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## BUSINESS ENVIRONMENT

### THE CONSUMER

#### Consumer Profile

Benin has a population of around 12.8 million people, with a GDP per capita (PPP) estimated at Int\$ 3,580 by the IMF (2021), one of the lowest in the world. The country is classified as low-income by the World Bank, with 38.5% of the population below the poverty line in 2019.

The Beninese consumers are relatively young: according to data by the CIA, the proportion of children below the age of 14 is 45.56%, 20.36% of the population is between 15 and 24, 28.54% between 25 and 54, while only 5.54% are 55 or older (2020 est.); and it is equally split between men and women.

The population is mostly located in the south (especially in and around the cities on the Atlantic coast), while most of the north remains sparsely populated with higher concentrations of residents in the west. The urban population is 47.8% of the total population (World Bank, 2019). Only 42.3% of the population aged 15 and over can read and write (World Bank, latest data available).

#### Consumer Behaviour

Most Beninese consumers have little disposable income and are extremely price-sensitive, both for groceries (which compose the majority of households' basket) and for durable consumer goods.

However, there is a growing number of consumers for higher-end merchandise.

Availability and proximity are two other important purchasing factors, with retailers and consumers typically clustering in established public markets.

Employing direct marketing techniques in Benin may not be efficient due to underdeveloped telecommunications and postal and IT infrastructure. TV, radio and newspapers remain the main forms of advertising, but also cell phone text messages can be effective.

Direct personal engagement with current and potential clients is important. Promotional materials and technical documents should be in French. Beninese consumers may expect maintenance services to be included in the purchase price of durable goods.

In general, for foreign companies willing to enter the Beninese market it is recommendable to partner with a reputable agent or distributor who is fluent in both French and English and familiar with local business practices.

#### Consumers Associations

[League for the Defense of Consumers \(LDCB\)](#)

[The Voice of Consumers \(La Voix Du Consommateur\)](#)

## IMPORTING & DISTRIBUTING

## Import Procedures

The documents required to import goods into Benin generally include:

- invoice
- bill of lading (B/L)
- inspection certificate from Bureau Veritas
- the importer's import license
- attestation of origin of the goods
- single payslip (BFU)
- electronic cargo tracking note (BESC)
- animal or plant health inspection certificate (if applicable).

## Distribution market players

The main supermarket chains active in Benin include:

- Attidza
- CBND
- Erevan Hypermarché
- Étoile
- Mayfair
- Megamart
- Starlight
- Unidis
- Yamaya Supermarché

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## OPERATING A BUSINESS

### Type of companies

#### Limited Liability Company (LLC/SARL)

**Number of partners:** Minimum one shareholder and one director, which may be of any nationality and not be resident in the country

**Capital (max/min):** XOF 1

**Shareholders and liability:** Liability is limited to the shares

#### Public Limited Company (PLC)

**Number of partners:** Minimum one shareholder and three directors, of any nationality. If the company has more than three shareholders, a board of directors must be appointed (with minimum three directors)

**Capital (max/min):** USD 18,000 (USD 180,000 in case of publicly traded companies)

**Shareholders and liability:** Liability is limited to the extent of the shareholders contributions

## Limited Partnership (Société en Commandite Simple - SCS)

**Number of partners:** Minimum one with limited liability and one with unlimited liability

**Capital (max/min):** No minimum capital required

**Shareholders and liability:** Limited partners who do not participate in management have limited liability. However, general partners or managing partners have joint and unlimited liability

## General Partnership (SNC)

**Number of partners:** Minimum two

**Capital (max/min):** No minimum capital required

**Shareholders and liability:** Partners have joint and unlimited liability

Setting Up a Company	Benin	Sub-Saharan Africa
Procedures (number)	6.0	7.5
Time (days)	8.5	21.3

Source: *Doing Business* - Latest available data.

## Cost of Labour

### Minimum Wage

Benin has a government-mandated minimum wage (art. 210 of the Labour Code), currently set at XOF 40,000.

### Average Wage

Salaries in Benin differ significantly between different jobs. Visit [VotreSalaire.org](https://votresalaire.org) or [Paylab](https://paylab.com) to consult the average wages for the type of profession.

## Social Contributions

**Social Security Contributions Paid By Employers:** The employer contributes 15.4% (6.4% pensions and a 9% family allowance) of gross monthly salary, plus 1 to 4% of industrial injury insurance, depending on the degree of risk in the employment.

**Social Security Contributions Paid By Employees:** The employee contributes 3.6% of gross monthly salary for social security.

## Intellectual Property

## National Organisations



## Regional Organisations

Benin is a member of [WIPO](#) and of the African Intellectual Property Organization ([OAPI](#)).

