**TO: All NGO and Businesses 21 March 2016**

**Subject: Financial Act 2014/2015 and Impact on Tax Rates**

The Financial Act 2014/2015 was signed into law on 10 December 2015. This Financial Act includes revisions to the excise tax schedules and rate of advanced payment of income tax paid at the border on imports. The Act also changes the rates of Business Profits Tax and confirms that the current sales tax rate of 15% will continue.

The Financial Act changes to excise tax rates are effective for April 2016 returns to be submitted to the Directorate of Taxation on or before 15 May 2016. The new excise tax schedule is attached to this circular. Please note the new rates and, also, the elimination of the maximum of SSP 400 on the transportation excise tax. Excise taxes at the rates provided in the schedule are to be collected from 1 April 2016 forward. Excise tax returns for the month of April 2016 must be calculated using the new rates of tax.

The Financial Act provides for two rates of Advanced Income Tax: 2% on all imported food items and 4% on all other imported items. The tax rate applies to the customs value of the applicable imported goods.

Business Profits Tax computations are revised as follows, with the changes to be effective with BPT returns for the year 2015 due for filing on or before 1 April 2016:

* Taxpayers with gross annual turnover of SSP 1 Million or less are subject to 10% tax on computed taxable income (unchanged from the existing rate)
* Taxpayers with gross annual turnover from SSP 1,000,001 through SSP 30,000,000 are subject to tax at 20% on computed taxable income (this is a change from existing threshold and rate)
* Taxpayers with gross annual turnover from SSP 30,000,001 and higher are subject to tax at 25% on computed taxable income (this is a change from existing threshold and rate).

Your cooperation in implementing these new tax rates is requested.

**Albino Chol Thiik**

**Director General of Taxation**

**Ministry of Finance and Economic Planning**

**MoFEP/RSS – Juba**

**cc: First Undersecretary for Finance**

 **Undersecretary for Planning**

Excise Tax Rates Based on Financial Act 2014/2015 effective 1 February 2016

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| **Harmonized System Code** | **Article/Service** | **Rate (expressed as a percentage of the value of the good or service)** |
| 2209 | Fruit Juices | 5% |
| 2201 | Waters, including natural or artificial mineral waters | 5% |
| 2202 | Soft drinks and other flavoured waters | 5% |
| 2203 | Beer made from malt | 50% |
| 2204 | Wine of fresh grapes, including fortified wines; grape (other than unfermented grape) | 50% |
| 2205 | Vermouth and other wines of fresh grapes flavoured with plants or aromatic substances | 50% |
| 2206 | Other fermented beverages (including cider, prune wine, rice wine, sake, sherry, and mead) | 50% |
|  2207.10.30 | Indentured ethyl alcohol of an alcoholic strength by volume of 80 percent volume or higher for beverage purposes | 100% |
| 2208 | Indentured ethyl alcohol of an alcoholic strength by volume of less than 80% volume; spirits, liqueurs and other spirituous beverages; compound alcoholic preparations of a kind used in the manufacture of beverage | 100% |
| 2402 | Cigars, cheroots, cigarillos and cigarettes, of tobacco or tobacco substitutes | 100% |
| 2403 | Other manufactured tobacco and manufactured tobacco substitutes; “homogenized” or “reconstituted” tobacco; tobacco extracts and essences | 100% |
| 2710.00.10, 2710.00.15, or 2710.00.18 | Gasoline, diesel fuel and other petroleum products | 5% |
| 8702 | Buses | 10% |
| 8703 | Motor cars principally designed for the transport of persons | 20% |
| 8704 | Motor vehicles for the transport of goods | 10% |
| 8707 | Bodies of cars | 5% |
| 8711 | Motorcycles | 20% |
|  | Air transport services | 10% (no longer a maximum) |
|  | Charter Services | 20% |
|  | Telecommunication Service | 10% |
|  | Insurance Premiums | 5% |