bank of Liberia oversees the enforcement of relevant laws and regulations regarding exchange control in the country. They are tasked with establishing a suitable foreign exchange regime, developing and executing foreign exchange policy, as well as holding and managing foreign currency.

## Sanctions

### 3.2. What sanctions are applicable in the event of a violation of the exchange control regime?

Violating the exchange control regulations in Liberia may lead to the following consequences:

- › Financial institutions that fail to comply with or implement measures to adhere to the regulations regarding foreign currency transfers will face a penalty of either US\$ 1,000.00 or 25% of the transaction value, whichever amount is greater;
- › Conducting foreign exchange activities without the required licenses from the Central Bank of Liberia may result in the confiscation of assets and the shutdown of their operations.

## 4. Trends and forecasts

### 4.1. How would you describe the current exchange control regime and trends in your jurisdiction? Are there any plans for further developments in the next 12 months, including proposals for legislative reforms?

Liberia operates under a floating exchange rate system, where both the Liberian dollar and the U.S. dollar are accepted as legal currency. There are no limitations on the conversion or transfer of funds related to investments, profits, loans, or interest. The exchange rate is influenced by the dynamics of market supply and demand.

Nonetheless, the Central Bank of Liberia (CBL) sometimes steps into the foreign exchange market via foreign exchange auctions and government Treasury bill auctions to help stabilize the exchange rate, support imports, keep inflation low, and encourage economic growth.

However, no new legislative developments or reforms are anticipated in the next 12 months currently.

### 4.3. Does your jurisdiction regulate cryptocurrencies? Are there any legislative developments with regard to cryptocurrencies or financial technologies in general?

Liberia has not implemented particular regulations regarding cryptocurrencies. Liberia is currently taking a cautious approach to cryptocurrencies, with minimal regulatory progress. The Central Bank of Liberia (CBL) has cautioned investors regarding the dangers linked to digital currencies but has yet to create a thorough regulatory system to oversee their usage.

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## Nigeria



### Nigeria: Exchange Control Insights

As Africa's largest economy, Nigeria offers vast investment opportunities driven by its population of over 200 million and a rapidly growing consumer market. The country boasts of abundant natural resources, including oil, gas, and minerals, and is actively diversifying into agriculture, technology, and manufacturing. With expanding infrastructure and increasing privatization, Nigeria stands out as a compelling destination for investors seeking high returns.

#### 1. Legal framework

##### 1.1. What laws and regulations govern exchange control regime in your jurisdiction?

- › Foreign Exchange (Monitoring and Miscellaneous Provisions) Act CAP. F34, LFN 2004 (FEMM Act)
- › Central Bank of Nigeria of Nigeria (Establishment) CAP. C4, LFN 2004
- › Money Laundering (Prohibition) Act, 2022
- › Revised Central Bank of Nigeria Foreign Exchange Manual, 2018

##### 1.2. Which bilateral and multilateral exchange control instruments have an effect in your jurisdiction? How is regulatory cooperation and consolidated supervision ensured?

- › Nigeria is a signatory to the International Monetary Fund (IMF) Articles of Agreement.
- › Regulatory corporation and supervision are achieved through the Central Bank of Nigeria's (CBN) collaboration with international bodies like the IMF and regional economic blocs like the Economic Community of West African States (ECOWAS)

##### 1.3. What are the current priorities of regulators and how do they work with the banking industry?

- › The current priority of the regulators currently is stabilizing the foreign exchange market.
- › Engagement is usually through the issuance of circulars and guidelines.

#### 2. Exchange control regime

##### 2.1. Can a subsidiary or affiliate repatriate money to a non-resident parent company?

- › Yes, subsidiaries or affiliates can repatriate cash (capital, dividends, profits, bonuses, and interest) to non-resident parent companies out of Nigeria

without restrictions through an authorized dealer (the bank). To qualify, the capital investment (equity or loan) would have been imported through an authorized dealer (the bank) and a certificate of Capital Importation was obtained in respect of the investment.

- Subsidiaries can also make payments to non-resident payment companies on transactions relating to technology transfer, patent, royalties, and licencing through an authorized dealer to a non-resident parent company where the necessary approval from the National Office for Technology Acquisition and Promotion (NOTAP) is obtained.
- Also, payment of director's fees can be made through an authorised dealer.

**2.2. Is there limitation of transfer of foreign currency to procure goods or payment for services to non-resident person?**

Transfers are subject to CBN approval and documentation requirements.

**2.3. Can a subsidiary easily make payments for intra-group transactions?**

Subsidiaries can make payments for intercompany transactions but must comply with transfer pricing regulations and ensure proper documentation to avoid tax and exchange control issues. However, there are limitations on payment for items not supported for importation by CBN.

**2.4. Are there rules against intercompany netting off?**

No.

**2.5. Are permits required to transfer money to a third party or non-resident entity for procurement of goods or services?**

Yes, CBN Form A (for service transactions) and Form M (for products) are required to transfer funds to non-residents for procurement purposes.

**2.6. What requirements or documentation must be in place before banks authorize requests for international transfers?**

To apply for Form A and Form M, you need to submit the following documents:

- Duly completed Forms A or M.
- Pro forma invoice
- Locally sourced Insurance Certificate
- Regulatory Certificates/Permits
- Tax Identification Number (TIN) from FIRS
- Certificate of Incorporation of your company from CAC
- Import Permit from the regulatory agency related to the industry.

