

The regulatory act expanding the Types of Businesses and Companies applicable to the VAT

Somali Minister of Finance

When Reviewed: Article 23 of Law # Lr 2 of 1984 gives the Minister the Ability to Issue & Implement VAT

When he Saw: The Need to extend this Law to all Business Forms, and the Parliament Approved VAT for all business form in 2024

When he considered: The Suggestions from Deputy Minister of finance and The Director General of The Revenue

The Minister Issued the Following Regulatory Act:

Article 1

The Purpose of the regulatory Act

The Purpose of the Act is to extend the Businesses that government Collects VAT and to add All business Categories to this Act

This Regulatory Act will not effect other Taxes like Profitability Tax or even all other Taxed Except VAT

Article 2

The Business that have to pay VAT

VAT is Imposed to Following Business Categories:

- a) Electricity
- b) Televisions
- c) Water Suppliers
- d) Professional Services (Notaries, Lawyers, Accountants, Shipping Company representatives, Privately owned Security Firms, and Other Same Businesses)
- e) Telecommunication
- f) Printing Houses
- g) Retailers
- h) Bars/Restaurants
- i) Insurance Firms
- j) Healthcare Facilities
- k) Transportation Services

- l) Bank and Remittance Companies
- m) All other business that not include above list but sells goods and services

Article 3

VAT Rate

The Somali Value Added Tax rate is 5% and it will be deducted from the company account as the sales occur

Article 4

The Declaration of Accounts

Every Business must use Transparent process that can be investigated if needed, and all information must be available, if needed to investigate by police or other governmental agencies

Article 5

Penalties for non-compliance with VAT regulations

1. If not Paid Penalty of 10% will be Added to Due VAT amount
2. If The Business partially Paid the Same Penalty will be applied
3. If The Business don't Implement the regulations as Planned, for example not registered or used other form of payment , The Business will Pay \$200 to \$600 of Penalty based on the negligence
4. If The Business don't Implement the regulations as Planned, for example used other **form of payment (Misused Invoices)** , The Business will Pay \$500 to \$2,000 of Penalty based on the negligence
5. After all above mentioned Penalties the Business will Pay the Taxes don't Paid
6. After Penalties Business must received Stamped Payment Paper from Authorized VAT officers

Article 6

Collecting VAT

1. Collecting VAT is Authorized to the Somali Tax Authorities
2. The Security agencies are responsible to Implement VAT if needed

Article 7

Complain Resolutions

1. Every Business that have been mentioned in this rule can have any complain, can contact Complain Resolution Committee, which consists:
 - I. Director General of Revenue Authority

II. Highly Ranked Official Specialized in General Law

III. Highly Ranked Official Specialized in Accounting/Finance

2. The Committee have to Announce results in 15 days from the day they received the complain

3. If the Complaint not convinced the decision of the committee he/she can proceed to Other Powered institutions

Article 8

Implementation of the Rule

1. This Rule will be Applicable and implementable the day The Minister signs

2. The VAT rule will began the day this Rule is signed

3. When signed this will be Published the Ministry website

4. The Ministry Secretary will keep copy of the rule