

Chandrawat  
& Partners

Guide to do business in  
**COMOROS**





## ABOUT COMOROS

Off the eastern coast of Africa, in the Indian Ocean, lies the archipelago-shaped island nation of Comoros. Seychelles, Madagascar, and Mozambique are neighboring nations. The volcanic islands of the Comoros have low hills and steep mountains. The president serves as both the head of state and the head of the government in a republican system of government. With a strong reliance on agriculture and a patchwork of weak centralized economic planning and government regulation, Comoros has a mixed economic system. Comoros belongs to both the Common Market for Eastern and Southern Africa (COMESA) and the League of Arab States (Arab League).

With a 77.7% adult literacy rate, the nation has improved access to healthcare and education in recent years.

Comoros is a promising location for investors and business owners looking to expand their operations in Africa due to its stable political environment and advantageous location for trade and commerce.

## ADVANTAGES

The small island nation of Comoros, which is off the coast of eastern Africa in the Indian Ocean, has a number of benefits for conducting business. Despite being one of the smallest nations on earth, Comoros has a lot to offer businesspeople and investors.

### **Government reforms :**

The Comorian government has implemented reforms to enhance the business climate, including streamlining the procedure for establishing and operating a business and minimizing bureaucracy.

### **Growing economy:**

The island nation of Comoros is strategically positioned along vital shipping routes in the middle of the Indian Ocean. The Middle East, Asia, and Africa are consequently prime locations for trade and commerce.

### **Investment opportunities :**

Comoros offers a number of investment opportunities in industries like tourism, infrastructure, and renewable energy, and the government actively encourages foreign investment.

### **Low labor cost :**

The cost of living in Comoros is relatively low, which results in low labor costs for businesses. Because of this, it is a desirable location for businesses that want to minimize their costs.

### **Strategic location:**

In the Indian Ocean, Comoros is centrally located and strategically situated along important shipping lanes. As a result, it makes the Middle East, Asia, and Africa an ideal hub for trade and commerce.

Off the eastern coast of Africa, in the Indian Ocean, is the tiny island country of Comoros. The nation's tax structure is fairly straightforward, with levies placed on income, goods, and services. In order to increase revenue collection and foster economic growth, the Comoros government has been working to reform and modernize its tax system.

### **Types of taxes in Algeria**

#### **Corporate Tax :**

Businesses operating in Comoros must pay a corporate tax.

Both domestic and foreign corporations are subject to Comoros' 50% corporate tax rate. The company's net profits, which are determined after deducting allowable costs and depreciation, are used to determine the tax.

#### **Individual Tax :**

Individuals may be subject to taxation in Algeria:

Individuals in Comoros are subject to a progressive income tax, which is determined by their yearly income.

In Comoros, income tax rates range from 0% to 30%, with higher rates being applied to earners of higher incomes.

Comoros has a progressive individual income tax system with tax rates that increase as income rises. The current income tax slab rates for individuals in Comoros are as follows:

Income up to KMF 800,000:	0%
Income from KMF 800,001 to 1,600,000:	5%
Income from KMF 1,600,001 to 2,400,000:	10%
Income from KMF 2,400,001 to 3,200,000:	15%
Income from KMF 3,200,001 to 4,000,000:	20%
Income from KMF 4,000,001 to 4,800,000:	25%
Income from KMF 4,800,001 to 5,600,000:	28%
Income above KMF 5,600,001:	30%

#### **Value Added Tax (VAT) :**

The VAT system in Comoros has a standard rate of 10%. VAT is charged on the sale of both goods and services, and companies must register for VAT if their annual revenue exceeds a certain amount.

#### **Property Tax :**

The value of real estate is taxed in Comoros through a property tax.

Annual tax on the rental value of residential property and farms is 20% and commercial and industrial units are subject to tax at 30%.

### **Foreign business entities :**

A foreign entity is a legal person formed under the laws of a foreign country, having a place of business in Algeria. Mainly, there are three types of foreign business entities in Algeria:

1. Representative office
2. Branch office
3. Subsidiary

### **Joint stock company (JSC):**

A Joint Stock Company (JSC) is a business that is owned by investors who hold stock in the business. The shareholders' liability is capped at the value of their share capital. A JSC must have at least five shareholders in order to be formed.

### **Limited liability company**

In Comoros, a limited liability company is a common option for small- and medium-sized businesses. LLCs offer their owners a limited amount of liability protection, and the company's profits and losses are transferred to the owners' individual tax returns.

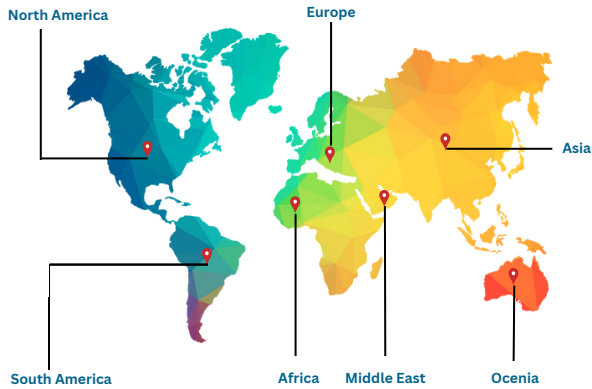
### **Public limited company:**

Similar to a joint stock company, a public limited company is subject to more disclosure and transparency regulations. For larger, publicly traded businesses in Comoros, PLCs are frequently used.

### **Sole proprietorship :**

A sole proprietorship is a type of company in that is owned and operated by a single individual. The owner is fully responsible for all aspects of the business, including any debts or legal liabilities that may arise.

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