**2.7. Have there been recent directives issued by your Central Bank on Exchange Control?**

- Revised Guidelines for the Nigerian Foreign Exchange Market
- Nigerian Foreign Exchange Code Book: Draft Exposure

- › Circular on Introduction of Electronic Foreign Exchange Matching System in Interbank Foreign Exchange Market

### 3. Exchange control contraventions

#### Enforcement

#### 3.1. Which entities are responsible for enforcing the relevant laws and regulations? What powers do they have?

- › The Central Bank of Nigeria
- › Nigerian Financial Intelligence Unit
- › Economic and Financial Crimes Commission (EFCC)
- › The State and Federal High Court

#### Sanctions

#### 3.2. What sanctions are applicable in the event of a violation of the exchange control regime?

- › Monetary fines
- › Suspension and revocation of operating licences for financial institutions
- › Criminal prosecution under the FEMM Act or Money Laundering Act

### 4. Trends and forecasts

#### 4.1. How would you describe the current exchange control regime and trends in your jurisdiction? Are there any plans for further developments in the next 12 months, including proposals for legislative reforms?

Over the next 12 months, reforms may include further unification of exchange rates and relaxation of diaspora remittances.

#### 4.2. Does your jurisdiction regulate cryptocurrencies? Are there any legislative developments with regard to cryptocurrencies or financial technologies in general?

Yes, cryptocurrencies are regulated to some extent in Nigeria, though the regulatory framework remains in development:

- › Central Bank of Nigeria (CBN): The CBN has issued a directive prohibiting banks and other financial institutions from facilitating cryptocurrency-related transactions. However, this is not an outright prohibition on individuals engaging in cryptocurrency trading or holding.
- › Securities and Exchange Commission (SEC): The SEC treats cryptocurrencies as securities unless an issuer can demonstrate otherwise. Where cryptocurrencies are traded on a Recognized Investment Exchange or issued as an investment, they may be classified as commodities.

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## Senegal



## Senegal: Exchange Control Insights

Senegal, in 2024, is positioned as a flagship destination for investment in Africa thanks to its robust economic growth, driven by key sectors such as energy, infrastructure and agriculture. The country benefits from recognized political stability and an attractive business climate, supported by investor-friendly reforms. Thanks to modern infrastructure (port, airport, TER) and a strategic location, Senegal is a gateway to the markets of ECOWAS and the African Continental Free Trade Area (AFCFTA). Special Economic Zones and tax incentives make it more attractive to businesses. Finally, with a young population and an ambitious energy transition, Senegal offers unique opportunities for sustainable and innovative investments. Investing in Senegal means investing in a booming economy and a promising future.

### 1. Legal framework

#### 1.1. What laws and regulations govern exchange control regime in your jurisdiction?

In Senegal, exchange control regime is regulated by

- › Regulation 06/2024/CM/UEMOA of 20 December 2024 on the financial relations of the Member States of the West African Economic and Monetary Union (UEMOA) of 20 December 2024 which repeals and replaces Regulation 09/2010/CM/UEMO of 10/10/2010 which was previously applicable
- › Act No. 2014-10 of 28 February 2014 establishing the Senegalese Customs Code
- › Uniform Act No. 2014/12 of 28 February 2014 on the litigation of offenses against the regulations governing the external financial relations of the member States of the West African Economic and Monetary Union (WAEMU).

#### 1.2. Which bilateral and multilateral exchange control instruments have an effect in your jurisdiction? How is regulatory cooperation and consolidated supervision ensured?

These are:

- › Regulation N°06/2024/CM/UEMOA of 20 December 2024
- › Uniform Act No. 2014/12 of 28 February 2014 on the litigation of offences against the regulations governing the external financial relations of the member States of the West African Economic and Monetary Union (WAEMU).

#### 1.3. What are the current priorities of regulators and how do they work with the banking industry?

Anti-money laundering is a central priority for regulators, with a focus on prevention, detection and cooperation. This is reflected in the strengthening of

regulatory and legislative frameworks, the promotion of transparency and due diligence in the monitoring of transactions, as well as close collaboration and enhanced information exchange.

## **2. Exchange control regime**

### **2.1. Can a subsidiary or affiliate repatriate money to a non-resident parent company?**

Yes, a subsidiary or affiliated capital may repatriate money to a non-resident parent company subject to compliance with foreign exchange regulations.

### **2.2. Is there limitation of transfer of foreign currency to procure goods or payment for services to non-resident person?**

Yes, in principle the transfer of foreign currency is limited to the acquisition of goods or payment for services to non-residents. For other operations, authorization from the Minister of Finance may be required.

### **2.3. Can a subsidiary easily make payments for intra-group transactions?**

Yes, a subsidiary may make payments for intra-group transactions, but these transactions must be made through authorized foreign exchange intermediaries and may require supporting documentation depending on the nature of the transactions.

### **2.4. Are there rules against intercompany netting off?**

We are not aware of any specific rules prohibiting inter-company compensation, but for cross-border transactions, the customs authority requires proof of the repatriation of currency to be produced, as appropriate.

### **2.5. Are permits required to transfer money to a third party or non-resident entity for procurement of goods or services?**

Yes, an authorization is required to transfer money to a third party or non-resident entity for the acquisition of goods or services.

### **2.6. What requirements or documentation must be in place before banks authorize requests for international transfers?**

Before banks authorize requests for international transfers, authorized intermediaries must verify, among other requirements, the identity of the applicant and the beneficiary, the availability, and request all relevant documentation on the transaction, etc.

