TAX GUIDE FOR INDIRECT TAXATION (VAT) BURKINA FASO

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1. Introduction

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1. Introduction

1.1. Summary of VAT Rates —

In Burkina Faso, the following VAT rates apply:

- Standard rate: 18%
- Reduced rate: 10%
- Other: Exemptions and exemptions with credit

1.2. Legal Basis —

The primary Burkinabe VAT legislation is Law No. 058-2017 of December 20, 2017, establishing the General Tax Code of Burkina Faso (the "Tax Code"), as amended. VAT is addressed in Book 2, Title 1, Article 296 et seq.

See Appendix 15.2 for a link to the legislation.

The Directorate General of Taxes (the "Tax Authority") is responsible for administrative oversight of VAT in Burkina Faso.

The Customs of Burkina Faso (the "Customs Authority") is responsible for the collection of VAT payable on imports.

1.3. Recent Developments —

For the latest developments in indirect taxes in Burkina Faso, see the International Tax Developments Tracker.

2. Scope

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2. Scope

2.1. In General —

Articles 298-299 of the Tax Code provide that VAT is levied on:

- The supply of goods, real estate works, and the provision of services carried out by a taxable person; and
- Imports into Burkina Faso.

The Tax Code specifies various activities that are taxable supplies for VAT purposes. For more information, see Section 4.1 and Section 4.2.

2.2. Territorial Application —

The Burkinabe Tax Code applies to the entire territory of Burkina Faso, under Article 303 of the Tax Code.

2.3. Taxable Transactions — Overview —

Under Articles 296-297 of the Tax Code, “supplies” include any transaction carried out for consideration in cash or in kind by a taxable person in the course of an economic activity, other than an employment activity.

Self-supplies, construction works, and certain transactions carried out by farmers and fishermen of an industrial or commercial nature are also considered supplies, under Articles 298-299 of the Tax Code.

2.4. Excluded Transactions —

Article 299(4) of the Tax Code excludes employment activities from the scope of Burkinabe VAT.

3. Taxable Persons

3.1. Definition/Scope —

Persons are required to account for VAT, under Article 300 of the Tax Code.

Under Articles 297 and 300 of the Tax Code, natural or legal persons ("persons") are subject to VAT under the Normal Real Benefit regime if:

- They carry out a taxable business in Burkina Faso in the course of an economic activity, other than an employment activity; and
- Their annual turnover, excluding taxes, is equal to or exceeds 50 million West African CFA francs.

Article 297 of the Tax Code defines taxable business as any transaction carried out by two separate persons for a consideration in cash or in kind, regardless of its purpose or result. Agencies, branches, offices, and establishments located abroad are treated as separate legal persons.

The state, local authorities and their public establishments are automatically subject to VAT for their industrial or commercial activities, under Article 300 of the Tax Code.

There is no separate VAT registration. See Section 10.1 for tax registration requirements.

3.2. Voluntary Registration —

Persons who do not reach the VAT threshold may opt to be subject to VAT voluntarily, under Articles 301 and 530 of the Tax Code.

Under Article 301 of the Tax Code, farmers, planters, breeders, foresters, fishermen and persons engaged in the road transport of passengers and goods (in respect of their transport activity) and taxed under the Normal Real Benefit regime, can opt to be subject to VAT voluntarily.

The option is irrevocable and takes effect from the first day of the month in which it is exercised.

Under Article 530 of the Tax Code, persons subject to the Simplified Real Benefit tax regime can opt to be subject to VAT. The option must be exercised before the first day of February. The option is effective from January 1 of the relevant year and is irrevocable for the first three years.

For more information about the Simplified Real Benefit tax regime, see Section 13.3.

For more information about registration, see Section 10.1.

3.3. Exemptions from Registration —

Persons whose annual turnover does not equal or exceed the VAT threshold are not subject to VAT.

Persons exclusively engaged in making exempt supplies are not subject to Burkinabe VAT. However, see Section 3.2 for information on the option to tax for specified taxpayers.

For more information on the VAT threshold, see Section 3.1.

3.4. Group and Divisional Registration —

Group Registration

Burkina Faso does not permit VAT grouping of related entities.

Divisional Registration

Burkina Faso does not permit divisional registration.

3.5. Registration of Nonresident Persons —

Under Article 300 of the Tax Code, the same registration threshold that applies to Burkinabe residents also applies to nonresident persons irrespective of whether they have a permanent establishment (PE) in Burkina Faso.

Under Article 302 of the Tax Code, a person who is not resident in Burkina Faso is required to appoint a local representative in Burkina Faso if he or she makes taxable supplies in Burkina Faso. For more information on representatives, see Section 9.2.

