



- d. The amount of State's credit, showing separately the amount of the tax, surtax, interests on arrears and costs, if any.
- e. the opening price of the auction, fixed by a survey held by the financial administration;
- f. The minimum increase allowed in the bids.
- g. A notice that the costs of sale and any fee and tax in respect of transfer of property shall be paid by the successful bidder.
- h. The amount of the security, equal to ten percent of the opening price, and the period within which the bidders shall give such security.
- i. The precept referred to in Art 77.

**Article 98**

**Publication and service of the notice of sale of immovable property**

1. The notice of sale shall be posted at least twenty days before the date set for the first auction, on the premises of the office carrying out the enforcement proceeding and in the notice-board of the district offices. Where appropriate, it may be published in the newspapers or by other suitable means of advertisement.
2. The notice shall be served, at least ten days before the date set for the first auction, on the creditors having preferred rights on the attached property according to the certificates and records issued by the office under the terms of Art.86
3. The office shall always request the certificate of any encumbrance bearing on the property to be attached.

**Article 99**

**Auction sale of immovable property**

1. The auction shall be presided over by an officer delegated by the Revenue Department and by the officer in charge of the office carrying out the enforcement proceeding.

2. The District Mayor or Commissioner or a person delegated by him shall attend the auction and prepare the record thereof.
3. Where, in default of valid bids, the property is not sold at the first auction, the second auction shall take place on the day set in the notice of sale and the opening price fixed under the terms of Art.97 (e) shall be reduced by one third.
4. Where the property is not sold at the second auction, the third auction shall take place with the authorization of the Revenue Department, and the opening price fixed under the terms of Art. 97 (e) shall be reduced by 50%.
5. Where the property is not sold at the third auction, it shall be assigned to the State by operation of law, at the opening price of the auction or at a price equal to the aggregate amount of the credit, whichever is less. The records showing that the property has not been sold at the third auction, together with the authorization of the Revenue Department, shall constitute a title for the release of the property and for the relevant transcription and registration.

## Title V Penalties

### Chapter I

#### Penalties in Respect of Offence Committed in the Ascertainment Stage

##### Article 100

##### Failure to furnish Return

1. Whoever fails to furnish the return of income which he is required to furnish under the terms of this law, shall be punished with fine for a contravention from Sh SL 6,000 to 60,000 and shall in addition pay an additional tax equal to the amount of the tax for which he is liable.
2. The amount of the fine shall be doubled respect of the second offences; it shall be trebled in respect of any further offence following the second offence under the terms of this Article.

**Article 101**  
**Delayed return**

1. Whoever, being required to furnish a return of income under the terms of this law, furnished such return within one month after the expiry of the time-limit prescribed by articles 27 and 35, shall pay an additional tax equal to one sixth of the amount of the tax for which he is liable.

**Article 102**  
**Incorrect return**

1. Whoever, makes an incorrect return by stating an income lower than that finally ascertained, shall pay an additional tax equal to the difference between the amount of the tax calculated on the basis of the final assessment and the amount of the tax charged upon him in consequence of the incorrect return.
2. No additional tax shall be charged where the difference is due to the fact that certain cost, losses, annuities, charges or other amounts have been deducted in error from the total income returned.

**Article 103**  
**Reduction of Penalties**

Where the assessment or additional assessment is agreed upon by the person assessed under the terms of Art 46, before judgement is rendered; or where the person assessed does not object to the assessment, the following provisions shall apply.

- a) The additional tax provided for in Art. 100 in respect of failure to furnish the return of income shall be reduced to one sixth of the tax for which the person assessed is liable, and the offence referred to in the said article shall be extinguished.
- b) The additional tax provided for the Art. 102 in respect of incorrect return shall be reduced to one sixth of the difference. Where the incorrect return has been made in good faith, no additional tax shall be payable.

**Article 104**

**Fraud**

Whoever, for the purpose of evading or assisting another to evade income tax, makes any false statement in any return, omits, from any inventory or balance sheet any assets which should be including or enters in such inventory or balance sheet any liability which should not be included, falsifies any books of account or records, or makes use of any other fraud, shall be punished, where the act does not constitute a more serious offence, with imprisonment for a crime up to one year or with fine for a crime from Sh S1 30,000 - 300,000 or with both such imprisonment and fine, without prejudice to the penalties provided for in the previous articles.

**Article 105**

**Failure to comply with requests or orders of the Tax Office**

Whoever fails to comply with any order issued or request made by the tax office or by the Court, in the exercise of any of the functions provided for in Art.42 shall be punished with fine for contravention from Sh SL 1,500 to 15,000.

**Article 106**

**Failure to communicate the particulars of contracts and other date or lists**

1. Officers in the Civil Service or belonging to Local administrations, representatives of Public bodies, non governmental organizations and other International Agencies and registrars who, in the exercise of their functions, fail to comply with provisions of Art.51 shall be liable to the payment of an administrative penalty from Sh SL 3,000 to 12,000 where the act does not constitute an offence, and shall as also be liable to any disciplinary punishment provide in respect of any such omission.
2. The administrative penalty referred to in the previous paragraph shall be imposed by Decree of the Minister of Finance.

Chapter II

Penalties in Respect of Offences committed in the Collection Stage.

Article 107

Bankruptcy as a consequence of failure to pay income tax

1. For the purpose of adjudication of bankruptcy, any debt in respect of income tax shall be deemed to be a commercial debt, where the person assessed has failed to pay the tax relating to his commercial or industrial activity.
2. In such cases, bankruptcy shall be adjudicated only at the request of the financial administration.

Article 108

Suspension from activity

1. Whoever exercises a profession, craft, or other gainful activity for which a special licenses or entry in a professional roll is required, and fails to pay income tax, shall be suspended from exercising such activity by an order of the competent authority.
2. The suspension shall be ordered at the request of the financial administration and shall last until the tax has been paid.