### **2.7. Have there been recent directives issued by your Central Bank on Exchange Control?**

Yes, the Central Bank of West African States (BCEAO) has issued guidelines on exchange control regime. This is for example the case of Instruction No 025-11-2016 on the accounting of foreign exchange transactions and assimilated securities.



### 3. Exchange control contraventions

#### Enforcement

#### 3.1. Which entities are responsible for enforcing the relevant laws and regulations? What powers do they have?

The BCEAO, the WAEMU Banking Commission, the Authorized Intermediaries, the Customs Administration and the Ministry of Finance are the main bodies responsible for enforcing the laws and regulations relating to the external financial relations of WAEMU member States, each with specific powers of control, supervision, sanction and collection of information.

#### Sanctions

#### 3.2. What sanctions are applicable in the event of a violation of the exchange control regime?

Sanctions may include fines, default interest, withdrawal of authorization, and other punitive measures depending on the gravity of the offense and the entity involved. These sanctions are applied by BCEAO, the WAEMU Banking Commission, and the finance ministries of the Member States.

### 4. Trends and forecasts

#### 4.1. How would you describe the current exchange control regime and trends in your jurisdiction? Are there any plans for further developments in the next 12 months, including proposals for legislative reforms?

The current exchange control regime in WAEMU is characterized by various measures and regulations aimed at regulating international financial transactions, including:

- › the limitation of manual exchange activities;
- › strengthening the conditions for authorization;
- › the obligations to place transactions at the place of business;
- › monitoring and reporting of operations;
- › the regulation of foreign exchange exports and imports.

#### 4.2. Does your jurisdiction regulate cryptocurrencies? Are there any legislative developments with regard to cryptocurrencies or financial technologies in general?

We do not have specific regulations on cryptocurrency, except for Instruction No. 008-05-2015, which regulates the conditions and procedures for the exercise of the activities of electronic money issuers in the UMOA Member States.

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## Sierra Leone



### Sierra Leone: Exchange Control Insights

Positioned along the Atlantic coastline of West Africa, Sierra Leone is a nation rich in heritage, culture, and natural wealth. With a population exceeding 8 million and a GDP of around \$4 billion, Sierra Leone presents a distinctive investment opportunity.

The nation's advantageous location, along with its rich natural resources such as diamonds, iron ore, and bauxite, has drawn foreign investments in the mining industry. Nevertheless, Sierra Leone is also broadening its economy by investing in agriculture, tourism, and renewable energy sources.

The government has diligently worked to enhance the business climate and lure foreign investors. Important economic indicators include a rising GDP, increased exports, and a fairly stable currency.

#### 1. Legal framework

##### 1.1. What laws and regulations govern exchange control regime in your jurisdiction?

In Sierra Leone, exchange control is primarily governed by the following:

- › Bank of Sierra Leone Act 2019;
- › Banking Act 2019;
- › Prohibition of quoting price and making payment in foreign currency in Sierra Leone; and
- › Prohibition of the holding and/ or export of foreign currency in excess of Ten Thousand United States Dollars or its equivalent outside the banking.

##### 1.2. Which bilateral and multilateral exchange control instruments have an effect in your jurisdiction? How is regulatory cooperation and consolidated supervision ensured?

Sierra Leone is a member of various international organizations, such as the International Monetary Fund (IMF). This membership requires the nation to conform its exchange control regulations to international benchmarks and regional accords. Involvement in this organization enhances regulatory collaboration and integrated oversight, allowing the Bank of Sierra Leone to work alongside other central banks and financial regulators to uphold financial stability.

##### 1.3. What are the current priorities of regulators and how do they work with the banking industry?

The Bank of Sierra Leone is currently focused on improving financial inclusion, bolstering the stability of the financial sector, and advancing digital financial services. To ensure alignment with regulatory goals, the BSL interacts with the banking sector through frequent consultations, policy discussions, and joint initiatives.

## **2. Exchange control regime**

### **2.1. Can a subsidiary or affiliate repatriate money to a non-resident parent company?**

Yes, Subsidiaries or affiliates in Sierra Leone are permitted to repatriate profits and capital to non-resident parent companies, provided they comply with the Bank of Sierra Leone's reporting requirements and ensure that all necessary taxes and obligations have been fulfilled.

### **2.2. Is there limitation of transfer of foreign currency to procure goods or payment for services to non-resident person?**

There are no explicit restrictions on the transfer of foreign currency for the purpose of acquiring goods or services from entities located outside the country. Nonetheless, these transactions must be carried out through authorized dealers, and appropriate documentation is necessary to guarantee adherence to anti-money laundering (AML) and combating the financing of terrorism (CFT) regulations.

### **2.3. Can a subsidiary easily make payments for intra-group transactions?**

Yes, a subsidiary can make payments for intercompany transactions.

### **2.4. Are there rules against intercompany netting off?**

No, there are no rules against intercompany netting off.

### **2.5. Are permits required to transfer money to a third party or non-resident entity for procurement of goods or services?**

Sending payments to non-resident entities for products or services generally does not need special permissions. Nevertheless, these transactions should be conducted through the authorised banking system and adhere to the reporting requirements established by the Bank of Sierra Leone.