Planning Point: Failure to appoint a representative by a nonresident supplier may result in the recipient of the supply being liable for the VAT on behalf of the nonresident. Therefore, it is prudent for nonresident persons to proactively appoint a local representative, which may be the recipient, if they are liable to Burkinabe VAT, to avoid penalties.

4. Taxable Transactions

4.1. Goods —

Supplies of goods are generally subject to VAT, under Article 298(1) of the Tax Code.

Under Article 298(1) of the Tax Code, a supply of goods is the transfer of ownership of tangible and intangible goods to third parties, whether or not the goods are manufactured by the person carrying out the transaction.

The following supplies are specifically treated as a supply of goods:

- Water, electricity and gas;
- Installment sales or credit sales; and
- Goods supplied under a contract for which a commission is paid on purchase or sale.

Under Article 315 of the Tax Code, the time of supply of goods is generally when the goods are delivered. In the case of self-supplies, the time of supply is the time of first use.

However, if an invoice is issued before the delivery of the goods, the time of supply is the time the invoice is issued, under Article 315 of the Tax Code.

4.2. Services —

Supplies of services are generally subject to VAT, under Article 298(3) of the Tax Code.

A supply of services is any transaction between two separate persons made for a consideration, either in cash or in kind, other than a supply of goods.

Supplies specifically subject to VAT as supplies of services include:

- Business leases and leases of intangible property;
- Rentals of movable or immovable property;

- Intermediary transactions;
- Banking, insurance and reinsurance transactions;
- Certain custom work;
- Maintenance and repair of movable property;
- Tourism, hotel, restaurant, entertainment and catering services;
- Transport and telecommunication services; and
- Professional services.

Under Article 315 of the Tax Code, the time of supply of services, including self-supplies, is generally the time when the services are completed.

In the case of construction works, the time of supply is when the work is delivered to the recipient. For self-supplies of construction works, the time of supply is the time of first use. Where there is a supply of construction works with interim invoices issued, the time of supply is the end of the period to which the invoices relate.

However, if an invoice is issued before the performance of the services, the time of supply is when the invoice is issued, under Article 315 of the Tax Code.

Under Article 316 of the Tax Code, in the case of advance payments or deposits, the time of supply is the time of the payment, whether or not the services or works have been performed.

4.3. Intangibles —

Under Article 298(1) of the Tax Code, the transfer of intangible property is treated as a supply of goods. However, the lease of intangible property (i.e., the transfer of the right to use intellectual property) is treated as a supply of services, under Article 298(3) of the Tax Code.

Under Article 307(17) of the Tax Code, the transfer of goodwill subject to registration fees or equivalent taxes is exempt from VAT.

For more information about the taxation of supplies of goods, see Section 4.1, and for more information about the taxation of supplies of services, see Section 4.2.

4.4. Immovable Property —

Under Article 307(16) of the Tax Code, the rental of empty premises for residential use is exempt from VAT.

Article 307(17) of the Tax Code exempts the transfer of buildings, property rights and lease rights where the transaction is already subject to registration fees or equivalent taxes, except for supplies made by dealers.

4.5. Other Taxable Transactions —

No other categories of taxable transactions are addressed.

4.6. Mixed Transactions —

The Burkinabe Tax Code does not address mixed transactions.

Planning Point: Where a transaction consists of both a supply that is charged at the standard rate and either a supply charged with tax at a zero rate or an exempt supply, it is prudent to treat each part of the supply as a separate supply.

4.7. Taxation of Imports

4.7.1. In General —

Under Article 299(1) of the Tax Code, VAT (referred to, in this instance, as "import VAT") is generally payable on the entry of goods imported into Burkina Faso.

In the case of services and intangible assets supplied in Burkina Faso by nonresidents, VAT is payable by Burkinabe taxable persons under the "reverse charge" mechanism. For more information on the reverse charge on cross-border transactions, see Section 9.1.

4.7.2. Imports of Goods —

Under Articles 299(1) and 300 of the Tax Code, import VAT is payable on imported goods, when the importer is a taxable person.

Under Article 315(3) of the Tax Code, the time of importation is the time when the goods are released for consumption in Burkina Faso.

There is no import VAT deferment scheme in Burkina Faso.

4.7.3. Temporary Imports or Reexported Goods —

Under Article 307(8) of the Tax Code, goods imported into Burkina Faso under a customs suspension procedure are exempt from import VAT.

4.7.4. Imports of Services —

Under Article 299(1) of the Tax Code, VAT is payable on imports of services in Burkina Faso. Imported services are defined as supplies of services and intangible assets in Burkina Faso by nonresidents.

Article 334(3) of the Tax Code provides that Burkinabe recipients of intangible goods and services supplied from outside Burkina Faso by a nonresident are required to declare and pay any VAT due in Burkina Faso, under the reverse charge mechanism.

