

The Republic of the Sudan

Ministry of Justice



The Income Tax Act, 1986

The Income Tax Act, 1986

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In the Name of Allah, the Gracious, the Merciful
The Income Tax Act, 1986
(18/12/1986)

Chapter I

Preliminary Provisions

Title

1. This Act may be cited as the, “Income Tax Act, 1986”.

Interpretation ¹

2. In this Act, unless the context otherwise requires, :-

“Accountancy period”, means, in respect of any person, the period for which his business accounts are settled;

“Agent”, includes, in respect of any non-resident person, or any partnership, wherein any partner is a non-resident person :-

- (a) any person, who has a general power of attorney from such non-resident person , or from the aforesaid partnership, and regularly exercises such

¹ Act No. 40, 1974 , Act No. 30, 2010, Income tax Act (Amendment) 2013, Act No. 28, 2014.

power of attorney to negotiate in contracts and conclude the same, or has stored goods, out of which he responds regularly purchase requests;

(b) any person in the Sudan, who obtains, through such non-resident person, or such partnership, profits, or any income derived from the Sudan;

“Assessment”,

includes additional assessment;

“Assessment year”,

means the twelve months period, which commence on the 1st of January of any year subsequent to the basis year;

“Basis period”,

means, with respect to the assessment year, the period of twelve months preceding the assessment year, or any part of such period;

“Business”,	includes any trade, profession, craft, agriculture, industry, mining of metals, or any wealth from land, or water and does not include a post;
“Chamber”,	means the Taxation Chamber;
“Competent court”,	means the court competent to hear administrative contests, in accordance with the Civil Procedure Act, 1983, or any other law , as may replace the same;
“Domiciled”,	means the person who adopts the Sudan, as a place of residence, and his intention to be domiciled therein is clear;
"Financial memory",	means the external electronic chip, be installed to the financial device or printer, whereon the financial and taxation information data are stored;

“Full-time director”,	means the company director, who is required to exert most of his time to serve such company in a an administrative technical field;
“Income”,	includes any revenue derived from practising any business, or post, and it includes also any revenue which actually or by implication accrues to the owner thereof from selling any goods, or property concerning the business, other than capital revenues pertaining to the individuals;
“Loss”,	with respect to business profits, means the loss calculated in a way similar to the way in which the profits are calculated;
"Machine",	means the device used in issuing financial receipts and electronic invoices in commercial, industrial, agricultural and services

places, and its parts composed of financial data registration device, that works on saving financial information in the financial memory, and financial printer that prints the financial receipts and saving financial information data in the Financial memory, and taxation data record device that works on registering the taxation data after installing the memory thereto;

“Order”,

means an order published in the Gazette;

“Person”,

includes any company, whether public, or private, trustee, public corporation, partnership or any group of persons;

“Minister”,

means the Minister of Finance and Economic Planning;

“Resident in the Sudan”,

upon application, with respect to the basis period, upon :-

(a) any individual, means such individual is resident in the Sudan, with the exception of such temporary period of absence, as the Secretary General may deem that it is reasonable and deem the individual resident in the Sudan where :-

(i) he is present in the Sudan, for a period, or periods exceeding in total one hundred and eighty three days, of the basis period;

(ii) he remains present in the Sudan in the aforesaid basis period, and in both previous

basis periods for
a period
exceeding, in
total, twelve
months;

(b) every person who is not
an individual, means
that supervision of the
business of such person
and management
thereof are exercised, in
the Sudan, in the
aforesaid basis period,
and reference, in this
Act, to (resident), or
(non-resident), in the
Sudan, in respect of any
person, means that such
person is resident in the
Sudan, or non-resident
therein, as the case may
be, in the basis period;

“Secretary General”

means the Secretary
General of the Taxation
Chamber;

“Tax”,	means the income tax levied under the provisions of this Act;
"Taxation invoice",	means the taxation invoice according to the form validated by the Chamber, whether it was paper or electronic;
"Taxation Identification Number",	means the number issued by the Secretary General in accordance with the provisions of Section 82;
“Validated accountant”,	means any person whom the Minister permits, in writing, to work as a validated accountant, with respect to this Act;

Chapter II

Management

Power and responsibility of the Secretary General for management, collection and otherwise

- 3.(1) Without prejudice to the provisions of this Act, the Secretary General shall implement such provisions and collect the

- taxes levied thereunder, and be responsible therefor and for all the matters relating thereto.
- (2) The Minister may approve the practice, by any of the Taxation employees, after leaving service, of the profession of taxation expert, including preparing accounts, for tax purposes as may be specified by the regulations; on condition that the qualifications of such employee shall not be less than university level, together with experience not less than fifteen years in the field of the profession.
 - (3) The Secretary General shall appoint employees of the Chamber, in accordance with the provisions of public service laws.
 - (4) Without prejudice to the provisions of any other law, there shall not be incurred any personal responsibility, by the Secretary General, or the officials of the Chamber, for any act, or mistake done thereby in good faith, in the course of exercise thereby, of the powers assigned thereto under the provisions of this Act.

Delegation of powers

4. The Secretary General may authorize any of the university-graduate officials of the Chamber, with such restrictions, as he may deem fit, to exercise any of the powers conferred thereupon under the provisions of this Act.

Secrecy of official information

- 5.(1) Every one of the taxation officials in the Chamber, who implements the provisions of this Act, shall give due regard to secrecy of all the documents and information relating to the income of person, and all the information in the course of performance of his duties, and deal with the same on the basis that they are confidential; provided that nothing in this Section shall prevent any official from disclosing any document, or any information connected with the income of any person and any secret instructions connected with the implementation of the provisions of this Act, to any other official, in the course of performance of his duties, or to any person authorized therefor by the Secretary General, or any court, or person for the achievement of the objects of this Act.
- (2) Taxation officials in the Chamber, before performing any duty under the provisions of this Act, shall take the oath on the (form) No.2 of Schedule IV hereto, before the Secretary General of the Chamber; provided that the Secretary General shall take such oath, before the Minister.

Penalty of offences committed by and affect officials

6. There shall be punished, with imprisonment for a term not exceeding ten years, or with fine specified by the court or with both, every one of the officials of the Chamber who :-
- (a) contravenes the provisions of Section 5; or

(b) demands, or takes for himself, or any other person directly , or indirectly any amount or any such favor of any type in connection with his duties under the provisions of this Act, as may by nature cause loss of the taxation revenues by the State, or the possibility of the loss of the same, or may be in contravention of the provisions of this Act, other than any amount which he may be legally authorized to receive, and every person, who abets any of the officials of the Chamber, or attempts to abet him to do the same.

Form of notices , returns and otherwise

- 7.(1) The Secretary General may , from time to time, prescribe the form of any notice, income return, or any form, or other return which may be required for the purposes of this Act.
- (2) The notices addressed, by the Secretary General, under the provisions of this Act, may be signed by any one of the officials of the Chamber who is authorized therefor, and any notice purporting to be signed, by order of the Secretary General, shall be deemed to be signed by an official who is authorized as aforesaid, unless the contrary is proved.
- (3) Every income return, form, notice or other return, issued, served or addressed, from the Secretary General, under the provisions of this Act, shall sufficiently be officially validated , whenever the name of the Secretary General of the

Chamber, or the official authorized therefore, or the title thereof is typed, stamped or written thereon.

Service of notices and otherwise

- 8.(1) Whenever this Act provides for the service of any notice, other document or direction, from the Secretary General, to any person, such notice, or other document shall be served, or addressed, to such person by sending the same by post, or electric mail addressed to his ordinary address, or the last known address thereof, or to any post office box hired in the name of such person, or his employer, or at the address shown in the last income return which he has presented, or has been presented, on his behalf, to the Secretary General, where he leaves the same at such address. Where he is a company, the service or direction may be by the registered address of the company.²
- (2) Whenever a notice, or other document has been served, or addressed by ordinary post, electronic mail, or registered post, there shall be deemed, unless the contrary is proved, that the service has been made at the time in which the notice is delivered, in the ordinary course of post, or electronic mail for proof of such service, it shall be sufficient to prove that the envelope containing the notice, or other document, has been addressed in accordance with the provisions of Sub-section (1), and that the same has been

² Act No. 25,2007 .

placed in or ordinary, or registered post or the electronic address.³

Chapter III

Levy of Tax

The income upon which the tax is levied

- 9.(1) Subject to the provisions of this Act, the tax shall be levied, for the assessment year, upon such income from the basis period, as may result out of :-
- (a) the Sudan, in case of a resident, or non-resident person;
 - (b) any place outside the Sudan, in case of resident person;
- (2) Notwithstanding any special provisions in any other law granting an exemption from tax, to any person, tax shall be levied upon the profits resulting from any commercial activity . In this Sub-section, “commercial activity”, means any business of dealing into a commodity, or rendering a service for the purpose of profit; provided that the said income shall relate to the following :-
- (a) business profits;
 - (b) estates leases income;
 - (c) personal income;
 - (d) gross income .⁴

³ Ibid.

⁴ Act No. 35, 2015.

regardless to that such person no longer owns, in the assessment year referred to, the source of such income; provided that the Minister may grant exemptions to any Sudanese, or resident alien, or domiciled in the Sudan , who has an income which falls under paragraph (b) and is subjected to tax, at the place from which he has derived the income outside the Sudan.

- (3) The provisions of Sub-section (2) shall not apply to any commercial activity under the Zakat Act, 2001 and the Islamic Endowments Act, 1996.⁵
- (4) The Minister may, after consultation with the Minister of Welfare and Social Insurance, reimburse the amounts collected from the tax of the income of the profits of the commercial activity of any legally registered charitable body.

^{5(a)}

Provisions pertaining to business profits

10. For the purposes of business profits mentioned in paragraph (2) (a) of the proviso set out in Section 9 :-
 - (a) such profits shall include :-
 - (i) the profits resulting out of any business, for any period, in which such business has been carried on;

⁵ Act No.40,1974, Act No. 3, 1997. .

^{5(a)} Ibid.

- (ii) the profits resulting out of any title, deed or licence or against use of a brand or trademark registered outside the Sudan which may be granted to a person for the use, or possession of any assets, whether in kind or otherwise, other than such as may result out of land, or premises;⁶
 - (iii) any income, or profit resulting out of such as may have been received actually, or by implication, other than the dividends received subject to tax under the provisions of this Act;
- (b) such profits shall not include the capital business profits, pertaining to individuals subject to the provisions of the Capital Gains Tax, 1986.⁷

Provisions pertaining to income from estates leases

11. For the purposes of estates leases income mentioned in paragraph (2) (b) of the proviso set out in Section 9, the estates leases include any basic rent, or other consideration which may be obtained for the use of land, or premises, or the possession thereof, whether situated in the Sudan, or any other place, and includes, in case of lease of furnished premises, the rent due in full.

Provisions pertaining to personal income

⁶ Act No.40, 1974, Act No. 8, 2014.

⁷ Act No.40,1974, Act No.30, 2010.

- 12.(1) For the purposes of personal income mentioned in paragraph (2) (c) of the proviso set out in Section 9, such income shall include :-
- (a) the income resulting out of any post, or services rendered , other than the services rendered by the owner of the business, in order to perform his business, and not allowed to be deducted under paragraph (f) of Section 20 ;
 - (b) any amount which is deemed as personal income under the provisions of this Act.
- (2) The income, from any post exercised, or services rendered in the Sudan, shall be deemed as resulting, from the Sudan, within the meaning set out in paragraph (2) (a) of the proviso set out in Section 9, whether received, or not received in the Sudan.

Income of minor sons subjected to tax

- 13.(1) Tax shall be levied upon the total income of the individual resulting out of any activity subject to tax, and the income of minor sons and daughters shall be subject to tax as part of the income of the parent, with the exception of pension and inheritance.
- (2) For the purposes of Sub-section (1), a son shall be deemed minor, where his age is less than eighteen.

Income received by the trustee or executor of will or administrator of estate

14. For the purposes of this Act, any income subject to tax, and received, in the basis period, by a person, in his capacity as a trustee, an executor of will or administrator of an estate, shall be deemed :- ⁸

- (a) as to such amount, as it may accumulate into for the benefit of the beneficiary of trust, or estate, as the case may be, where he is an individual, the income of such beneficiary person, in the basis period referred to, and shall be subject to the tax levied thereon as business profits, estates lease income, or personal income, as to the nature of the income received by he trustee the executor of the will, or administrator of the estate;
- (b) as to such amount, as it may accumulate into, for the benefit of a person exempted from tax, as income of such person;
- (c) as to such amount, as it may not accumulate into, as set forth in paragraphs (a) and (b), as income of such trustee, executor of will or administrator of the estate, as the case may be, and be deemed as income out of business profits subject to the tax levied thereon in such capacity.

⁸ Act No.40,1974 .

**Non-compatibility between
accountancy period and basis
period**

- 15.(1) Where there is a person who settles the accounts of his business for a period of twelve months not terminating on the 31st of December, there shall be for the purpose of verifying his income for any basis period, the income of any accountancy period terminating on a day other than such day, subject to such settlements, as the Secretary General may deem fit, in case of any person not being an individual, with respect to all the income subject to tax, under the provisions of Section 9, and in case of an individual, with respect to his business profits, on the basis that it is the income of the basis period within which such period terminates.
- (2) Where there is a person who settles the accounts of his business for a period which exceeds, or is less than twelve months, the Secretary General, together with conducting such settlement, as he may deem fit, may deem the income of the aforesaid accountancy period, as income of the basis period, within which the accountancy period terminates, and the tax shall be levied on this basis.

Transactions arranged to evade levy of tax

- 16.(1) Where the Secretary General has reasonable grounds to believe that the basic object, or one of the basic objects, for which any transaction has been made, whether before, or

after the coming into force of this Act, is to evade the levy, or decrease of the tax for the assessment year, he may where he deems the same just and reasonable, order the conduct of such settlements, as he may deem fit, with respect to subjection to tax, in such way as may abort the tax evasion, or decrease, which would have otherwise be affected by the transaction. Nevertheless this Sub-section shall not apply to any transaction, the basic object, or one of the basic objects of which is that the business transacted, by an individual, is to vest into a company, resident and established for this object.

- (2) Without prejudice to the generality of the powers conferred under the provisions of Sub-section (1), such powers shall include :-
- (a) the levy of tax, upon persons not subject, save for the settlement, to any tax, or to the same amount of tax;
 - (b) the levy of a tax of higher value than what may easily be levied without settlements .

Chapter IV

Exemptions

Exemption of a particular income from tax

- 17.(1) Notwithstanding any contravening provision in the Act, there shall be exempted from tax, the income set forth in the Schedule 1 hereto to such extent specified therein :⁹

⁹ Act No. 67, 2001, Act No. 40, 1974.

- (2) The Council of Ministers may, upon recommendation of the Minister, by an order to be made thereby exempt any income from tax;
- (i) to such extent, as may be set forth in Schedule I hereto, and such extent specified therein;
 - (ii) any income or any type of income from tax to such extent as may be set forth in such order.
- (3) The Council of Ministers may, upon recommendation of the Minister, revoke the exemption granted under the provisions of Sub-section (1) with respect to any income generally or to such extent, as may be set forth in the order.