### **2.6. What requirements or documentation must be in place before banks authorize requests for international transfers?**

Banks in Sierra Leone require the following before authorising international transfer requests:

- > Valid Identification;
- > Completed transfer form; and
- > Supporting documentation such as invoices, contracts, or other relevant documents validating the transfer.

### **2.7. Have there been recent directives issued by your Central Bank on Exchange Control?**

The most recent directives were on the Prohibition of Quoting Prices and Making Payments in Foreign Currency in Sierra Leone and the Prohibition of the Holding and/or Export of Foreign Currency in Excess Of Ten Thousand United States Dollars or its Equivalent Outside The Banking System These were issued on 20 August 2019.

### 3. Exchange control contraventions

#### Enforcement

#### 3.1. Which entities are responsible for enforcing the relevant laws and regulations? What powers do they have?

The Bank of Sierra Leone serves as the main authority for implementing exchange control laws and regulations. It possesses the power to carry out inspections, demand information, impose fines, and take corrective measures against entities that do not comply.

#### Sanctions

#### 3.2. What sanctions are applicable in the event of a violation of the exchange control regime?

- › Violating exchange control regulations can result in penalties such as fines, license revocation, operational restrictions, and in extreme cases, legal action. The severity of the penalty depends on the nature and extent of the breach.
- › Non-compliance with the Bank of Sierra Leone's directive on prohibiting quoting prices and making payments in foreign currency may attract a fine of 100 million Leones or three (3) years imprisonment or both.
- › Failing to accurately report or deliberately misreport foreign exchange transactions to the Bank of Sierra Leone may result in the cancellation of the license for the offending bureau.
- › Traveling or attempting to travel out of Sierra Leone with foreign currency in excess of USD \$ 10,000.00 will result in the forfeiture of the excess amount to the Bank of Sierra Leone.

### 4. Trends and forecasts

#### 4.1. How would you describe the current exchange control regime and trends in your jurisdiction? Are there any plans for further developments in the next 12 months, including proposals for legislative reforms?

The exchange control regime in Sierra Leone can be described as fairly liberal. Sierra Leone's foreign exchange control system seeks to strike a balance between enabling legitimate global transactions and ensuring financial stability. There is a continuous initiative to update financial regulations to conform to global best practices.

#### 4.2. Does your jurisdiction regulate cryptocurrencies? Are there any legislative developments with regard to cryptocurrencies or financial technologies in general?

There are no defined laws and regulations regarding cryptocurrencies. However, the government is interested in using fintech innovations to boost financial inclusion. In particular, Sierra Leone launched a blockchain-based credit bureau to improve credit accessibility for its citizens. As the country further explores innovative financial solutions, future legislative changes in the fintech sector are expected.

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## South Africa



## South Africa: Exchange Control Insights

In 2024 South Africa was the largest economy in Africa with a GDP of over USD 400 billion. It furthermore has the most diversified and industrialized economy in Africa.

South Africa has a highly regulated exchange control regime, the primary aim of which is to monitor capital flows and prevent the unauthorised export of capital, which the regime also applies to the local branches of foreign companies. Specific rules apply to different inbound and outbound commercial transactions (ranging from notifications, special applications and partial and blanket prohibitions for certain arrangements).

### 1. Legal framework

#### 1.1. What laws and regulations govern exchange control regime in your jurisdiction?

Exchange control is broadly regulated by the **Currency and Exchanges Act, 9 of 1933 (Act)** and the **Exchange Control Regulations, 1961 (Regulations)** which must be read with the **Currency and Exchanges Manual for Authorised Dealers (AD Manual)**. There are also Orders and Rules that have been issued under the Act.

The AD Manual contains the permissions and exemptions that apply to certain transactions. In some instances, the permissions and exemptions are subject to certain conditions. The Regulations have been relaxed over time, mainly through the addition of these exemptions and permissions, which are first published in circulars and then incorporated into the AD Manual.

#### 1.2. Which bilateral and multilateral exchange control instruments have an effect in your jurisdiction? How is regulatory cooperation and consolidated supervision ensured?

The **Multilateral Monetary Agreement** establishes the **Common Monetary Area**, comprising South Africa, Lesotho, Namibia and Eswatini (formerly Swaziland). All four countries are members to this. In terms of this instrument, exchange control rules do not apply to transactions between residents of these countries (i.e. the movement of funds between these countries), subject to very few exceptions. The Agreement provides the basis for regulatory cooperation and consolidated supervision between parties thereto.

Although not binding on South Africa, the **OECD Code of Liberalisation of Capital Movements** is being used as a reference for the modernisation and continued relaxation of South Africa's exchange control rules. South Africa's **National Treasury** (Ministry of Finance) has previously indicated its intention for the

Regulations to be replaced by a capital flows management framework, although this is yet to materialise.

**1.3. What are the current priorities of regulators and how do they work with the banking industry?**

The regulator and enforcer of South Africa's exchange control regime is the **Financial Surveillance Department of the South African Reserve Bank (FinSurv)**. Banks, referred to as authorised dealers in the exchange control context, are empowered in terms of the AD Manual to permit and authorise transactions falling within certain parameters. For example, in the context of outbound foreign direct investments (FDIs), South African resident companies can invest up to R5 billion per calendar year subject only to authorised dealer approval. For calendar year investments exceeding the R5 billion threshold, prior FinSurv approval is required. Any application for FinSurv approval must be submitted to FinSurv through an authorised dealer on behalf of its client.