Under Article 315(4) of the Tax Code, the time of importation of services or intangible goods is the time when the invoice is issued or the transaction is recorded in the accounts.

For more information on the place of supply of services, see Section 5.2. For more information about the reverse charge mechanism on cross-border services, see Section 9.1.

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5. Place of Supply (or Equivalent)

5.1. Place of Supply — Goods —

Under Article 304 of the Tax Code, the place of supply of goods is Burkina Faso if the goods are located in Burkina Faso at the time when they are delivered to the purchaser. However, where the supply involves the removal of the goods, the goods are treated as supplied in Burkina Faso if they are in Burkina Faso at the time of their shipment or dispatch.

If the goods are installed or assembled by the supplier or on his or her behalf, the place of supply is where the installation or assembly is carried out.

5.2. Place of Supply — Services —

Under Article 305(1) of the Tax Code, the place of supply of services is generally Burkina Faso if the services are performed in Burkina Faso. However, where a service is performed in a country other than Burkina Faso, the place of supply is Burkina Faso if the service is used or exploited in Burkina Faso.

Article 305(2) of the Tax Code provides that services performed in Burkina Faso but used in another country are treated as exports and are, therefore, zero-rated for VAT purposes. For more information about exports, see Section 7.6.

Under Article 305(3) of the Tax Code, in the case of services connected to immovable property, the place of supply is where the immovable property is located. For artistic, cultural and sporting services, the place of supply is where the services as effectively performed.

The place of supply of construction works is Burkina Faso if the works are performed in Burkina Faso, under Article 305(4) of the Tax Code.

Under Article 306 of the Tax Code, commissions on the sale of transport tickets by Burkinabe travel agents are always treated as received in Burkina Faso, regardless of the destination, method of transport or residence of the carrier.

5.3. Place of Supply — Other Transactions —

The Burkinabe Tax Code classifies transactions as either supplies of goods or services and does not use other classifications. Therefore, there are no VAT rules applicable to other categories of transactions.

5.4. Place of Supply — Imports —

The place of supply rules do not apply to imports.

Imports of goods into Burkina Faso are generally subject to VAT, under Article 299(1) of the Tax Code.

5.5. Special Situations —

No further Burkinabe place of supply rules are addressed herein.

6. Chargeable Amount

6.1. Valuation — Generally —

Under Article 310 of the Tax Code, the taxable value of a supply is the price of the goods or services, or the sum of all amounts, securities, goods or services received or receivable in return for the supply.

The taxable value of self-supplies is the resale price of the goods, services or works, under Article 310(5) of the Tax Code.

Under Article 310(7) of the Tax Code, the taxable value of an exchange of goods is the value of the goods received in return for the supply, plus any cash payment.

Article 311 of the Tax Code provides that in addition to the main price of the supply, the taxable value includes:

- Incidental expenses paid by the customer, such as interest, commission, packaging, and transport;
- All taxes and duties, other than VAT;
- Compensation amounts, other than for damages and interest; and
- Subsidies and debt write-offs where they represent consideration for the supply.

Article 312 of the Tax Code provides that certain amounts are excluded from the taxable base of the supply, including certain discounts, compensation for damages, equipment grants and subsidies, and expense reimbursements. The cost of returnable packaging can be excluded from the taxable amount where no VAT has been invoiced and the goods are returned to the supplier.

In addition, under Article 311 of the Tax Code, transport costs can be excluded from taxable value if they are paid by the recipient separately and the goods are transported at the risk and peril of the recipient.

6.2. Adjustments to Stated Sales Price —

The Burkinabe Tax Code does not provide for specific VAT adjustments to the value of related-party transactions when goods are supplied at a price other than the market price.

6.3. Valuation of Imports —

Under Article 310(4) of the Tax Code, the value of imported goods is equal to the customs value, plus any customs duties and taxes imposed by the Customs Authority.

6.4. Coordination of VAT, Customs and Income Tax Pricing —

Customs value is the starting point for calculating the value of an import for VAT purposes, under Article 310(4) of the Tax Code.

6.5. Nonfunctional Currency Transactions —

Amounts expressed in foreign currency must be converted using the official foreign exchange rate published by the Central Bank of West African States.

Article 22(8) of the Customs Code provides that imports expressed in foreign currency must be converted into West African CFA francs at the exchange rate applicable on the date when the import declaration is made.

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7. Tax Rates

7.1. Standard Rate —

The standard rate of VAT is 18%, under Article 317 of the Tax Code.

7.2. Reduced and Supplementary Rates —

Article 317 of the Tax Code provides that a reduced rate of 10% applies to supplies of approved accommodation and catering, made by hotels, restaurants and similar establishments.

