SOMALIA

INCOME TAX MANUAL

For the Income Tax Law 2025 & Income Tax Regulations 2025

November 2025

Recommended Guide for Quick Reference

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Contents

I. Introduction

The enactment of the **Income Tax Act 2025** (ITA 2025) presents a major reform and turning point in the Somali domestic revenue system. It has replaced the previous administrative framework that has existed for years under the 1966 Direct Taxation Law. The Income Tax Act came into effect from 11 May 2025 and was immediately followed by the signing of the income tax regulations 2025 (ITR 2025) on 15 May 2025, which have supplemented the implementation of the Act.

The purpose of this manual is to provide a simplified guide for interpretation and application of the provisions of the new set of laws and regulations pertaining to Income Tax. This manual is an important tool for both tax officers and taxpayers alike as it explains the obligations, rights and entitlements under the Act and ultimately seeks to enhance compliance with the new laws. It provides first level support to tax officials by explaining the detailed procedures for assessment, filing and payment in a simple, reader friendly manner.

Please note that this manual does not attempt to cover every detail in the ITA 2025 and does not purport to be a legal interpretation of the statute. Consequently, responsibility cannot be accepted for any liability incurred or loss suffered as a result of relying on the contents published in this manual. The Income Tax Act and its accompanying regulations remain the primary legal authority governing the administration of income tax laws. In the event of any discrepancy between this manual and the legislation, the provisions of the Act and the Regulations shall prevail. If this manual does not address your specific query, you are encouraged to contact your local revenue office or seek independent professional advice from a certified tax practitioner.

II. When should I register for Income Tax and how should I complete and file tax returns for my business or investments Income

(*ITA 2025*: Article 10, 11, 97, 98 *ITR 2025*: Article 9, 97)

1. If as an entity/ individual you earn income from business or investments from Somalia for any year of assessment, you must **register** with the IRD on the prescribed **Form TR1**.
2. Form **TR1** can be downloaded from the Ministry of Finance website (Home | Somalia Revenue Directorate)
3. The year of assessment is by default the same as calendar year i.e. January- December.
4. However, you may elect to apply to the IRD to use a different year other than calendar year.
5. At the beginning of every year of assessment, you must estimate how much Income Tax to pay for purposes of establishing the **instalment** amount payable.
6. The calculation formula for payment by quarterly instalment is provided in the ITR 2025
7. The detailed estimation method for No. 3 above is provided for in the law
8. After estimation, pay the estimated tax in **4 quarterly instalments** by the end of each quarter i.e., March 31, June 30, September 30, December 31
9. No later than **March 31st,** of the subsequent year you must do the reconciliation between the total of the 4 quarterly instalments **(A)** and the total amount of tax due for the year **(B).**
   - Where B > A = you must pay the reconciliation balance by 31 March.
   - Where B < A = you may opt to apply for a refund or tax credit carry forward.
   - Where B = A = there is no further payment or refund to be made.
10. In addition, the total tax due for each year must be paid in full no later than March 31st of the subsequent year, or if a non-standard tax year is applied for under 4 above, no later than three calendar months following the end of the agreed tax year.
11. Notwithstanding the above, you must always **complete your annual Income Tax return** and send it to the IRD within 3 months after the end of the Income Tax year i.e., by March 31st

III. Who is liable for imposition of Income Tax?

(ITB 2025 Article 3, Article 9, Article 11, Article 86)

1. Income tax is imposed and payable for each year of assessment by:

a) a person who has chargeable income for the year;
b) a person who receives a final withholding payment during the year; and
c) a non-resident person who has a Somali permanent establishment (PE) that has repatriated income from Somalia for the year.

2. The assessable income of a person for a year of income from employment, business or investment is:
   a) in the case of a resident person, the person's **worldwide income** from employment, business or investment for the year, and
   b) in the case of a non-resident person, the aggregate of: i) the person's worldwide income for the year of each Somali permanent establishment of the person (see Article 83); and ii) to the extent not included under subparagraph (i), the person's income from employment, business or investment for the year that has a source in Somalia.
3. A "person" means an individual or entity (includes a deceased individual)
4. An "entity" is an arrangement recognised by Law as separate from the individuals involved in it and includes partnerships, trusts and corporations.
5. A "partnership" means an association of two or more individuals or corporations carrying on business jointly for the purpose of making profit, irrespective of whether the association is recorded in writing.
6. A "trust" means an arrangement under which a trustee holds assets and includes a retirement fund; but excludes partnerships and an arrangement that gives rise to a separate legal person in law.
7. A **"corporation"** means an arrangement which gives rise to a separate legal person under civil law; and an association or other body of persons which can be identified separately from the persons involved in it irrespective of whether the association or body has a separate legal personality.
8. "Somali permanent establishment (PE)" means a fixed place in Somalia where a non-resident person carries out business for a period of 90 days or more in any 12-month period:
9. Foreign Tax Credit: A resident person (other than a partnership) may claim a foreign tax credit for a year of assessment for any foreign income tax paid by the person with respect to the person's assessable foreign income for the year.