Although the priority seems to be a policy of continued relaxation, it appears that there has been stricter enforcement since South Africa was grey listed by the FATF, especially where an alleged contravention has occurred.

**2. Exchange control regime**

**2.1. Can a subsidiary or affiliate repatriate money to a non-resident parent company?**

Yes, subject to meeting the requirements applicable to the distribution in question. I.e., different requirements apply depending on whether the payment relates to dividends, interest, royalties and so forth.

**2.2. Is there limitation of transfer of foreign currency to procure goods or payment for services to non-resident person?**

Yes. The rules regarding payment for goods and services to non-residents are different for SA resident companies and SA individuals. Where a limitation applies to a particular payment/transaction, it can only be relaxed for particular transaction(s) subject to prior FinSurv approval.

**2.3. Can a subsidiary easily make payments for intra-group transactions?**

Yes, but depending on the type of transaction. For ordinary day-to-day transactions payment is usually quite simple.

**2.4. Are there rules against intercompany netting off?**

Yes. This is prohibited unless there is prior FinSurv approval, although this is seldom (if ever) granted.

**2.5. Are permits required to transfer money to a third party or non-resident entity for procurement of goods or services?**

No.

**2.6. What requirements or documentation must be in place before banks authorize requests for international transfers?**

It depends on the type of transaction. For example, outbound interest payments under a loan can only be made if the loan has been approved by an authorised dealer or FinSurv, as required.

**2.7. Have there been recent directives issued by your Central Bank on Exchange Control?**

Yes. As noted above, FinSurv annually issues circulars announcing changes to the exchange control rules. 15 circulars were issued in 2024, eight in 2023 and 22 in 2022.

**3. Exchange control contraventions**

**Enforcement**

**3.1. Which entities are responsible for enforcing the relevant laws and regulations? What powers do they have?**

FinSurv is responsible for enforcement. FinSurv has extremely broad powers, most significant of which are to issue blocking orders and forfeiture orders. The full extent of their powers is set out in the Act, Regulations and the AD Manual. This is in addition to the power to refuse approval for certain transactions where requested.

## Sanctions

### 3.2. What sanctions are applicable in the event of a violation of the exchange control regime?

Where a penalty is deemed to be the appropriate sanction, this will usually vary between 10% and 40% of the value of the so-called unauthorised asset (asset held in contravention of the rules). These would usually apply where a person voluntarily declares and regularises a contravention with FinSurv (through its authorised dealer).

## 4. Trends and forecasts

### 4.1. How would you describe the current exchange control regime and trends in your jurisdiction? Are there any plans for further developments in the next 12 months, including proposals for legislative reforms?

As stated above, the prevailing trend is for FinSurv to continue relaxing the rules and for the Regulations to ultimately be replaced with the capital flow management framework. Further relaxations are anticipated this year, some of which will likely be announced in the Minister of Finance's budget.

### 4.2. Does your jurisdiction regulate cryptocurrencies? Are there any legislative developments with regard to cryptocurrencies or financial technologies in general?

Yes. Exchange control rules currently only allow for the transfer of funds abroad to purchase crypto assets by individuals using their annual allowances. A South African resident may not transfer a crypto asset abroad or externalise a right to capital using a crypto asset bought in South Africa.

The Intergovernmental Fintech Working Group was established a few years ago to, amongst other things, research and propose possible legislative changes considering Fintech and crypto asset development. Some proposals have been adopted.

Following recent legislative changes, crypto assets and investment into crypto assets is now regulated under the Financial Advisory and Intermediary Services Act, 37 of 2002. Entities wishing to offer crypto asset-related services are required to register as crypto asset service providers (CASPs).

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## Togo



### Togo: Exchange Control Insights

Positioned along the Atlantic coastline of West Africa, Sierra Leone is a nation rich in heritage, culture, and natural wealth. With a population exceeding 8 million and a GDP of around \$4 billion, Sierra Leone presents a distinctive investment opportunity.

The nation's advantageous location, along with its rich natural resources such as diamonds, iron ore, and bauxite, has drawn foreign investments in the mining industry. Nevertheless, Sierra Leone is also broadening its economy by investing in agriculture, tourism, and renewable energy sources.

The government has diligently worked to enhance the business climate and lure foreign investors. Important economic indicators include a rising GDP, increased exports, and a fairly stable currency.

#### 1. Legal framework

##### 1.1. What laws and regulations govern exchange control regime in your jurisdiction?

- › Regulation No. 09/2010/cm/UEMOA/ on the external financial relations of the member States of the West African Economic and Monetary Union (UEMOA);
- › Regulation No 06/2024/CM/UEMOA of 20 December 2024 on the external financial relations of the Member States of UEMOA which repeals and replaces the above Regulation.

##### 1.2. Which bilateral and multilateral exchange control instruments have an effect in your jurisdiction? How is regulatory cooperation and consolidated supervision ensured?

- › **Bilateral instruments**
  - › Agreement between France and the UEMOA on monetary cooperation linking the FCFA to the Euro,
  - › Agreement on monetary cooperation between France and the UEMOA revised in 2019 on the centralization of foreign reserves.
- › **Multilateral instruments**
- › The WAEMU Treaty
  - › Regulation No. 09/2010/CM/UEMOA/ on the external financial relations of the Member States of the West African Economic and Monetary Union (UEMOA)
  - › Regulation No. 06/2024/CM/UEMOA of 20 December 2024 on the external financial relations of the Member States of the West African Economic and Monetary Union (UEMOA)

The WAEMU Council of Ministers ensures the external stability of the currency.