7.3. Exempt Supplies or Equivalent —

No VAT is charged on exempt transactions, and no credit is given for related input VAT.

Under Articles 307-308 of the Tax Code, VAT exemptions apply to various supplies.

This includes:

• International air transport and removals, the refueling of aircrafts bound for a foreign country, and the charter and rental of aircrafts used by international airlines, including repairs, maintenance and certain other connected goods and services;

• Supplies by the state, local authorities and their public establishments that are not industrial or commercial activities;

• Goods placed under a customs suspension regime. (For more information, see Section 7.5.2);

• Certain imports of goods exempt from customs duties listed in Article 165 of the Annex to the West African Economic and Monetary Union regulation No. 09/2001/CM/UEMOA;

• Imports and sales of unprocessed food intended for consumption;

• Certain banking and financial transactions, insurance and reinsurance services subject to insurance tax, share proceeds and the transfer of securities and receivables;

- Medical and veterinary services, including patient transport services, and accommodation and catering services provided to hospital patients;

- Rental of empty premises for residential use, and the transfer of buildings, property rights, lease rights, goodwill and mining titles subject to registration fees;

- Gambling services;

- Services related to products subject to the tax on petroleum products;

- Educational services provided by public and recognized private establishments;

- Supplies of water and electricity to natural persons for residential use;

- Municipal public land transport;

- Supplies by farmers, planters, breeders, foresters and fishermen and persons engaged in the road transport of passengers and goods (in respect of their transport activity) taxed under the Normal Real Benefit regime. These taxpayers can opt to be subject to VAT on supplies. For more information, see Section 3.2;

- Imports, sales and rentals by leasing companies; and

- Imports and sales of products enumerated in Article 308 of the Tax Code, including certain pharmaceutical products, medical equipment, books, newspapers and periodicals, and certain foodstuffs.

Article 309 of the VAT Code provides for additional exemptions applicable to diplomatic missions and international organizations holding a valid exemption certificate issued by the Tax Authority, under certain conditions.

7.4. Zero-rated Supplies or Equivalent —

Exports and various services provided outside Burkina Faso are exempt from VAT, under Article 307(2) of the Tax Code. However, they carry the right to a VAT credit for related input VAT, under Article 318(1) of the Tax Code. They are, therefore, equivalent to zero-rated supplies in other jurisdictions.

For more information about exports, see Section 7.6.

7.5. Imports

7.5.1. Reliefs from Import VAT —

Relief from import VAT (i.e., exemptions) are available for certain types of goods, under Articles 307-308 of the Tax Code.

Exempt imports include certain pharmaceutical products, certain medical equipment, certain foodstuffs, goods exempt from customs duties, books and periodicals.

7.5.2. Bonded Warehouses, Free Trade Zones, etc. —

Under Article 307(8) of the Tax Code, when goods are imported from outside Burkina Faso and placed under a customs suspension arrangement, liability for import VAT is deferred until the goods are declared.

7.6. Exemptions for Exports —

Under Article 307(2) of the Tax Code, exports of tangible and intangible goods outside Burkina Faso, including goods taken out of a customs suspension regime, are exempt with a right to deduct the related input VAT.

Exports of services are also exempt with credit supplies, including the foreign element of an international ground transport service where the transport starts in Burkina Faso.

Exporters may be subject to certain withholding obligations on their purchases. For more information, see Section 9.1.

For more information about exempt with credit supplies, see Section 7.4.

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8. Deduction and Recovery of Input Tax

8.1. Input Tax Eligible for a Deduction/Credit —

Under Article 318 of the Tax Code, VAT incurred in making taxable supplies is generally deductible from the related output VAT applicable to such supplies.

Under Article 318(1) of the Tax Code, export transactions carry the right to an input VAT deduction if they would be taxable in Burkina Faso.

Article 565 of the Tax Code provides that input VAT is deductible only if certain invoicing conditions are met. For more information, see Section 10.2.2.

Under Article 319 of the Tax Code, input VAT is specifically irrecoverable on the following supplies:

- Certain passenger vehicles, unless they are purchased for resale or by car rental companies, public transport operators, hotels for customer transport, or are used as driving instruction vehicles;
- Accommodation, catering, entertainment and travel expenses, with some exceptions;
- Movable decorative goods, other than commercial, industrial and office furniture or equipment;
- Goods or services supplied free of charge or at a price significantly lower than the cost price, intended as a commission, salary, gratuity, discount, bonus, or gift, regardless of the nature of the recipient, but excluding marketing goods with a unit value of less than 10,000 West African CFA francs;
- Certain types of fuel; and
- Services connected with nondeductible goods.

8.2. Deduction Rules for Mixed Transactions —

Under Article 322 of the Tax Code, persons who make both supplies that carry the right to an input VAT deduction and supplies that do not carry the right to an input VAT deduction are allowed to deduct a proportion of the input VAT incurred on a pro rata basis, based on a proportion of turnover.

