

1. What is Withholding Tax on Contract Payments?

Withholding tax on contract payments is a deduction from payments made to contractors and subcontractors for the carrying out of work, supply of labour or materials and/or provision of technical/consultancy services.

2. Who is Liable to Withhold Tax on Contract Payments?

A taxpayer who retains the services of a contractor or subcontractor should withhold the tax and remit it to GRA. The tax is thus paid by the contractor/subcontractor, but the contractee serves as a collection agent on behalf of GRA.

3. What is the Withholding Tax rate on Contract Payments?

The withholding tax on contracts, based on the contract price, is;

- 10% for payments to Gambian residents, and
- 15% for non-residents, when the payment is for technical/consultancy service

An individual is a resident if they reside in The Gambia for at least 183 days during the tax year. An entity incorporated,

managed and/or controlled in The Gambia is considered a resident.

4. How is the Withholding Tax on Contract Payments Calculated?

The withholding tax on contract payments is calculated by multiplying the applicable tax rate to the gross contract price. The contract price will include all fees and considerations related to the contract/subcontract. For example, if Mr. X, a resident lawyer, is contracted to represent a Bank in a court case and he receives D100, 000 as retainer fees and is paid D250, 000 as legal fees in a tax year, then the tax to be withheld and remitted to GRA by the bank is D35,000. If Mr. X was a non-resident lawyer, then the amount to be withheld will be D52, 500. The contractee will issue Mr X, the Contractor, a Tax Withholding Certificate.

5. How Often Should Returns be Filed and Withholding Tax on Contract Payments be Paid to GRA?

Contractors are not required to file returns on individual contracts. However, the contractees (the person making the payments) are required to file withholding statements and pay to GRA the tax withheld within 15 days after the end of the

month in which the payment was withheld. In addition, the contractee is required to issue the contractor a Withholding Tax Certificate. Withholding statements are due two months after the end of the tax year. The contractor is to attach such Certificates to their annual returns to GRA.

6. How and Where to File Returns and Pay Withholding Tax on Contract Payments?

Returns for withholding tax on contract payments are submitted by the contractee and payments made at the nearest DTD Tax Office. Payments can also be made at the GRA's designated partner banks.

7. Objections & Appeals of Tax Decisions

Taxpayers not satisfied with any tax decision can, within 30 days, contest such decision through the Objection and Appeal process. The process starts with an objection at the GRA through to an appeal to the Tax Tribunal and then to the Court of Appeal where necessary.

8. Who is Exempted from Filing and Paying Withholding Tax on Contract Payments?

No contractee is exempted from withholding tax on contract payments

except where provided for in a tax treaty or qualified donor funded projects. Contractees who withhold tax on payments to contractors can apply to the Commissioner General for extension of filing of tax return if they have paid at least 90% of the withheld tax. The application should be made before the due date for filing. Extensions cannot exceed 30 days and can only be granted once a year.

9. Is the Payments Made a Final Tax?

For non-resident contractors and subcontractors, the tax withheld is a final tax. However, for resident contractors and subcontractors, the tax withheld is not a final tax. The contractor will be given credit for the tax withheld against their actual tax liability for the tax year.

10. Offences

The following are offences punishable under the Income and Value Added Tax Act 2012.

- Failure to file Tax returns or other documents
- Giving false or misleading information
- Failure to notify the CG for a change in business or address
- Failure to recover tax from a person holding money on behalf of a taxpayer
- Improper use of TIN

- Obstructing Revenue Officers in the performance of their duty.

This brochure is not intended as an exhaustive explanation of interest income tax. If you require detail information about your interest income tax obligations, you should contact the nearest GRA Office.



Gambia Revenue Authority Withholding Tax on Contract Payments Brochure

HEAD OFFICE:

Revenue House
78/79 Liberation Avenue
Banjul, The Gambia
Tel: (220)4223 128/129/132/159/366/371/432
Fax: (220) 4228 943 / 4226 803

BRANCHES:

Banjul
Barra
Basse
Brikama
Brikamaba
Brusubi
Farafenni
Kanifing
Serrekunda
Soma
Talinding
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