IV. Income from Employment

(ITR 2025 Article 90)

1. If you are an employee, your tax is collected from your wages by your employer on your behalf and sent to the Inland Revenue Department (IRD).
2. You do not need to complete a tax return or make any additional payments unless you have more than one employment in a calendar year or other income from business or investments

Example 1 *Halima works in a shop and earns $1,000 per month, each month her employer withheld $120 in tax from her wages. She also cuts hair in the evening and earns $700 per month. She received a dividend from an investment of $600 from which 15% was deducted as withholding tax. In July she crashed her car and received $2,100 from her insurance company. She also received a gift of $300 from her friend at Eid. What are her obligations?*

- Halima is an employee and therefore the shop is responsible for filing and paying taxes on her behalf on the $1,000 salary she makes from the shop.
- However, since she does her own business of cutting hair in the evening and her investment business, she should register as a taxpayer for presumptive tax regime (PTR) because the income is likely to be below USD50,000.
- Her insurance compensation and the gift she received from her friend are not income and therefore she has no obligation to pay tax on both those amounts.
- Halima should pay quarterly instalment tax payment on her business and investment income
- On her business income and investment income she must also file her tax return before 31st March of the following year.

V. What is chargeable Income as per the Income Tax Act?

(ITA 2025 Article 10, Article 70)

1. The chargeable income of a person for a year of assessment is the total of the person's assessable income for the year from employment, business and investment.
2. In arriving at chargeable income, subtract deductions allowed to the person for the year.
3. The chargeable income of each person is determined separately.

VI. Who is defined as a Resident Person for tax purposes in Somalia?

(ITA 2025 Article 77)

1. An individual is resident in Somalia for a year of assessment if he/she:

a) *has a permanent home in Somalia;*

b) *is a citizen of Somalia, unless the individual has a permanent home outside of Somalia that is available for the whole of the year;*

c) *is present in Somalia during the year and that presence falls within a period or periods amounting in aggregate* ***to 183 days or more*** *in any 12-month period that commences or ends during the year; or*

d) *is an employee or an official of the Federal or State Governments of Somalia posted abroad during the year*

2. A partnership is resident in Somalia for a year of assessment if at any time during the year a partner is resident in Somalia.

3. A trust is resident in Somalia for a year of assessment if:

a) *it was settled or established in Somalia;*

b) *at any time during the year a trustee of the trust is resident in Somalia; or*

c) *at any time during the year a person resident in Somalia controls or has the power to control decisions of the trust, whether the control: (i) is sole or joint with other persons; or (ii) direct or through one or more interposed entities.*

4. A corporation is resident in Somalia for a year of assessment if:

a) *it is incorporated, formed, organised or otherwise established in Somalia; or*

b) *at any time during the year its effective management is in Somalia.*

5. A person is considered a "non-resident" where they do not fit the definition of a resident above.

VII. Am I entitled to deductions on expenses from income before tax

(ITA 2025 Article 16, Article 17, Article 18, Article 19)

1. Expenses/deductions may be deducted as long as they are incurred in producing income from the business.

2. Where allowed, the total deductions claimed in calculating income from a business for a year of assessment must not exceed 95 percent of income.

3. Regardless, if you have made a loss on your business, you are required to at least pay a minimum tax on 5% of your income. However, the actual loss incurred can still be carried forward.

4. No deduction is allowed for an expense of a capital nature. Expense of a capital nature includes an expense incurred to the extent it secures a benefit lasting longer than twelve months.

5. No deduction can be claimed in calculating income from employment; for amounts incurred in deriving retirement payments or for private expenses.