Chapter V
Verification of income subject
to Tax.
Types of deductibles and non-
deductibles

- 18.(1) Subject to the provisions of this Act, and in order to verify the income of any person subject to tax, for any basis period, with respect to incomes set forth in Section 9 :- ¹⁰
- (a) there shall be deducted all the expenditure incurred, in the aforesaid basis period, which are such expenditure, as such person may have incurred totally in obtaining such income, not otherwise, and may not be of such

¹⁰ Act No.25, 2007, Act No. 30, 2008 .

expenditure as deduction is not allowed to be made thereout, under the provisions of Sub-section (1). Where any income has, under the provisions of Section 15, been deemed in an accountancy period terminating on a day other than the last day of the basis period referred to, as income for such period, the expenditure incurred within the said accountancy period shall be deemed as expenditure incurred within the said basis period;

- (b) with the exception of personal income, Zakat paid for the accountancy period referred to shall be deemed from the expenditure which has to be deducted, after proof of payment thereof, to the Zakat Chamber .

(2) With respect to incomes referred to in sub-Section (1), deduction shall not be allowed, with respect to :-

- (a) expenditure which such person has not spent fully in obtaining the income not otherwise;
- (b) any expenditure out of capital, or any loss, decrease or covering the capital;
- (c) any expenditure , or losses, as may be covered under any insurance, contract, or compensation;
- (d) any expenditure spent on the living of his family, abode or any other personal or household purpose;
- (e) any income tax similar, in nature, to income tax paid for the income, other than the post income tax, or employment of foreign experts; on condition that the same shall be subject to tax, under the provisions of

this Act, as income for the person, on whose behalf the same has been paid;

- (f) any expenditure other than that which the Secretary General deems that sufficient consideration has been given thereon;
- (g) the costs of directors, including the income which is subject to tax under the provisions of Section 12(1)(a) in whole, up to the limit by which such costs exceed 1000 (one thousand Sudanese pounds), or 5% of the assessed business profits, whichever is the greater, before deducting such costs, in case where the company has achieved profit. Where there is loss, the costs allowed to be deducted shall be specified, as to such amount, as the Secretary General may prescribe; provided that :- ¹¹
 - (i) there shall be allowed the deduction of such similar costs as the Secretary General may prescribe for any full-time director provided that the number of full-time directors shall not exceed two;
 - (ii) the total amount of the costs to be deducted to directors other than the full-time directors shall not in any case exceed 30% of the business profits assessed prior to the deduction of these profits;

¹¹ Act No.60, 1995, Act No. 25, 2007 .

- (h) all the allocations and reserves, with the exception of the allocations allowed by this Act, or the regulations made thereunder;
- (i) any borrowing cost (if any) which is paid, unless the same is :-
 - (i) subject to tax, under the provisions of this Act, being income of the person to whom it has been paid;
 - (ii) subject to tax, had such person not been exempted from the tax thereon;
 - (iii) paid to a bank for a loan used by such person to achieve the income, subject to tax, under the provisions of this Act;
 - (iv) paid to a body outside the Sudan, for a loan used with intent to obtain an income subject to tax, under the provisions of this Act.
- (j) incentives, grants and rewards granted to employees, save within the limits of salary of three months annually.¹²

Chapter VI

Verification of Business Profits

Particular types of income subject to tax

19. For verifying the business profits of any person, for the basis period , where :-

¹² Act No. 60, 1995 .

- (a) upon assessment of the business profits, for any accountancy period, any expenditure, losses, or bad debt which is acknowledged, or deduction has been made, in consideration of any reserve, or allocation, to meet any indebtedness, any bad debt which is assessed and, in a subsequent year, all or part of such expenditure, losses, bad debt has been recovered, or all, or part of such indebtedness has been discharged, or such reserve or allocation has become unnecessary, every amount which has been recovered, discharged or become unnecessary as a reserve, or allocation shall be deemed to be profits of the business, for the accountancy period, in which recovery, or discharge has been made and become unnecessary;¹³
- (b) Schedule II hereto includes a provision of deduction of a budget balance, or deeming an amount as a commercial revenue, for any accountancy period, the value thereof shall be deemed as a revenue of the business for such period.

Particular amounts to be deducted

20. Upon verifying such business profits of any person, for a basis period, as may be subject to tax, under the provisions of paragraph (2)(a) of the proviso set out in Section 9, and without prejudice to the generality of the provisions of Section 18(1), the following amounts shall be deducted :-

¹³ Act No.40,1974 .

- (a) the rent due for payment for land or premises, as to such extent as such person may occupy the same, for the purposes of gaining the said business profits;
- (b) the amounts due for payment, for the repair of premises, or machinery, or renovation of equipment, or receptacles, which are not counted within capital expenditure, and are not for which depreciation deduction is conducted under Schedule II hereof; and there shall be required that the same shall be used in producing the said business profits;
- (c) the donations, monetary and in kind :-
 - (i) monetary donations : monetary donations made to the public treasury of the State and the donations paid to any government body, upon call for donations, from the Government ; on condition that the object of such donation is to cover aspects of expenditure the government body, or the Government shall cover out of the public treasury, whatever the value of the donations may be, and donations paid in money for the public interest, and gifts in kind purchased or gifted to government bodies, training and scientific research centres, such as devices, equipment and books; provided that the total amount donated shall not exceed 10%, of the net profits, or two hundred pounds, whichever is the greater, and there shall be required, for deduction of such monetary

donations, that validated audited accounts, or a return acceptable to the Secretary General, under Section 38 and 47(3) shall be presented;¹⁴

- (ii) donations in kind : the following donations in kind shall be deducted, as to the following conditions :-
- the total of the amount deducted shall not exceed 50% of the total cost of the project;
 - deduction shall be made within two consecutive years, at the rate of 25% for each year;
 - deduction shall commence after delivery of the project donated to the State;
 - the cost of the project shall be evaluated in the year of delivery of the project;
 - the losses resulting from the donations in kind shall not be carried forward after the two years of deduction;
 - the Minister's approval shall be mandatory;
 - Accurate and audited accounts shall be presented.¹⁵
- (d) salaries of relatives, as the Secretary General may deem just and reasonable;
- (e) (i) the debts incurred thereby, for the production of the business profits, which are deemed, by the Secretary General, as has become bad debts;

¹⁴ Act No.25, 2007, Act No.40,1974 .

¹⁵ Act No.29, 1991, Act No.40,1974,

(ii) the doubtful debts, incurred thereby, for producing the business profits, as to such amount, as may convince the Secretary General that they have become bad debts, during the aforesaid basis period.

the bad or doubtful debt shall be deemed as a revenue of the indebted person, in the accountancy period, in which the debt has become bad or doubtful;

(f) the costs of the businessman, or businessmen, in case of presenting accurate audited accounts, or return, in accordance with the provisions of Section 38, as follows :-

(i) 1000 Sudanese pounds for each of the businessmen, or 10% of the profits, whichever is the greater, with a maximum of 1000 pounds, in case of non-liberal professions;¹⁶

(ii) 1000 Sudanese pounds , or 10% of the profits, whichever is the greater in case of liberal professions, and the business man, or business men shall have the choice either not to allow the deduction of costs or subjecting the same to tax at the rates of business profits or allow the deduction or subjection thereof to the tax at the personal income rates;¹⁷

¹⁶ Act No.25, 2007, Act No.40,1974 .

¹⁷ Act No.25,2007 .

- (g) subject to the provisions of Section 18(2)(f), any amount which has been subscribed with, in the aforesaid basis period, to any post-service benefits fund, or savings fund, or pension, as the Secretary General may validate, or be established particularly for payment of pensions, or other similar favours, to employees, upon retirement from their service, or to their dependents after death thereof;
- (h) any deducted amounts which are provided for in Schedule II hereto, for the said basis period;
- (i) any amount due for payment, in the said basis period, as rent, or payments;
- (j) subject to the provisions of Section 18(2)(i), the amounts due for payment, as borrowing cost (if any), for any money borrowed thereby, whenever the Secretary General is convinced that such cost has been due for funds used in producing the business profits;
- (k) any other aspects of deduction, as the regulations may prescribe

Method of treating losses

21. Where any person incurs losses, during any basis period, upon performing any business the profits of which are subject to tax, the value of such losses shall be carried forward, and deducted upon verifying the business profits of

such person, for the immediately next basis period, and subject to tax, and any increase, to such losses, beyond the amount to be deducted, shall be carried forward and deducted upon verification of the business profits for the immediately next basis period, and likewise for the next basis periods, provided that :-

- (a) no part of losses shall be carried forward , for a period exceeding five years, after the termination of the basis period, in which the losses have occurred;
- (b) the total of the value deducted , out of the business profits, with respect to any said losses shall in no case exceed the value of such losses;
- (c) no deduction shall be allowed, under the provisions of this Section, unless such person keeps the adequate records and books of accounts referred to in Section 39(3)(a) and data and documents supporting the return in accordance with the provisions of Section 47 (3) (a) and he has already submitted accounts for each basis period, certified by a validated accountant;¹⁸
- (d) where the person ceases to submit validated audited accounts, by reason of force majeure :-
 - (i) his entitlement to continue carrying forward losses to the next years shall not lapse;
 - (ii) where losses occur, during the period of ceasing to submit the accounts, by reason of the continuance of the force majeure, such losses shall be assessed, as

¹⁸ Act No.30, 2008 .

the Secretary General deem fit, and carrying over in accordance with the conditions set out in this Section;

- (e) where the person does not submit, for the basis period, accounts certified by a validated accountant, and submits a return, in accordance with the provisions of Section 38, the Secretary General may assess such losses, or deduct them, in the basis period, in which the losses occurred, and the same shall not be carried forward to the next years.

Verification of business profits in respect of particular non-resident persons

22.(1) Where a person is non-resident and performs, in the Sudan, a business including industry, agriculture, production, harvesting any crop, or products whether from the earth, or water, and sells the same outside the Sudan, or sells them on condition of delivery outside the Sudan, whether the contract of sale has been concluded in the Sudan, or outside it, or used thereby in any business he performs out side the Sudan. In such cases, the profits resulting out of such business, which is performed in the Sudan, shall be deemed to be the same value which accrues, where such crop, or product is sold wholesale, in the most favourable conditions. With respect to this Sub-section the wholesale price of any goods sold shall be verified, by deducting a value equivalent

- to 2% of the total proceeds of sale, or any other percentage, as the Minister may prescribe, by an order from him; provided that the total deducted amounts shall not exceed, in any basis period, upon verifying the wholesale price, the total business profits obtained from such sales which have been verified before such deduction.
- (2) Where a non-resident person performs business with a resident person who is closely connected with him, and such business is arranged in such way, as the resident person does not derive profits, or derives profits which are less than ordinary profits which are expected to be obtained, out of such business, had such close connection been non-existent, in this case, the business profits which are obtained by such resident person shall be deemed to be of such amount , as may be expected to be obtained, had such business been performed by two independent persons working at an arm's length.

Verification of business profit in respect of associated persons

- 22.A.(1) Where associated persons laid down conditions in their commercial or financial transaction, differs from the conditions made between persons working at arm's length,, as it may reduce the tax base or transfer its burden from a person subject to tax or to another exempted therefore or not subject to, whether resident or non-resident, exempted from or subject thereto, the Secretary General may specify

the base subject to tax on the real value base according to regulation.

- (2) The Secretary General upon concluding agreement with associated persons, may follow one or more method to specify the real value in their transactions in accordance with the regulations.
- (3) For the purpose of this Section the phrase shall have the following meaning :
 - (a) "real value", means the value whereby transactions between two or more persons working at arm's length are concluded and the same shall be specified in accordance with the natural cause of matters;
 - (b) "associated person", means any person connected with another person in a relation that may affect in specifying the income subject to tax including :-
 - (i) husband, wife, ascendants or descendants;
 - (ii) the company or the person who owned directly indirectly at least 50% of the number or value of shares as the case may be ;
 - (iii) partnership or partners therein. ¹⁹

Business profits derived from insurance business specified

23.(1) Notwithstanding the provisions of this Act, this Section shall apply, with intent to verify the business profits derived, by any person, from performing insurance business, in the

¹⁹ Act No. 40, 1974, Act No.8, 2014.

Sudan, and in relation to this Act, a mutual insurance company shall be deemed to be performing insurance business, and the surplus thereof shall be verified and the same shall include the transactions concluded with members and non-members together, as shown in this Section, in order to verify the business profits, and the profits of the same shall be deemed to be business profits subject to tax under the provisions of this Act.²⁰

- (2) In case the insurance company performing life insurance, together with performing insurance business of any other type, life insurance business performed by the company shall be treated as business separate from any other type of the insurance business it performs .
- (3) The business profits derived from any accountancy period of the insurance business (other than life insurance) which is performed by any insurance company, in the Sudan , whether mutual insurance company, or owned by the owner thereof, shall be the resultant value, after :-
 - (a) taking, for the said accountancy period an amount representing :-
 - (i) the value of the total received, or due installments, to cover the risks in the Sudan, minus such installments, as may have been rebated to the insured person, and those paid for re-assurance, in connection of such business;

²⁰ Act No. 40, 1974.

- (ii) the value of any other income out of such business, other than such income resulting from investment, as may be received, or due in the Sudan, and the same shall include any commission, or expenses allowance, on the part of the re-assurance, in connection with re-assurance of the risks in the Sudan;
 - (iii) part of the income thereof of investment at a percentage, between the value referred to in subparagraph (i), and the total received, or due installments ; and
- (b) deducting, from such amount, a reserve value for the risks, which are still existing, for such business, at the end of such year, at the percentage applied by the company to the business thereof, in insurance generally; however, there shall be added, to such amount, the reserve deducted, to meet the risks which have not elapsed, at the end of the previous year;
- (c) deducting, from the amount resulting from application of paragraphs (a) and (b), :-
 - (i) the value of the claim accepted in the aforesaid accountancy period, and connected with such business, minus any value recovered thereof under re-assurance;
 - (ii) the value of branches and agencies expenditure, spent in the said basis period, and connected with such business;

(iii) part of the expenditure of the headquarters of such company, as the Secretary General may deem just and reasonable;

provided that such company may, where it desires, deem the profits of the business thereof, derived from the insurance business, for any accountancy period, as the surplus, if any, of the total value of the received, or due installments, from the accountancy period referred to, for such risks, in the Sudan, as may exceed ten Sudanese pounds, and there shall be no forsaking of such choice, save upon approval of the Secretary General, subject to such settlements, as he may deem just and reasonable.

(4) The business profits derived, from any accountancy period of life insurance business, which is performed, by any insurance company, in the Sudan, whether mutual insurance company, or owned by the owners thereof, shall be the resulting value after :-

(a) taking the same proportion out of the income of investment into the life insurance fund, as from the installments received, in the Sudan, with the addition of the installments, received outside the Sudan, and relating to persons resident in the Sudan, at the time of writing the insurance policies, and the total of the received installments, or where the Secretary General deems the same just and reasonable, the proportion,

between the actuary indebtedness thereof, for its business in life insurance, in the Sudan, and the actuary indebtedness for all the business thereof, in life insurance;

- (b) deducting, from the value resulting from applying paragraph (a), life insurance expenditure of the branches and agencies in the Sudan, and part of the expenditure of the headquarters of such company, as the Secretary General may deem just and reasonable.