The pro rata is calculated as follows:

(Value of total taxable supplies, including exports of goods and services that would be taxable in Burkina Faso)/(Value of total supplies)

Disposals of fixed assets, equipment grants, insurance indemnities which do not constitute consideration for a taxable supply, disbursements, damages and interest are not included when calculating the value of total supplies.

Under Article 324 of the Tax Code, new businesses and new VAT-registered persons are required to calculate a provisional pro rata based on the turnover of the current and previous year, respectively.

The final pro rata, and any adjustments to the deductions made during the year, must be calculated by the end of April of the following year, under Article 324 of the Tax Code.

For more information on deduction rules for capital assets, see Section 8.4.

8.3. Timing of the Deduction or Credit —

Under Article 327 of the Tax Code, input VAT should generally be claimed in the VAT return pertaining to the tax period in which the right to input VAT deduction arises, and no later than the end of April of the following year.

Any excess input VAT credit can be carried forward, under Article 327 of the Tax Code.

8.4. Deductions for Input Tax on Capital Goods or Assets —

Input VAT incurred on the purchase of capital assets is generally deductible in the VAT-taxable period in which the goods have been purchased.

Under Article 318(3) of the Tax Code, the portion of deductible VAT is equal to one-fifth of the total input VAT for each year, or part of a year, of ownership of the asset. In the case of immovable property, the deductible VAT is one-tenth of the total input VAT for each year, or part of a year of ownership of the property.

Article 332 of the Tax Code provides that when input VAT has been fully deducted on the purchase of capital assets and these are subsequently destroyed, used in nontaxable activities, transferred for less than their market value, or the taxable person ceases to trade, an adjustment is required so that the amount previously deducted is clawed back and repaid to the Tax Authority.

The clawed back amount is equal to the amount previously deducted reduced by one-fifth (one-tenth for immovable property) for each year, or part of the year, since the purchase of the asset.

For partial exempt businesses, where a capital asset is used for both taxable and nontaxable supplies, an adjustment is generally required if the amount recovered in later years varies from that in the year of purchase. Under Article 325 of the Tax Code, an adjustment is required if at the end of the year the difference between the final pro rata and the recovery percentage applied in the year of acquisition is greater than 10%. The adjustment is calculated as follows:

• For buildings, VAT paid x (current year % — year of acquisition %) x one-tenth; and

• For all other capital assets VAT paid x (current year % — year of acquisition %) x one-fifth.

For more information on deduction rules for mixed transactions, see Section 8.2.

8.5. Refunds to Registered Persons

8.5.1. Resident Taxable Persons —

VAT Refunds—Resident Taxable Persons

Excess input VAT is generally carried forward for offset against output VAT in future VAT periods, under Article 327 of the Tax Code.

However, under Article 328 of the Tax Code, certain taxable persons are allowed to apply for a refund of their excess input VAT. This includes:

• Persons who exclusively provide services that are used or exploited outside Burkina Faso, where these would be taxable if made in Burkina Faso;

• Persons whose exports of goods that would be taxable in Burkina Faso account for more than 50% of their turnover;

• Persons subject to the provisions of the Investment Code (*Code des Investissements*);

• Persons who cease to be VAT registered;

• Leasing companies; and

• Certain nonprofit organizations.

Under Article 329 of the Tax Code, refunds must be requested from the Tax Authority within two years from the day after the filing deadline for the return in which the VAT credit arises.

Claims can be made in writing or online using the procedure available on the Tax Authority's portal (eSintax). A link to this portal is provided in Appendix 15.2.

Article 330 of the Tax Code provides that claimants must provide copies of the relevant purchase invoices, export declarations and other documentation showing the amount of deductible VAT for the period.

Refunds are generally issued within three months, under Article 331 of the Tax Code.

If the claim is rejected, the excess credit can still be carried forward to be offset against future output VAT, under Article 328(B) of the Tax Code.

8.5.2. Customs Union Members or Other Special Arrangements —

VAT Refunds—Customs Unions

Burkina Faso is not a member of any customs union that provides special rules for VAT refunds.

8.5.3. Foreign Taxable Persons —

Foreign businesses that are not registered in Burkina Faso cannot generally apply for a refund of VAT.

8.6. Refunds to Nonregistered Persons (Domestic and Foreign) —

Burkina Faso does not provide for tourist VAT refunds or other refunds for nonregistered persons.

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9. Extension or Shifting of VAT Liability

9.1. "Reverse Charge" and Similar Provisions —

Article 334(3) of the Tax Code provides that a Burkinabe taxable person must account for VAT under a reverse charge procedure for supplies of services and intangible assets received from nonresidents.