6. In calculating a person's income from a business for a year of assessment, depreciation allowances must be deducted using the prescribed rates provided in the table below:

CLASS	DEPRECIABLE ASSETS	RATE
1	Computers, research and development expenses (see paragraphs (4) and (5) below), data handling equipment approved environmental machinery	40%
2	a) Automobiles, buses and minibuses, goods vehicles; b) Construction and earth-moving equipment, heavy general purpose or specialised trucks, trailers and trailer-mounted containers; c) Plant and machinery used in manufacturing	30%
3	a) Railroad cars, locomotives and equipment b) Vessels, barges, tugs and similar water transportation equipment; c) Aircraft; d) Specialised public utility plant, equipment and machinery; e) Office furniture, fixtures and equipment f) Any tangible asset not included in another class	20%
4	Buildings, structures, and similar works of a permanent nature	5%
5	Intangible assets not falling within another class	Divided by the useful life of the asset in the pool (rounded to the nearest year)

VIII. Withholding Taxes (WHT) and Applicable Rate

(ITA 2025 First Schedule Article 5)

WHT is a mechanism for payment of taxes where taxes are paid directly at source to the Revenue Directorate at the point of payment. WHT is applicable at the rates shown in the below table:

NO.	INCOME TAX TYPE	RATE (%)	EXPLANATION
1.	**Rental Income Tax (RIT – Immovable)**	**5%**	Withholding on rental income from immovable property (**Real estate**).
	RIT – Movable Property	**10%**	Withholding on rental income from movable property (**e.g., vehicles, machinery, equipment**)
2.	**Capital Gains Tax (CGT)**	**15%**	Applies on disposal of investment assets (**shares, property, etc.).**
3.	**Trust Income (TRUST)**	**26%**	Applies on the income of trusts **(AMAANO)**
4.	**Dividend Tax**	**5%**	Applies on dividends (including Somali-source income routed through tax havens). **Panama**
5.	**Returns on Debt Claims (Profit)**	**10%**	Applies to **Murabaha** profit and other debt claim income.
6.	**Royalty Fees** (Xuquuqda Milkiyada)	**15%**	Applies to royalties, intellectual property rights, and licensing fees. (***Coca-Cola.)***

7.	**Service Fees (Adeeg)**	**10%**	Withholding on service payments (Qidmada Adeegyada).
8.	**Insurance Premium (Caymiska)**	**5%**	Withholding on reinsurance and insurance premium payments.

IX. How to pay tax on income from business as a corporation.

(ITA 2025 Article 3, 60, 61)

1. Corporation Tax is paid on income generated by businesses that are registered as Corporates
2. The corporation rate of tax for **resident** shall be
   - **USD150** for those with sales less than **USD 10,000**
   - **1.5%** for those with sales >10,000 but below **USD50,000**
   - **15%** for those with sales over **USD50,000** (Large & Medium Taxpayers)
3. The corporation rate of tax for **non-resident** shall be 18% flat rate
4. You only pay tax on the **taxable profit** made from your business, not on your total sales.
5. To calculate and arrive at the taxable profit, you **deduct** the cost of purchases, and other legitimate expenses incurred from the total sales revenue to arrive at the taxable profit.
6. You are also entitled to reduce the taxable profit figure by claiming deductions for losses in earlier periods, allowances to cover the **capital depreciation** of assets used in the business for example buildings, plant, motor vehicles and machinery, etc.
7. You are only entitled to deduct expenditure that relates **solely** to the business.
8. You are **NOT** entitled to deductions on private expenses that do not relate to your business e.g., entertainment, personal effects etc.
9. You are required to keep accurate records of all business transactions; this includes:
   - Audited Financial Statements
   - Purchase invoices
   - Sales invoices
   - Creditor statements
   - debtor statements
   - Receipts
   - Payroll and wage books
   - Petty cash book
   - banking statements and records
   - Asset registers, depreciation schedules and any other records that relate to your business

X. How do I pay my taxes on Income from Business if I am an Individual/ Sole Proprietor?

(ITA 2025: Article 5,7,9,10)

1. Personal Income Tax (PIT) is paid on income generated by businesses undertaken by individuals
2. PIT for **non-resident individuals** is 18% at a flat tax rate
3. PIT for **resident individuals** below the age of 18 years is 20% at a flat tax rate
4. The PIT rate of tax for **resident** shall be
   - per annum USD 0-1,200: 0%
   - per annum USD >1,200 - 6,000: 6%
   - per annum USD >6,000 - 18,000: 12%
   - per annum >USD 18,000: 18%
5. You only pay tax on the taxable profit made from your business, not on your total sales.
6. To calculate the taxable profit, you deduct amounts for purchases, and other legitimate expenses incurred from the total sales to enable you to arrive at the taxable profit.
7. You are also entitled to reduce the taxable profit figure by claiming deductions for losses in earlier periods, allowances to cover the capital depreciation of assets used in the business, for example buildings, plant, motor vehicles and machinery, etc.