**1.3. What are the current priorities of regulators and how do they work with the banking industry?**

- › Current agency priorities
  - › Adoption of implementing measures for Regulation No. 06/2024/CM/UEMOA of 20 December 2024 on external financial relations of the Member States of UEMOA.
- › How do they work with the banking sector?
  - › The WAEMU Banking Commission ensures the financial stability of banks by ensuring compliance with banks' prudential regulations.

**2. Exchange control regime**

**2.1. Can a subsidiary or affiliate repatriate money to a non-resident parent company?**

Yes.

**2.2. Is there limitation of transfer of foreign currency to procure goods or payment for services to non-resident person?**

Yes, in principle the transfer of foreign currency is limited to the acquisition of goods or payment for services to non-residents. For other operations, authorization from the Minister of Finance may be required.

**2.3. Can a subsidiary easily make payments for intra-group transactions?**

Yes.

**2.4. Are there rules against intercompany netting off?**

No.

**2.5. Are permits required to transfer money to a third party or non-resident entity for procurement of goods or services?**

Yes, for example:

Tax Office departure (transfer of funds departure);

Documents justifying the transaction on which the transfer is based.

**2.6. What requirements or documentation must be in place before banks authorize requests for international transfers?**

- › Tax Office departure (transfer of funds departure);
- › Documents justifying the transaction on which the transfer is based.

**2.7. Have there been recent directives issued by your Central Bank on Exchange Control?**

This is done by WAEMU. Not the Central Bank.

### 3. Exchange control contraventions

#### Enforcement

#### 3.1. Which entities are responsible for enforcing the relevant laws and regulations? What powers do they have?

##### Bodies

- > The BCEAO and its Banking Commission,
- > Finance Ministers of the Member States.

##### What powers do they have?

- > Appointment of interim administrator,
- > Withdrawal of approval.

#### Sanctions

#### 3.2. What sanctions are applicable in the event of a violation of the exchange control regime?

The sanctions are not effective in Togo because it has not yet adopted the Community rules on foreign exchange disputes internally. The reason is that these provisions impose heavier penalties than those of the Togolese penal code. But discussions have resumed recently for a solution.

### 4. Trends and forecasts

#### 4.1. How would you describe the current exchange control regime and trends in your jurisdiction?

The current regime is in a state of flux in view of the changing environment, the economic and social context as well as certain endogenous realities.

##### 4.1.1. Are there any plans for further developments in the next 12 months, including proposals for legislative reforms?

Yes. The adoption of the implementing measures for Regulation No. 06/2024/CM/UEMOA of 20 December 2024 on the external financial relations of the Member States of the West African Economic and Monetary Union (UEMOA) will bring new realities.

##### 4.2. Does your jurisdiction regulate cryptocurrencies? Are there any legislative developments with regard to cryptocurrencies or financial technologies in general?

No regulation for crypto-assets. Cryptocurrencies are therefore not legal tender in WAEMU. Their use therefore falls within the scope of freedom of contract.

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## Zimbabwe



## Zimbabwe: Exchange Control Insights

Zimbabwe presents a compelling investment opportunity with its rich natural resources, strategic location in Southern Africa, and ongoing economic reforms aimed at improving the business climate. The country boasts vast mineral reserves, including gold, platinum, lithium, and diamonds, alongside a thriving agricultural sector and growing tourism potential. Recent government efforts to stabilize the economy, streamline regulations, and incentivize foreign investment such as tax breaks for priority sectors and special economic zones, further enhance its appeal. While challenges like currency volatility and bureaucratic hurdles persist, Zimbabwe's untapped potential, skilled workforce, and improving infrastructure make it a frontier market with high growth prospects. Investors can benefit from early-mover advantages, particularly in mining, energy, agribusiness, and manufacturing, supported by a legal framework that welcomes foreign capital. A proactive approach to tax planning and compliance will be essential to navigate the evolving fiscal landscape and maximize returns.

### 1. Legal framework

#### 1.1. What laws and regulations govern exchange control regime in your jurisdiction?

Exchange control regulations are governed by the Exchange Control Act [Chapter 22:05], which provides the Reserve Bank of Zimbabwe (RBZ), with the authority to implement and enforce policies. The President, under Section 2 of the Act, confers powers to the RBZ to administer exchange control regulations. Supporting this Act are various statutory instruments and circulars issued by the RBZ to address specific aspects of foreign currency management.

#### 1.2. Which bilateral and multilateral exchange control instruments have an effect in your jurisdiction? How is regulatory cooperation and consolidated supervision ensured?

- › The RBZ administers the exchange control regulations, ensuring compliance through licensing and monitoring of authorized dealers, money transfer agencies, and bureaux de change. Regulatory cooperation and consolidated supervision are assured through the RBZ's enforcement powers, which include extraterritorial reach to regulate transactions involving Zimbabwean residents or assets abroad. The RBZ also collaborates with authorized dealers to implement policies, monitor foreign currency flows, and combat illicit financial activities, ensuring alignment with national economic objectives. While primarily governed by domestic laws, Zimbabwe aligns with several bilateral and multilateral agreements that influence its foreign exchange policies. Regionally, it adheres to SADC protocols, particularly the Finance and Investment Protocol, which promotes harmonized exchange controls to facilitate cross-border trade,

and COMESA's monetary cooperation framework, which encourages forex liberalization among member states.

