



## LEGAL NEWS

# Equatorial Guinea

January 2020

### TAX

#### 2020 State Budget Introduces Tax Changes

Law No. 5/2019, of 12 December 2019, which approved the 2020 State Budget, introduces different changes to the 2004 General Tax Law. The Corporate Income Tax withholding rates applicable to non-resident companies have been decreased from 20% to 15%. The Minimum Income Tax rate of 3% of the previous year's turnover remains the same. New rules on excise taxes are also introduced.

#### New Requirements for Submission of Tax Returns

Ministerial Order No. 7/2019, dated 5 November 2019 of the Minister of Finance requires corporate income tax returns to be signed and stamped by those holding an authorization. The requirements that must be complied with to obtain such an authorization are also laid down in the Ministerial order.

## BUSINESS

### New Mining Law Approved in Equatorial Guinea

A new Mining Law was adopted by the Government in the end of 2019. Law No. 1/2019, of 29 November 2019, which repealed Law No. 9/2006, of 3 December 2006 introduces significant changes to the sector including new local content obligations for foreign investors. Law 1/2019 enters into force on the date of its publication and allows for a transitional period of 180 days for entities to be able to align their status with the new provisions.

### National Committee for the Implementation of the EITI and the Good Governance of Equatorial Guinea Reorganized

The Prime Minister approved the reorganization of the National Commission for the implementation of the Extractive Industries Transparency Initiative (EITI) and the good governance of Equatorial Guinea. One of the main objectives of this reorganization is the inclusion of representatives of the civil society in the National Committee, such as NGOs, religious organizations, associations and universities.

### National Agency for Financial Investigation Has a Revised Framework

The National Agency for Financial Investigation (ANIF) is in charge of searching FOR, collecting and reviewing information to determine the origin and destination of funds in transactions reported as suspicious. The ANIF was created in 2007 and the purpose of Decree No. 112/2019, dated 9 September 2019, is to adapt the current legal framework to the CEMAC Regulation No. 01/CEMAC/UMAC/CM, of 11 April 2016, and the Egmont Group rules. ANIF continues to be able to request information on suspicious transactions not only from persons that have the legal duty to report suspicious operations but also from any other natural or legal person that may have in its possession information that may be of relevance.

## Rules for Travel and Tourism Agencies Operating in Equatorial Guinea

A legal framework applicable to travel and tourism agencies operating in Equatorial Guinea was approved by means of Ministerial Order No. 2/2019, dated 14 May 2019. The new statute lays down, *inter alia*, the licensing requirements to which travel agencies are subject and penalties for non-compliance.

## Different Stay Visas Were Created in Equatorial Guinea

A new Presidential Decree, approved on 2 December 2019, creates four different Stay Visas: a) Tourist Visa; 2) Business Visa; 3) Humanitarian and Urgent Visa; and 4) Visa for national or international congresses, meetings and seminars. The Decree lays down the conditions that need to be complied with to secure each Stay Visa and the stay period authorized per each visa.

## LABOR

### New General Labor Law Draft

The Ministry of Labor, Employment Promotion and Social Security has made public that it has been working on a draft to implement changes to the General Labor Law currently in force - Law No. 10/2012, dated 24 December 2012. The Ministry has invited employers and employees to comment on the draft and the final document is expected to be formally approved by the Government and enacted as the new General Labor Law later this year.

### Enrollment with The Employment Administration System

The Ministry of Labor, Employment Promotion and Social Security has issued an internal circular notice to all its departments ordering the suspension of all administrative acts for companies that fail to provide copy of the certification of enrollment with the Employment Administration System (“EAS”). The Ministry’s officials are required to put on hold the issuance of work permits as well as of certificates confirming company’s registration with the Ministry. Work permits, registration of employment contracts and approval of internal regulations are also

suspended until the certification of enrollment with EAS is provided by the applicant employer. The enrollment with the EAS is made online at the Ministry's official webpage.

## STATE

### Memorandum of Economic and Financial Policies

In response to the fall of oil prices, the Government approved a Memorandum of Economic and Financial Policies, for a three-year period (2019-2022). Some of the reforms envisaged in the Memorandum, approved by Decree No. 136/2019, dated 15 October 2019, will include:

1. Taxation: enforcement of the elimination of ad-hoc tax exemptions; enforcement of tax penalties; increase of personal income tax rates for non-residents, improvement of rules on taxation of corporate income tax on permanent establishments; implementation of special taxes on imported beverages, tobacco and vehicles; revision of the 2017 Tax Amnesty Law; reform of the tax collection procedures.
2. Customs: implementation of the ASYCUDA software (Automated System for Customs Data); application for membership with the World Customs Organization.
3. Privatizations: preparation of a list of relevant state assets which can be transferred to the private sector.
4. Foreign exchange: enforcement of the new foreign exchange regulation; disclosure of all existing petroleum contracts with the Bank of Central African States (BEAC).
5. Business climate / Economic diversification policies: development of a strategy to boost non-hydrocarbon exports, including the creation of an agency to promote such exports; creation of an investment agency to support policies designed to attract foreign investment in sectors other than hydrocarbons.

6. Governance and anticorruption framework: reinforcement of the management of special funds that receive revenues from hydrocarbons sector; operationalization of the Audit Court.

7. Tax transparency in the hydrocarbon sector: (a) application for membership with the EITI (Extractive Industries Transparency Initiative); (b) publication on the websites of the Ministry of Finance, Economy and Planning and/or the Ministry of Mines and Hydrocarbons of information on the hydrocarbons sector, such as public investments projects managed by *GE-Proyectos*, monthly data on the hydrocarbons sector, or existing oil & gas contracts.

## Equatorial Guinea Working on An Anticorruption Law

A joint committee was appointed by the President of the Republic by means of Decree No. 145/2019, dated 4 November 2019, to work on a draft of an anticorruption law. The purpose of this law is to create, maintain and strengthen rules of conduct for the proper, honorable and adequate fulfillment of public functions.

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