Business profits of particular projects

24. Where a person performs business relating to a particular project, by the nature of which it is possible to determine the profits of the business thereof, pending completing the other arrangements connected with the business, the Secretary General, where he deems the same just and reasonable may :-

- (a) deem the business profits derived there from as if they have accumulated by a regular way, from one day to another, within the period in which such business has been performed;
- (b) specify a preliminary percentage of the equivalent of 3% of the total payments, or as he may deem fit, as a percentage paid under the account of the tax, pending settlement of profits, upon completing execution of the contract, or the other arrangements .

Chapter VII

Verification of Estates Leases Income

Particular Deductibles

- 25.(1) Upon verifying the estates leases income of any person, which is obtained from any land, or premises, in any basis period, there shall be deducted, from the rent of the estates obtained by such person, with respect to such period:-
- (a) where such person himself hires such land, or premises, the value of the rent of the estates which he has paid therefor, with respect to such period;
 - (b) where such income is derived, by any individual, from a lodging, the value of the rent paid by such individual, to occupy a lodging, which is the only place of his abode;
 - (c) with respect to repairs, maintenance, management or insurance of such land, or premises, the person may choose one of the two following ways, and he may not forsake the same, save upon the approval of the Secretary General, and after ascertainment that the object of forsaking is not tax evasion :-²¹
 - (i) in case of the person presenting validated audited accounts, the actual expenditure set out in this paragraph, in whole, as may be entered on the accounts, after ascertainment of the accuracy thereof, including :-

²¹ Act No. 43, 1992, Act No. 40, 1974, Act No. 60, 1995 .

- the current annual repairs, maintenance, insurance and borrowing cost. (if any)
 - management expenditure, as the Secretary General may prescribe;
 - depreciation of the premises, the furniture and the devices belonging thereto;
- (ii) in case of presenting an accurate return, in accordance with the provisions of Section 38 and 47 (3), thirty five per cent. of the total income for the expenditure set out in this paragraph; provided that where such person is required, in pursuance of the terms of any agreement, to only incur part of the total expenditure of such repairs, maintenance, insurance or management, or not required to do any thing thereof, the allowed deduction, under this paragraph, shall be such part of the percentage, or nothing thereof, as the case may be; ²²
- (d) the value which he pays, in such period, for the Localities rates levied upon such land, or premises, and in case of land, or premises situated in a country outside the Sudan, for any taxes of similar nature collected thereon, in such country;

²² Act No. 5, 2007. Act No. 12, 2001.

- (e) the borrowing cost paid for any mortgage (if any) as a security for payment of any loan, or part thereof, as he may have borrowed for the purchase of such land , or premises, which shall be treated as follows :-
 - (i) deducting the value of borrowing cost paid thereby in such period;
 - (ii) the value of the borrowing cost paid during the years of building, in such way as may be deemed as if paid in the year of completing building, and deducting the same within ten years, commencing, as from the year of completing building ;
- (f) any such other deduction, as the regulations may prescribe .

Chapter VIII

Verification of Personal Income

Provisions pertaining to posts

26.(1) For the purposes of Section 12(1)(a), the revenue which shall be taken into consideration, upon verification of the personal income subject to tax, shall include the following :-

- (a) any wage, salary, leave pay, sick leave pay, pay in lieu of leaves, fees, commission, grant, remuneration, living, or travel allowance, or any other allowances received with respect to the post, or the services rendered, in the basis period in which they are

received; provided that whenever the Secretary General is convinced that any allowance received as aforesaid, as recovery of a value spent in whole, and only spent in obtaining the income of whoever receives such amounts, for the business, or services rendered. In this case such spent allowance and value shall be excluded from the personal income account;

(b) the value of any benefit, favour or facility, of whatever nature, as may be granted with respect to the post, or rendered services, with the exception of :- ²³

(i) the value of travels between the Sudan and any place outside the Sudan, which the employer provides to the employee (and such term shall not include a relative of the employee, or where the employer is a company, it shall not include a member of the board of directors, or a relative thereof) who is not resident in the Sudan, or to the wife or son of such employer ;

(ii) the value paid by the employer in respect of an employee, as subscription to such retirement fund, or savings fund for pension, as the Secretary General may validate, and established for the prescription of pensions, or similar favours for the employees, upon retirement from service, or to their families, after the death thereof;

²³ Act No. 40, 1974 .

(iii) such as may be incurred by the employer, for any medical services he renders, for an employee, not a relative of his, or where the employer is company, for a person not a member of the board of directors, or a relative of any member.

For the purposes of this paragraph, the value of the places provided, by the employer, to accommodate his employees, shall be the annual value thereof, and the value of any other benefit, favour or facility shall

be the value incurred by the employer, or the value thereof, in the market, whichever is the greater, and any value recorded into the credit account of the employee, in the books of the employer, in such circumstances, as the employee may be able to withdraw amounts, therefrom, under account, or use such account in another way, in any aspect, shall be deemed as received for the purposes of this Act.

**Provisions pertaining to income from
occupying, by an employee, of places for the purposes
of accommodation**

27. For the purposes of Section 26(b), the annual value of the places provided by the employer, with the exception of the value of furniture, or contents provided therewith shall be a value equivalent to a percentage of the income of the post, to

be prescribed by the Secretary General, or in case of a member of the board of directors of the company, the market price of such places; provided that where the employee occupies such places in part of the basis period only, or by payment of the rent of such places, in such period, the value which is verified under the aforesaid provisions shall be decreased to such extent, as the Secretary General may deem just and reasonable.

Particular allowed aspects of deduction

28. Without prejudice to the generality of the provisions of Section 18(1), upon verifying the personal income of any person, for any basis period, there shall be deducted, from the total value received, or deemed to have been received, in such period :-
- (a) pension deductions, the deductions of an insurance fund, and the deductions of any other post-service benefits scheme;
 - (b) the gratuity received, upon termination of the contract of service;
 - (c) any value, as may be deducted under Schedule II hereto;
 - (d) any other deduction, as the regulations may prescribe.

Chapter IX

Rates of Tax on Business profits and Estates Leases Income

Rates of tax on business profits and estates leases income

- 29.(1) Tax shall be paid, on business profits, and on estates leases income, at the rates set forth in Sector (A) of Schedule III hereto; provided that where a person is subject to tax in the assessment year, for both business profits and estates leases income together, tax shall be paid at such rates, on the total business profits and estates leases income thereof.
- (2) Where the Secretary General deems that the person mentioned in Sub-section (1) directly, or indirectly controls the affairs of two, or more companies, or two, or more partnerships, as the case may be, such companies and partnerships shall be deemed one person, for the purposes of paragraph (1) of Sector (A) of Schedule III annexed hereto , and for the purposes of assessing, levy, recovery and drawback of the tax, the tax required to be paid shall be divided between such companies, or partnerships, at the proportion of value of the business profits and estates leases income in each of them, as the case may be; provided that any losses shall be treated as non-achieved profits for the purposes of this Section.

Personal income tax rates

30. The tax, on the personal income, shall be paid at the rates set forth in Sector (B) of Schedule III annexed hereto; provided that where any person is subject to tax under the provisions this Act , with respect to :-
- (a) Personal income and estates lease income;
 - (b) personal income and business profits; or

- (c) personal income and estates leases income and business profits in this case :-
- (i) where the amount of income, other than personal income does not exceed one-quarter of the amount of personal income, the tax shall be calculated, on the total income from all the sources at the rates set forth in Sector (B) of Schedule III annexed hereto;
 - (ii) where the amount of income, other than personal income exceeds one-quarter of the amount of personal income, the tax due shall be calculated at the rates set forth in Sector (B) of Schedule III annexed hereto, on the personal income, and at the rates set forth in Sector (A) of such Schedule, on the income other than the personal income, in addition of the threshold exempted from tax, as the case may be.

Deduction with respect to taxation of animals and otherwise

31. Where a person has, in a basis period, with respect to any assessment year, paid :-
- (a) animals, ushur or date palms tax, with respect to any source, from which he has obtained the business profits thereof in such period;
 - (b) land, or premises tax, with respect to any land, or any premises, from which he has obtained his estates leases

income, or which he has occupied, in such period, during acquiring the business profits thereof.

There shall be deducted, by way of set off, for the purposes of collection, a value equivalent to the total of such taxes, or the value of the tax due for payment under the provisions of this Act, which have been verified, before application of this Section, whichever is lesser than the tax due for payment, from such person, for the aforesaid assessment year.

Set off in tax previously deducted from personal income

32.(1) Where a tax has been deducted, in the basis period, for any assessment period from the income of any person under the provisions of this Act, there shall be deducted, by way of set off , for the purposes of collection, the value of the deducted tax, after proof of deduction, and payment thereof, to the Secretary General, from the tax due from such person, for the aforesaid assessment period; provided that where the tax deducted, from the income of any person, does not exceed twelve Sudanese pounds, accrual of the tax from such person, which has been verified under the other provisions of this Act, does not differ from the deducted amount, by more than five Sudanese pounds, notwithstanding any other provisions, the accrual of the tax,

- from such person, shall be equal to the amount of the tax which has been deducted. ²⁴
- (2) Where any tax paid by any company, under the provisions of Section 66(2), from the income of any period, the amount of the tax paid shall be deducted, for the purposes of collection, from the tax required to be paid, for the assessment period pertaining to the same.

Double taxation prevented

33. Where the Minister declares, by an order therefrom, that the arrangements set forth in such order have been agreed upon with any foreign government, in order to strive to prevent double taxation, and that it is expedient that such arrangements are to have their effect, they shall have such effect notwithstanding any provision, in any other law, with respect to tax, to the extent that they provide that the :-
- (a) levy of tax, on the income derived from the Sudan, of persons non-resident in the Sudan;
 - (b) specification of the income attributed to such persons, the agencies, branches or their commercial institutions thereof in the Sudan;
 - (c) specification of the income attributed to persons resident in the Sudan, who have special relations with non-resident persons.

Chapter X

²⁴ Act No. 25, 2007 . Act No. 40, 1974 .

Persons Subject to Assessment and Liability For Other Persons

Income of non- resident persons

- 34.(1) The income of a non-resident person may be assessed, and the tax pertaining to him may be levied, on his agent in the Sudan.
- (2) The master of any vessel, or pilot of any aircraft owned, or chartered by a non-resident person shall be deemed subject to tax, together with the non-exclusive of any other agent, or agent to such non-resident person, with respect to this Section.

Income of deceased person

35. There shall be subject to tax such accumulated, or received income, before the date of death of the deceased person, as the tax may be assessed and levied thereon, had it not been for the death, for the assessment year, and shall be assessed on the executor of his will, the administrator of his estate or the heirs thereof, at the same rate of tax which would have been levied, had such income been assessed on such deceased person before his death.

Liability of the person on whom the income of another person has been assessed or paid a tax for another person and his discharge

- 36.(1) Every person, in whose name the income of another person has been assessed, and a tax levied thereon, shall be required, in connection with the assessment of such income, to perform

every act this Act requires the same to be done, for the person whose income is subject to tax under the provisions thereof, and be liable to pay any tax levied thereon accordingly, within the limits of any assets, of such other person, which may be in his possession, at the date of service of the assessment notice upon him, or vest in his possession after such date.

- (2) Every person liable, under the provisions of this Act, for payment of tax on behalf of another person may retain, with him, such money as he may receive on behalf of such other person, which is sufficient to pay such tax, and he shall be discharged, as against any person whoever, as to any amount, as may have been paid, under the provisions of this Act.²⁵

Liability of manager of a corporate person and otherwise

37. Where any financial obligation has been imposed, under the provisions of this Act, upon any corporate person, such person shall be liable to satisfy such obligation, and the general manager thereof shall execute the said obligation, within the limits of the funds and belongings of such person.

Chapter XI

Returns and Notices

Returns and otherwise

²⁵ Act No. 40, 1974.

- 38.(1) Notwithstanding the provisions of Chapter II, the Secretary General may, by written notice to any person, require to be supplied, within such time, as may be specified in such notice, with the return in writing or electronic of the income of any basis period preceding the period in which the notice has been served, including a full and accurate statement of the income of such person, including such income, as may be deemed under the provisions of this Act an income subject to tax, as to such details, as may be required for the purposes of this Act. Such return, shall include a statement signed by such person as upon whom assessment and levy of the tax may lie, that such return is full and accurate. Every person, from whom the presentation of a return is required, under the provisions of this Section, for the income thereof, within a particular basis period, shall present validated audited accounts, within one month of the date of termination of the allowed return period; on condition that he shall show the same on his return²⁶
- (2) In case of an executor of will, administrator of the estate of a deceased person, the liquidator of a resident company, a bankrupt or any person in respect of whom the Secretary General has reason to believe that he is about to leave the Sudan, the Secretary General may require him, by a written notice, to supply him with the income return at any time whether before, or after the termination of the basis period to which the return relates.

²⁶ Act No. 30, 2010.

- (3) Every person subject to tax, for any assessment year, who has not been required, within three months of the termination of the basis period, to present a return of his income for such period, under Sub-section (1), and to notify the Secretary General, within fourteen days after the termination of the three months' period that he is subject to tax, and for the purposes of this Section, there shall be deemed subject to tax :-²⁷
- (a) all the companies, partnerships, trustees, executors of wills and administrators of estates, whether resident, or non-resident, and all the non-resident individuals regardless to the value of the income thereof;
 - (b) all the resident individuals the total of whose income exceeds the threshold exempted in accordance with Schedule III annexed hereto for any basis period.
- (4) Where the business is performed by two, or more persons in a partnership, the Secretary General may, by written notice, require the resident partner having priority, or the partner who is one of resident partners :-
- (a) the first one whose name is mentioned in the partnership contract; or
 - (b) where there is no written contract, the partner who is appointed by name, or initials alone, or by precedence over the other partners, in the usual name of the partnership ; or

²⁷ Act No. 60, 1995.

- (c) the first one whose name is mentioned in such statement , as may be required under any law in the Sudan, for the registration of the business name, shall present, to him, within such period, as may be set forth in such notice, a return of the income of the partnership, which has been verified under the provisions of this Act, for any basis period, including full and accurate statement of such income and any details as may be required by the objects of this Act.
- (5) The provisions of this Section shall apply to any person subject to assessment with respect to the income of another person, in any capacity whatever as to such where, as they may apply to any person with respect to the income, to whom it may be due.
- (6) The person who prepares any return and presents it under the provisions of this Section shall set forth therein his address in the Sudan to which all the notices served under the provisions of this Act are sent.
- (7) The tax due shall be paid, from the actual return, at the date fixed for presenting the return.²⁸
- (8) Any person who is subject to tax, who may institute a branch or an office or transfer his quarters to another place, or may make any alteration pertaining to his activity or institution, shall inform the Chamber in writing with the same within thirty days (30 days) from the date of such action. In case of corporate person, the burden

²⁸ Act No. 60,1995 .

of notification falls on its legal representative on the condition that the notification shall contain the data and documents that may be determined by the Secretary General decision.²⁹

Accounts, accounts books and otherwise

39.(1) Where a person performs any business and prepares a return of income for any basis period, and the accounts of his business, for any accountancy period, have been prepared, or examined by another person, in his professional capacity, in this case such person shall present, with the aforesaid income return, a copy of such accounts signed by such other person, of the statement and nature of the accounts books and documents, from which the accounts have been prepared, and there shall be set forth also, in such accounts,:-

- (a) where the accounts have been prepared by such other person, whether and with such reservations, if any, as he may deem such accounts represent an accurate and just picture of the gains and profits from such business, for such period, together with recording the extent of his audit of the accounts books and documents presented thereto;
- (b) where the accounts have been examined by such other person, he shall show the extent of such examination.