## TAX RATES

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### Consumption Taxes

#### Nature of the Tax

Value added Tax (VAT) - [Taxe sur la valeur ajoutée](#) (Local name)

#### Tax Rate

18% (standard rate)

#### Reduced Tax Rate

Certain activities are exempt, including banking and general insurance, imports of certain products, electric and hybrid motorcycles, books and newspapers, agricultural activities, gas for domestic consumption, works of art sold by the author, and externally financed government contracts (in some cases). An exemption from all customs duties, taxes, and VAT is available on health equipment, materials, and other health inputs used in the fight against the Covid-19 pandemic.

Exports of goods and services are zero-rated.

### Other Consumption Taxes

Excise duties are levied on the following goods:

- Cigarettes, cigars, cigarillos, smoking tobacco, and other tobacco substitutes: 50% (the specific tax amount applied to tobacco and cigarettes is allocated as follows: 80% for the public treasury, 20% for sports promotion).
- Alcoholic beverages: beers and ciders: 20%; wines: 40%; liqueurs and champagnes: 45%.
- Non-alcoholic beverages: energy drinks: 20%; non-alcoholic beverages, except for still water: 7%.
- Imported mineral water: 20%.
- Imported fruit juice: 20%.
- Wheat flour: 1%.
- Imported pasta: 5%.
- Edible oils and fats: preparations for soup or broth: 10%; edible oils and other fats: 1%.
- Coffee, tea: 10%.
- Perfumery and cosmetic products: 15%.

- Plastic bags: 5%.
- Marble, gold bars, and gemstones: 10%.

Companies' vehicles are also subject to taxation (between XOF 150,000 and 200,000, according to the size of the engine). From 2022 an Urban Development Charge (RAU) and a Corridor Security Charge (RSC) are introduced on imports, as follows: RAU is levied at the rate of 0.5% ad valorem on all imported goods subject to a consumer regime (except basic necessities such as sugar, milk, pharmaceutical products, and agricultural inputs); RSC is levied at the rate of 0.5% ad valorem rate on all imported goods subject to a transit procedure (except for hydrocarbons destined for neighbouring countries and uranium from Niger).

## **Corporate Taxes**

### **Company Tax**

30%

### **Capital Gains Taxation**

Capital gains derived from the disposal of business assets are taxed at the ordinary company income tax rate unless a new investment is made within 3 years (under conditions). If the taxpayer ceases his activities or disposes of his business during the three-year period, the capital gains to be reinvested will be taxed immediately.

Capital gains of non-resident corporations are taxed at 30%.

### **Main Allowable Deductions and Tax Credits**

Deductions normally are allowed for expenses incurred in generating income. Management fees may be deducted if they are reasonable for the services rendered.

Interest paid on loans is deductible if the rates charged correspond to those of the market. The total amount of net deductible interest due annually on all debts contracted by a company is limited to 30% of the result before tax, interest, depreciation and provisions. However, the part of interest that is not immediately deductible may be carried forward and deducted within the limit of five years.

The paid leave compensation, calculated in accordance with labour legislation, including the associated social and tax charges, is deductible. Additionally, the following expenses are also deductible if they meet the general conditions for deductibility of expenses: a) employee training expenses; b) sickness benefits; c) health insurance premiums paid by the company to an insurance company under a contract covering the entire staff or a specific employee.

Amounts paid to the head office and technical assistance costs are deductible, provided that the taxpayer can prove that they correspond to real operations and that they are at arm's length.

Losses can be carried forward for up to three years. The carryback of losses is not permitted.

### **Other Corporate Taxes**

Other corporate taxes include a 4% payroll tax (*Versement patronal sur les salaires* - VPS); social security contributions equal to 15.4% of gross salary payable by the employer (6.4% pension and a 9% family allowance), plus 1% to 4% for industrial injury insurance (according to the level of risk); apprenticeship taxes; stamp duties; a duty of XOF 6,000 for capital increases; a tax of 8% on the transfer of land, buildings, and on the transfer of shares that results in the takeover of a company; a real property tax of 6% of the rental value for a developed property and 5% for an undeveloped property; a tax on a company's vehicles (between XOF 150,000 and 200,000, according to the size of the engine), an annual radio tax of XOF 1,000 and an annual television tax of XOF 3,000.

A tax for the development of sports is levied on big companies, with the taxable base represented by turnover (excluding taxes) at a rate of 1%.

Contracts for insurance of assets in Benin are subject to insurance tax at rates from 0.25% (export credit) to 20% (fire).

**Other Domestic Resources**

[Directorate-General for taxation](#)

[Consult Doing Business Website](#), to obtain a summary of the taxes and mandatory contributions.

**Double Taxation Treaties**

**Countries With Whom a Double Taxation Treaty Have Been Signed**

[Benin Tax Treaties](#)

**Withholding Taxes**

Dividends: 15%/10% (regularly distributed amounts)/5% (regularly distributed amounts to non-residents)/7% (dividends distributed by a company whose shares are listed on an approved stock exchange in the WAEMU);  
Interest: 15%; Royalties: 10% (paid to a foreign individual)/12% (paid to a foreign company)