Article 109

Failure to pay tax

1. Whoever fails to pay the tax for which he is liable within thirty days from the date on which such tax becomes due, shall be punished with fine for a contravention from Sh.Sl 3,000 - 30,000.
2. Whoever, in order not to pay income tax, makes use of any fraud in respect of his own or another's property, thus preventing the tax office from recovering, totally or partly the tax shall be punished with imprisonment for a contravention up to six months.
3. The provisions of the previous paragraph shall apply without prejudice to the provisions of articles 82 and 83
4. The subsequent payment of the tax and related expenses shall extinguish only the offence referred to in the first paragraph, of this article.

**Article 110**  
**Liability of Liquidators**

1. The liquidators of companies or associations assessable on the basis of the balance sheet, who fail to pay, out of the residual assets, income tax due in respect of the period during which the liquidation took place and of any previous period, shall be personally liable for the payment of such.
2. Where no liquidator has been appointed, the provision of the previous paragraph shall apply to the directors holding office at the time of the dissolution of the company or association.

**Chapter III**  
**Miscellanea**

**Article 111**  
**Assessment and collection of additional taxes**

Additional taxes shall be assessed and collected by the Tax Office and Revenue Offices and shall be notified to the persons assessed by the notice of assessment or by a separate notice.

**Article 112**  
**Imposition of Penalties**

The penalties shall be imposed according to the provisions of the law on the investigation and suppression of violations of finance laws.

**Part II**  
**Tax on Companies' Capital**

**Article 113**  
**Territorial applicability of the tax**

The tax companies' capital shall be charged upon the capital of juridical person operating in the territory of the Republic of Somaliland.

**Article 114**  
**Basis of Assessment**

The tax shall be chargeable upon the chargeable capital of the persons assessable.

**Article 115**  
**Persons Assessable**

The tax shall be charged in the name of all juridical, persons, including those exempt from income tax, assessable on the basis

of the balance sheet and of foreign companies, bodies of persons and associations operating on a permanent basis in the territory of the Republic or Somaliland.

**Article 116**  
**Chargeable Capital**

1. For the purpose of the tax on companies capital the chargeable capital shall include.
  - a) The subscribed and paid- up capital of companies or net assets of other associations or bodies of persons, as shown in their balance sheet and statement of accounts;
  - b) Ordinary and extraordinary reserves of any nature whatsoever, as shown in the balance sheet or statement of accounts, excluding reserves set aside for the purpose of meeting specific commitments and liabilities, or on behalf of third parties.
  - c) Profits carried forward from the previous financial year.
2. Any loss carried forward from the previous financial years shall be deducted from the total chargeable capital referred to in the previous paragraph.
3. The chargeable capital of foreign companies, bodies of persons and associations shall include any capital to be invested in their operation within the territory of the Republic of Somaliland or any capital actually invested where is higher than the capital intended for such investment. In this case, the chargeable capital shall never be lower than the chargeable income capitalized at 100 by 10.

**Article 117**

**Rate of Tax**

The tax shall be charged at the rate 1% upon the chargeable capital as determined in accordance with the previous article.

**Article 118**  
**Year of assessment.**

The year of assessment shall commence on a January and end on 31 December in each year.

In respect of each year of assessment, the tax shall be charged ;

- a. Upon the chargeable capital as shown in the balance sheet or statement of accounts closed on 31 December in the year preceding the year of assessment ;
- b. Upon the chargeable capital as shown in the balance sheet or statement of accounts closed on 31 December in the year of assessment.

**Article 119**  
**Exemption**

1. The following shall be exempt from the Tax:
  - a. Cooperative societies and stores provided they are organized in accordance with cooperative principles.
  - b. Local Administrations, chambers of Commerce, and State or Municipal companies providing, on a monopoly basis, services of public interest.
  - c. Bodies engaged in reclamation works, land improvement, irrigation, and water works.
  - d. Charitable and religious institutions, public bodies providing social security and welfare services, and other bodies established for charitable or education purposes.
  - e. Educational institutions established on a non profit basis.
  - f. Bodies companies and institutions, which, by law or under any international treaty, are exempt from taxation.
2. No exemption shall be granted in respect of any activity carried on by the aforesaid companies, bodies or institution, for profit purposes.

**Article 120**  
**Return- Ascertainment Appeals Collection Penalties**

The return of chargeable capital, ascertainment, appeals, collection, and penal and administrative penalties shall be governed by the provisions of Part 1 of this law, in so far as applicable.

**Part III**  
**Final and transitional**  
**Provisions**  
**Article 121**  
**International agreements**

The Government of the Republic of Somaliland may conclude international agreements with the Government of other countries, on condition of reciprocity, for the purpose of not having the same direct tax levied more than once.

**Article 122**  
**Franking**

Any correspondence between officers in the financial administration, public offices and taxpayers exchanged in the exclusive interest of the tax service may be franked; provided it bears the frank supplied by the post administration.

**Article 123**  
**Official Secret**

Any information regarding the assessment of tax and disputes relating thereto, supplied without an order of the Court by personnel in the financial administration to persons not belonging to such administration other than the person assessed or his representative, shall be considered as violation of official secret.

**Article 124**  
**Applicability of enforcement proceedings**

The enforcement proceedings provided for in Chapter II Title IV shall be applicable to all taxes of the State and to all proceedings pending on the date of entry into force of this Law.

**Article 125**  
**Regulations and list of the taxpayers**

1. The Minister of Finance may issue regulations for the proper implementation of this Body of Laws and for the inspection and restoration of buildings and other masonry constructions.
2. The Minister of Finance shall publish yearly a list of taxpayers showing the returned income and the amount of the tax due.