In this Sub-section (accounts) mean the budget and statement of assets and debts, the trading accounts, the

²⁹ the Income Tax Act (Amendment) 2010.

profits and losses account, the revenues and payments account and any other similar account of whatever description.

- (2) Where it appears, to the Secretary General, that a person who performs business which is subject to tax, the Secretary General may, by a written notice, require such person to present a copy of his accounts as defined in Sub-section (1), to be prepared by a validated accountant.
- (3) (a) Every person who is subject to tax shall keep the necessary accounts books prepared manually or electronically to record the size of his activity subject to tax, and he shall keep, as a minimum, the daily, master and stock taking books authenticated by the Chamber before use thereof:-³⁰
- (i) where his capital exceeds 1500 Sudanese pounds;
 - (ii) where the total business profit of the commercial activity exceeds five thousand Sudanese pounds;
- (b) Where a person who appears to be subject to tax omits , or refuses to keep such accounts records and books, as may be, in the opinion of the Under-Secretary, sufficient for the purpose of verifying the income of such person, the Secretary General may, by a written notice, require such person to keep such accounts records and books, as may be set forth in the notice .
- (4) Every person who performs a business shall keep every accounts book and every document which may be

³⁰ act No. 40, 1974, Act No. 60, 1995 , Act No. 25, 2007 .

necessary to explain any entry, in such book, which is connected with such business, for a period not less than six years, after the accountancy period to which the aforesaid accounts book, or document relates.

(5) Every person, who keeps, or preserves any accounts records and books, shall keep such accounts records and books, in either Arabic, or English language.

(6) Notwithstanding the provisions of Sub-section (5) a person may keep electronic accounts showing the income and expenditure as to manner, as may be prescribed by

regulations .³¹

(7)the For the purposes of taxation accounting the Secretary General may subject any person practicing a commercial, industrial, professional; occupational or service, to use goods sale machine, in accordance with the safeguards and conditions as he may prescribed .³²

(8)The Secretary General may subject the governmental bodies to deal with the taxation invoice in purchasing or contracting.^{31(a)}

(9) The Secretary General shall :

(a) constitute a committee from concerned, research and academic bodies for the purpose of issuing the machinery annual technical manual according to the taxation work requirements;

³¹ Act No. 25,2007 .

³² Act No. 26.2013 .

^{31(a)} Act No. 40, 1974. Act No. 8, 2014 .

- (b) issue the conditions and safeguards pertaining to the duties and responsibilities of the machinery suppliers and those in charge of the same;
- (c) approval of the machinery and validation of the annual manual and issuance thereof.³³

**Books presented and kept,
appearance and otherwise**³⁴

- 40.(1) The Secretary General, or who he may delegate for the purpose of obtaining full information, with respect to the income of any person, or class of persons, and notwithstanding any provision in any other law, may require any person, by a written notice, to :-
- (a) present, to the Secretary General for examination to be conducted or who he may delegate, at such time and place, as may be set forth in such notice, any accounts, or accounts books, lists of assets and debts and any other documents, as the Secretary General may deem necessary for such purpose;
 - (b) present forthwith any accounts, accounts books, or other documents, as the Secretary General or who he may delegate, may specify, in such notice, to retain the same therewith, for such reasonable period, as may be sufficient to examine them;

³³ Act No. 34, 2015 .

³⁴ Act No. 30, 2010 .

- (c) appear at the time and place set forth in such notice, with the intention to interrogate him, with respect to the income thereof, or the income of any other person, or any transactions, or matters, as may appear to be connected with such income.
- (2) A person, who keeps electronic accounts shall enable the Secretary General to enter his electronic system, and peruse his accounts, books and documents, and take a copy thereof, for the purposes of examination and auditing, to ascertain the income.
- (3) Where the person omits to comply with the provisions of Sub-section (1) and (2) the Secretary General, without prior notification, may enter the places of business of such person during his work hours, to peruse such accounts books, documents and data, as he may deem necessary, and take the same for purposes of examination and auditing, to verify his income, without prejudice to the provisions of Section 44(1)(b) .
- (4) Any of the national or state governmental bodies and localities and public corporation and co-operations , public and private sector companies and factories shall prepare a suitable office for the taxation employees, whenever the Secretary General or whom he may delegate required.

**List of employer pertaining to
salaries and otherwise**

- 41.(1) Every employer who has, in a month of any basis period, paid salaries and allowances, to a person employed by him, for his post, or services rendered by such person, at a value which exceeds 1/12 of the threshold exempted from tax, shall present, to the Secretary General, on the thirty first of January immediately subsequent to such period, or before the same, a list on the said period, as to such form, as may be prescribed by the Secretary General, including the names and addresses of all the persons, to whom he has paid pensions for their previous service therewith, and the amount of pension which has been paid for each one of them; provided that such list may not include any class of persons, salaries or allowances, as the Secretary General may allow.
- (2) For the purposes of this Section, the reference set forth in Sub-section (1), to :-
- (a) salaries and allowances shall include all the salaries, benefits, favors and facilities referred to in Section 26;
 - (b) persons employed with respect to a company shall include a member of the board of directors of such company;
- (3) The Secretary General may require any employer, by a written notice, to gather all income returns pertaining to his employees, for any year prior to the period in which the notice has been served upon him, and send the same to the Secretary General, within such time, as may be specified in such notice.

- (4) The Secretary General may require any person, by a written notice, to present thereto, within such time, as may be set forth in the notice, particulars, or other returns, with respect to any matter, as may be set out in a return, prepared under the provisions of this Act, or with respect to any operations, or matters, as may be deemed, by the Secretary General, to be of connection with verifying the income of such person, or any other person, for the income of whom such person is subject to assessment, or receives the income thereof.

Field survey

42. The Secretary General may, during work hours, or at any time he deems fit, enter business places and estate property to conduct field survey, and require any information, or explanations, in order to ascertain the implementation of the provisions of this Act.

Return deemed to be presented by person of capacity

43. Every return, statement or form purported to be presented under the provisions of this Act, by any person, or on his behalf, shall, for all purposes be deemed, unless the contrary is proved, as presented by such person, or upon his permission, as the case may be, and every person who is signatory to such return, statement or form shall be deemed acquainted with all the data set forth therein.

Sanctions consequential to omission of presenting returns³⁵

44.(1) There shall be inflicted upon every person who :-

- (a) is required to present an income return, under the provision of Section 38, and 47 (3) omits to present the same, within the time specified therefor, a sanction of one hundred Sudanese pounds , for each day on which such omission continues, or such as the Secretary General may deem fit ; on condition that the sanction shall not exceed 5% of the total due tax;
 - (b) omits to comply with the provisions of Section 41, or any written notice, under any of the two Sub-sections (2), or (3) of Section 39 , or under Section 40, a sanction of fifty Sudanese pounds , for each day on which such omission continues.
- (2) The General Secretary shall assess the sanctions inflicted upon any person, under the provisions of Sub-section (1), at such periods, as he may specify, and be served upon the person in default, by a written notice, and all the provisions of this Act relating to appeal against assessments shall apply to such notice, as if it is a notice of assessment under the provisions of this Act, in such way that the grounds of appeal against the sanction included in such notice shall be restricted to :-

³⁵ Act No. 25, 2007 , Act No. 40, 1974 . Act No. 30, 2008 . Act No. 8, 2014 .

- (a) the fact of default in presenting the return, or presenting a copy of the audited accounts, or omission of keeping the required records and books;
 - (b) the period in which such default continues; provided that where the person in default is not able to present the returns and audited accounts, due to his absence from the Sudan, or to his illness, or to another reasonable cause, the Secretary General may, in his discretion, forego such sanction wholly, or in part, whether before sending, such written notice, or after the same.
- (3) Subject to the provisions of Sub-section (1) where the person continues to omit presenting this income return under the provisions of Sections 38 and 47 (3)(a) for a period exceeding six months of the prescribed date for representing the same, he shall be deemed to have committed the offence of tax evasion, and shall be punished with the penalties provided for herein. ³⁶

Surcharge in case of cheating or willful acts

45. (1) Notwithstanding the provisions of Section 44 and Chapter IX, there shall be levied on any person, in any assessment year :-

³⁶ Act No. 30, 2008 .

- (a) omits to present a full and accurate return on income, or omits to send notification to the Secretary General, in accordance with Section 38; or
 - (b) presents an inaccurate return, for any income which has to be shown therein, by excluding therefrom any income, or mentioning therein an income lesser than the actual one, or deducting any value this Act does not allow the deduction thereof, in order to set forth the said income therein;
 - (c) delivers any inaccurate information, with respect to any matter, or thing which affects his subjection to tax, for the said year, whenever such omission, exclusion or, mentioning the income which is less than the actual one, deduction, or delivery of inaccurate information is due to any cheating, or willful neglect, in addition to any amount levied under the provisions of chapter IX, a tax not to exceed double amount of the tax duly levied on him .³⁷
- (2) Whenever the omission, exclusion, mentioning the income which is less than the actual one, deduction or delivery of inaccurate information has occurred, with respect to the income return, required to be presented under the provisions of this Act, from any person, on behalf of another person, such other person shall, in this case, be required to pay any additional tax levied under this Section.
- (3) The surcharge levied, under this Section, shall be levied :-

³⁷Act No. 15, 2006. Act No. 8, 2014.

- (a) in any assessment made under the provisions of this Act; or
- (b) in addition to any sanction which is due from such person, under the provisions of Section 44; or
- (c) whether the proceedings for any offence in contravention of the provisions of this Act arising out of the same facts have been commenced or not .

This surcharge shall be levied and collected, as if it is a tax levied under the provisions of this Act, in seclusion from the application of the provisions this Section .

Sanctions in case of non-compliance with notice

46.(1) Every person, who :-

- (a) omits to present any document, to the Secretary General, within the period specified under the provisions of this Act, or any notice served upon him under such provisions, and he is bound to present; or
- (b) omits to keep any records, books or accounts, as may be required by any notice served thereupon under the provisions of Section 39(3); or
- (c) omits to present any accounts, books or other documents, for examination, or to be satisfied, on the part of the Secretary General, as any notice served upon him, under the provisions of Section 40(1)(a) and (b) may require ;or

- (d) omits to appear at such time and place, as may be required by any notice served thereupon, under the provisions of Section 40(1)(c) ; or
- (e) omits to keep any accounts book which is necessary, or a document in contravention of the provision of Section 39(4); or
- (f) omits to answer any question legally addressed to him, or to present information required therefrom, under the provisions of this Act; or
- (g) delivers any inaccurate statement in any list presented in response to any notice served thereupon, under the provisions of this Act; or
- (h) delivers any inaccurate information, in connection with any matter, or thing which affects the subjection of any other person to tax, a financial penalty amount to double the due tax, shall be inflicted on him, and such penalty shall be collected as if it was a tax levied under the provisions of this Act, provided that whenever any of the aforementioned persons is proved that he relies on a reasonable cause in such omission, inaccurate return or inaccurate information, as the case may be, the sanction shall not be inflicted thereon .³⁸

(2)The person and all who may incited or helped in recurrence the contraventions set forth in Sub-section I, shall be deemed

³⁸ Act No. 15 . 2006 .

committed of the offence of tax evasion and shall be punished with the penalties set forth in this Act.³⁹

³⁹ Act No. 30, 2008 .

Chapter XII

Assessments

Secretary General competent to assess

- 47.(1) Subject to the provisions of Sub-sections (2) and (4) and the provisions of Section 48, the Secretary General shall assess the income of any person subject to tax as soon as possible, after the expiry of the time allowed, under the provisions of Sections 38 and 39(4), to present the income return. He may seek the help of assessment committees to be appointed thereby, where he deems the same fit, and their opinion thereof shall be consultative .
- (2) There shall be no need to make assessment for any person with respect to his personal income, for the assessment year, where the total tax deducted under any regulations made under the provisions of this Act, from the personal income received thereby, in such basis period, as may appear to the Secretary General that it is the same, which is levied in the assessment under the provisions of this Act for such year; provided that the provisions of this Sub-section shall not be construed in such way, as may prevent conducting any assessment on any person, with respect to his personal income; and assessment shall be made with respect to the personal income of a person subject to assessment, where such person claims, by a written notice to the Secretary General to conduct the assessment within two years, of the end of the said assessment year.

- (3) (a) Notwithstanding the provisions of Section 38, every person subject to the system of self assessment under the orders issued by the Minister, shall present a written or electronic statement of the self-assessment return of his income and the tax due on him supported by the corroborating returns and documents on the prescribed dates and shall pay the tax due on him on the actual returns, at the moment he presents the return, and the Secretary General shall, subject to the provisions of paragraph (b) admit the return;⁴⁰
- (b) the Secretary General may on his own motion, or upon the request of the person presenting the self return correct the material and mathematical mistakes set out in the statement in a period not more than one month, of the date of expiry of the period for presenting the returns;
- (c) companies and public corporations that submit its audited final accounts to the general assembly or boards of directors for approval; thereof may amend their self-assessment returns presented within a period not exceeding one month, of the date of approval of such accounts by the general assembly or board of directors provided that such return shall be presented in the dates prescribed therefor ;
- (d) Where a person omits to present his return under the provisions of paragraph (a) in the prescribed dates or it appears after examination, or auditing that the return is

⁴⁰ Act No. 30, 2008 . Act No. 30,2010.

inaccurate, or is intended to evade tax, the Secretary General may levy upon him surcharge not exceeding double the amount of tax revealed by the examination or auditing;⁴¹

- (e) where the person subject to the self assessment system does not pay the surcharge levied upon him under the provisions of paragraph(d) or present his return in the dates specified therefor, such person and whoever assists or abets him shall have committed the offence of tax evasion and shall be punished with the penalties provided for herein.
- (f) subject to the provisions of paragraph(a) the Secretary General shall in case of his rejecting the return and audited accounts ground his rejection based on the reasons specified made by the directorate of examination and auditing at the Chamber.
- (g) subject to the provisions of paragraph (a) the Secretary General may admit the return presented under the provisions of Section 38 and assess the income on the basis thereof. Where he has reason to believe that such return is inaccurate he shall evaluate the value of income of such person as he may deem it fit and then assess the income thereof accordingly.

- (4). Where the person does not present a return of income, whether or not the Secretary General requires the same from

⁴¹ Act No. 26, 2013.

him, and the Secretary General deems that such person is subject to tax, he may, as he may deem fit, evaluate the value of income of such person, then assess his income accordingly, and such assessment shall not have effect on any obligations by which such person is bound otherwise than the aforesaid, under the provisions of this Act.

(5).(a) Notwithstanding the provisions of Sections 38 and 39, the Secretary General may, in cases wherein it is difficult to follow the procedure provided for in Sections 38, 39 and 47, assess the income of any person, by any of the following ways .⁴²

- (i) specifying a constant presumptive assessment for each basis year, for a number of the consecutive years; provided that the number of years shall not exceed five years, commencing from the year for which the same has been issued ;
- (ii) specifying a constant amount, at any time of every basis year, according to the available indications, and such amount shall be collected as a final tax, at the same time in which the assessment has been made;
- (iii) entering into agreements with the professional unions, which require the same for the purpose of taking procedures pertaining tax assessment and method settlement and payment with respect to the nature and purposes of each profession.

