State of Eritrea

Tax indicators	Residents	Non-residents
Fiscal year end	31 December	31 December
Companies		
Income tax	34%	34%
Tax on capital gains	Generally part of ordinary business income	
General sales tax	5% to 10%	5% to 10%
Value added tax	Not applicable	Not applicable
Individuals		
Individual marginal tax rate (maximum)	Progressive rates up to 30%	Progressive rates up to 30%, (20% for expatriates working in the mining sector)
Basis of taxation	Source	Source
Withholding tax		
Dividends	0%	0%
Interest	Not applicable	10%
Royalties	Not applicable	10%[2]
Management service fees	Not applicable	10%
Exchange control	Exists	Exists
Transfer pricing	No specific transfer pricing legislation. Transactions between related parties are expected to be at arm's length	
Thin capitalisation	No written law but the gearing ratio is expected to be reasonable	
Double tax treaties	None	

(1) 35% applies to petroleum companies and 38% applies to companies in the mining sector.

(2) Royalties paid by a mining company are subject to 5% withholding tax.

Contacts

For more detailed information, please contact your tax services team:

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