

Ivory Coast – ITS Reform

The Presidency of the Republic published 'Ordonnance No 2023-179 du 13 September 2023', reforming the taxes on salary, wages, pensions and life annuities. The Director General of Taxes announced that this reform will take effect on 1 January 2024.

Currently ITS comprises of three different taxes payable by the employee, namely –

1. IS (Tax on Salary/Wages) which is 1.5% of 80% of taxable employment income.
2. CN (National Contribution) which is taxed at progressive tax tables on 80% of taxable employment income, and
3. IGR (General Income Tax) which is calculated using a specific formula and progressive tax tables, taking into consideration the employee's family situation.

In practice, this is complex for both employees and employers responsible for making these deductions at source and remitting it to the Tax Authority. In addition to this, the mechanism of the family quotient lead to a certain inequality of treatment between employees, where if the family situation are the same, the highest earners are favored.

In order to modernize and simplify the current tax system (which has been in place since the early years of independence), ITS will be reformed to make it more user-friendly and become a more uniform system.

The ITS reform will consist of the following:

- Merging the three taxes payable by the employee of IS, CN and IGR into one single payroll tax (ITS).
- Adopting a progressive tax table (which will consist of 6 brackets),
- Instituting a tax reduction/credit mechanism for dependents to replace the family quotient, to take into account the employee's family situation (i.e., the marital status and number of dependent children).
- A zero-rate tax bracket for monthly taxable employment income less than 75 000 FCFA has been established.

- Increasing the monthly exempt portion for the retirement pensions and life annuities from 300 000 francs to 320 000 francs.
- Increasing the employer pension contributions and insurance premiums paid to a pension fund on behalf of the employee, limited to 1/10th of the gross taxable remuneration excluding benefits in kind or 320 000 (was 300 000).
- Reducing tax on retired employees over 70 years of age, by reducing the tax with an abatement of 75%.
- The standard abatement/deduction of 20% will be repealed and the progressive tax tables will be applied to 100% of the taxable employment income.
- Taxes payable by the employer remain unchanged

Click [here](#) for the Ordinance No 2023-179.

New Tax Tables

Tax Tables effective 1 January 2024:

Lower Income Limit	Upper Income Limit	Income Threshold	Marginal Rate	Tax on Threshold
0.00	900 000.00	0.00	0	0.00
900 000.00	2 880 000.00	900 000.00	16%	0.00
2 880 000.00	9 600 000.00	2 880 000.00	21%	316 800.00
9 600 000.00	28 800 000.00	9 600 000.00	24%	1 728 000.00
28 800 000.00	96 000 000.00	28 800 000.00	28%	6 336 000.00
96 000 000.00	999 999 999.99	96 000 000.00	32%	25 152 000.00

Family Rebate:

Number of Shares	Monthly Amount in CFA Francs	Annual Amount CFA Francs
1	0	0
1.5	5 500.00	66 000.00
2	11 000.00	132 000.00
2.5	16 500.00	196 000.00
3	22 000.00	264 000.00
3.5	27 600.00	330 000.00
4	33 000.00	396 000.00
4.5	38 500.00	462 000.00
5	44 000.00	582 000.00

Paymaster Impact

- The new tax calculation has been implemented on the system effective 1 January 2024.
- The Contribution Nationale (CN) and Impôt Général sur Revenu (IGR) employee taxes components have been removed from the calculation.
- The Impôt sur trait. et sal. (ITS) component still remains.
- All Ivory Coast customer payrolls have been recalculated.
- No other statutory changes have been announced.