⁴² Act No. 60, 1995 . Act 24, 2001 .

(b) in such cases, as tax evasion may be feared , for any reason, the Secretary General may assess, during the basis period, the income subject to tax, and the tax shall be specified and collected, without prejudice to the sanctions provided for in this Act .

**Persons about to depart, and
persons who have departed
from the Sudan**

48. Whenever the Secretary General has reasonable ground to believe that any person may, within a short time, depart, or has departed, from the Sudan, and his absence is probably not temporary, and the tax has not been assessed on his income, for the assessment year, the Secretary General may, in this case evaluate, as he may deem fit, the value of income of such person, then assess the income thereof accordingly, without such assessment having any effect upon any obligations, by which such person may be bound otherwise than the aforesaid under the provisions of this Act .

Additional assessments made

49. Whenever the Secretary General deems that the tax has been assessed for any person, whether with respect to the assessed income, or the value of the tax, at a lesser value than that which has to be assessed therefor, the Secretary General may assess the income of such person, by assessing

an additional value, as he may deem fit for what should have been assessed for such person .

Service of assessment notice

50. The Secretary General shall give due regard to serve the notice of assessment upon every person he assesses his income, and he shall set forth, in such notice, the amount of the assessed income, and the value of the tax due, and show to such person his rights under the Provisions of Section 55.

Period specified for making assessment

51. Assessment, under the provisions of this Act may be made at any time before the expiry of five years, after termination of the assessment year, to which the assessment relates; provided that :-

- (a) in case of such assessment, as may be made for executors of wills, or administrators of estates of a deceased person, with respect to the income, assessment shall be made , before the expiry of three years, after termination of the assessment year, during which such person has died ;
- (b) where cheating, or willful neglect has been committed, on the part of a person, or on his behalf, with respect to tax for the assessment year, the assessment may be made, with respect to the tax of the assessment year referred to, at any time

to such extent, as in which the income return is proved;

- (c) no dispute may be raised as to whether the assessment has been made after the time specified, in this Section, for the making thereof, save by a valid contest presented under the provisions Section 55, and by any contest to the competent court, which is consequential thereto.

Assessment records

- 52.(1) The Secretary General shall, as soon as possible, prepare the records of persons for whom tax has been assessed.
- (2) Such records (referred to in this Act as the assessment records) shall include the name and address of every person, for whom the tax has been assessed, and the amount of the income, on which the tax due for payment thereby has been assessed .
- (3) Where there has been prepared, in the assessment period, a full copy at the Secretary General office, of all the assessment notices and the notices amending the same to be as assessment records, for the purposes of this Act, every copy thereof shall be admissible in any proceeding as evidence of the fact of assessment, and the particulars included therein and any amendment thereof.

Errors and otherwise which occur in notices

- 53.(1) No assessment and no instrument, or other document purporting to be issued, or authenticated under the provisions of this Act, shall be disqualified, nor shall it be deemed void, or avoidable for a defect in form, and no effect shall result by reason of fault, defect or omission therein, as long as the same is in its substance and effect consistent with this Act, or in accordance with the object of the meaning thereof, and whenever there is shown therein the person for whom the tax is assessed, or whom the assessment affects, in accordance with the general object and denotation.
- (2) The assessment shall not be contested, and shall not be affected :-
- (a) by reason of fault with respect to :-
 - (i) the name of the person for whom the tax is assessed; or
 - (ii) the description of any income; or
 - (iii) the value of the levied tax;
 - (b) by reason of difference, between the assessment and the served notice.

Chapter XIII

Contest

Appeals

Income Tax Committee

- 54.(1) The Minister, by an order, may form an income tax committee, to be constituted of a chairman, a deputy

chairman and three other members at most, and have competence to consider and determine contests, under the provisions of Section 58. The members of such committee shall be appointed, for a term not exceeding three years, to be shown in the appointment decision .

- (2) The Chairman of the committee and the deputy thereof shall be persons experienced in taxation laws.
- (3) The Minister may relieve of membership any member of the committee, and appoint new members, whenever he deems necessity therefor.
- (4) The quorum of meeting of the committee shall be three members, other than the Chairman.
- (5) In case of absence of the chairman, from any meeting, his deputy shall assume chairmanship of the committee .
- (6) Without prejudice to the provisions of any other law, no personal responsibility shall result on the members of the income tax committee, for any act, or fault which may occur from the committee in good faith, in the course of, exercise thereby, of the tasks assigned thereto, under the provisions of this Act.
- (7) The Minister may appoint a clerk to assume the tasks assigned thereto by the Chairman of the committee .
- (8) The Council of Ministers shall specify the emoluments and privileges of the Chairman and members of the income tax committee, upon recommendation of the Minister.⁴³

⁴³ Act No. 60, 1995 .

Notice of contest of assessment

55.(1) Subject to the provisions of Section 62(3) , every person who disputes an assessment made in respect of him, under the provisions of this Act may contest such assessment, by a written notice addressed to the Secretary General, in the Form No.(1) of Schedule IV hereto, and such notice shall not be valid as a contest, unless .⁴⁴

- (a) there is mentioned therein accurately the grounds of contest of the assessment;
- (b) he attaches his income return (where he has not previously presented the same to the Secretary General) ;
- (c) the notice of contest is received within thirty days, of the date of service of the assessment notice;
- (d) no contest presented, by any company, shall be admitted, save where the same is supported by books and audited accounts;⁴⁵

Provided that where the Secretary General is convinced that the contesting person has not been able to send the notice, within such period, by reason of his absence, from the Sudan, illness or any other reasonable cause, and no unreasonable delay has been attributed thereto, the Secretary General, upon the request of the contesting person, and after he deposits, with the Secretary General, the value of the tax due, under the assessment, or any part thereof, as may be

⁴⁴ Act No. 60, 1995 .

⁴⁵ Act No. 60, 1995.

required by the Secretary General, and pays any sanction due under the provisions of Section 63, may admit such notice, after the expiry of such period, and as such that admitted notice shall be deemed as a valid notice of contest.

- (2) Any person who is aggrieved by the rejection, by the Secretary General, of the notice of contest, under the proviso of Sub-section (1), may contest such rejection, before the court competent to apply all the provisions of this Act relating to contest of assessment, as to such extent, as may apply to any contest under the provisions of this Sub-section, and the competent court may confirm the rejection decision, or deem such notice as a valid notice of contest.

Agreement with the Secretary General upon assessment

56.(1) Whenever a valid notice of contest is received, the Secretary General may consider the grounds of the contest, as shown in the notice, and after his interrogating the contesting person as to what he may deem necessary to interrogate him thereon, under the provisions of Sections 40 and 41, he may agree, with such person, upon the value of the income, and the valid tax due to be levied, then amend the assessment accordingly, and serve a notice upon such person including such amendment and the value of the tax due, and the contest shall be deemed to be settled for all the purposes of this Act.

(2) Where the contesting person does not agree, with the Secretary General, upon the value of assessment, under the provisions of Sub-section (1), he shall be entitled to refer the contest to the income tax committee, or the competent court, as the case may be, within thirty days of the issue of the decision of the Secretary General.

Grounds of contest of the decision of the Secretary General

57.(1) The contest, to the competent court, against the decision of the Secretary General, shall be restricted to one of the following two grounds, or both of them :-

- (a) that the person has no business subject to tax;
- (b) that the assessment is inconsistent with the provisions of the Act and the regulations made thereunder, in case of presenting audited accounts approved by a validated auditor.

(2) Notwithstanding the provisions of Sub-section (1), when a dispute arises against the assessment based upon audited accounts relating to material facts, the contest shall be submitted to the income tax committee.⁴⁶

(3) The value of the case shall be assessed by the amount of the tax subject of contest.

(4) In cases other than those set forth in Sub-section (1), the contest shall be submitted to the income tax committee, within thirty days of the date of service of the contesting person, of

⁴⁶ Act No. 60, 1995 .

the decision of the Secretary General, on his contest presented under the provisions of Section 55(1) .

Procedure of contest before the income tax committee

58. In every contest addressed to the income tax committee, under the provisions of Section 57(3), the following provisions shall apply :-
- (a) without prejudice to the other conditions of the contest, the contest shall not be considered, before the income tax committee, save after payment of the contest fees the amount of which shall be specified by the regulations, and the committee may amend such fees, after considering the contest to be proportionate to the amendment, as to the value of the tax;
 - (b) every contesting person shall appear before the income tax committee, either by himself , or through an agent, at such date and time, as may be specified for considering the contest;
 - (c) the income tax committee may require, by a written notice, from any person to appear before them, to be questioned on any matter relating to the income included in the assessment which is contested, and they may require such person to present any books, document, or other record which is in his ownership, or under his disposal relating to such income;⁴⁷
 - (d) the contest shall be heard in camera, and the committee shall summon the person contesting and the person against whom the contest is made, for the date of the

hearing, provided that the Secretary General, or whoever he may authorized may attend the sitting, or to send a note of his defenses, supported by such documents and data , as he may deem necessary to rebut the contest; ⁴⁸

- (e) the burden of proof, that the contested assessment is exaggerated, shall be on the person whose income is assessed;
- (f) the income tax committee may confirm, decrease, increase , revoke the assessment or order such as they deem fit;
- (g) the income tax committee shall serve a notice of such amendment and amount of the tax due, upon the contesting person; within one week of the decision thereof;
- (h) where the decision of the income tax committee reveals any amendment of the assessment of the contesting person, the assessment shall accordingly be amended, and the Secretary General shall serve upon the contesting person a notice showing therein such amendment and the amount of the tax due;
- (i) in case of absence of the contesting person from the hearing sitting notwithstanding his being summoned therefor, the contest shall, after ascertainment of the fact of summons, be heard in default, and the decision shall be passed as if it has been passed in the presence of the

⁴⁸ Act No. 60, 1995 .

contesting person; provided that the contesting person shall be notified of the decision .⁴⁹

The contest considered before the competent court

- 59.(1) Any person served with a notice under the provisions of Section 58(g) may contest the decision of the income tax committee, before the competent court, by a written notice to such court, a copy of which shall be sent to the Secretary General, within thirty days, after his being served with the aforesaid notice.⁵⁰
- (2) The Secretary General , where he is not convinced with the decision of the income tax committee, may contest such decision, by a written notice, before the competent court, a copy of which shall be sent to the other party of the contest, within forty five days, after the date of his being served with the notice, under the provisions of Section 58(g).
- (3) No contest of the decision of the income tax committee shall be made, save where the contest is based upon a dispute on the interpretation of the law, or a dispute which mixes such interpretation with facts.

⁵⁰ Act No. 60,1995 .

Procedure of contest before the competent court

60. The following provisions shall apply to every contest submitted to the competent court, under the provisions of Section 59 :-
- (a) every contesting person shall appear before the competent court either personally, or by an advocate, at the day and time fixed for considering the contest;
 - (b) the burden of proof that the contested assessment is exaggerated shall lie upon the person whose income is assessed;
 - (c) the judge may confirm, decrease, increase, revoke the assessment, or order with respect thereto, as he may deem fit ;
 - (d) the expenses of contest shall be left to the absolute discretion of the competent court which considers the contest, and with respect to the court fees, the value of the suit shall be the value of the disputed tax;
 - (e) where the decision of the competent court reveals any amendment of the assessment, the assessment shall accordingly be amended, and a notice shall be served upon the person whose income is assessed , wherein such amendment shall be shown;
 - (f) the judgment subsequent to the decision of the competent court which considered the contest shall have effect, with respect to the value of the tax due, under such assessment , as the competent court may have specified, as a judgment of payment of such value,

whether the value of such tax has been shown into the judgment or not.

There shall not result, from presenting the contest to the competent court against the decision of the income tax committee, suspension of payment of the tax due in full.

The final form of the assessment

61.(1) The assessment, as made, agreed upon or specified by contest, as the case may be, shall be final and determined, whenever :-

(a) no valid notice of contest has been addressed under this Chapter against an assessment;

(b) a valid notice of contest has been addressed :-

(i) wherein the value of the assessment has been specified under the provisions of Section 56(1); or

(ii) the value of assessment has been specified by contest.

(2) This Section shall not be interpreted in such way, as may prevent the Secretary General, from making any such additional assessment, for any assessment year; as may not result in re-assessment, in any matter which has been previously determined by contest, for the aforesaid assessment year; provided that where any willful cheating or neglect has been committed, on the part of any person, or on his behalf, with respect to tax, for the assessment year, the Secretary General may make a additional assessment, for such person, for the assessment year referred to, even though

there results therefrom, re-assessment in any matter which has previously been determined by contest .

Chapter XIV

Levy, Collection and Drawback of Tax

Date within which the tax is paid

- 62.(1) Subject to the provisions of Section (38) (7), 47(3)(a) and 67, the tax levied shall be due in every assessment, and be due for payment in cash or electronic, at such date, as the regulations. may specify .⁵¹
- (2) With respect to the priority of debts, the tax shall have priority, over all the other debts, in all the cases, with the exception of the salaries of officials and workmen and the ordinary entitlements thereof.
- (3) Where a valid notice of contest has been addressed, under the provisions of Section 55, notwithstanding the final determination of the contest, one-quarter of the levied taxes, or , the value of the tax not disputed upon, or any amount specified by the Secretary General, shall be due, and be due for payment within thirty days, of the date of determination of the assessment, or the date at which it shall be due, under the provisions of Sub-section (1), where subsequent. For the purposes of this Sub-section, the tax not agreed upon shall be deemed, wherever the person whose income is assessed has addressed a valid notice of contest, that it is the value which

⁵¹Act No. 30, 2008 . Act No. 30, 2010 .

would have been levied has the assessment been presented, in accordance with such valid notice. ⁵²

(4) The Secretary General may, in his discretion, extend the period in which the tax is due for payment and specify another date for payment thereof.

(5) Notwithstanding the provisions of Sub-section (1), the Secretary General may require any person subject to tax, to pay an amount, on account of such tax, in the same basis year in which the income has been achieved; provided that the amounts paid shall be deducted from the value of the tax due .

⁵³

(6) Where the income on which the tax was levied is in hard currency, such tax shall be collected in hard currency, where it becomes difficult, the Secretary General may collect the same to what equivalent in the local currency at the price declared from the Central Bank of the Sudan at the time of payment of the tax. ⁵⁴

Sanction for non-payment of tax

63.(1) Subject to the provisions of Sub-section (3) , where no tax has been paid on, or before the date of accrual, the Secretary General may inflict such financial sanction, as the regulations may specify. ⁵⁵

⁵² Act No. 67, 2001.

⁵³ Act No. 43, 1992.

⁵⁴ Act No. 26. 2013 .

⁵⁵ Act No. 60, 1995 .

- (2) In case of contest submitted to the income tax committee, or the competent court, the sanction mentioned in Sub-section (1), shall be collected, as to every tax which has been proved not to be paid on, or before the date of accrual, after the issue of the decision of the income tax committee, or the competent court, whichever may be the body to whom the contest has been submitted, and the contesting person may also drawback any amount collected in excess, by the Secretary General, in addition to an amount equal to the said sanction immediately in case of the issue of the decision of the committee, or the competent court in his favour.
- (3) The sanction inflicted under the provisions of Sub-section (1) shall not be deemed as a tax, for the purposes of this Act; provided that the provisions of this Act relating to levy and collection of tax shall apply to the infliction and collection of the said sanction.
- (4) The Secretary General may, in his discretion, forego all, or part of the sanction due under the provisions of Sub-section(1).