- As an AfCFTA signatory, Zimbabwe is gradually adjusting its trade and forex policies, though it maintains strict controls to protect reserves. Internationally, while not bound by formal IMF exchange control rules, Zimbabwe's engagements with the IMF and World Bank inform its reserve management and balance of payments strategies. Bilaterally, the country has investment treaties and tax agreements (e.g., with China and South Africa) that include provisions on fund repatriation, subject to RBZ approval. Zimbabwe is currently not a signatory to specific exchange control treaties but has agreement 's in investment treaties containing provisions for exchange control.

### **1.3. What are the current priorities of regulators and how do they work with the banking industry?**

#### **Sibia system**

The current priorities of regulators include managing foreign exchange resources efficiently, maintaining balance of payments stability, and curbing illicit financial flows. The RBZ engages with the banking sector through strict licensing requirements, regular monitoring, and enforcement of compliance with exchange control regulations. Authorized dealers are required to adhere to RBZ directives, submit detailed reports on foreign currency transactions, and ensure proper allocation of forex to priority sectors such as manufacturing, mining, and critical imports. The RBZ also issues circulars and public notices to provide guidance on permissible transactions, retention policies for exporters, and cross-border payment approvals, ensuring transparency and accountability in the banking sector. Additionally, the RBZ imposes penalties for non-compliance, including civil fines and forfeitures, to maintain financial discipline and protect Zimbabwe's foreign exchange reserves.

## **2. Exchange control regime**

### **2.1. Can a subsidiary or affiliate repatriate money to a non-resident parent company?**

The Exchange Control Act [Chapter 22:05] and S.I. 109 of 1996 govern such transactions, requiring prior authorization for outward remittances, including dividends, profits, or capital repayments. The RBZ evaluates these requests based on factors such as the availability of foreign currency, compliance with surrender requirements for export proceeds, and adherence to Zimbabwe's exchange control policies. While repatriation is permitted, it is not automatic and must align with regulatory conditions, including potential restrictions or phased approvals to manage foreign currency outflows.

## **2.2. Is there limitation of transfer of foreign currency to procure goods or payment for services to non-resident person?**

- The country imposes limitations on foreign currency transfers for payments to non-residents for goods or services. Under Part IV (Control of Payments) of S.I. 109 of 1996, all cross-border payments, including imports, royalties, management fees, and service payments, require RBZ approval. The RBZ prioritizes foreign currency allocations for critical sectors (e.g., fuel, medicine) and may restrict or delay approvals for non-essential transactions. Additionally, businesses must provide supporting documentation (e.g., invoices, contracts) to justify payments, and unauthorized transactions may attract penalties, including civil fines or criminal prosecution under the Exchange Control Act.
- The current framework requires exporters to surrender 30% of their foreign currency earnings (up from 25%), while the RBZ continues to prioritize forex allocation to critical sectors such as fuel, medicines, and industrial inputs. The introduction of the ZiG currency in 2024, backed by gold and foreign currency reserves (now standing at approximately US\$550million), has contributed to relative exchange rate stability, with the parallel market premium narrowing significantly in recent months. The RBZ maintains a cautious monetary policy stance, reflected in high statutory reserve requirements, has contributed to relative exchange rate stability, with the parallel market premium narrowing significantly in recent months. In addition, the RBZ has put a cap of 3% of total turnover on payment of management fees and royalties.

## **2.3. Can a subsidiary easily make payments for intra-group transactions?**

Intercompany payments by a subsidiary to related non-resident entities are permissible but not automatic. The RBZ scrutinizes such transactions to prevent profit shifting, over-invoicing, or illicit outflows. Under S.I. 109 of 1996, subsidiaries must obtain RBZ approval for intercompany payments (e.g., royalties, management fees, or loan repayments) and demonstrate that the transactions are arms-length and commercially justified. The RBZ may impose conditions, such as caps on payment amounts or mandatory use of retained export earnings. Non-compliance can result in penalties, including forfeitures or suspension of foreign currency access. Thus, while possible, intercompany payments require strict adherence to regulatory procedures.

## **2.4. Are there rules against intercompany netting off?**

While the exchange control regulations emphasize streamlining forex allocations and enhancing transparency in the interbank market, they do not specifically mention netting off.

**2.5. Are permits required to transfer money to a third party or non-resident entity for procurement of goods or services?**

Permits or approvals are required for outward remittances to third parties or non-residents. Payments outside Zimbabwe, including for imports, royalties, management fees, or services, must be authorized by the RBZ. The regulations prohibit payments to foreign residents without exchange control approval, and banks will only process transfers after verifying RBZ clearance. Documentation such as invoices, contracts, and proof of underlying transactions must be submitted to justify the remittance.

