

# Business in Burkina Faso



Burkina Faso is located in West Africa. Its area is 274, 000 km<sup>2</sup>. It is a member of the West African Economic and Monetary Union (WEAMU), the Economic Community of West African States (ECOWAS) and the African Union (AU).



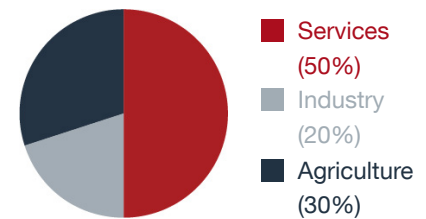
## Population

21.5  
million

 = 5 million



## GDP Breakdown by Sector



## Currency

XOF (FCFA)

## Foreign Direct Investment

22.1 million (USD)

## GDP Growth (est. 2020)

2%

## Business Climate

Burkina Faso is located in West Africa. It is surrounded to the northwest by Mali, to the east-northeast by Niger, to the east-southeast by Benin, to the southeast by Togo, to the south by Ghana and to the southwest by the Ivory Coast. It has no outlet to the sea. It is a very flat country; the highest point is the Tenakourou, at 747 m to the west. It is a member of the West African Economic and Monetary Union (WAEMU), the Economic Community of West African States (ECOWAS) and the African Union. It ratified the agreement establishing the World Trade Organization on May 3, 1995.

The primary sector (30% of GDP and 80% of the working population), which explains the importance of the informal sector (estimated at 80%), is mainly driven by the cultivation of cotton. The secondary sector (20% of GDP) consists mainly of the mining sectors (especially gold, which accounts for 11% of GDP and which together with cotton, generates nearly 95% of the country's export earnings), construction and manufacturing. Finally, the tertiary sector (50% of GDP) benefits in particular from the development of financial services and telecommunications.

## International Trade

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The WAEMU was created on January 10, 1994 in Dakar. Its main objective is to build a harmonized and integrated economic area in West Africa. In this area, there is freedom of movement for persons, capital, goods, services and factors of production, as well as the enjoyment of the right of exercise and establishment for the liberal professions, for citizens throughout the community.

AEMU comprises eight countries using a common currency. WAEMU covers an area of 3,506,126 square kilometres with a population of 123.6 million. ECOWAS was created on May 28, 1975. Its main objective is to promote economic integration by promoting the creation of an intra-regional market. It covers an area of 5.12 million square kilometres with a population of 397.21 million.

Burkina Faso is in the top five African gold producing countries.



## Tax Regime

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### The main direct taxes are:

- **Corporate Income Tax:** Corporate tax is based on the profits or income of companies, other legal persons. The rate is 27.5%.
- **Employer and Apprenticeship Tax:** The employer and apprenticeship tax (TPA) is payable by individuals and organizations that pay remuneration in the form of salaries, allowances, emoluments and wages, including benefits in kind. The tax rate is 3%.
- **Single Tax on Wages and Salaries:** The tax is applicable to all public and private salaries, allowances, emoluments and salaries of any kind received, including benefits in kind. The applicable rate is progressive by bracket, from 0% to 25%. Income below FCFA 30,100 is taxed at 0%.
- **Contribution of Patents:** Persons exercising a non-salaried professional activity in Burkina Faso are subject to the business license contribution.

The business license is made up of a fixed fee and a proportional fee. The proportional duty is calculated as a percentage of the rental value of the business premises.

### The main indirect taxes are:

- **Value Added Tax (VAT):** Business done in Burkina Faso by people who perform acts relating to an activity other than salaried is subject to VAT. The VAT rate is 18%.

- **Financial Activities Tax:** Banking transactions are subject to the Financial Activities Tax. The TAF rate is 17%, but a reduced rate of 15% is applicable to interbank refinancing and companies subject to the normal real profit regime tax from securities (reimbursement and amortization) interest, arrears, income distributed by companies and legal persons subject to company tax in Burkina Faso. Income distributed by companies and legal persons exempt from company tax are subject to this tax. The rates are 25%, 12.5% and 6% depending on the case.
- **Stamp Duty:** Stamp dimensions concern deeds presented for registration formality, including those registered free of charge, unless they are expressly exempt from stamp duty. Requests, mandates, appeals and other acts before the courts from taxpayers in tax litigation include FCFA 400 per sheet of A4 paper and FCFA 800 per sheet of paper larger than A4.
- **Proportional Stamps:** Proportionate stamps on negotiable bills are three per 1000. Other proportional stamp duties (PMUB Subscription Form) are 5% of the gross amount of the sums committed.

Stamp receipts apply to titles of any kind, signed or unsigned, which entail release or which record payment or payment of sums of money.

## Establishing a Business

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- **Limited Liability Company:** Its share capital is at least CFA one million, divided into shares of a nominal amount at least equal to CFA 5,000. It is made up of one or more partners who are only liable for the social debts up to the amount of their capital contribution.
- **Public Limited Company:** The minimum capital is CFA 10 million, divided into shares with a nominal amount of at least CFA 10,000. Shares in cash must be paid up to at least a quarter of their nominal amount upon incorporation. The partners are responsible for the social debts up to the amount of their contributions.
- There are other forms of companies but the most widespread are mentioned.

## Employment Affairs

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- Employment contracts of foreign employers must be approved by the labor inspector.
- Workers are entitled to one month's annual leave.
- Workers must be declared to the national social security fund. They have to pay their dues.
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- All workers are entitled to three months maternity leave or three days paternity leave.


## Contact Us

### **Ouagadougou, Burkina Faso**

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