8. You are only entitled to deduct expenditure that relates solely to the business.
9. You are NOT entitled to deduct non-business expenditures, which do not relate to the business e.g., private expenses.
10. You are required to keep accurate records of all business transactions, for example:
    - Financial Statements (Profit & Loss Records, Balance Sheet)
    - Purchase invoices
    - Sales invoices
    - Creditor statements
    - debtor statements
    - Sales Receipts
    - Payroll and wage books
    - Petty cash book
    - Banking statements and records
    - Asset registers, depreciation schedules
    - Any other records that relate to your business

XI. How do I account for taxes on salaries, allowances, benefits or emoluments paid to my employees?

(ITR 2025 Article 90)

1. As an Employer you are responsible for withholding and paying taxes on behalf of your employees by the 15th of every subsequent month.
2. You should withhold personal income tax (PIT) from your employees on a monthly basis and remit to Revenue department
3. You should calculate and withhold this PIT as shown below:
4. PIT for **non-resident individuals** is 18% at a flat tax rate per month
5. PIT for **resident individuals** below the age of 18 years is 20% at a flat tax rate per month
6. The PIT rate of tax for **resident** shall be
    - per month USD 0-100: 0%
    - per month USD >100 – 500: 6%
    - per month USD >500 – 1500: 12%
    - per month > USD 1500: 18%
7. No deductions are allowed against income earned from salaried employees
8. Where an employee has more than one employment, taxes must be paid for the income that is above the taxable bracket.

XII. How do I pay taxes on Income from Business if I am a Partnership?

(ITA 2025 Article 3,54,55,56,57)

1. Where persons come together to invest for business for making profit irrespective whether registered or not registered/ written or not written they shall be deemed to be a partnership
2. Partnerships are not liable to pay tax with respect to their chargeable income under Article 9(1)(a) and are also not entitled to any tax credit with respect to that income.
3. Business income from a partnership shall be taxable in the hands of the individual partners under the PIT regime.
4. Partnership income and partnership losses of a partnership are allocated to the partners in accordance with their ownership percentage.

XIII. How do I pay my taxes on Income from Business if I am registered as a Trust (AMAANO)?

(ITA 2025 Article 3,58,59)

1. A trust is taxed as a business entity.
2. The chargeable income of a trust for a year of assessment is taxed at the rate of **26%.**

XIV. What is the tax on Gain on Investment Asset (GIA) and how is it calculated and filed?

(ITA 2025 Article 6, 39)

1. Tax on GIA seeks to tax gains on disposal of investment assets
2. Investment assets include immovable assets or shareholding in an entity. Immovable assets include land, buildings and private residences
3. GIA is levied on the disposal of chargeable investment assets
4. Tax on GIA is only applicable when the assets are actually disposed off
5. A person's gain from the disposal of an asset or liability is the amount by which the sum of the proceeds for the asset or liability exceeds the cost of the asset or liability at the time of disposal.
6. A person's loss from the disposal of an asset or liability is the amount by which the cost of the asset or liability exceeds the sum of the proceeds for the asset or liability at the time of disposal.
7. However, where an individual makes a gain on the disposal of a primary private residence the first USD100,000 of gain is not included in calculating the taxable gain. The remainder if any is included in calculating income from investment

Example 2 *Salat bought his private residence for USD 1,000,000 in 2021 and sold for USD 1900,000 IN 2025. What is the capital gains payable?*

Capital gain = 1,900,000 − 1,000,000 = USD 900,000
Capital gains allowance = USD 100,000
Taxable capital gain = 900,000 − 100,000 = USD 800,000
Capital gains tax is charged at 10%.
Capital gains tax payable = 800,000 × 10% = USD 80,000
Conclusion:
Salat is liable to pay USD 80,000 in capital gains tax.

