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BUSINESS ENVIRONMENT

THE CONSUMER

Consumer Profile

The average Senegalese consumer has very limited purchasing power. However, the emergence of an upper-middle-class has led to the development of supermarket chains, mostly international ones. Here, the consumer with a high purchasing power can buy foreign products, with a preference for American and French products. Euromonitor International identifies Senegal as one of the twenty “markets of the future” that will offer the most opportunities for consumer goods companies globally.

Unlike most other countries of the region, where inflation and currency value erosion are the main drivers of nominal expansion, Senegal offers both price and currency stability.

Although Senegal is below the Sub-Saharan African average in terms of per capita expenditure, some individuals enjoy high-income levels and can afford a variety of goods and services. There are also big inequalities between rural and urban areas: as an example, in the country’s capital Dakar the per capita spending level is double that of the country’s average.

In Senegal, the median age is 19.4 years (CIA World Factbook, 2020 est.). When entering adulthood, these individuals will represent huge potential for the housing, durable goods, automotive and alcohol sectors.

Consumer Behaviour

The Senegalese have a habit of using mostly imported products such as rice and sugar which are basic ingredients. This anchorage to foreign products is explained by a lack of familiarity with local consumption. In principle, the local Senegalese prefers to buy imported products that they judge to be of the best quality.

The majority of retail trade in the country takes place in the informal sector. However, recent years were characterised by an emergence of supermarkets, which prompted an increase in official sales. The Senegalese women are big consumers of beauty and skin-care products and are attracted by American brands.

A growing number of young adults fuel the demand for modern homes. Therefore, the housing market is gradually transforming from sand-floor shacks to houses with access to water supply and electricity, resulting in an increasing demand for consumer appliances and home care products.

Consumers Associations

[Association of the Consumers of Senegal \(Ascosen\)](#)

IMPORTING & DISTRIBUTING

Import Procedures

The following documents are required for importing goods into Senegal:

- the supplier's commercial invoice and the freight bill;
- the certificate of origin issued by the Chamber of Commerce of the country of origin;
- the packing list (a document listing all parcels and their characteristics);
- authorisation to import goods subject to quota (if applicable);
- the insurance certificate;
- the preliminary declaration of import (DPI) on values higher than or equal to FCFA 1 000 000. This declaration must be domiciled in a local bank.

Additional documents may be required based on the type of import. For more information, please consult the website of the [Senegal Customs](#)

Distribution market players

Senegal has a high number of expatriates and the number of high-income consumers has continued to increase. This has contributed to a greater demand for high value-added products (HVP). Strong population growth (2.25% - CIA World Factbook, 2021 est.) and urbanisation (3.73% - CIA World Factbook, 2015-20 est.) indicate that this trend will continue. Casino, a well-established French mass retailer, offers a wider range of products, including some products of American origin. Another supermarket chain, CityDia, a subsidiary of the French group Carrefour, has opened several stores in Dakar as well as convenience stores at Total petrol stations. Atac, a French supermarket chain, mainly distributes French brand products. Since 2016, Auchan, a French hypermarket chain, has opened many retail stores in Dakar.

Nevertheless, the informal sector and independent grocery stores continue to dominate the Senegalese mass retail market.

OPERATING A BUSINESS

Type of companies

Private Limited Company

Number of partners: Minimum 1 partner.

Maximum 50 partners.

Capital (max/min): XOF 100,000 divided into shares of XOF 5,000 minimum.

Shareholders and liability: Liability is limited to the amount contributed.

Public limited company

Number of partners: Minimum 1 shareholder.

Capital (max/min): XOF 10,000,000 divided into shares of XOF 10,000 minimum.

Shareholders and liability: Liability is limited to the amount contributed.

General Partnership

Number of partners: Minimum 2

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

Shareholders and liability: Partners have joint and unlimited liability

Limited Partnership

Number of partners: Minimum 2, one active partner and one silent partner

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

Setting Up a Company	Senegal	Sub-Saharan Africa
Procedures (number)	4.0	7.5
Time (days)	6.0	21.3

Source: *Doing Business* - Latest available data.

Cost of Labour

Minimum Wage

In 2021, the minimum wage is 58,900 CFA francs (XOF) per month (hourly rate of 333.808 CFA francs) according to the Senegalese Ministry of Labour, Social Dialogue, Professional Organisations and Relations with Institutions.

Average Wage

The average monthly salary was estimated at 89,730 CFA francs in 2019, according to the Senegalese Ministry of Economy, Planning and Cooperation.

Social Contributions

Social Security Contributions Paid By Employers: Between 22 and 31.5% (depending on the nature of activity and the risk of accident or occupational disease).

Social Security Contributions Paid By Employees: Between 10% and 15% (depending on the nature of activity).

