



## DELLA REPUBBLICA SOMALA

Anno VI

Mogadiscio, 28 Dicembre 1965 Suppl. N. 8bis al N. 12

Publicazione Mensile

Direzione e Redazione presso la Presidenza del Consiglio dei Ministri

**PREZZO:** Sh. So. 5 per numero — Arretrati il doppio — **ABBONAMENTI:** Annuo per la Somalia Sh. So. 100. Estero Sh. So. 150 — L'abbonamento in qualunque tempo richiesto, decorre dal 1° gennaio e l'abbonato riceverà i numeri arretrati — **INSERZIONI:** per ogni riga o spazio di riga Sh. So. 2 — Le inserzioni si ricevono presso la Direzione del Bollettino. L'importo degli abbonamenti e delle inserzioni deve essere versato all'Ufficio Tesoreria.

### SOMMARIO

#### PARTE PRIMA

##### LEGGI E DECRETI

LAW No. 26 of 28 December 1965 — *Amendment to Law No. 15 of 16 November 1957 relating to Income Tax, extended to the whole territory of the Republic by Law No. 3 of 19 February 1963.*

Page 3

#### PARTE SECONDA

##### DISPOSIZIONI, COMUNICATI, AVVISI, VARIE

N. N.

## PARTE PRIMA

### LEGGI E DECRETI

**LAW No. 26 of 28 December 1965.**

**Amendment to law No. 15 November 1957 relating to Income Tax, extended to the whole territory of the Republic by law No. 3 of 19 February 1963.**

THE PRESIDENT OF THE REPUBLIC

TAKING NOTE of the approval of the National Assembly;

HEREBY PROMULGATES

the following law:

#### Article 1

Article 13 of the Income Tax Law (Law No. 15 of 16 November 1957), which was extended throughout the whole territory of the Republic by law No. 3 of 19 February 1963 is hereby amended to read as follows:

The following shall be exempted from income tax:

- a) State and local Administrations.
- b) International organizations and bodies, in conformity with the generally accepted rules of international law and international treaties binding on the Somali Republic.
- c) Diplomatic agents of foreign states, in respect of their salaries and any other emoluments received in connection with their functions.
- d) Consular agents of foreign states, in respect of their salaries and any other emoluments received in connection with their functions.
- e) Officials and employees of the United Nations and its specialized Agencies and of foreign and international organizations and bodies, in conformity with international agreements, in respect of their salaries and any other emoluments received in connection with their functions.
- f) Members of the Armed Forces and of para-military organizations below the rank of non-commissioned officers, on active duty, in respect of their salaries and emoluments.

- g) Lawfully established charitable and welfare institutions, bodies and foundations; educational institutions; institutes, Academies and Societies having exclusively cultural purposes; religious institutions.
- h) Companies, societies and bodies which are holders of mining or oil concessions, where the concession contract lawfully concluded by them stipulates the payment of direct taxes inclusive, or in lieu of, income tax.

## Article 2

Article 14 of the above mentioned law is hereby amended to read as follows:

The following shall be exempt from income tax:

- a) building used for public worship and their annexes;
- b) cemeteries and their annexes;
- c) State-owned buildings;
- d) buildings in which foreign embassies, legations and consulates are housed, provided such buildings are the property of the foreign states occupying them;
- e) buildings used as schools, including private schools, provided such schools are organized on a non-profit basis and are authorized by the Ministry of Education;
- f) buildings owned by the United Nations and its specialized Agencies as well as building which are the property of foreign or international organizations and bodies, in conformity with international agreements;
- g) interests on postal bonds and deposits.

## Article 3

Article 15 of the above mentioned law is hereby amended to read as follows:

Also exempt are rural structures which belong to the owner or concessionary of the land in question provided that they are intended:

- a) for habilitation by the persons who apply themselves with their own labour to cultivation of the land, if the total value of the structure does not exceed Sh. So. 10,000;

- b) for housing animals reared on the land well as animals required for cultivation of the said land;
- c) for storage and primary processing of agricultural products as well as for save keeping and preservation of machines, equipment and all other thing serving for cultivation of the the land.

#### Article 4

1. Article 16 of the above mentioned law, concerning total and gradual exemption from income tax in respect of newly constructed buildings and of new constructions expanding or raising existing buildings, is hereby abrogated.

2. The exemption from the payment of income tax granted to owners of buildings shall be terminated with effect from 1st January 1966.

#### Article 5

Article 17 of the above mentioned law is hereby amended to read as follows:

1. The Minister of Finance may exceptionally, wholly or partly, exempt the income from new industrial and agricultural enterprises from paying income tax during a period not longer than 10 years.

2. This exemption may only be granted if the enterpriser concerned proves that he will run an extraordinary risk and that he will either produce goods not formerly produced in Somalia or that he, in producing goods, will use a more advanced technique which has not formerly been used in Somalia.

