

Business in Guinea Bissau

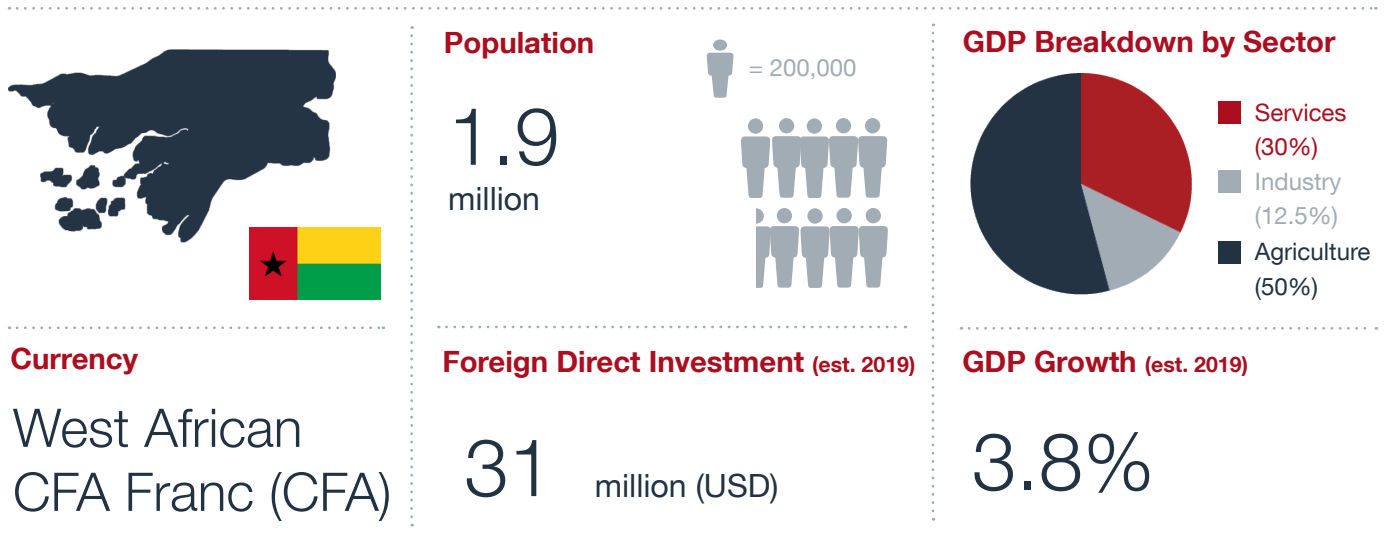


Guinea Bissau is a rural economy, dependent and extremely vulnerable to the price variations of its principal export product, cashew, which represents approximately 95% of total exportation.

The economy is dominated by agriculture, including limited rice production, fruit and horticulture. The country has a very important potential in the fishery sector but is relatively underdeveloped, as is the case for timber production. It also presents a great potential for oil and gas and the mining sector. The country has considerable deposits of bauxite and phosphate.

Guinea Bissau's local currency is CFA Franc (XOF), a regional currency used in practically all West African French-speaking countries, and has monetary stability with less than 1.1% of inflation.

Economic and commercial legislation is based on the Organization for the Harmonization of Business Law in Africa (OHADA) regional system, a legal and judicial harmonization process concerning more than 16 African countries.



Business Climate

Guinea Bissau is a West African country, bordered by Senegal and Guinea (Conakry), with an important Atlantic front that comprises over 200 miles of the maritime platform.

Guinea Bissau is a member of the West African Economic and Monetary Union (UEMOA) and the Economic Community of West African States (ECOWAS).

As a member of the ECOWAS, Guinea Bissau is part of a regional market comprising 15 countries, which include all the UEMOA members, forming a common market with a unique external tax.

Guinea Bissau is part of the African Continental Free Trade Area (AfCFTA). As a member of the UEMOA, Guinea Bissau benefits of the regional currency, the West African Franc CFA (XOF), and is under the rule of the Central Bank of West African States (BCEAO). The West African Franc CFA has a fixed exchange rate with Euro (EUR 1 is approximately XOF 655.95), and external reserves are controlled and managed by the Central Bank.

International Trade

Trade Agreements

Guinea Bissau has several bilateral commercial agreements and as multilateral. It participates in the Cotonou Agreement between African, Caribbean and Pacific (ACP) countries and the European Union (EU). The most important trade movements are with India and Vietnam, in exportation, and with Portugal and China, in importation.

