

Chad

National charter of the Investments

Law no. 006/PR/2008 of January 3rd, 2008

Title 1 - Preliminary Provisions

Art.1. -This law institutes the Charter of the investments of the Republic of Chad.

Art.2. -The Charter of the investments of the Republic of Chad, adopted pursuant to the provisions of the Charter of the investments of the CEMAC, constitutes the general framework of promotion of the investments as well national as foreign of the private sector.

Title 2 - Field of application and objectives

Chapter 1 - Field of application

Art.3. -This Charter applies to the productive investments carried out mainly in the spheres of the following activities:

- 1° industrial activities comprising a training course of transformation or conditioning of the products;
- 2° activities of preparation or transformation of the products of vegetable, animal and piscicultural origin;
- 3° activities of exploration and geological, mining and oil research;
- 4° activities of exploitation of the mineral substances, their transformation and related activities;
- 5° activities of production and distribution of energy and water;

¹Law n° 006/PR/2008 of January 3rd, 2008 instituting the Charter of investments of the Republic of Chad

- 6° activities of development of other sources of solar, wind energy;
- 7° activities of manufacture and assembly of articles or objects of great consumption;
- 8° activities of tourist and hotel exploitation;
- 9° industries of buildings, public works and transport;
- 10° activities of maintenance of the industrial plants;
- 11° communication and information technologies.

Chapter 2 - Objectives

Art.4. -This Charter aims to support the creation and the development of the activities directed towards:

- 1° the valorization of the local raw materials;
- 2° the promotion of exports;
- 3° the promotion of goods and services intended for the domestic market;
- 4° creation of sustainable jobs and training of the national manpower;
- 5° suitable technology transfer;
- 6° the completion of the investments in the zones with weak industrial merger in accordance with the policy of decentralization of the State;
- 7° the rehabilitation and extension of the existing companies;
- 8° the mobilization of the national saving and the contribution of the external capital.

Art.5 are excluded from the field of application of this Charter, the companies exerting the trade as an activity of resale in unaltered state of the products bought outside the company.

Title 3 - General Principles

Chapter 1 - Role of the State as regards economy

Art.6. -The national Charter of the investments explains the commitment of the State in a strategy intended to improve the institutional and fiscal environment of the privatesector with an aim of supporting the development, the growth and the diversification of the economy on the basis of a better definition of the role of the State.

Art.7 Beyond its fundamental attributions, the State takes care:

- To the uniform, fair and equitable application of the principles by the all the actors of the economic system in particular rules as regards competition, protection of consumers and environment;
- To the maintenance and the development of the economic infrastructures of bases necessary to the setting up and the exploitation of the companies;
- To the guarantee of macro-economic stability so as to consolidate and support the rise of the private sector and the growth of the investments;
- To the adoption of the economic policies aiming at promoting the development of small and medium-size industries, rural and artisanal industries closely related to the national production;
- To the support of the privatesector to profit from the facilities granted by some international financial institutions.

Chapter 2 - Legal and Judicial Security

Art.8 the State takes care of the promotion of legal and judicial Security and the reinforcement of the State of right through the following provisions:

- to create the basic legal conditions necessary to attract the private investments and to reinforce the rights of the investors;
- to adhere to the international provisions of guarantee and protection of investments and to respect the bilateral and multilateral agreements relating to it in particular those of the Multilateral Agency of Guarantee

- of the Investments, the International Center for the Settlement of the Disputes relating to the Investments;
- to guarantee the application of the procedures and judgments of the Community Court of Justice of the CEMAC and the Common Court of Justice and Arbitration of the OHADA;
 - to reinforce the capacities of the magistrates in the treatment of the commercial businesses;
 - To take care of the diligent execution of the decisions and arbitration of court.

Chapter 3 - Partnership with the private sector

Art.9 Within the framework of its policy of development, the State privileges the dialogue with the private sector. To this end, it commits itself:

- To establish a dynamic partnership between the public sector and the private sector for the definition of the strategies and the search for the solutions to the economic and social problems;
- to bring its support to the reinforcement of the autonomous professional organizations, by creating a legal framework favorable to the correct operation of the Consular Chambers, employers' and employees federations and associations of consumers;
- to adopt and animate an institutionalized framework of systematic dialogue with the private sector and the civil society on the issues of economic development;
- To simplify the administrative formalities of the investors by setting up a device of reception, information and council of the investors.