Intellectual Property

National Organisations

The trade marks, patents, and copyrights are protected within the framework of [OAPI](#), The African Organization for Intellectual Property.

Regional Organisations

Senegal is a member of the [African Intellectual Property Organization](#).

International Membership

[Membership to the TRIPS agreement](#) - Trade-Related Aspects of Intellectual Property Rights (TRIPS)

TAX RATES

Consumption Taxes

Nature of the Tax

Value Added Tax (VAT)

Tax Rate

18%

Reduced Tax Rate

The reduced rate is 10% and only applies to tourism services. A 17% special tax rate applies to financial activities (replacing the VAT).

Other Consumption Taxes

Excise taxes exist on beverages (50% for beverages containing alcohol plus an additional tax ranging from XOF 1,500 to XOF 5,000 per litre, and 5% for sparkling beverages), tobacco (65%), coffee (5%), tea (5%), fat (rate varies from 10% to 15%), private cars with a horsepower higher than 13CV (10%), cosmetic products (15%), oil products, plastic bags (XOF 300 per kg), fats and charcuterie (10 to 15%), textile products (5%).

Owners of motor vehicles (car, truck, or motorbike) must pay an annual tax of XOF 1,000 per hectolitre.

Companies owning or renting vehicles for more than 15 days a year are liable to an annual tax with rates ranging from XOF 50,000 to XOF 200,000.

Imports are subject to customs duties, as well as to: a statistical import charge of 1%; a community solidarity levy of 0.8%; the Economic Community of West African States (ECOWAS) levy of 0.5% (only applicable to products originating from non-ECOWAS countries; and the Senegalese Shippers Council (COSEC) royalty of 0.4% (only applicable on importation by sea).

Industrial operators are subject to an Industry Energy Tax at the rate of 2.5%, applied to the pre-tax price of electricity consumed.

Export duty of 4% applies to the customs value of non-monetary gold.

Corporate Taxes

Company Tax

30%

Capital Gains Taxation

Capital gains are considered business income and taxed at the ordinary corporate tax rate of 30%. Sales of stocks by a non-resident are also subject to a 30% rate.

Main Allowable Deductions and Tax Credits

Depreciation of tangible and intangible assets is tax-deductible. On the other hand, their rates are not set forth by the Senegalese tax code, but rather are calculated according to the potential obsolescence of assets.

Goodwill cannot be amortised for tax purposes.

Start-up expenses can be deducted if they are justified and approved by the shareholders.

Interest charges may be deducted under certain conditions (limited to 15% of the ordinary profits, increased by

the depreciation and provisions and the concerned interests).

Bad debts are not tax-deductible, the same as fines and penalties. Donations to recognised charities may be deductible up to 0.5% of turnover. Donations to the COVID-19 Response Fund are also tax-deductible.

Tax losses can be carried forward for up to three years. Losses from asset depreciation can be carried forward indefinitely. The carryback of losses is not permitted.

Reasonable royalties, interest, and management service fees paid to foreign parent companies are generally deductible, provided they are documented.

Other Corporate Taxes

The tax on the built property is levied at a rate of 5% (of the rental value) for buildings other than factories. If the properties are listed in the balance sheet, companies are not liable for the tax. The tax on unbuilt land is 5% of the rental value of the land.

Stamp and registration fees are levied on many commercial transactions at rates varying between 1% and 5% of the relevant act.

Employers are subject to a 3% payroll tax (on gross wage). In addition to this payroll tax, employer contributions amount to 7% of salary for family benefits (capped at XOF 63,000 per month) and 1%, 3% or 5% for work-related accidents (capped at XOF 63,000 per month), 8.4% for old-age pensions (capped at XOF 360,000 per month) and 3.6% for supplementary old-age pension insurance (for executive employees, capped at XOF 1.08 million per month). Contributions for health insurance amount to 15% of salary, up to XOF 250,000.

The Local Economic Contribution is payable by any person carrying on a trade or an industry and consists of two different taxes: the company's properties contribution (15% for leased premises and 20% for owned premises, lands, and installations, calculated on the 7% of the cost price), and the company value-added contribution (1% on the added value produced in the previous year, capped at 70% of turnover).

The tax on telecommunication services is 5%. Insurance companies must pay a levy of 1% of their turnover. Companies owning or renting vehicles are subject to a tax ranging from XOF 50,000 to XOF 200,000, depending on the type and horsepower of the vehicle.

Industrial operators are subject to an Industry Energy Tax at the rate of 2.5%, applied to the pre-tax price of electricity consumed.

Export duty of 4% applies to the customs value of non-monetary gold.

Other Domestic Resources

[General Tax Directorate](#)

[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

[See the list of double tax treaties signed by Senegal](#)

Withholding Taxes

Dividends: 10%; Interest: 8% (on deposits or guaranteed interest on accounts with a bank)/13% (on bond interest)/16%; Royalties: 20%