8. Please note the no6 above is only applicable to the primary private residence
9. Where the GIA does not exceed USD18,000 the tax rates applicable are those for PIT. However, where the GIA exceeds USD18,000 the rate of tax on the gain from disposal of a chargeable investment asset is 15% flat rate. Where the additional amount will be charged at 18%. Please see below illustration:

Example 3 *Faiza works in an office and earns a total annual chargeable income of USD 18,000. Her income comprises USD 13,000 from employment (salary and wages) and USD 5,000 from Gain on Investment Assets (GIA). What is the tax on GIA?*

Since Faiza's total chargeable income is USD 18,000, the special concessional rule for GIA (15% and 18%) does NOT apply. Her income shall be taxed under the normal progressive PIT, since her income is less than $18,000 i.e.

First USD 1,200 → 0% = 0
Next USD 4,800 → 6% = 288
Next USD 12,000 → 12% = 1,440
Total tax liability = USD 1,728

What are Faiza's obligations under the ITA 2025

- She should register as a taxpayer with the Federal Government of Somalia.
- She must file her annual income tax return before 31st March of the following year.
- Her USD 5,000 GIA should be reported as part of her taxable income for PIT
- She must maintain records of her salary and investment gain in case of future audits

Example 4 *Faiza works in an office and earns a total aannual chargeable income of USD 20,000. Her income comprises USD 15,000 from employment (salary and wages) and USD 5,000 from Gain on Investment Assets (GIA). What is the tax on GIA?*

- Her chargeable income exceeds USD 18,000, so the GIA concessional rule applies.
- Excess amount above will be a USD20,000 - $18,000 = USD 2,000.
- This excess is less than the GIA (USD 5,000), so the USD2,000 is taxed at 15%.
- USD18,000 will apply the progressive rate of PIT for (0%, 6%, 12%, 18%).
- Tax on excess = USD 2,000 × 15% = USD 300.

What are Faiza's obligations?

- She must register as a taxpayer.
- She must file her tax return before 31st March of the following year
- Her GIA of USD 5,000 absorbs the excess portion, and USD 300 is payable on that.
- She must declare both her employment and GIA income correctly

Example 5 *Faiza works in an office and earns a total annual chargeable income of USD 30,000. Her income comprises USD 25,000 from employment (salary and wages) and USD 5,000 from Gain on Investment Assets (GIA). What is the tax on GIA?*

- Her income exceeds USD 18,000, so the concessional rule applies.
- The USD18,000 will apply the progressive rate of PIT for (0%, 6%, 12%, 18%).
- Excess amounts above $25,000 - $18,000 = USD 12,000.
- Step 1: First USD 5,000 (equal to GIA) taxed at 15% = USD 750.
- Step 2: Remaining USD 7,000 taxed at 18% = USD 1,260.
- Tax on GIA = (USD 5,000 * 15% = USD 750).
- Tax on non-GIA excess (USD 7,000 *18% = USD 1,260).
- The final tax to be paid shall therefore be 18,000 (0% - 18%) + (USD 5,000 * 15% = USD 750) + USD 7,000 *18% = USD 1,260

What are Faiza's obligations?

- She must register and file her annual return before 31st March.
- Her USD 5,000 GIA is taxed at a rate of 15%.
- The balance USD 7,000 is taxed at 18%.
- She must maintain records of her salary and investment income for compliance.

XV. How are dividends paid by Corporations subjected to tax?

(ITA Article 14, 61, First Schedule Article 5)

1. Dividends means any payment derived by a shareholder/member from a corporation whether received as a division of profits, in the course of liquidation or reconstruction, in a reduction of capital or share buy-back, or otherwise; and irrespective of whether received in respect of shares in the corporation;
2. Dividends paid by a resident company to a resident individual are subject to WHT at **5%**
3. This WHT is final tax meaning the resident individual shall not declare these dividends again as chargeable income
4. Dividends distributed by a resident corporation to another resident corporation are **exempt** if the other corporation holds over **12.5%** in the distributing corporation immediately before the distribution and for a continuous period of 365 days.