Article 334(4) of the Tax Code provides that taxpayers exporting domestically produced goods eligible for input VAT reclaim are required to withhold and pay 20% of the VAT due at the time of purchase of goods and services. Payments are accompanied by a withholding certificate for each supplier subject to withholding. and are delivered by the recipient to the supplier to enable the latter to claim a deduction.

For more information on tax representatives, see Section 9.2.

9.2. Other Mechanisms Applicable to Supplies by Nonresidents (e.g., VAT Representatives or Agencies, Subrogation, etc.) —

Under Article 302 of the Tax Code, nonresident persons who make taxable supplies in Burkina Faso are required to appoint an accredited representative resident in Burkina Faso who is responsible for the Burkinabe VAT obligations of the nonresident.

Failure to appoint a representative by a nonresident foreign supplier generally results in the recipient of the supply being liable for the VAT, and, where applicable, any penalties on behalf of the nonresident.

For more information on VAT registration for nonresidents, see Section 3.5, and for more information on the appointment of a tax representative, see Section 10.1 and Section 10.4.

9.3. Liabilities in Chain Transactions, and Other Special Enforcement Situations (e.g., Abuse of Law Provisions) —

Under Article 302 of the Tax Code, a Burkinabe customer is jointly and severally liable for VAT due by a nonresident service supplier if the nonresident fails to appoint a representative as required.

Planning Point: In view of the risk associated with joint and several liability, it is prudent for customers to ascertain, in advance of the transaction, whether the supplier has engaged an accredited, solvent local representative.

For more information on the requirement to appoint a tax representative, see Section 9.2.

10. Administrative Matters

10.1. Registration and VAT Number —

Under Article 557 of the Tax Code, taxpayers are required to register with the Tax Authority within 30 days from the commencement date of their activity or the opening of their establishment.

All businesses in Burkina Faso are required to register in the Administrative and Trade Register (*Registre de Commerce et du Crédit Mobilier,* or RCCM). Registration is carried out at the Business Formalities Center (*Centre des Formalités des Entreprises*, or CEFORE). Online registration is permitted, but, is not yet available.

Upon registration, businesses are issued with an eight-digit Unique Financial Identifier (*Identifiant Financier Unique*, or IFU) in the format 00123348Q. The IFU is valid for all taxes. The validity of the IFU can be verified on the Tax Authority's portal. A link to this portal is provided in Appendix 15.2.

Under Article 557(2) of the Tax Code, nonresident taxpayers with a PE in Burkina Faso are required to provide the Tax Authority with certain information, including the location of their main establishment and name, address and IFU of their representative in Burkina Faso.

Nonresident entities that do not have a permanent establishment in Burkina Faso must be accredited by an accounting firm, or a legal or tax consultant. The conditions will be specified through a Ministerial order.

10.2. Invoices

10.2.1. Invoicing Requirement —

Under Articles 562 and 564 of the Tax Code, taxpayers are required to issue standardized invoices, as provided in the General Regime of the Personalized Standardized Invoice.

Under Article 566 of the Tax Code, certain taxpayers are exempt from the requirement to issue standardized invoices, including nonresident persons with no PE in Burkina Faso, banks and other financial institutions, insurance companies, and airline companies.

10.2.2. Form and Information —

Under Article 564 of the Tax Code, taxpayers are required to issue standardized invoices, under the General Regime of the Personalized Standardized Invoice. Under this regime, VAT invoices must follow a specified format, contain certain mandatory information, and be secured by means of a sticker.

The validity of a standardized invoice can be verified on the Tax Authority's portal by checking the validity of the sticker number.

A full VAT invoice must contain the information prescribed in Articles 562 and 564 of the Tax Code, including:

- Invoice sequential number;
- Invoice date;
- Nature of the transaction;
- Invoice amount, amount excluding VAT, the VAT rate, and the amount of VAT due or, where applicable, the words “exempt” (*exonéré*);
- Name, address, telephone number, business registration number, tax identification number and tax regime of the supplier; and
- Name, address, telephone number, business registration number, and tax identification number of the customer.

There are no specific requirements regarding the language or currency in which an invoice must be issued.

Article 564 of the Tax Code provides that electronic invoices must be raised electronically. However the electronic invoicing system is not yet operational in Burkina Faso.

10.3. Returns

10.3.1. Timing for Filing —

Article 334 of the Tax Code provides that taxpayers are required to submit monthly VAT returns by the 15th day of the month following the end of the tax period. The tax period in Burkina Faso is one calendar month.

For a link to the VAT return, see Appendix 15.3.

10.3.2. Electronic Filing —

Under Article 561-1(3) of the Tax Code, electronic VAT return filing is compulsory for all registered large and medium sized taxpayers with pre-tax annual turnover of XOF 50 million or more.