The power to serve notice by agency of another person

64.(1) The Secretary General may, in his discretion, serve by written notice addressed to any person being an agent for any other person, for the purposes of levy of the tax due from such other person and collect the same. Such person served with notice as an agent shall pay any tax due and set forth in such notice

from any money, including rent, pension, salary and wages, or any other costs which are in his custody, at any time, during twelve months of the date of such notice, or are due and payable from him to such other person.

- (2) The Secretary General, for the purposes of this Section, may require, at any time, by a written notice to any person, to supply him, within a reasonable period not less than thirty days of the date of service of such notice, with a return showing what is in his custody of property, for any person, from whom tax is due, or what is due for payment, from him, to such person.

Collection of tax by others

65.(1) There shall be on .⁵⁶

- (a) all National Government units, states' governments, Localities, public corporations, co-operatives, the companies and factories of both the public and private sectors, before payment thereby of any payment in consideration of purchase thereby of any commodities, or service from the private sector persons, the deduction of a certain proportion of such payments, on the account of the personal income due from the person selling the commodity, or service, and the Minister shall specify the proportion of deduction by an order to be made thereby;
- (b) all National Government units, states' governments, Localities, public corporations, co-operatives, crops

⁵⁶ Act No. 40, 1974 .

markets, and the companies and factories of both the public and private sectors, the deduction of an amount, on the account of the income tax of every person purchased the commodities, or services thereof purchases, on the basis of a certain proportion of the value of the goods, or services, and the Minister shall specify the proportion due on the account of tax, by an order made thereby. Any other person may be added so that the provisions set out in paragraphs (a) and (b) of this Section shall apply to them;

- (c) the customs police forces, the collection of an amount, on the account of the income tax, from every person, in case of his importing, or exporting any commodity, and the collected amount shall be calculated on the basis of a certain proportion of the value of the imported, or exported goods, and the Minister shall specify such proportion by an order to be made thereby. The raw materials imported for industry for the purpose of manufacturing the same shall be excluded; on condition of approval of the Secretary General; provided that the import thereof shall be covered by import licences approved by the Ministry of Industry;
- (e) every private hospital wherein any physician performs a surgical operation or treats a patient, for his own private account, to collect therefrom an amount
- (d) representing a certain proportion of the total costs thereof, such proportion shall be specified by the Minister by an order to be made thereby, on the account of the tax due

from the physician, who performs the operation or carried out the treatment ;

- (e) the administration of registries, or the courts of the various grades thereof, upon institution of suits or contests before the same, or presentation of any instruments for entry, or denoting the same, the collection of a percentage of the advocates' costs, to be specified by a decision of the Minister, on the account of the tax due, from the advocate signing such suits, contests and authenticated documents;
- (f) slaughterhouses, upon slaughtering for the private sector persons, to collect together with slaughtering prescribed fees, an amount from every head of the carcasses, on the account of the tax, on the profits due to owners of carcasses, and the proportion due shall be specified by the Minister by an order made thereby ;
- (g) traffic authorities to refrain from the issue or renewal of any license, or the transfer of the license of any taxi cab, or truck owned by any one of the private sector persons , save after the collection of an amount the specification of which shall be made by the issue of a decision of the Minister in satisfaction of the tax due from him;
- (h) all commercial banks and investment companies to deduct a proportion of the return of the profits of the investment bonds, on the account of the income tax due from the beneficiary person, and the Minister shall specify the proportion of deduction by an order to be made thereby, on the account of the tax due from such person ;

- (i) all the bodies and persons mentioned in this Section, to send the value of what they have collected, on the account of the income tax, to the Chamber, within one month, of the date of collection thereof, together with attaching a detailed statement of the names and addresses of the persons, and the amounts deducted on their account;
 - (j) every one of the bodies, or one of the persons mentioned in this Section, who has reserved amounts on the account of the Chamber, and sent the same thereto, to give the tax payer, from whom such amounts have been collected, a certificate, on his request, and the certificates and receipts issued by the bodies, or persons shall be an instrument of satisfaction of such tax, within the limits of the amounts proved thereby, even though the collecting person does not send the value to the Chamber .
 - (k) every body or person , deal with a foreign company non-resident inside the Sudan, shall deduct a percentage of its total income specified by the Minister under an order issued thereby.⁵⁷
- (2) There shall be made the deduction of the amounts due, on account of the income tax, from the tax due from the person upon whom it has been levied, during the basis year, in which such amounts have been deducted, on condition that such person shall present :-
- (a) A validated audited accounts, or income return in accordance with the provisions of Section 38;

⁵⁷Act No. 30, 2010 .

- (b) the necessary documents which prove payment thereby of such amounts which have been deducted on account of the income tax .
- (3) Where any person, who is an agent for the purposes of Sub-sections (1) and (2) fails to pay, to the Secretary General, any value which he is required to pay, under the provisions of such Sub-sections, within thirty days, of the date of service of the notice referred to, or at such date, as at which any money referred to may be in his custody or due from him, to the person who is served by notice, as an agent therefore, whichever may be the subsequent. In this case, the provisions, relating to levy and collection of the tax, shall apply to the levy and collection of such tax, as if the tax is due from the person who is served by notice, as an agent, and the date of payment thereof is the subsequent date at which such person has to pay such value, to the Secretary General, under the provisions of the said two Sub-sections.⁵⁸

Deceased persons

66. (1) In case of death of any person, and to the extent to which, :-
- (a) any tax in any assessment for him, is not paid;
- (b) the executor of his will, or the administrator of his estate is subject to levy of a tax in an assessment made under Section 35.

⁵⁸ Act No. 40, 1974 . Act No. 30, 2008 .

any value of the tax which is not paid, or levied in any assessment as aforesaid, after the final determination of the same, shall be an accrued debt and due for payment out of his estate.

- (2) Where any tax is due, for payment, under the provisions of this Act, from the executor of the will, or the administrator of the estate of a deceased person or from any person on whom lies the assessment, with respect to the income of another person, whatever his capacity may be, no distribution of the assets of such deceased person, or such other person shall be made, before obtaining a certificate, from the Secretary General, that there is no tax remaining under payment upon such assets. Where distribution is made without obtaining such certificate, the person who conducted the distribution shall personally be liable to pay any value as aforesaid, and the provisions of this Act relating to levy and collection of tax shall apply, as if the same is a tax due, for payment, from such person, at the date of distribution.⁵⁹

Collection of tax and security in respect of persons who depart from the Sudan

- 67.(1) Where the Secretary General has reason to believe that a person for whom the tax has been assessed may depart from the Sudan, within a short period without paying such tax, he may, notwithstanding the provisions of Section 62, whether the date of accrual of payment of the tax has come or not,

⁵⁹ Act, No. 40, 1974 .

require such person, by a written notice to be served thereupon, to pay such tax, or to advance a security to the satisfaction of the Secretary General, to pay the same, within the period specified in such notice.

- (2) Whenever a notice has been served upon a person under the Provisions of Sub-section (1), the value of the assessed tax required to be paid, or to advance a security therefor, notwithstanding the presentation of a valid notice of contest, shall be deemed due, at the date set forth in such notice. In case of failure to respond to such notice, the Secretary General shall have the right to institute the suit forthwith to collect the tax under the provisions of Section 68, or to recourse to attachment forthwith under the provisions of Section 69; provided that where response, to such notice, is made after institution of the suit, under Section 68, the suit shall be stayed and no order for the assessment of the fees thereof shall be passed.

Collection of tax by way of instituting a suit

68. (1) Where :-

- (a) payment of any tax has not been made at, or before the date fixed for payment thereof; or
- (b) a notice has been served upon any person, under the provisions of Section 67(1), and such person fails to respond to such notice;

the Secretary General may institute a suit, in his official capacity, before a competent court, for the tax due from such

person, and collect the same from him, as a debt due to the Government, together with all the costs of the suit.

- (2) In any suit under the provisions of Sub-section (1), the presentation of a certificate signed by the Secretary General containing the name and address of the defendant and the value of the tax due shall be sufficient evidence that the value of such tax is due from such person, and an adequate execution instrument for the court to pass the judgment thereof with such value, and there shall not be required, for passing the judgment, the appearance of the Secretary General before the court. ⁵⁹
- (3) Notwithstanding the provisions of the Civil Procedure Act 1983 and the rules and orders made thereunder, the payment of costs of the execution suit provided for in Sub-section 1(b) may be postponed until after passing of the decree. ⁶¹

Collection of tax by way of attachment and otherwise

69.(1) In any case wherein the tax is due for collection as shown in Section 68, and notwithstanding any provision to the contrary in any other law, the Secretary General may, in lieu of instituting a suit for the amount of the tax, make an order under his hand to license any official to attach the goods, or property of the person from whom collection of the tax is required, and also any other belongings thereof,

⁵⁹ Act, No. 30, 2008 .

including his balances deposited with banks; provided that where the value of the tax due is not collected in full by such attachment, the Secretary General may forthwith collect the deficit, as to such manner, as may be set forth in Section 68 .⁶²

- (2) In order to effect the attachment provided for in Sub-section (1), the person authorized by the Secretary General may enter by force accompanied by such employees and agents, as he may deem the presence thereof necessary, in any place, during working hours of the person from whom the tax is required, and such person may request any police officer to be present at the time of effecting such attachment, and such officer shall respond to such request.
- (3) The attachment effected by the person licensed therefor under the order made in accordance with the provisions of Sub-section (1), shall remain in force for the period of ten days, either at the place where the attachment has been effected, or any other place, as the person licensed under the order may deem fit, at the cost of the person, from whom collection of the tax is required.
- (4) Where the person, from whom collection of the tax is required, does not pay the tax due from him, together with the expenses of attachment, within the said period of ten days, the goods, effects and belongings attached shall be sold by public auction, and also the balances deposited

⁶² Act No. 60, 1995 .

with banks shall be withdrawn, after the approval of the Minister, in payment of the tax due, and the said expenses. The proceeds of the sale shall be used first to pay expenses of the attachment of such goods, belongings and effects, keeping and sale of the same, then to pay the tax due. Where there remains after that a surplus of the proceeds of sale, the same shall be returned to the owner of the attached goods, and effects.

Certificates of clearance

70. Notwithstanding any provision set out in any other law, the competent authorities shall not complete the following procedure, unless the applicant presents a certificate of clearance, from the Secretary General, namely :-
- (a) obtaining exit visa from the Sudan, in respect of non-Sudanese with the exception of tourists;
 - (b) registration or renewal of registration on the Importers and Exporters Register;
 - (c) registration on the Companies, Partnerships, Business Names and Trade Marks Register;
 - (d) permit by the Bank of Sudan or commercial banks to transmit profits, capitals and personal income outside the Sudan;
 - (e) registration of ownership of estates;
 - (f) distribution of assets in case of liquidation and bankruptcy;

- (g) payments, by the National Government, States' Governments, Localities and, public corporations in consideration of commodities and services, as the Minister may prescribe ; ⁶³
- (h) applications for fire arms licenses and the renewal thereof;
- (i) entering government auctions, with the exception of land auctions for officials;
- (j) licensing commercial motorcars, the issue or renewal of any licence, or transfer of any license for taxi cabs, trucks, commercial lorries and public vehicles owned by any person from the private sector;
- (k) transfer of the ownership of any motorcar for any person from the private sector;
- (l) any other procedure, as the Minister may prescribe, by an order, to be published in the Gazette, the requirement of the issue of a certificate of clearance with respect thereto, before completion of the same, is mandatory.

Payment of tax binding in special cases

71.(1)The Secretary General may bind the person, into whom any business vests, or to whom the same is transferred, to pay the tax due on such business, where it has not been paid by the adult person, and the Secretary General may exercise all the powers conferred thereupon by the Act for collection of such amount.

⁶³ Act No. 40, 1974.

- (2) The Secretary General may deem any person who purchases or obtains, by any means, belongings from an alien person, or Sudanese by naturalization bound to pay the tax, as an agent of the person who departed from the country, within the limits of the value of the belongings which have vested into him; provided that this procedure shall not be applied to those whose transactions are made with alien persons, or naturalized Sudanese, who obtain valid clearance certificates.

Drawback of tax

- 72.(1) Where it is proved, to the satisfaction of the Secretary General, that a person has paid a tax for any assessment, for any year, by way of deduction, or otherwise, which exceeds the value due for payment under such assessment, after the final specification thereof, such person shall be entitled to drawback the value paid as such ; provided that where there is any tax which has accrued and due for payment, from such person, with respect to any other assessment, such value paid in excess shall be used to pay the value which has accrued and due for payment, within the limits of such tax, and the value which is due as aforesaid shall not be drawn back.
- (2) Every claim for drawback, under the provisions of Sub-section (1), shall be presented within five years, after the termination of the assessment year to which the claim relates.

Relief of tax

73. The Secretary General may relieve any person of the whole, or part of the tax due for payment from him, by reason of poverty, and he may also, for the same reason, drawback any tax paid by such person, or part of the same.

Chapter XV

Offences and Penalties

Penalties for forged returns and otherwise

- 74.(1) Every person who intends to evade the tax by :- ⁶⁴
- (a) preparing an income return which is contrary to the truth, by including in the same such income , as may be less, in fact, than that which has to be stated in such return; or
 - (b) preparing a statement which is contrary to the truth, in any return, after responding to a notice which has been served thereupon under the provisions of this Act; or
 - (c) delivering false information with respect to any matter, or thing which affects his subjection to tax; or
 - (d) preparing or keeping forged accounts books, or other records, or allowing the same to be prepared and kept, and forging any accounts books, or records, or allowing forgery thereof; or
 - (e) using forgery, or allowing the use thereof; or
 - (f) presenting any forged claim for drawback of any tax; or
 - (g) contravening the provisions of Section 6; or

⁶⁴ Act No. 15, 2006 . Act No, 2, 1993.

- (h) refusing, or delaying in presenting his taxation number, whenever required to do the same;⁶⁵
- (i) contravening the provisions of Sections 40, 41, 44(3), 46 and 47(3)(a) and (d);⁶⁶
- (j) non-payment the undisputed tax at the date of accrual thereof;⁶⁷
- (k) non-recording or enrolling the taxation number for his customers with sale, purchase, or perform service, in the documents pertaining such transaction;⁶⁸
- (l) non-use of the machine in the commercial, industrial, agricultural or service transaction, where he was bound to use it according to Section 39(7);^{69(a)}
- (m) non-deposit of attached amount by the bodies provided for in Section 65;^{69(b)}
- (n) contravene the safeguards and conditions pertaining to the machinery and programmes and those in charge of the same.

There shall have committed an offence and be punished, upon conviction with a fine specified by the court or with imprisonment for a period not exceeding five years , or with both.

(2) Every person who intends to assist any other person in tax evasion, by:

⁶⁵ Act No. 30, 2010 .

⁶⁶ Ibid.

⁶⁷ Ibid .

⁶⁸ Ibid.

^{69(a)} Act No. 8, 2014. Act No. 34, 2015.

^{69(b)} Ibid.