XVI. Simplified Taxation: Presumptive Tax Regime (PTR)

(ITA 2025 Article 9, Article 97)

1. Presumptive Tax Regime (PTR) is applied to a resident individual for a year of assessment for business income exclusively derived from sources within Somalia
2. PTR is only applicable for natural persons/ individuals but NOT corporations
3. The turnover from business should not exceed USD50,000 per year (based on a rolling average of the previous three years) for PTR to apply.
4. Business that do a turnover above USD50,000 do not qualify for registration for PTR
5. Turnover is determined on the terms of cash basis receipts
6. Further the individual MUST not be a partner in a partnership for the PTR to apply
7. The aggregate turnover of USD 50,000 per year is calculated as an aggregate of income only derived from (i) service fees; (ii) proceeds for trading stock; and (iii) income from investment but which are effectively connected with the business
8. Revenue Directorate can deregister or decline to register a taxpayer for PTR where they are satisfied that taxpayer has ability to maintain adequate records
9. PIT is payable by quarterly instalments and shall be the higher of USD37.5 or 1.5% of the turnover for the quarter
10. Professionals who possess prescribed professional qualification or conduct other activities prescribed by regulation are not eligible for PTR.
11. Professionals are ineligible for registration for PTR including medical professional including medical doctor, chiropractor, dietician, radiologist, occupational therapist, optometrist, osteopath, pharmacist, physician, physiotherapist, podiatrist, psychologist, surgeon, dentist, nurse and midwife; veterinarian; architect or engineer; accountant, actuary, auditor, economist, lawyer and journalist; or teacher, lecturer or professor.
12. A business that principally consists of leasing immovable property; and any other business listed in a formal circular issued under Article 9 of the Revenue Administration Law (Law No. 13 of 2 7 October 2019) are also excluded from PTR.

Example 6: *Mr. Farah generated business sales of USD 200 for the first quarter of 2025. His sales in the last assessment year 2024 were USD 10,000 per annum. He wishes to pay his taxes to the Inland Revenue Department. Please answer the following questions*

i) Does Farah qualify for registration for Presumptive Tax Regime (PTR) and why?

Yes. He qualifies for PTR, reason being that his total sales are less than $50,000

ii) If Yes. How much should Farah pay for PTR and how should he calculate it?

When we compare the higher of USD37.5 versus (1.5% of $200) i.e., USD3, the amount of USD 37.5 is higher. He should therefore pay USD37.5 under PTR for the quarter.

Example 7 *Mr. Hassan made business sales of USD 10,000 for the first quarter of 2025. His sales in the last assessment year 2024 were USD 45,000 per annum. He wants to pay his taxes to the Revenue Directorate. Please answer the following questions with regard to his tax computations:*

i) Does he qualify for registration for PTR and why?

Yes. He qualifies for PTR reason being that his total sales is less than USD50,000

ii) If Yes. How much should he pay for PTR and how should he calculate it?

He should pay $150. This is because when you compare 1.5% of the turnover of USD 10,000 for the quarter versus the prescribed amount of USD37.5, the amount of USD 150 is higher. Therefore we take the higher amount.

Example 8 *Ms. Asha generated business sales of USD 60,000 for the first quarter of 2025. Her sales in the assessment year 2024 were USD 75,000 per annum. She wants to pay her taxes to the Revenue Directorate. Please answer the following questions:*

i) Does she qualify for registration for PTR and why?

No she does not qualify for PTR, reason being her total sales is more than $50,000

ii) If Not which taxes should she register for?

She should register for Personal Income Tax (PIT)

XVII. What happens if you fail to register, file or pay for income tax

1. The Revenue Administration Law stipulates various civil penalties for failure to comply with the requirements outlined under the Income Tax Law. The penalties include:
   - Civil Penalty for Failing to Pay Tax
   - Civil Penalty for Underestimating Income Tax Payable
   - Civil Penalty for Failing to Maintain Documents
   - Civil Penalty for Failing to File Tax Return
   - Civil Penalty for False or Misleading Statement to Revenue Officer
   - Civil Penalty for False or Misleading Statement to Third Party
   - Civil Penalty for Aiding and Abetting

2. Further a person is considered to have committed a criminal offence if the person acts knowingly or recklessly; and without reasonable excuse in the areas stated below:
   - Criminal Offence of Failing to Comply with Revenue Law
   - Criminal Offence of Failing to Pay Tax
   - Criminal Offence of Making False or Misleading Statements
   - Criminal Offence of Impeding Tax Administration
   - Criminal Offences by Authorised and Unauthorised Persons

DISCLAIMER

The Income Tax Act and the regulations remain the authoritative guidance on the application of the income tax laws and the income tax regulations. Where there may be conflicting interpretation between the manual and legislation, please refer to the Act and the Regulations.