Chapter 4 –Business Environment

Art.10 -To support the investments and to encourage to the development of the private initiatives, particularly the creation of small and medium-sized undertakings, small and medium-sized industries (PME/PMI), the state begins to create a favorable environment. To this end:

- it guarantees, through the treaties instituting the CEMAC and the Banking Commission of Central Africa (COBAC), a healthy and reassuring banking structure equipped with a regional money market;
- it brings its support to the setting up of the devices and mechanisms allowing an access to the financings and guaranteeing the investments;
- it encourages the services of support to the reinforcement of the production and competitiveness;
- it takes care of the implementation and the application of the regulation of competition;
- it ensures the protection of the intellectual property;
- It guarantees the reliability of the insurances sector through the Inter-African Conference of the Insurance Markets (CIMA).

Contain 4 - General Guarantees

Art.11. -The private investments are freely carried out in Chad subject to the specific provisions aiming at respecting the economic and social policy of the State in particular the protection of health, of safety and the public health, social protection and the safeguard of the environment.

Art.12. -Within the framework of the exchange control regulations instituted in the franc zone and more particularly that of the CEMAC, the State guarantees the freedom of transfer of the capital notably:

- regularly entered benefit;
- funds coming from transfer or the liquidation of credits;
- Savings made on the wages of the foreign people occupying an employment in a company set up in Chad.

Art.13. -The companies whose capital comes from other countries as well as the branches of companies amenable to third countries have the faculty to acquire the rights of any nature useful for the exercise of their activities: real-estate laws, rights of intellectual ownership, concessions, authorizations and administrative licenses, the participation to the public markets under the same conditions as the Chadian company subject to the provisions of the Code of Public Markets.

Art.14. -The acquired rights of any nature are guaranteed to the companies regularly set up in Chad.

Art.15. -The companies targeted in the article 13 above or their leaders are represented under the same conditions as the Chadian companies or the nationals in the consular assemblies and the organizations ensuring the representation of the professional and economic interests.

Art.16. -In the exercise of their occupations, the foreigner employers and workers profit from the social law and industrial legislation under the same conditions as the nationals. They can take part in the trade-union activities and belong to the organizations of defense of the professional interests subject to the provisions of the Code of work.

Art.17. -The employers and workers cannot be subjected on a purely personal basis to a higher tax and contributions other than those perceived on the nationals.

Art.18. -The foreign companies profit from the same protection as the Chadian companies and with regard to the protection of the patents, marks and any other form of the intellectual property, in accordance with the provisions of the national and international texts in force on the matter.

Contain 5 - Customs, tax and domanical provisions

Art.19. -In accordance with the Community Charter, the tax and customs system of Chad rests on the principle of simplicity, tax equity and moderation in the tax pressure.

Chapter 1 - Customs system

Art.20. -In customs matters, the State guarantees:

- the exemption from duties of customs within the framework of the Common external tariff of the CEMAC on building materials and the materials of equipment necessary to the production and the transformation of the products. This exemption applies to the new

activities or in extension within the framework of an approved investment plan;

- the suspension of the customs duties in the form of temporary admission or of entry of frankness for the activities of research on the natural resources, within the framework of the specific regulations;
- The suspension of the customs duties in the form of temporary admission or of entry of frankness and mechanism of the active improvement for the activities turned towards export.

Chapter 2 - Tax system

Art.21. -In the tax field, the State guarantees:

- the generalized application of the VAT;
- the application of the null rate of the VAT on the exported productions allowing the refunding of the VAT discharged on the investments and operating costs of the exporting companies;
- a reduction of the amount of technological contract of research concluded with a university, an institute of research or teaching or a school of higher education based in the CEMAC and on the contracts of consultant whose headquarter is located in a Member State;
- the keeping of the tax pressure around an acceptable rate in return of the investments and operating costs engaged by the company in rural zone, as regards social services corresponding to the current missions of the State;
- the exemption for the new companies or in extension pursuant to the provisions of articles 16 and 118 of the General Tax Code under:
 - the corporation tax;
 - the fiscal minimum tax;
 - the license;
 - the tax on the rental value of the professional buildings;
 - the land tax of the built properties;
 - the land tax of the undeveloped properties;

- the possibility of carrying out depreciations on diminishing and accelerated values or constant throughout the period of exemption of tax on the companies and the possibility of the carryforward of the losses on the following exercise;
- The possibility to have a deduction of 40 % of the sums invested in the chargeable bases to the tax on the income of the natural persons and to the tax benefit of the companies in accordance with articles 136 to 142 of the General Tax Code. This deduction will be made on the results of the year or the activities during which will intervene:
 - the completion of constructions;
 - the payment of the purchases of the material or tools;
 - the payment of the contributions to the Chad mixed investment companies.