- (a) not including, in any return he prepares, on behalf of such other person, any income, or including therein such income, as may, in fact, be less than that which has to be stated in such return; or
- (b) preparing a statement which is contrary to the truth , in any return he prepares on behalf of such other person, in response to a notice which has been served upon such other person, under the provisions of this Act; or
- (c) delivering false information with respect to any matter, or thing affecting the subject, by such other person, to tax; or
- (d) preparing any forged accounts books, or other records, for such other person, or forging the said accounts books, or records; or
- (e) committing any other act involving cheating; or
- (f) refusing or delaying the implementation of the provisions of Section 64(2).

There shall have committed an offence and be punished, upon conviction , with a fine specified by the court or with imprisonment for a period not exceeding two years or with both. ⁷⁰

- (3) Whenever there has been proved, during the proceedings taken under the provisions of this Section, that a false statement, or entry has been entered, by any person, in the income return, or other return presented under the provisions of this Act, from such person, or on behalf of any other person, or in any accounts books, or other records prepared,

or kept by such person, or on behalf of any other person, the person who entered the false statement, or entry, until the contrary is proved, shall be deemed to have entered the same with intent to evade the tax, or assisted such other person in evasion of, or enabled him to evade, the tax.

- (4) Conviction of the offence of tax evasion shall be deemed to be an offence inconsistent with honour and honesty.⁷¹
- (5) There shall be committed an offence, whoever contravene safeguards and condition of the use of taxation invoice system and shall upon conviction be punished with imprisonment for period not exceeding three years or with fine specified by the court or with both.^{71(a)}

**Approval, by the Minister of Justice, or the
Secretary General, of trial**

75. No person shall be tried, for any offence in contravention of the provisions of this Act, save upon the approval of the Minister of Justice, or the Secretary General.⁷²

^{71.} Act No. 60, 1995

^{71(a)} Act No. 8, 2014 .

⁷² Act No. 40, 1974.

Provisions concerning evidence in cases of cheating and otherwise

76.(1) Notwithstanding any provision to the contrary in this Act, no rejection shall be made to admit a statement delivered by a person, or a document produced thereby, or on his behalf, in any proceedings to which this Section applies, for the mere fact that his attention has been directed that :-

- (a) with respect to the tax, the Secretary General may accept a financial settlement in lieu of approval of the trial proceedings;
- (b) although it is unforeseeable to express whether the Secretary General will accept, or not accept such settlement, in case of a particular person, the course of work has been that the Secretary General is affected by the fact of full confession, by a person that any cheating or default, to which he is a party and his presenting facilities to investigate, and that such person will be, or may be forced thereby to deliver the statement or produce the documents.

(2) This Section shall apply to :-

- (a) any criminal proceedings against the person concerned, for any type of cheating, including any default in relation, or with respect to the tax;
- (b) any proceedings against him to collect any amount due from him, including any tax levied under the provisions of Section 45, or any sanction inflicted under the provisions of Section 63, or any value due by reason of any offence

which has been compounded under the provisions of Section 77, in relation, or with respect to the tax.

Power of the Secretary General to compound offences

77.(1) Where any person commits an offence in contravention of the provisions of this Act, other than the offences referred to in Section 6, the Secretary General may, at any time before the commencement of the trial, or during consideration of any charge relating thereto, compound such offence, by way of reconciliation and order such person to pay such amount, as he may deem fit, and not exceeding the value of the fine with which such person may be punished, where he is convicted of such offence; provided that the Secretary General shall not exercise such powers under the provisions of this Section, unless such person requests the Secretary General in writing to dispose of such offence under this Section.

(2) In case the Secretary General compounding any offence under the provisions of Sub-section (1) :-

(a) the order of the Secretary General shall be shown in writing and there shall be attached therewith the written request referred to in the proviso set out in Sub-section (1); or

(b) there shall be set forth, in such order, the offence committed, and the amount ordered to be paid and the date or dates at which payment has to be made; or

- (c) a copy of the said order shall be given to the said person who has committed the offence, where he requests the same; or
- (d) such person shall not be subject to any trial after that , for such offence. Where such trial is conducted, the defense of such person therein, that the proof that such offence has been compounded by way of reconciliation under the provisions of this Section, shall be admissible defense; or
- (e) such order shall be final and not subject to any appeal; and
- (f) such order may executed by the same method where a court decree may be executed by payment of the amount specified in the order.
- (g) such person shall bear all the judicial costs due for payment.

Place of trial

78. The criminal suit may be launched against any person accused of an offence in contravention of the provisions of this Act, and he shall be tried and punished at any place whereat he is confined for such offence, as if the offence has been committed at such place, and the offence shall, for all aspects relating to launching the criminal suit, the trial, punishment therefor or consequential thereto, be deemed to have been committed at such place; provided that this Section shall not prevent launching the criminal suit, trial and inflicting the penalty on such person at any such place whereat, had

not been for this Section, the criminal suit would have been launched and he would have been tried and punished.

Offences committed by companies

79. Where an offence, in contravention of the provisions of this Act, has been committed by a company, every person who at the time of committing the offence is a member of the board of directors, a general manager, secretary or other similar official of such company, or who has been working or purports to be working, in such capacity, shall be deemed to have committed such offence, unless he proves that the same has been committed without his consent, or knowledge and that he has exerted every effort to prevent commission thereof, as is his duty with respect to the nature of his functions in such capacity, and in all the circumstances.

Tax levied due for payment notwithstanding the trial

80. Launching the criminal suit, against any person, for any offence in contravention of the provisions of this Act, or inflicting the penalty upon any person, as result of such suit, shall not entail the exemption of such person, from indebtedness to pay any tax he is, or may be bound thereby.

Chapter XVI

General Provisions

Power to make regulations

81. The Minister may make such regulations, as may be necessary for the implementation of the provisions of this Act. In general, and without prejudice to the generality of such power, he may include, in such regulations, the following matters :-
- (a) deduction of amounts, from the values paid in consideration of employment, services or pensions, on account of the tax levied under the provisions of this Act, whether such tax relates to the tax levied upon such amounts not otherwise, or not, and provide for payment of such deducted amounts to the Secretary General;
 - (b) verifying the profits of particular types of business;
 - (c) the methods of keeping and organizing accounts, books and records and all the other documents out of which the accounts of any basis period are to be prepared;
 - (d) the date, or dates at which the tax assessed under the provisions of this Act accrues and becomes due for payment;
 - (e) the sanctions which are inflicted upon any person who contravenes any of the provisions of the regulations, or omits to give due regard thereto; provided that such sanctions shall not exceed one pound and 3 piaster for

every day on which the contraventions or the omission countries;⁷³

- (f) organizing the appeal submitted to the income tax committee under the Provisions of Chapter XIII and providing for the method of adducing evidence and specification of places for considering such appeal and prescribing the fees payable thereon.

Taxation Number⁷⁴

- 82.(1) Every person practicing a commercial, industrial, professional, occupational, service activity or non-commercial activity, shall submit an application to the Chamber to extract his taxations number.
- (2) The Chamber shall issue to every person subject to tax, a taxation number with the data and in the form determined by the Secretary General .
- (3) The Secretary General shall determine, by a decision, the commencement of the validity of the taxation number.
- (4) The official authorities in the different levels of governance, public incorporation and the productive units affiliated thereto, may not deal with any person, unless he obtains the valid taxation number provided that they affix the data of such number in the application presented from the mentioned persons and on any other instruments concerning the dealing therewith.

⁷³ Act No. 40,1974 .

⁷⁴ Act No.30, 2010 .

- (5) Private sector institution, such as companies, business name wholesale trader, and others, may not deal with any person, unless he obtains, the valid taxation number, and such institution shall affix the data of such taxation number on the application presented by such persons, and on any other instrument concerning the dealing with them .
- (6) For the purposes of this Section, the word "person" includes the organs of the state with different level of governance, persons, international and regional organizations and diplomatic missions or any other person, provided that they are subject to tax.

Application

83. There shall apply to tax assessments and collection the law which has been in force at the time of assessment and collection.

Collection of tax in case of suspension of business

84. Where the person suspends business totally, or partially, the tax shall be collected on the income up to the date of suspension of business. Partial suspension, for the purposes of this Section, means termination, by the person, of part of the aspects of business, or of a branch, or more of the branches wherein he carries on business. The person, in this case, shall inform the Chamber of the same, within thirty days of the date of suspension of business , and present a return,

setting forth therein, the result of the operations at the facility, up to the date of suspension supported by such documents and data, as may be necessary for specifying the income and the tax due.⁷⁵

Collection of tax in case of relinquishment

- 85.(1) In case of relinquishment of all, or part of the facility, the relinquishing person and the person to whom relinquishment has been made shall inform the Chamber of such relinquishment, within thirty days of the date of occurrence thereof. The relinquishing person shall, within three months of the date of relinquishment, present an independent return, setting forth therein, the result of the operations at the relinquished facility, up to the date of relinquishment, supported by such documents and data, as may be necessary for specifying the income up to the date of relinquishment.
- (2) The relinquishing person and the person to whom relinquishment has been made shall jointly and severally be liable, for such taxes, as may have accrued on the relinquished business and also such taxes, as may have accrued on the relinquished business and also such taxes as may have accrued on the relinquished business and also such taxes as may have accrued on capital profits which are achieved as a result of such relinquishment.
- (3) The person, to whom the relinquishment has been made, may request the Chamber to notify him of a statement of the taxes

⁷⁵ Act No.60 , 1995 .

due on the relinquished business, and the Chamber shall supply him with the said statement, within one month of the date of request, otherwise he shall be discharged from the required tax, and the joint liability provided for in this Section shall be restricted to the amounts set out in such statement, without prejudice to the right of the Chamber against the relinquishing person, for any tax due before the date of relinquishment.⁷⁶

Notification of licensing works

86. The bodies having competence to license the printing or publication of books, artistic compositions and works, and otherwise, or registration or depositing therewith shall notify the Chamber, in each case, of the name and address of the author and the title of the book, work or otherwise.⁷⁷

Notification of practicing the activity⁷⁸

87. Every person who practice a commercial, industrial, professional or occupational activity, shall notify the Chamber in writing with his practicing such activity within thirty days (30 days) from the date of practicing such activity.

⁷⁶Act No.60, 1995 .

⁷⁷ Act No. 60, 1995..

⁷⁸ Act No, 30, 2010.

Transitional Provisions⁷⁹

- 88.(1) subject to the provisions of Articles 194, 195 and 198 of the Interim National Constitution 2005 and until the other government organs make the income law, pertaining thereto the National Taxation Chamber shall assume collection of the income tax concerning such levels and transfer the same thereto.
- (2) There shall be excluded from the provisions of Sub-section (1) the states which issue the income tax laws concerning them.

Exemption from Tax due on assessment year⁸⁰

- 89.(1) Notwithstanding the provisions of Section 9 a person shall be exempted from paying all amounts of income tax due for the assessment year for his income from the basis periods prior to the date of coming into force of this Section ; on condition that:-
- (a) The person shall not have previously been registered at the Chamber or accordance with the Value Added Tax Act 2001, or has presented a tax return for any basis period or has been subjected to any of the types of tax revision by the Chamber;
- (b) shall apply to the Chamber for registration and present an income tax return in accordance with the provisions of Section 38 and 47(3)(a) for the last base period containing of a complete and accurate statement of his

⁷⁹ Act, No. 25, 2007, Act No. 40, 1974.

⁸⁰ Act No. 30,2008, Act No. 40, 1974.

income within a maximum period not exceeding the 31st of December 2009;

(c) shall have paid the tax due for the last base period included in his return.

(2) The right of a person to the exemption provided for in Sub-section (1) shall lapse where he does not make the registration and present the tax return for the same during the period specified in paragraph(b) , and thereupon the person shall have committed the offence of tax evasion and shall be punished with the penalties provided for in this Act .

Notification with Contracts⁸¹

90. The bodies that concluded contracts with natural or corporate persons, shall notify the Chamber with such contracts.

Employees immunity⁸²

91. They may not arrest, imprison or take any of the criminal investigation procedure, or institute a criminal case against the Secretary general, or any of the taxation employees, save by a permission from the Secretary General, or whom he delegates, in the case of the employees, and from the Minister of Justice after consultation with the Minister in case of the Secretary General.

⁸¹ Act No. 30, 2010 .

⁸² Ibid.

Schedule I
Exemptions
(See Section 17)

Estates leases income exempted from tax

1. Estates leases income exempted from tax :
The income of estates leases collected by the National Government, any locality, or any government association having corporate personality.

Personal income exempted from tax

2. The personal income exempted from tax :-
 - (a) consisting of any retirement gratuity which the law requires to be paid to members of the public service, or the disciplined forces;
 - (b) of diplomatic envoys and representatives, consuls, officials and members of certain international organizations and the affiliates, families and employees thereof within the limits provided for in the Immunities and Privileges Act, 1956, and any regulations or orders made thereunder;
 - (c) (i) of the person working with the Government and the public sector and attains 50 years of age, or spends in the public service 25years; provided that the same shall not apply to the remuneration and emoluments of the chairman and members of the boards of directors at the public sector ;⁸³

⁸³ Act No. 55, 1989 . Act No. 60, 1995 .

(ii) of the Sudanese working at the private sector, who attains fifty years of age; on condition that the exemption shall be within the limits of the maximum salary prescribed in the Government Salaries scale; provided that the same shall not apply to salaries, remuneration and any other emoluments paid or granted to managers and chairmen and members of boards of directors, who are funders of, or subscribers to the company, partnership or facility.⁸⁴

Business profits exempted from tax

3. Profits of deposits and savings accounts, with banks and post saving funds for individuals.⁸⁵

Exemption of resident natural person for personal income tax, business profits tax and estates leases income.

4. A resident natural person shall be granted exemption from the personal income tax, business profits tax and estates leases tax, an amount of 100 Sudanese pounds (one hundred Sudanese pounds) for every one of the following :-⁸⁶

(a) the husband;

(b) wives even though they are several without exceeding four;

(c) sons, who are dependent thereon, and depend on him in their livelihood; on condition that :-

(i) their ages shall be below eighteen;

⁸⁴Act No. 60, 1995 .

⁸⁵Ibid.

⁸⁶Act No. 25, 2007. Act No. 12, 2001.

- (ii) where their ages exceed eighteen and do not exceed twenty one years, and receive secondary education;
- (iii) where the ages thereof do not exceed twenty six years, and receive university education;
- (iv) where they are unable to earn livelihood, by reason of physical, or mental disability.

Schedule II

(See Sections 20, 25 and 28)

Chapter I

Deduction in consideration of Capital Expenditure on particular Premises or Buildings to which this Chapter applies

1. The provisions of this Chapter shall apply to any premises, or part thereof, on the construction of which capital expenditure has been spent on, or after the first day of the basis period, for the assessment year terminating on the thirty first of December 1986, or for which a depreciation amount has been specified, for the assessment year terminating on the thirty first of December 1985, and the owner is occupying the same, for the purposes of gaining the profits of his business subject to tax.