XVIII. Annex I: Tax Registration Form

	TAX REGISTRATION FORM FOR SOLE TRADER, PARTNERSHIPS AND CORPORATE COMPANIES REGISTERING FOR TAX IN FEDERAL GOVERNMENT OF SOMALIA	**TAX REGISTRATION FORM** **FORM 1**

This form can be used by:

1. Individuals, Partnerships or Corporate who require registration for Income Tax (CIT), Sales Tax, Personal Income Tax (PIT), Rental Income Tax (RIT), Road tax, Production. Complete parts A(1), A(3) and B, C, D, E, and / or F as appropriate. Individuals who require registration for Income Tax only - use service. To use this service, you must first be registered for.

PART A:	**SOLE TRADER DETAILS**			
A1 - Sole Trader or Individuals – Give the following information of the Person who is to be registered and then complete **A3**.				
1. First Name:			2. Middle Name:	
3. Family Name:			4. Nationality	
5. Six:	A .Male ☐	B . Female☐	6. Date of Birth	
7. Tax Identification Number (TIN)				
8. Private Address:				
9. Phone No:			10. Email:	
11. Website:			12. Somali National ID:	
13. Marital Status:	a. Married☐	b. Single☐	c. Divorce☐	d. Widow☐

PART A: CONTINUED	GENERAL DETAILS OF PARTNERSHIPS		
A2 - Name of the partnership to be registered – Give the following information of the body who is to be registered and then complete Section A3			
14. Name of the partnership to be registered:			
15. **Responsible Person** – (Chairperson or secretary of the group, or precedent partner in the case of a partnership)			
Full Name:		Address:	
Phone No:		Email:	
Website:			
16. If previously registered state TIN no. Used:			

17. **Details of Partnerships** – (a minimum of 2 partners are required) Give the following information in respect of all partners, trustees or other officers. Under 'Capacity', state whether acting precedent partner, partner, trustee, treasurer, etc. If necessary, continue a separate sheet.

Name	**Private Address**	**Personal Identification No (TIN)**	**Percentage of Shareholder (%)**

PART A: CONTINUED	GENERAL DETAILS OF CORPORATIONS		
A3 - **Name of the Corporate to be registered** – Give the following information of the body who is to be registered and then complete Section A3			
18. Name of the Corporate to be registered:			
19. **Responsible Person** – (Chairperson or secretary of the group, or precedent partner in the case of a partnership)			
Full Name:		Address:	
Phone No:		Email:	
Website:			
20. If previously registered state TIN no. Used:			

21. **Details of Partnerships** – (a minimum of 2 partners are required) Give the following information in respect of all partners, trustees or other officers. Under 'Capacity', state whether acting precedent partner, partner, trustee, treasurer, etc. If necessary, continue a separate sheet.

Name	**Private Address**	**Personal Identification No (TIN)**	**Shareholding**

22. Company Secretary – if this is one the directors above the name will suffice.

Name	**Private Address**	**Personal Identification No (TIN)**	

23. **Shareholders** - Give the details of any shareholder (other than a director whose details are shown above)

Name	**Private Address**	**Personal Identification No (TIN)**	**Shareholding**

A4 BUSINESS DETAIL

24. Where applicable, state Registration Number of entity prior to Administration / Liquidation /	
25. Receivership of company / Individual / Partnership on whose behalf you act..	
26. If you trade under a business name, state trading as:	

27. Legal Format (The appropriate box)

Sole Trader:	Partnership:	Corporate:	Other, Specify:

28. Business Address:

Address:		Phone No:	
Website		Email	

29. Type of Business

A .Is the Business below Type:

Mainly Retail☐ Mainly Wholesale☐ Manufacturing ☐ Service☐ Forestry /Meat☐ Building and contractions☐

B .Describe the business conducted in as much detail as possible. Give a precise description such as ‘newsagent’, ‘clothing manufacturer’, ‘property letting’, ‘dairy farmer’, ‘investment income’, etc. Do not use general terms such as ‘shopkeeper’, ‘manufacturer’, ‘computers’, ‘consultant’, etc. *(Write the type in below box)*