Electronic returns are filed on the Tax Authority's electronic filing portal (eSintax). A link to this portal is provided in Appendix 15.2.

Electronic filing is optional for all other taxpayers, under Article 561-1(1) of the Tax Code.

10.3.3. Timing of Payments or Deposits —

Under Article 334 of the Tax Code, VAT must be paid by the deadline for filing the VAT return.

For more information about filing deadlines, see Section 10.3.1.

10.3.4. Methods of Payment or Deposit —

Under Article 561-1(2) of the Tax Code, electronic payment of VAT is mandatory for large taxpayers under the Large or Medium Size Enterprise Directorates.

For all other taxpayers, payment of VAT can be made by cash, bank transfer, online using the eSintax platform, or by mobile phone. A link to the eSintax portal is provided in Appendix 15.2.

Payment by check is not permitted.

10.3.5. Recordkeeping —

Under Article 567 of the Tax Code, VAT records must generally be retained for 10 years.

Article 554 of the Tax Code provides that all businesses that carry out an activity in Burkina Faso must keep their accounting records in French.

10.3.6. Other Matters —

No further matters relevant to VAT returns are addressed.

10.4. Appointment of Tax Representative —

Under Article 302 of the Tax Code, nonresident persons are required to appoint an accredited VAT-taxable representative resident in Burkina Faso if they make supplies subject to Burkinabe VAT.

The appointment is made on a VAT return submitted on behalf of the nonresident and the representative is required to provide certain information to the Tax Authority, including the name of the nonresident, and nature and origin of the services provided.

The representative must be an accounting, tax or legal consultancy firm, under Article 557 of the Tax Code.

10.5. Audits, E-audits —

Title 1 of Book 5 of the Tax Code grants the Burkinabe Tax Authority broad powers to investigate premises and audit financial and other records to confirm that the correct amount of tax has been paid.

10.6. Appeals of Assessments —

Under Articles 649-658 of the Tax Code, taxpayers who believe they are wrongly taxed or overtaxed may file a claim with the Tax Authority, with the right of further appeal to the Administrative Tribunal.

Article 655 of the Tax Code provides for the right of appeal to the Council of State against decisions of the Administrative Tribunal.

10.7. Administrative Rulings —

Under Article 588 of the Tax Code, taxpayers may request an authoritative ruling from the Burkinabe Tax Authority on the tax regime applicable to a particular transaction.

The ruling is generally binding on the Tax Authority if the taxpayer acts in good faith. However, under Article 588(7) of the Tax Code, the Tax Authority has the power to subsequently change its opinion on the facts as presented by the taxpayer and issue a new ruling. The new ruling is applicable from the day on which the taxpayer is informed of the new interpretation by the Tax Authority.

10.8. Cross-Border Assistance and Cooperation —

Burkina Faso has not entered into any agreements with other countries providing for the exchange of information relevant to taxpayer's VAT liability.

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11. Interest and Penalties

11.1. Interest (on Underpayments) —

Burkina Faso levies interest on underpaid VAT at a rate of 1% of the unpaid tax for each month or fraction of a month of delay, under Article 778 of the Tax Code.

11.2. Penalties —

Penalties, Generally

A taxpayer may be liable to financial penalties, imprisonment or other sanctions as punishment for various civil and criminal violations, under Articles 776-779 of the Tax Code.

Failure to Register

Failure to register incurs a penalty of 100,000 West African CFA francs, under Article 557(4) of the Tax Code.

Invoicing Violations

Failure to issue a VAT invoice or issuing an incorrect invoice incurs a penalty equal to 100% of the VAT due, under Article 776(1) of the Tax Code. In addition, taxpayers may be banned from importing goods and services, from carrying on their business for a period of 10 days to six months or from entering into a public procurement contract, under Article 813 of the Tax Code.

Issuing a false VAT invoice incurs a penalty equal to 200% of the invoiced amount, under Article 776(2) of the Tax Code. A recipient who knowingly claims input VAT on a false invoice is jointly liable for the penalty.

Failure to meet the invoicing requirements under Article 564 of the Tax Code incurs a penalty of 100,000 West African CFA francs for each invoice issued, under Article 565 of the Tax Code.

Payment Violations

Failure to pay, or late or insufficient payment of VAT triggers a penalty equal to 10% of the VAT due, under Article 778 of the Tax Code. Late payment interest charges apply where the delay exceeds 15 days. For information about interest on underpayments, see Section 11.1.

Return Violations

Failure to file a return results in a penalty equal to 25% of the VAT due, with a minimum penalty of 50,000 West African CFA francs, under Article 777(1) of the Tax Code. In the case of an assessment by the Tax Authority, the penalty is equal to 50% of the VAT due, with a minimum penalty of 500,000 West African francs.