3. Exemption may further be granted where the enterpriser proves that he will run an extraordinary risk in carrying out industrial and agricultural activities which, without involving any actual processing of goods, preserve or condition such goods thereby increasing their economic value.

4. Exemption may be granted to enterprises who make additions to existing enterprises or renovate such enterprises radically provided that the conditions mentioned in para 2 and 3 of this Article are fulfilled.

5. An enterpriser who can prove that he will produce the same goods or use the same technique as another enterpriser who is already exempt from the income tax may be exempt from paying income tax under conditions not more favourable to him than to the existing enterpriser, and only for the period until the exemption, which was been granted to the already existing enterpriser, expires.

6. This exemption can only be given an income not exceeding 10% of the invested capital and only for a period not longer than it is considered by the Minister of Finance that the enterprise will not be able to earn an income which gives a normal return of the invested capital.

7. New technically organized industrial enterprises producing goods which, according to Article 17 in the Income Tax Law No. 15 of 16 November, 1957 have been exempt from income tax will get an exemption of not more than 10% of the invested capital, and not for a longer period than 10 years after these enterprises became useable.

#### Article 6

Article 18 of the above mentioned law is abrogated.

#### Article 7

Article 23 of the above mentioned law is hereby amended to read as follows:

«The taxable income from the buildings and structures indicated in item 6 Article 8 shall be determined by deducting from the gross income in respect of repairs, maintenance and any expense or loss, a sum equal to 20% of the said gross income».

#### Article 8

1. Article 24 of the above mentioned law is hereby amended to read as follows:

- a) private and family expenses;
- b) losses (except as provided in Article 21), reduction and depletion or withdrawals of capitals, amount charged to capital, and other expenses in special account;
- c) losses and expenses recoverable through insurance, contracts or indemnities;

- d) rents, in respect of building or part thereof, not paid for the purpose of producing the income;
- e) interest on proprietors capital invested in the business;
- f) remuneration for work done by the taxpayer, by the latter's spouse, children and relatives up to the third degree, who are employed in the business, if they live together with the taxpayer;
- g) remuneration of directors of the company and of other entities taxable on the basis of their balance sheet.

2. Provided that companies having legal personality have well kept accounts and are able to show in a proper way their incomes and expenditures, their debts and credits, these companies are entitled to deduct from the taxable income 40% of their undistributed profit. This deduction must never exceed 25% of their taxable income.

3. Companies having legal personality which are distributing more than their incomes shall have added to their taxable income 40% of the difference between the distributed amount and the income.

## Article 9

Article 31 of the above mentioned law is hereby amended to read as follows:

The income from the buildings mentioned in Article 8, item 5 and in Article 23 is not to be calculated with the income of other kinds, and is subject to separate taxation at the following rates with effect from 1st January, 1966.

- Up to Sh. So. 30,000 at the rate of 15,00%
- On the part exceeding Sh. So. 30,000 at the rate of 22,50%

## Article 10

Article 32 of the above mentioned law is hereby amended to read as follows:

The total taxable income mentioned in items 1, 2, 3, 4 and 5 of the Article 8 is subject to taxations at the following rates with effect from 1st January, 1966;

1. Amount of the tax due from individuals:

						Exempt
—	Up to	Sh. So.	2400			
—	On the part exceeding	Sh. So.	2400	up to	Sh. So.	3600 9%
»	»	»	»	3600	»	» 4800 11%
»	»	»	»	4800	»	» 6000 13%
»	»	»	»	6000	»	» 7200 15%
»	»	»	»	7200	»	» 8400 17%
»	»	»	»	8400	»	» 9600 19%
»	»	»	»	9600	»	» 10800 22%
»	»	»	»	10800	»	» 18000 25%
»	»	»	»	18000	»	» 30000 28%
»	»	»	»	30000		30%

2. Amount of the tax due from companies having legal personality:

— On taxable income of any amount: 28%.

Article 11

Article 33 of the above mentioned law is hereby amended to read as follows:

With effect from 1st January, 1966, there shall be due, in favour of the local Administrations a supplement equal to one sixth of the income tax. The supplement shall be reduced to one twentieth of the tax in respect of the income from paid employment as mentioned in item 7 of Article 8. The supplement collected by the Direct Taxes Office, together with the principal tax, is indivisible. The Direct Taxes Offices shall pay the collected supplement to the local administrations in the area of which the taxpayer exercises his preponderant activity.

Article 12

Article 54, 55 and 56 of the above mentioned law are abrogated and modified as follows:

1. There shall be established a tax section in the Regional Courts, having jurisdiction in the first instance, which shall consist of the President of the Regional Court, two Assessors and one substitute Assessor.

2. There shall be established a tax appellate section in the Courts of Appeal which shall consist of the President of the Court of Appeal, four Assessors and two substitute Assessors.