PART A: CONTINUED	GENERAL DETAILS				
30. Please confirm if there is a software package in use within the business, e.g. Accounting Package / EPOS				**YES** ☐	**NO** ☐
If yes, please provide the name of the software package(s)					
31. When did the business or activity commence? *					
32. To what date will annual accounts be made up? *					
33. State the expected turnover in the next twelve months *					
34. **Advisor Details -** Give the following details of your accountant or tax advisor, if any, who will prepare the accounts and tax returns of the business.					
Name:		Phone No:			
Address:		Email:			
Tax Advisor Identification Number (TIN):					
35. **If you rent your business premises, state -** Name and private address of the landlord (not an estate agent or rent collector)					
The amount of rent paid per	Monthly:		Yearly:		
The date on which you started paying the rent					
The length of the agreed rental / lease period					
If you acquired the business from a previous owner, state (The name and current address of the person from whom you acquired it):					
Please submit a copy of the rental lease agreement.					
36. **State your bank account details:**					

Bank Name	**Bank Account**	**Bank Address**

PART B:	Registration for Income Tax (Corporate Income Tax “CIT”)			
37. Please If you are registering for Income Tax. Check the box and indicate your main source of income below:				
Trade ☐	Foreign Income (Incl. Salary & Pension) ☐	Rental Income ☐	Investment Income ☐	Other ☐
Specify				

PART C:	Registration for Sales Tax	
If you are registering for Sales Tax. Check the box and Complete this part		☐
38. Registration State the date from which you require to register for Sales tax		
39. State the expected annual turnover from supplies of taxable good or Service within the state		☐
40. Will your business engage in the supply of goods and / or services?		YES ☐ NO ☐
If your Answer is ‘Yes;		
A . The appropriate box and Provide a brief description		Goods ☐ Services ☐
B . State the Storage and Description address in Somalia for goods?		

PART D:	Registration for Personal Income Tax (PIT)	
41. If you are registering as an employer for PIT Check the box and Complete this part		☐
42. Persons Engaged		
A . How many employees did you have?		
43. What payroll system will you use?	Computer System ☐	The Manual System ☐
Please specify what payroll and records system you will use?		
Details	**Address**	**Contact Details**

XIX. Annex II: Withholding Tax Form

SOMALI REVENUE DIRECTORATE

INLAND REVENUE DEPARTMENT

WITHHOLDING TAX (WHT) RETURN

CURRENCY IN USD

CURRENT TAX OFFICE		**LTO☐**	**MTO☐**
PERIOD			
NAME OF TAX PAYER			
TIN			

(Please refer to the completion notes overleaf for guidance in completing this Return)

RESIDENT STATUS	TIN.	NAME OF TAXPAYER	LOCATION OF BUSINESS	CONTRACT AMOUNT	WHT TYPE	TAX RATE	TAX WITHHELD

Total							

XX. Annex III: Personal Income Tax (PIT)

SOMALI REVENUE DIRECTORATE

INLAND REVENUE DEPARTMENT

PERSONAL INCOME TAX (PIT) RETURN

CURRENCY IN USD

SECTION A – TAX OFFICE DETAILS			
CURRENT TAX OFFICE		**LTO☐**	**MTO☐**
PERIOD			
NAME OF TAX PAYER			
TIN			
ECTION B – EMPLOYMENT INCOME DETIALS			
(Please refer to the completion notes overleaf for guidance in completing this Return)			

Personal Identification Number (PIN)	Name	Basic Salary	Monthly Allowance	Total Salary & Allowance	Total PIT Deducted

Total					

SECTION C – DECLARATION	
I hereby certify that the information provided above is true, correct, and complete to the best of my knowledge.	
Name of Authorized Officer from the Taxpayer	
Designation / Position:	
Signature:	**Official Stamp:**
Date:	______/______________/_________________

****

SECTION D – OFFICE USE ONLY		
Checked by	**Verified by**	**Approved by**
Name:	**Name:**	**Name:**
Signature:	**Signature:**	**Signature:**
Date: ___/_______/__________	**Date:** ___/_______/_________	**Date:** ___/_______/________

IMPORTANT NOTICE

This return must be submitted to the Inland Revenue Department on or before the 15th day of the following month.

Failure to comply may result in penalties in accordance with Article 68 of the Revenue Administration Regulation 2024, which stipulates that:

"Any taxpayer or withholding agent who fails to submit a required return, report, or payment within the prescribed time shall be liable to an administrative penalty not exceeding USD 500 or 2% of the unpaid tax per month, whichever is higher. Continued failure may lead to further enforcement actions."