

Burkina Faso – New mandatory employee tax

On Friday, 5 January 2024, the Council (under the Ministry of Economy, Finance and Foresight) adopted a decree (Decret No 2024-0027/PRES-TRANS/PM/MEPFMFPTPS) establishing a compulsory withholding tax on the remuneration of public officials and workers in the private sector to increase the financial resources of the Patriotic Support Fund (FSP), which is necessary for the fight against terrorism as well as the reconquest and security of the national territory. This measure will also improve the remuneration and working conditions of Volunteers for the Defense of the Fatherland (VDP).

Following the adoption of this decree, the Ministry of the Economy, Finance and Foresight published a "Communiqué" for the attention of employers in the public and private sectors, containing the rules for this new withholding tax.

- The new withholding tax must be made from the month of **January 2024** for the entire duration of the general mobilization.
- It applies to public officials of the State, as well as to private sector workers.
- A public official is defined in the decree as any civil or military person holding a legislative mandate, executive, administrative or judicial office, whether appointed or elected, on a permanent or temporary basis, regardless of the type of remuneration received and regardless of his or her hierarchical level or position; any other civilian or military person vested with a function or mandate, even if temporary, irrespective of the type of remuneration received and who, in this capacity, contributes to the service of a public body or public enterprise, or any other enterprise in which the State holds all or part of its capital.
- Private sector worker is defined in the decree as any person linked to another person, natural or legal, by an employment contract under the conditions of the Labour Code.
- The rate is **1% on net salary** paid to the employee. This withholding tax is deducted by the employer from the employee and paid on behalf of the employee.
- Net salary means the sum of remuneration less the deduction for social security contributions and the single tax on salaries and wages (IUTS). Remuneration is defined in the decree as any form of **cash remuneration paid** in the course of or in connection with the performance of duties, such as salary, salary-related allowances, incentive bonuses, performance bonuses, balance-sheet bonuses and thirteen-month bonuses.

- In addition to the 1%, there is a 25% deduction on incentives/motivations (which are incentive bonuses, performance bonuses, balance-sheet bonuses and thirteen-month bonuses) and applies exclusively to the employees of public institutions, public establishments and state-owned companies (this does not apply to private sector workers, they only contribute the 1% on incentives/motivations). This additional 25% is also deducted by the employer from the employee.
- Employers in the private sector must declare and remit this new withholding tax to the General Directorate of Taxes within the same deadlines as IUTS.
- For public employers, the new withholding tax must be remitted to the Treasury accounts of the Patriotic Support Fund no later than the 5th of the month following the month in which the deductions were made.

Click [here](#) for the Decree.

Click [here](#) for the official communication.

How does this work?

1) A new statutory employee deduction component has been created:

Component Name: Impôt sur le Fonds de soutien patriotique employé

Payslip Action: Deduction

Tax code: FSPEE

Statutory: Yes

Calculation:

- [Tax codes (ANC, BASE, BON, BONPAY, FUNC, LOG, NONTAX, NONTAXEX, OTHER, OTHEREX, SAL, SALIS, SUR, TRAILPAY, TRAN) minus (CNSSEE, IUTS, IUTSL, TRAILTAX)] x 1%.
- The deduction will be considered in the Gross up calculation.
- This is a MTD calculation, and no backdating will happen.
- To provide flexibility for customers to define their own base, they may use the Component Taxability screen. Please refer to the Release Note #609451 for the instructions on how to set this up.
- The deduction will be rounded.

2) A new note component to house the base of the calculation has been created:

Component Name: Impôt sur le Fonds de soutien patriotique Income

Payslip Acton: Note

Tax code: FSPI

Calculation:

- This component will calculate the base that is used for the calculation.
- The default base is cash allowances less Tax and Social Security deductions.

- Tax codes (ANC, BASE, BON, BONPAY, FUNC, LOG, NONTAX, NONTAXEX, OTHER, OTHEREX, SAL, SALIS, SUR, TRAILPAY, TRAN) minus (CNSSEE, IUTS, IUTSL, TRAILTAX).

3) A new deduction component has been created to process the adjustments:

Component Name: Impôt sur le Fonds de soutien patriotique Ajustement

Tax code: FSPEEADJ

Calculation: Advised customer input.

4) New components have been created for Incentives and Reimbursements to provide flexibility to include in the base or not:

4.1) **Component Name:** Incentives

Payslip Action: Allowance

Tax code: INCENT

Calculation: The component will be included when calculating Tax (IUTS) and Social Security.

4.2) Component Name: Reimbursements

Payslip Action: Allowance

Tax code: REIMB

Calculation: The component will be excluded when calculating Tax IUTS and Social Security CNSSEE.

Paymaster impact

- The new statutory components have been implemented on the system effective 01 January 2024.
- The country only caters for a MTD tax calculation, adjustments may be made using the adjustment component: *Impôt sur le Fonds de soutien patriotique Ajustement (FSPEEADJ)*.
- To include the adjustment with the January payroll, create a post run linked to January called *BurkinaFSP StatutoryUpdate*. This run will not be billed.
- Customers in public institutions, public establishments and state-owned companies will need to calculate the additional 25% on the incentive/motivation payments and 13th month bonuses manually using the adjustment component.
- All customer payrolls have been recalculated.
- A new statutory update has been announced for Minimum Wage (SMIG). Please refer to the Release Note #57399 for more information.