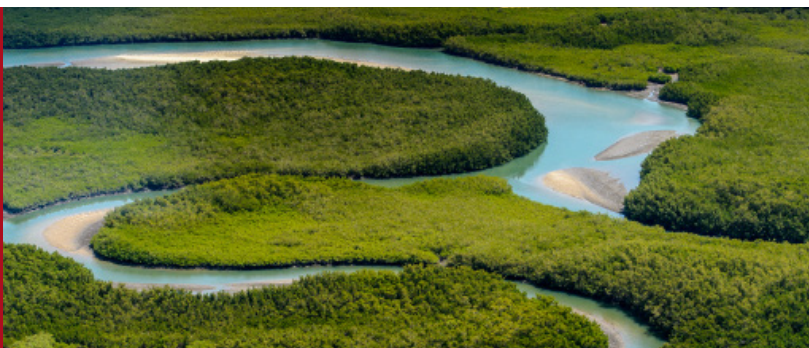
Free Trade Zones (FTZs)

Guinea Bissau is a member of the ECOWAS and the UEMOA, which constitutes FTZs in West Africa. The African FTZ is still very incipient.

Foreign Direct Investment Policy

Guinea Bissau recognizes private property and has a very open and permissive Investment Code. As a member of the World Bank, it is also part of the International Centre for Settlement of Investment Disputes (ICSID) and the Multilateral Investment Guarantee Agency (MIGA) conventions, for protecting foreign and private investment.

Guinea Bissau's
economy is
dominated by the
agricultural sector.



Tax Regime

The tax system of Guinea Bissau is not the concentrated one. It maintains the parcelled model, with taxes for each activity.

The personal taxes in Guinea Bassau are:

- **Professional tax** covers professional incomes as salaries and permanent revenues paid by companies; varies between 1% and 6% for dependent workers and between 10% and 25% for independent workers (liberal professionals).
- **Additional Tax** covers global revenues of moral entities concerned with professional, industrial or capital tax (familiar revenues) and varies between 4% and 20%.
- **Sisa and heritage tax** is 5% tax paid for onerous or gratuity transmissions of ownership of real estate.
- **Urban property tax** covers incomes resulting from real state with a rate of 30%.
- **Rural property tax** covers incomes resulting from rural activities (exportation of rural products).
- **Democracy tax** is a forced contribution of XOF 1,000 to the democratic process, paid by every citizen that benefit of any revenue.

The corporate taxes in Guinea Bassau are:

- **Industrial tax:** covers revenues resulting from commercial, industrial or services activities at a rate of 25%. In case of losses, a minimum 0.5% is levied.
- **Capital Tax:** covers benefits for capital application (interests, shareholder profits, intellectual revenues and royalties); varies from 10% to 25%.
- **Stamp Tax:** covers all documents issued for commercial or other public activities with a base of XOF 2,000; 10% of license value for fishing or timber licences and 3% for oil and gas.
- **General sales tax (IGV),** similar to value-added-tax, covers the production or distribution of the activities and services included, varying from 10% to 19%.
- **Consumption tax** covers local production or importation of beverages; varies such as 5% for coffee and teas, 10% for non-heavy vehicles, 35% for manufactured tobacco, 40% for guns and munitions, and 45% for whiskies.

Establishing a Business

Guinea Bissau creates a unique center for establishing business, the Enterprises Formalization Center (CFE – Centro de Formalização de Empresas in Portuguese), where one can resolve issues concerning notary and registration services, land and tax authorities.

This is what is called the one-step shop, where, in 24 or 48 hours, one realizes to conclude the establishing of a company in Guinea Bissau.

The Guinea Bissau Chamber of Commerce is also an important structure that supports entrepreneurs leading their activities, also supported by several specialized associations constituted by sector of activity. Industry, construction, hotels and tourism, food and beverage and transportation are some of the areas covered by these associations.

The Ministries of Economy, Trade, Industry and Tourism are the official entities that supervise these economic activities.

At the justice level, Guinea Bissau has recently created a Commercial Court to facilitate the commercial dispute resolutions.

Employment Affairs

In Guinea Bissau, there are no restrictions for foreign people to work in the civil sector. The minimum age is fixed at 16 years, but it is usual for a child to work in a familiar basis.

Legislation is concentrated at a Labor General Law, which regulates the private sector's labor relationships.

Public service is reserved to national's citizens and regulated by a Public Administration Law.

Employments benefits are previewed by the Investment Code and provide tax discounts for companies that employ workers and support training programs for them.

Contact Us

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