The benefit of these exemptions is a function of the importance of the investments and the site.

Chapter 3 - Mode of domanial taxes and right of registration

Art.22 As regards domanial taxes and right of **registration**, the State guarantees:

- the moderation of the registration fees to 50 % of the current rate at the time of the creation of company, the fusion of the companies, the increase in the capital, the change of the actions and social shares;
- The application of the null rate of the registration fees on the acts of acquisitions of the grounds intended for the completion of the projects of creation or extension of company.

Title 6 - Specific Provisions

Art.23. -Within the framework of the harmonious development of the territory and the policy of the decentralization of the activities and in particular industrial, promotion of exports and valorization of the local raw materials, specific advantages are granted to the companies which invest in the landlocked zones,

faraway from the urban centers and with a weak industrial merger. It is in particular about:

- to grant a time of exemption agreed in the article 21 over one period from five to ten years;
- To grant premiums of equipment in compensation of the social services provided by the company and entering in the normal mission of the State.

These measures are modulated according to the volume of the investments and the handicaps to be overcome without constituting a serious distortion to the rules of competition.

Art.24. -A simplified mode or other modes of taxation is set up for the oil sector, the micro companies, and the informal sector in order to reduce the declaratory obligations to them and to facilitate administrative management to them.

Title 7 - Administrative provisions

Art.25. any new or former company responding the criteria given in article 3 above and justifying of an investment plan at the time of its creation or extension of its activities can request the benefit of the advantages of this Charter.

Art.26. -The companies desirous to profit from the advantages given in the articles 20, 21, 22 and 23 are required to submit an approval or convention application of establishment near the Ministry in charge of Industry.

The approval or convention application of establishment must contain the following documents:

- an administrative and legal file;
- a technical file;
- A file on the investments projects (investment plan).
- A National Commission of Investment is in charge to examine the files of the approval or convention application of establishment.

Art.27. -The companies approved or under convention must meet the following conditions:

- to present a forward program of investment on three to five years;
- to indicate in the program as well to the title of the existing activities as of the investment to be accomplished, the number of permanent employees;
- to hold a regular accountancy whatever the sales turnover carried out;
- to subscribe to the obligations of the wages contribution to the CNPS;
- To meet the general obligations envisaged by the texts in force with regard to the shape of the company and the statutes related to it.

Title 8 - Transitional and final provisions

Art.28. -The Charter of the investments of the Republic of Chad will be supplemented as a need by specific Codes in the mining, tourist, oil, forest, etc.sectors

Art.29. -The procedures of approval or the obtaining of a convention of establishment as well as the methods of their application are specified by the lawful texts.

Art.30. -The settlement of the disputes resulting from the interpretation or the application of this Charter to the approved or officially agreed companies can, independently of the grounds for appeal in front of the national jurisdictions, be subjected to an arbitration and conciliation procedure. The arbitration follows two ways:

- constitution of an Arbitration Board;
- Recourse in front of the qualified international organizations.

Art.31. -companies having profited from the advantages of the ordinance no. 025/PR/87 of December 8th, 1987 creating Code of investments in the Republic of Chad and the subsequent texts will continue to profit from these advantages until the expiry of the fixed period.

Art.32. -companies which exert in accordance with the provisions of the ordinance quoted above can, from the date of publication of this Charter, require the benefit for the remainder of the duration of the mode of the advantages envisaged, if they meet the prescribed conditions.

Art.33. -Are repealed, subject to the provisions of article 31, all the previous provisions contrary to this Charter in particular those of the ordinance no. 025/PR/87 of December 8th, 1987 creating Code of investments in the Republic of Chad and the decree no. 446/PR/MCI/87 of December 8th, 1987 fixing the procedure of granting the advantages of the aforesaid Code.

Art.34. -Lawful texts will lay down as a need the methods of application for this Charter.

Art.35. -This law will be registered, published in the Official Journal of the Republic and carried out like law of the State.