Percentage of deduction

- 2.(a) subject to this Schedule where a person owns any premises, to which the provisions of this Chapter apply, within any basis

period, the deduction referred to in this Chapter shall be deducted as deduction for premises equal to :-

- (i) two and a half per cent., in any case wherein the value of the deduction for premises has not been increased under this Schedule;
 - (ii) the percentage to which the value of deduction has been increased for premises in any case in which there has been increased in such value the capital expenditure spent on constructing such premises, upon calculating the business profits; provided that where the person owns, or occupies such premises, as the case may be, for one part only of the basis period referred to, the value of deduction shall be decreased proportionately for the premises;
- (b) notwithstanding any provision in this Chapter, the value of deduction for premises shall in no way exceed, for any basis period, the value which regardless to conducting such deduction may remain out of the expenditure at the end of the said basis period.

Increasing deduction

3. Notwithstanding the provisions of Sub-section (1), where the Secretary General is convinced that due to the type of any premises, or the purpose for which they are used, they probably will remain for a period less substantially than forty years, the Secretary General may, where he receives an application by the owner of such premises, increase the deduction value for the

premises up to such limit, as he may deem just and reasonable, and all the provisions of this Chapter shall accordingly apply.

Transfer of interest

4. Where a person is entitled to deduction under the provisions of this Chapter and his interest in the assets represented into such expenditure, or any part of such assets has been transferred to another person, in this case :-
 - (a) the value of deduction, if any, shall be divided, in the year in which such transfer has been made, as to such manner, as the Secretary General may deem just and reasonable, between the person, from whom the interest has been transferred, and the person to whom the same has been transferred ;
 - (b) the person to whom the interest has been transferred, with the exception of the person from whom it has been transferred, shall be entitled, upon transfer of the whole interest, to the whole deduction , for any subsequent basis period, and upon transfer, of part of the interest he shall be entitled to only part of deduction, as the Secretary General may deem just and reasonable .

Verification of residual expenditure

5. For the purposes of this Chapter residual expenditure are at any time, the capital expenditure spent on constructing the premises, minus any depreciation deduction validated for the assessment year terminating on the thirty first of December

1985, and any assessment year preceding the same, and any deduction for other premises under the provisions of this Chapter; provided that where the premises are unoccupied, or leased for the purposes referred to in Sub-section (1), for any basis period, or part thereof, since construction of the premises, there shall also be deducted what may be deducted from the premises, in order to arrive at specifying the residual expenditure at any time, had this Chapter been applied with respect to the aforesaid basis period, or part thereof.

Interpretation

- 6.(a) No reference, in this Chapter, to spending establishment expenditure for constructing the premises, shall include the capital expenditure spent on providing machinery;
- (b) no reference, in this Chapter, to capital expenditure, shall include any establishment expenditure spent on acquiring any land , or to acquire rights therein, or thereon.

Chapter II

Deduction in Consideration of Capital

Expenditure for Use

Deduction for depreciation of machinery

- 7.(a) Subject to the provisions of this Chapter, where the machinery are owned by a person who uses them for the purposes of his business, within any basis period, there shall be made, upon

calculating the business profits of such period, a deduction to be referred to in this Chapter as the deduction for depreciation of use;

(b) the value of deduction for depreciation of use, for any basis period shall be at such appropriate percentage, as the Minister may specify, out of the original value. In case of inability to specify the original value, the same shall be upon the net record value of such machinery, in accordance with the following classification, before making such deduction, and entered at the end of such period :-

(i) tractors and heavy accoutrements, which are mobile on earth and otherwise of heavy machinery which are automobile, and which are of similar types, as the Secretary General may, in his discretion and subject to probable use and depreciation in any particular service, prescribe;

(ii) other automobile vehicles (including aircrafts);

(iii) all the other machinery including vessels;

(c) notwithstanding the provisions of paragraph (b), calculation of the rates of depreciation and renewal, with respect to investment projects shall be made in accordance with the provisions of the Investment (Encouragement) Act , National 2013; ⁸⁷

(d) a deduction of 20% shall be made out of the cost of the new machinery and equipment purchased by the facility for use in production, as from the date of use, once only and the

⁸⁷ Act No. 40, 1974 .

same shall be referred to as the initial deduction , provided that the depreciations provided for in paragraph (c) shall be calculated after deducting the 30%referred to in this paragraph; on condition that the facility shall have regular, accurate and audited accounts.⁸⁸

Verification of the reduced value

- 8.(a) There shall be calculated separately the original value and the net record value of each class of the machinery referred to in Sub-section (7)(b) as assessed at any time and the net record value of any capital expenditure spent in purchasing the machinery from such class calculated after excluding any depreciation deduction, together with the addition of the costs of any capital expenditure on any machinery of such class, which are purchased and deducting the value obtained from selling any machinery of such class, which are sold in the basis period, for the assessment year terminating on the thirty first of December 1985, or any subsequent basis period, minus any deduction made under the provisions of this Chapter. Where the value obtained from selling the machinery from any class, in any basis period exceeds such as, had not been for deduction of such value, would be the reduced value of the machinery from such class at the end of such period, such increase shall not be deducted, but shall be deemed as a commercial revenue;

⁸⁸ Act No. 60, 1995 . Act No. 12, 2001 .

- (b) subject to the provisions of this Chapter, in case the machinery are used for the purposes of a business without being purchased, or the use thereof for such purposes has finally terminated, without being sold, they shall be deemed to be purchased, or sold, as the case may be, and the price, or value obtained shall be deemed to be equal to the price at which they will be sold, if they are sold in the common market.

Application in respect of hirer

- (9) Where the machinery are hired on condition that the hirer shall bear the burden of use depreciation directly, the provisions of this Chapter shall be applied, in respect of him, as if the machinery have, during the period of hire, been used for the purposes of a business he carries on.

Deduction or addition of budget ⁸⁹

- 10.(a) In case where deduction, out of use depreciation is made, upon calculation of the business profits of any person under the provisions of Sub-section (7), and such person ceases to carry on the business, for the purposes in which the fixed assets are used, (with the exception of lands) and he no longer owns such fixed assets with execution lands, there shall be made, upon calculating the profits of his business, for the basis period in which such cessation occurs, deduction,

⁸⁹ Act No. 25, 2007 .

or addition (to be referred to in this Chapter by budget deduction or budget addition); provided that :-

- (i) for the purposes of this paragraph a partnership shall not be deemed to have ceased business, unless all the partners, who carry on such business cease to carry on the same;
- (ii) where the fixed assets (with the exception of lands) are sold by the liquidator of a company which is under liquidation, the budget deduction, or the budget addition shall be made, upon calculating the business profits of such company, for the basis period in which the liquidation has commenced, and the deduction and addition shall be calculated upon the money obtained by sale and received by the liquidator;⁹⁰
- (iii) where the total income, in case of budget deduction, for the basis period, presented before entering such deduction into the account, is less than the value of such deduction, the difference may be retained and ;
- (iv) settled, upon calculating the total income for the basis period immediately preceding, and so forth, at such amount, as may be necessary for assimilation of such deduction in the total of the preceding basis periods; provided that the number thereof shall not exceed five periods;

⁹⁰ Act No. 40. 1974.

- (b) subject to the provisions of this Chapter, in case of the necessity of making budget deduction, or addition, under this paragraph, upon cessation of business :-
- (j) and the owner of such fixed assets (with the exception of lands) does not receive the proceeds of sale, or where the net record value, at the time of cessation of business exceeds such proceeds, budget deduction shall be the net record value at the time of cessation e of business, or the excess thereof, as the case may be;
 - (ii) where the money obtained from sale exceeds the net record value at the time of cessation of business, the deduction shall be the value of such excess. Where the net record value is zero, the budget addition shall be the value of such money obtained, as the case may be;
 - (iii) budget deduction and addition shall be made in case of sale of the fixed assets (with the exception of lands) or part thereof in the basis year, and during continuity, by the businessman, of carrying on his activity.

Special use

11. In case the fixed assets (with the exception lands) owned by a person during any basis period are used by such person for the purposes of business carried on by he, himself and his employees for other purposes, upon specifying the amount of any deduction for use depreciation for any deduction, any budget addition, or value deemed as a commercial revenue, or the

reduced value of such fixed assets (with the exception of lands) for any year, there shall be taken, into consideration, all the circumstances surrounding the subject and in particular the extent of use of such other purposes, and the Secretary General shall conduct such settlement, as he may deem just and reasonable.

Interpretation

12.(a) with respect to this Chapter, unless the context otherwise requires, :-

“machinery”, include vessels and factories used to carry on any trade;

“money obtained from sale”, means, with respect to the sale of any property, the net proceeds of the sale;

“termination of any interest due for in the property”, means any compensation payment from such property;

“demolition or damage of means the net received value for any property”, the debris of the property, together with the money of any insurance, or debris which are received in consideration of demolition, or damage and

any other compensation of any type which is received therefor, as to such extent, as may be included by the compensation, of amounts constituting the capital;

- (b) this Chapter shall apply, with the necessary adaptation, to any post, as to such extent, as may apply to business.

Chapter III

Miscellaneous Provisions

Deduction in consideration of establishment expenditure

- 13.(a) establishment expenditure means any primary expenditure incurred by the businessman before commencement of production and no immovable property result from the same;
- (b) establishment expenditure shall be deducted; provided that the same shall depreciate within ten years, where audited accounts acceptable to the Secretary General have been presented .

Distribution of the consideration of sale of any assets

- 14.(a) any reference, in this Schedule, to the sale of any asset, includes sale thereof together with other assets. In case of sale of any asset with other assets, such part of the

- proceeds of sale of all the assets, as the Secretary General may prescribe, as he may deem just and reasonable, that the same result from such asset, shall be deemed, for the purposes of this Schedule, as the net proceeds of sale of such asset. Reference to expenditure spent to provide, or purchase the assets shall accordingly be interpreted;⁹¹
- (b) for the purposes of this paragraph, all the assets sold in one transaction shall be deemed to have been sold together, notwithstanding that separate prices for separate assets have been, or purported to have been agreed upon, and there are separate sales of separate assets.

Interpretation of particular references to expenditure and otherwise

- 15.(a) unless the context otherwise requires, references, in this Schedule, to capital expenditure, in respect of the person who incurs, or pays them shall not include any expenditure, or amounts which may be deducted under provisions other than the provisions of this Schedule, with intent to verify his income;⁹²
- (b) any reference, in this Schedule, to the date at which the expenditure is spent, shall be interpreted as reference to the date at which the date of payment of the amount concerned accrues, or the date of installation in case of machinery.

⁹¹ Act No. 40, 1974 .

⁹² Ibid.

Subsidy

16. Subsidy shall not be deemed as expenditure, for any of the purposes of this Schedule, which have been spent on the part of any person, as long as the same has been paid, or is to be paid directly or indirectly, on the part of any government, Localities, or any person whether in the Sudan, or in any other place, other than the first mentioned person.

Repetition of deduction prevented

17. Where deduction has been made under any Chapter, with respect to any assets, upon calculation of the business profits of any person, for any basis period, in this case no other deduction shall be made under the provisions of this Chapter, or any other Chapter, or under any other provision of the provisions of this Act, with respect to such assets, upon verification of the income of such person, in the same basis period, or any preceding, or subsequent basis period, to the extent to which the deduction has been made with respect to the same.

Deduction altered

18. The value of any deduction under this the provisions of this Schedule may be altered to such value as the Minister may prescribe , whether in general, or with respect to any type of business , or in a particular case.
19. Repealed.⁹³

⁹³ Act No. 25, 2007 .

Miscellaneous provisions⁹⁴

(20) In this Schedule:-

- (a) any reference to machinery, factories or assets shall be interpreted as including a reference to part of such machinery, factories or assets;
- (b) where there has been entered, in calculation, any income for any accountancy period terminating on a day other than the last day of any basis period, with intent to verify the income of any basis period, in this case any reference to a basis period shall be interpreted as reference to the said basis period;

provided that where the deduction, under this Schedule, relates to a basis period, and any income for any accountancy period has been entered into calculation as aforesaid, in this case where the basis period referred to exceeds, or is less than twelve months, the value of such deduction shall be increased, or the percentage thereof shall be reduced, as the case may be.

Schedule III

Tax Rates⁹⁵

(See Section 29)

Sector (A) : Rates of Business Profits Tax and Estates Leases

Income :

⁹⁴ Act No. 40.1974 .

⁹⁵ Act No.10, 2003, Act No.15, 2006, Act , No. 25, 2007, Act No. 30, 2008 . Act No. 34, 2011.

Tax shall be due for payment on business profits and estates leases income at the following rates :-

(A) in respect of resident and non-resident persons and Professionals according to the following table :-

Income in Sudanese Pounds	Rate
For the first 3000 Pounds	Nil
For the next 3000 Pounds	5%
For the next 4000 Pounds	10%
For more than the same	15%

(b) with respect to Estate release income :-

Income in Sudanese Pounds	Rate
For the 3000 Pounds	Nil
For more than the same	10%

- (c) (1) owners of companies and agricultural business with both sides (animals and plants) including (poultry and dairy farms) the rate is (zero) for the total income.
- (2) Private and public companies including banks and insurance companies and investment of funds companies and mineral companies and companies and individuals who distribute petrol and gas directly to the ultimate consumer, the rate is 15% of the net income.
- (3) Industrial companies and industrial business owners (individuals) the rate is 10% of net income with due consideration to the limit of exemption prescribed for individuals.

- (4) Exploration extraction exploitation production and distribution of petrol and gas companies and petrol services companies (sub-contractors) the rate is 35% of net income.
- (5) Cigarettes and tobacco industry Companies the rate is 30% of net income.
- (6) Communication companies, 2.5% of the net income. ⁹⁶
- (7) Banks Sector, 30% . ⁹⁷

Sector (B): Rates of Personal Income Tax ⁹⁸

(See Section 30)

The personal income tax shall be paid at the following rates

Resident and non-resident person

Income in Sudanese Pound	Rate
For the 9,09 pounds	Null
For the next 120 pounds	5%
For the next 240 pounds	10%
For more than the same	15%
The minimum exempted from tax shall not be enjoyed by non-resident individuals	

⁹⁶ Act No. 25, 2013 .

⁹⁷ Act No. 4, 2012. Act No. 34, 2015 .

⁹⁸ Act No. 40, 2005. Act No. 25, 2007 .

Schedule IV

Form No.(1) : Form of appeal against assessment ⁹⁹

(See Section 55)

To the Secretary General of the Taxation Chamber

.....

I hereby notify that I submit an appeal against the assessment

No.....

Assessed for me, for the assessment

year..... For the following grounds :

(there shall accurately be mentioned the grounds of appeal)

Together with my knowledge that delivering false statements is punished with imprisonment or fine, I declare that the aforesaid words are true, to my knowledge and belief .

Name :

.....

Signature :

Done on the day of,

Copy to :

The authority which has made the assessment :

Form NO. (2) ¹⁰⁰ : Form of oath taken by the Secretary General and officials

⁹⁹ Act No. 40, 1974.

¹⁰⁰ Act No. 40, 1974 .

(See Section 5(2))

I :

I do swear to perform, honestly and honourably, the duties required, from me to perform, in my capacity as an official of the Taxation Chamber, under the Income Tax Act, 1986 and deem all the documents and information relating to the income of any person, and all the confidential instructions, with respect to implementing the Act, as may enter into my possession , or come to my knowledge, in the course of performing my official duties, as confidential and deal with the same on such basis, and not to disclose any of such documents, or information, to any person, and not to enable any person to reach such documents, or information, save in such circumstance, as I may be allowed to disclose, under this Act.

Signature :

Done, and signed before me on the day of,
.....

The Minister
