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## BUSINESS ENVIRONMENT

### THE CONSUMER

#### Consumer Profile

With a population of around 21.5 million people (IMF, 2021), Burkina Faso has been classified as a low-income country by the World Bank. In fact, GDP per capita has now reached USD 876 (IMF, 2021).

Burkinabe consumers are relatively young: according to data from the CIA (2020 est.), the proportion of children below the age of 14 is 43.58%, 20.33% for those between 15 and 24, 29.36% between 25 and 54, while only 6.73% are 55 or older.

The World Bank Development indicators for its part reveals that in 2019, 70.2% of the population was living in rural areas. This part of the population has relatively low access to consumer goods as compared to people living in urban areas (mainly the capital Ouagadougou, Bobo-Dioulasso, Koudougou and Banfora.)

#### Consumer Behaviour

Generally, the Burkinabe consumer has a limited budget and most of the expenses are directed towards primary needs: according to a study published by the Economic Centre of the Sorbonne University, the majority of the household budget is spent on consumption (74.5%), with the bulk of expenditures going to food. The remaining part is spent on leisure (17.6%) and other activities (7.9%). On average, Burkinabe households spend around CFA 1.25 million on food, education, healthcare, transportation, housing, durable goods, leisure, and other items every year. Families have on average six members, of which 10% have female family heads (United Nations, latest data available). Most of the household heads work as farmers and are between 36-60 years old, with a low school enrolment ratio.

Price is the primary decision factor when making a purchase, and Burkinabe consumers are really sensitive to price elasticity. Therefore, promotions and favourable terms of payment can help attract more buyers. Only a really small portion of the population (mainly located in urban areas, especially the capital Ouagadougou) has a stronger purchasing power and can afford to buy imported or durable goods.

## IMPORTING & DISTRIBUTING

#### Import Procedures

Goods imported to Burkina Faso must be coupled with the following documents:

- four copies of the invoice indicating the FOB value of goods;
- certificate of origin or EUR which is available for the importer or banks;

- transport documents such as a bill of lading, airway bill, etc.;
- phytosanitary certificate for unprocessed vegetable products;
- sanitary certificate for meat and meat products;
- insurance for any merchandise whose value is higher than CFA50,000;
- any goods whose FOB value is higher or equivalent to CFA150,000 shall be subject before its shipment to quality, price and quantity inspection.

## Distribution market players

The main chains in Burkina Faso are:

- Marina Market
- Le Bon Samaritain
- Scimas
- Bingo Market
- La Surface
- Les Bons Amis

## OPERATING A BUSINESS

### Type of companies

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

**Number of partners:** Minimum one shareholder and one director, of any nationality

**Capital (max/min):** XOF 1,000,000

**Shareholders and liability:** Liability is limited to the assets of the company

#### Public Limited Company (SA)

**Number of partners:** Minimum one shareholder and three directors, of any nationality

**Capital (max/min):** XOF 10,000,000

**Shareholders and liability:** Liability is limited to the assets of the company

#### Société en Commandite Simple

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

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

**Shareholders and liability:** Sleeping partners who do not participate in management have limited liability. However, the liability of the general partners or managing partners remains unlimited

Setting Up a Company	Burkina Faso	Sub-Saharan Africa
Procedures (number)	3.0	7.5
Time (days)	13.0	21.3

Source: Doing Business - Latest available data.

## Cost of Labour

### Minimum Wage

XOF 34,664 (ILO, 2021).

### Average Wage

XOF 331,000

## Social Contributions

Social Security Contributions Paid By Employers: 16% of covered earnings

Social Security Contributions Paid By Employees: 5.5% of covered earnings

## Intellectual Property

### National Organisations

General Directorate of Industrial Property (DGPI) - Ministry of Industry, Trade and Craft

### Regional Organisations

Burkina Faso is a member of [WIPO](#) and of [African Intellectual Property Organization \(OAPI\)](#).

## TAX RATES

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### Consumption Taxes

#### Nature of the Tax

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

#### Tax Rate

18% (standard rate)

#### Reduced Tax Rate

According to the Burkina Faso Mining Code, holders of mining titles do not pay VAT. During the exploration phase, titleholders are exempt from VAT on all imported goods (conditions apply).

Exports are exempt.

### Other Consumption Taxes

Goods imported into Burkina Faso are normally subject to customs duties. Special duties are levied on the following goods: beverages, tobacco, perfume and cosmetic products, non-biodegradable plastic packaging and bags, petroleum products, coffee and tea, kola nuts and passenger vehicles with a power that is to equal or greater than 13 horsepower. Airline tickets are subject to special duty. Customs duties vary between 0% and 35%. Imports are also subject to a statistical royalty (1%), a community solidarity tax (1%), and a CEDEAO community tax (0.5%).

## **Corporate Taxes**

### **Company Tax**

27.5%

### **Capital Gains Taxation**

Capital gains arising from the disposal of fixed assets and shares normally are included in taxable income, but only at half of the total amount. Capital gains resulting from mergers for companies and asset contributions are exempt from corporate income tax. Capital gains derived from the sale of mining licenses are taxed at a rate of 20%.

Gains from the sale of real properties are taxed separately at a rate of 10%.

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

Business costs and expenses are deductible if they are strictly related to the business. Losses may be carried forward four years following the year of the losses.

The deduction of royalties paid to related parties for licenses, patents, trademarks, manufacturing processes or formulas, and other similar rights is limited to 3.5% of turnover (excluding VAT) from goods or services, the production or marketing of which gives rise to the royalty fees.

Provisions are only deductible when the company demonstrates that the asset has become entirely unrecoverable. Self-insurance provisions made by a company are non-deductible, same as for the provision for paid leave and for retirement pay. Head office costs are deductible up to 10% of the overheads from the taxable profit. Furthermore, payments made in foreign countries are deductible within the dual limit of 5% of the turnover excluding taxes and 20% of the overheads of the paying company, providing they correspond to actual operations.

### **Other Corporate Taxes**

Other corporate taxes include: stamp duties for administrative acts (at a fixed or variable rate according to the type of document), a business transfer tax at 10%, a real property tax at 0.1% of the taxable amount, a business license duty, a real estate transfer tax at 8%.

Social security contributions paid by the employer amount to 16% of salaries paid (3.5% for occupational accident contribution; 7% for family allowance; and 5.5% for old age pension). The contribution may not exceed XOF 33,000/month. The contribution is paid to the national social security fund every month by companies with at least 20 employees, or quarterly in other cases.

### **Other Domestic Resources**

[Directorate-General for Taxation](#), in French

[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**

- Double taxation agreement between Burkina Faso and WAEMU
- Double taxation agreement between Burkina Faso and France

**Withholding Taxes**

Dividends: 12.5%; Interests: 12.5% (for income from deposit accounts and current accounts with a bank or financial broker)/25%; Royalties: 0 (residents)/20% (non-residents).