**2.6. What requirements or documentation must be in place before banks authorize requests for international transfers?**

Banks require the following for international transfers, as per S.I. 109 of 1996 and RBZ circulars:

- › RBZ Approval: Prior authorization for cross-border payments (e.g., Form A2 for imports).
- › Supporting Documents: Invoices, contracts, shipping documents (for imports), or service agreements.
- › Tax Clearance: Proof of tax compliance from the Zimbabwe Revenue Authority (ZIMRA).
- › Foreign Currency Allocation: Evidence of forex availability (e.g., from the RBZ auction or FCA).
- › Purpose Declaration: A detailed justification for the transfer (e.g., dividend remittance requires RBZ approval)

**2.7. Have there been recent directives issued by your Central Bank on Exchange Control?**

The RBZ has recently issued several key exchange control directives as part of its February 2025 Monetary Policy Statement. These measures aim to stabilize the exchange rate, enhance foreign currency liquidity, and promote the use of the local currency (ZiG). Key directives include a reduction in the foreign currency retention threshold for exporters from 75% to 70%, with the option to deposit the ZiG equivalent of the additional 5% into a US Dollar Denominated Deposit Facility (USDDDF) for value preservation. The RBZ has also removed weekly trading limits on the interbank foreign exchange market, abolished the 5% margin rule in favour of market-driven pricing, and doubled the annual limit for prepaid international debit/credit cards from US\$500,000 to US\$1 million to discourage cash usage in cross-border transactions. Additionally, banks are required to comply with foreign currency exposure limits (10% single/20% aggregate of net capital), and all entities must now use ZiG as the presentation currency in financial statements to standardize reporting.

### **3. Exchange control contraventions**

#### **Enforcement**

#### **3.1. Which entities are responsible for enforcing the relevant laws and regulations? What powers do they have?**

The RBZ is the primary body responsible for enforcing exchange control laws and regulations and derives its authority from Section 2 of the Act, which grants it extensive regulatory powers, including the administration of foreign currency transactions, licensing of authorized dealers (such as banks and bureaux de change), and oversight of cross-border financial activities. The RBZ monitors compliance through audits, requires detailed reporting from financial institutions, and imposes penalties for violations, including fines, forfeitures, and criminal prosecution under Section 5 of the Act. Additionally, the Exchange Control Division of the RBZ issues directives, statutory instruments, and circulars to clarify regulations and ensure consistent enforcement. The RBZ also collaborates with other entities, such as customs and law enforcement, to investigate illicit financial flows, conduct searches, and seize unlawfully held foreign currency. Its powers extend extraterritorially, allowing it to regulate transactions involving Zimbabwean residents or assets abroad. The Financial Intelligence Unit is also one of the key regulatory authorities in exchange control, responsible for managing illicit financial flows and instigating recovery measures such as bank seizures. The President of Zimbabwe may also exercise regulatory authority under the Act, particularly in matters affecting national economic stability.

#### **Sanctions**

#### **3.2. What sanctions are applicable in the event of a violation of the exchange control regime?**

The RBZ enforces civil penalties through designated officers, who may issue fines ranging from ZWG 1 million to ZWG 5 million (or 5% daily cumulative penalties for non-payment) for violations like misuse of auction-allocated forex or refusal to accept local currency for mandated transactions (Section 11). Authorized dealers submitting false documentation face penalties up to ZWG 5 million. Additional measures include suspension of licenses for non-compliant financial institutions and rewards for whistleblowers (10% of recovered funds under Section 10). The RBZ's extraterritorial powers ensure penalties apply even to offshore breaches involving Zimbabwean residents or assets.



#### 4. Trends and forecasts

##### 4.1. How would you describe the current exchange control regime and trends in your jurisdiction? Are there any plans for further developments in the next 12 months, including proposals for legislative reforms?

The regime prioritizes allocating scarce forex to critical sectors (e.g., fuel, medicines, and raw materials), enforcing export proceeds surrender requirements, and curbing parallel market activity. Key features include mandatory foreign currency account (FCA) regulations, RBZ approval for cross-border payments, and strict monitoring of authorized dealers. Recent trends show increased enforcement against illicit flows, with civil penalties and criminal sanctions for non-compliance. The RBZ has also expanded the forex auction system, though delays in allotments and exchange rate disparities persist.

Looking ahead, the RBZ has signalled limited but strategic adjustments to the exchange control regime over the next 12 months. Key anticipated developments include the removal of weekly transaction limits on the interbank foreign exchange market to improve liquidity, the expansion of the US Dollar Denominated Deposit Facility (USDDDF) to help exporters manage ZiG conversions, and an increase in prepaid international card limits from US\$500,000 to US\$1 million annually to encourage formal cross-border transactions. While no major legislative overhauls are expected, the RBZ may introduce targeted refinements to the Exchange Control Act to enhance compliance and align with regional trade agreements such as the African Continental Free Trade Area (AfCFTA). The central bank also plans to continue accumulating gold and foreign currency reserves, targeting 40 tonnes of gold production in 2025 to further bolster the ZiG's backing.

Despite these measures, challenges persist, including ongoing dollarization pressures and liquidity constraints in the banking sector. The RBZ's approach remains focused on gradual, stability-oriented reforms rather than rapid liberalization, with any further adjustments likely contingent on sustained inflation control and reserve accumulation.

##### 4.2. Does your jurisdiction regulate cryptocurrencies? Are there any legislative developments with regard to cryptocurrencies or financial technologies in general?

Zimbabwe does not currently have a comprehensive regulatory framework specifically for cryptocurrencies, but the Reserve Bank of Zimbabwe (RBZ) has taken steps to monitor and manage risks associated with digital assets. The regulatory body has directed financial institutions to adopt cybersecurity audits and is working to integrate fintech into its oversight framework, particularly for payment systems (e.g., ISO 20022 standards for RTGS, Paragraph 149). While cryptocurrencies are not yet formally regulated, the RBZ's Financial Intelligence Unit (FIU) monitors their use to curb illicit flows (Paragraph 227), and the Bank Use Promotion Act discourages informal transactions that bypass banking channels.

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