3. Rolls of Assessors shall be established by decree of the Minister of Finance every two years. At the beginning of each period of two years, the President of the Regional Courts and of Court of Appeal, shall draw by lot, from among the persons entered in the rolls, the above mentioned Assessors.

In the case of absence or incapacity, the President may, at his discretion, replace the Assessors following the procedure referred to in the preceding paragraphs.

4. The Assessors of the a Tax Section shall be entitled to the same emoluments due to the Assize Assessors.

### Article 13

Article 68 of the above mentioned law is hereby amended to read as follows:

1. Except as provided under Chapter VII of this law, income tax shall be due and shall become payable upon presentation of the declaration referred to in Article 25.

2. The tax, or the additional tax, due as a result of the assessment or of its upward revision, shall become payable after thirty days from the date on which such assessment or revised assessment was notified.

3. Where any claim is filed against an assessment or revised assessment so notified, the collection of the tax shall be suspended until the case is decided and the judgment becomes final, or until the agreement of the party referred to in Article 46 of the law. However, the tax office shall provisionally collect, on the basis of the assessment or revised assessment, after thirty days and not later than sixty days from the notification, an amount equal to 50% of the tax or of the additional tax assessed. The collection shall be made in accordance with the procedure laid down in Article 70 of the law, and no surtax for delayed payment shall be levied.

4. Payment shall be made to the Direct Tax Office or to the District Office territorially competent.

5. The procedure laid down in the preceding paragraphs shall apply to the disputes pending at the date of the entry into force of this law, before the Tax Section, the Tax Appellate Section and the Supreme Court,



## Article 14

Article 84 of the above mentioned law is hereby amended to read as follows:

1. The Regional Court shall have the exclusive jurisdiction over financial offences ascertained within their territorial jurisdiction.

2. As regards offences provided for in this law, criminal proceedings shall be initiated after the tax has been fully assessed and the obligation to pay such tax has been established.

3. A person responsible for a financial offence punishable exclusively or alternatively with a fine or a crime or fine for a contravention, or a person responsible for an administrative violation which does not constitute an offence, shall be permitted to pay to the State, within fifteen days after he has been notified by the Administration of the offence admitted by him, an amount equal to one sixth of the maximum pecuniary punishment prescribed by law, in addition to the amount of the tax and the surtax, if any.

4. Where the person responsible for a financial offence has not availed himself in time of his right to settle the offence under the preceding paragraph, he shall be permitted to pay, prior to the hearing of the case, a sum equal to one third of the maximum pecuniary punishment prescribed by law for the offence committed by him, in addition to paying the tax and the surtax if any, as well as the Court costs.

5. A record of the administrative settlement or of the compounding shall be made and signed by the tax officer and the party concerned.

6. The administrative settlement and the compounding shall extinguish the offence and bar the institution of judicial proceedings.

## Article 15

Article 88 of the above mentioned law is hereby amended to read as follows:

The tax on the income from employment shall be charged at the following rates with effect from 1st January, 1966:

Up to Sh. So. 2400	Exempt
On income exc. Sh. So. 2400 up to Sh. So. 9600	at the rate 6%
» » » » 9600 » » 18000	» » 12%
» » » » 18000 » » 30000	» » 18%
» » » » 30000	» » 24%

### Article 16

The Minister of Finance may issue regulations governing the inspection and registration of building and other non masonry constructions.

### Article 17

The following provisions are hereby abrogated:

- a) — Article 94 of the above mentioned law on Income Tax;
- b) — Legislative Decree No. 4 of 5 May, 1960;
- c) — Any other provision contrary to or inconsistent with this law.

### Article 18

The Government is hereby authorized to issue, not later than 31 December 1966, by decree of the President of the Republic on the proposal of the Minister of Finance, having heard the Council of Ministers, a unified text on the Income Tax law coordinated and brought up to date taking into account the new law and Regulations.

### Article 19

1. The provisions of Decree No. 30 of 24 February 1956 governing execution in respect of direct taxes and any other fiscal matter are hereby extended to the whole territory of the Republic

2. For the purposes of execution, the final payment order issued by the financial Authority shall be deemed to be an order for compulsory execution under the terms of Article 1 of the said Decree.

3. An attestation that the order is compulsorily executable as provided in Article 2 of the Decree shall be made in the order by the financial Authority.

### Article 20

This law shall enter into force on the day following the date of its publication in the Official Bulletin.

This law shall be included in the Official Compilation of Laws and Decree of the Somali Republic.

All persons shall be required to observe it and cause others to observe it as a law of the Republic.

Mogadishu, 28 December 1965.

**ADEN ABDULLA OSMAN**

*The Prime Minister*  
ABDIRIZAK HAGI HUSSEN  
*The Minister of Finance*  
AWIL HAGI ABDULLAHI