In the case of an incomplete or insufficient return, the penalty is equal to 50% in case of good faith, 100% in case of bad faith, and 200% in case of fraud, under Article 777(3) of the Tax Code. In addition, failure to declare VAT that has been invoiced is punishable with a fine of 500,000 to 10 million West African CFA francs or a prison term of one month to a year, or both, under Article 809 of the Tax Code.

False claims to a VAT refund trigger a penalty equal to 100% of the VAT claimed, under Article 779 of the Tax Code.

Fraud

Tax fraud is punishable by a prison term of six month to two years or a penalty of 500,000 to 5 million West African CFA francs, or both, under Article 806(1) of the Tax Code.

Under Article 806(2) of the Tax Code, if taxpayers reoffend within five years, they are liable to a prison term of two to five years or a penalty of 1 million to 10 million West African CFA francs, or both, in addition to the forfeiture of civil rights for five years.

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12. Statute of Limitations

Under Article 617 of the Tax Code, VAT assessments generally cannot be made more than three years after the end of the relevant tax period.

13. Special Regimes or Arrangements

13.1. Sale of a Going Concern —

The VAT treatment of a transfer of a business as a going concern is not clearly defined under the Burkinabe Tax Code.

Article 307(17) of the Tax Code exempts from VAT the sale of buildings, property rights, lease rights, goodwill and mining titles subject to registration fees. However, the transfer of other intangible property is normally subject to VAT, under Article 298 of the Tax Code.

For information on intangibles, see Section 4.3, and for information on immovable property, see Section 4.4.

Planning Point: It is recommended that affected persons seek a ruling from the Tax Authority to clarify the VAT treatment of the transfer of a business as a going concern. For information on administrative rulings, see Section 10.7.

13.2. Bad Debt Relief —

Under Article 333 of the Tax Code, VAT due on bad debts may be deducted from the output VAT due in subsequent periods, provided that an adjustment is made to the original invoice.

13.3. Other Special Regimes —

Simplified Taxation

Under Article 529 of the Tax Code, taxpayers with an annual turnover, excluding taxes, equal to or exceeding 15 million, but less than 50 million West African CFA francs, are subject to the Simplified Real Benefit regime.

Under this regime, taxpayers are not subject to VAT, unless they opt to register voluntarily under certain conditions, under Article 530 of the Tax Code. For more information on voluntary registration, see Section 3.2.

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14. State, Provincial or Local Indirect Taxes

14.1. General Information —

State, Provincial or Local Indirect Taxes — General Information

The Burkinabe VAT system applies to the entire territory of Burkina Faso. There are no comprehensive state, provincial or local indirect taxes in Burkina Faso.

14.2. Registration —

State, Provincial or Local Indirect Taxes — Registration

There are no state, provincial or local indirect taxes in Burkina Faso and, therefore, no applicable registration rules.

14.3. Place of Supply (or Equivalent) —

State, Provincial or Local Indirect Taxes — Place of Supply (or Equivalent)

There are no state, provincial or local indirect taxes in Burkina Faso and, therefore, no applicable place of supply rules.

14.4. Valuation of Supply —

State, Provincial or Local Indirect Taxes — Valuation of Supply

There are no state, provincial or local indirect taxes in Burkina Faso and, therefore, no applicable valuation rules.

14.5. Tax Rates —

State, Provincial or Local Indirect Taxes — Tax Rates

There are no state, provincial or local indirect taxes in Burkina Faso and, therefore, no applicable tax rates.

14.6. Recovery of Input Tax —

State, Provincial or Local Indirect Taxes — Recovery of Input Tax

There are no state, provincial or local indirect taxes in Burkina Faso and, therefore, no rules on recovery of input VAT.

14.7. Timing for Filing and Payment of VAT —

State, Provincial or Local Indirect Taxes — Timing

There are no state, provincial or local indirect taxes in Burkina Faso and, therefore, no applicable timing rules.

15. Appendices

15.1. Exempt and Zero-rated Goods; Goods Subject to Reduced or Enhanced Rates —

Exempt and exempt with credit supplies are enumerated in Articles 307-309 of the Tax Code.

15.2. Key Websites —

Domestic Statutes, Regulations, etc.

General Tax Code (Law No. 058-2017)

Finance laws

Administrative Guidance

A guide to electronic filing and payment (eSintax)

Government Agencies

Directorate General of Taxes

Customs of Burkina Faso

Additional Government Resources

Directorate General of Budget

Ministry of Finance

Electronic filing and payment portal (eSintax)

National Assembly

Unique Fiscal Identifier (IFU) verification tool

15.3. Relevant Forms —

VAT return

Other VAT forms are available on the eSintax Portal

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