



LEGAL NEWS

Equatorial Guinea

May 2020

New Minimum Share Capital Requirement for SARL Companies

The EG Government has approved the reduction of the minimum share capital for limited liability (SARL) companies from 1,000,000 CFA Francs to 100,000 CFA Francs, as per Decree No. 45/2020, dated 24 April 2020. The Government has approved this reduction as part of a wider set of measures to attract foreign investment into the country and prevent investors from operating in country without having their companies properly established.

Oil and Gas Expats' Stay in EG Limited to 3-Years

The Ministry of Mines and Hydrocarbons (“MMH”) issued Ministerial Order No. 1/2020, dated 13 April 2020 (“MO 1/2020”) which aims at limiting the stay of expatriate personnel working in the oil and gas sector in EG to a maximum of 3 years. According to MO 1/2020 the 3-year limit affects both management personnel and technical personnel and employers are now required to obtain MMH’s prior approval to be able to secure VISAs, residency and work permits for their foreign staff. MO 1/2020 mentions that MMH may authorize extensions on an exceptional basis and that companies that fail to comply with MO 1/2020 will be penalized.

A New Major Taxpayers Unit has been Created

The Ministry of Finance, Economy and Planning created, through Resolution No. 9, dated 18 March 2020, the Major Taxpayers Unit within the General Directorate of Taxes and Contributions. All public and private entities, individuals or companies, operating in the natural resources sector are now deemed "Major Taxpayers" regardless of their turnover. Companies operating in other sectors with an annual turnover above 700 million CFA Francs or taxpayers that are considered "relevant" or that carry out "special interest" activities are also deemed as Major Taxpayers. The Major Taxpayers Unit will have two separate departments specialized in VAT and Personal Income Tax.

New Measures to Support the National Social Protection System and Medium and Small-Sized Companies

The EG Government adopted several measures aimed at strengthening the National Social Protection System and supporting small and medium-sized companies ("PYMES") to face the economic crisis caused by the COVID-19 pandemic and the abrupt fall in the price of crude oil which forced the suspension of the activity of a significant number of companies, in virtually all economic sectors. In addition to the financial strengthening of the National Emergency Fund to Fight COVID-19 and the National Health System, Decree No. 43/2020, dated 31 March 2020, provides for the extension of the deadline for payment of taxes such as the 2020 Minimum Income Tax and the 2019 Corporate Income Tax. Decree 43/2020 has also determined the reduction of the 2020 Minimum Income Tax from 3% to 1.5% until September and the increase to 1 billion CFA Francs of the Partial Guarantee Fund for the PYMES that have been affected by the declaration of the State of Sanitary Alarm. Moreover, the Ministry of Energy and Industry has also established a reduction in the price of electricity of 25%, 50% or 100%, for 30 days (which can be extended at Government's sole discretion) for PYMES and individuals through Ministerial Order 2/2020, dated 29 April 2020.

Measures Adopted by EG Government to Contain the Spread of Covid-19

The EG Prime Minister has enacted several different statutes containing a wide array of measures envisaging to curtail the outbreak of COVID-19. The first measures were adopted in January, by means of an Order dated of 27 January 2020 and at least five different statutes were approved afterwards. The State of Health Alarm was declared on 31 March 2020 and will remain at least until the end of May, since the infection curve is rising further.

The most important measures currently in place are as follows:

- All land, maritime and aerial borders are closed, except for vessels and aircraft transporting goods, materials and equipment.
- All international flights are suspended.
- All EG nationals are forbidden to travel abroad (except for proven force majeure).
- All travelers (nationals or foreigners) arriving from infected countries are under the obligation to stay in quarantine for 14 days. Airlines companies operating in EG are to provide to the Ministry of Health the list of passengers of their flights since 1 February 2020.
- Social confinement is mandatory. The population is forbidden to leave their homes, except for emergencies or force majeure. This includes visits to the pharmacy, clinics, markets or the workplace. When leaving their homes, everyone is under the obligation to wear a mask and gloves and to carry a declaration issued by the “*Comunidad de Vecinos*”, i.e., by the head of the relevant parish, authorizing the displacements. Companies are asked to issue affidavits to their employees justifying the displacements to the workplace.
- All stores (except for those that sell construction materials, electric or car spare parts) and factories are closed, except for supermarkets, markets, laundries, pharmacies or clinics.
- All restaurants are closed, except for take-away services.
- Circulation of people and vehicles between districts within the Bioko island is forbidden (except for ambulances, firetrucks, National Security vehicles, etc.).

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- Any vehicles transporting materials for infrastructure works or services will need an authorization from the Prime Minister to circulate. In any case, these vehicles cannot transport personnel, only goods.
 - Supply boats from Douala cannot come ashore.
 - Social gatherings are forbidden (including parties, marriages or funerals).
 - Schools are closed.
 - Sporting events are halted.
 - No religious celebrations may be held.
 - The use of buses for public transportation is forbidden and taxis can only carry one person at a time.
 - Government departments are to remain opened but if any official realizes that an individual with whom he/she comes across may have been infected by COVID-19, he/she must immediately contact the Technical Committee of Surveillance of COVID-19.
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For further information about the content of this Legal News, please contact:

mirandaalliance-alert@mirandaalliance.com

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