

Doing Business in Chad — Payroll Operations

1. Government requirements

Registration requirements

When establishing a company, the following registration related to taxes, including payroll taxes, and social security contributions must be completed.

Tax authority

A business newly established in Chad should register with the tax authority, within 15 days of the start of the business. This registration is unique for all of the company's activities in Chad and for all taxes the business is subject to (including payroll taxes). Upon above registration, the tax authority delivers a unique tax number to the newly established business, which should be mentioned in all of the company's communications with its partners (i.e., in official letters, invoices etc.).

To apply for registration, the newly incorporated business needs to present evidence of incorporation as well as the lease agreement or property documents for the premises, as appropriate. There is no official administrative cost for registration, except miscellaneous fees for document authentication, and fees for physical localization by the tax office, etc.

Social Security Fund

Any company or business employing people needs to register with the Social Security Fund. It is also the responsibility of the company to register its employees with the Social Security Fund and to obtain individual numbers for each of them, including nationals and expats.

Notifications requirements

As part the procedures for the company's establishment in Chad, the following notifications should be made in respect of employment requirements:

Labor Inspection Office

The newly incorporated company in Chad, which intends to employ workers, needs to submit a notification to the competent Labor Inspection Office such a notification should be made on the company's letterhead, immediately after the incorporation of the company.

National Employment Office

Employment contracts for expatriates should be submitted to the National Employment Office for approval, before becoming valid. Some local contracts also need to be submitted for approval by the National Employment Office.

Ongoing compliance requirements

Withholding income tax

Income tax is assessed on the income earned by an individual in one year (from 1 January to 31 December). A company paying salaries (or other incomes) to an employee must withhold income tax and pay it to the authorities by the 15th of the month following payment. In December, a year- end adjustment is made to adjust for any excess or deficit in payment.

By the end of the year, any company paying salaries and any related income to employees is required to prepare and submit to the tax authority a Statement of Salaries reconciling all incomes paid within the year, with the specifications, item by item.

2. Pension requirements

Registration requirements

Social security

A new established company needs to register with the Social Security Fund as the employer. The registration as employer is unique and covers employment insurance, family allowances and pension fund savings.

Ongoing compliance requirements

Social Security Fund declarations

As an employer, the company needs to submit a monthly declaration and appropriate payment, in respect of social security contributions. Companies that employ less than 20 employees can opt to submit such a declaration on a quarterly basis. The social security contributions are calculated on the basis of gross salary, including benefits in kind, paid to the employees during the relevant month or the relevant quarter, within a cap of XAF500,000 per month per employee. The social security contribution rate is 20% globally.

3. Employment obligations

Employment Law

The employment relationship is governed by the Labor Code and the National General Convention applicable to workers in Chad. There are specific Labor Convention for regulations or standards or guidelines, i.e., banking, and the oil and gas sector.

Governing authority

The Ministry of Labor and Welfare is the main governing authority of employment laws. Within the ministry, the Labor Inspection is the focal point for companies. It is this body that ensures inspection and supervision to make sure companies are compliant with the regulations in force.

Minimum wages

Wages to be paid for normal working hours must exceed the minimum wage provided under the Labor Code. The minimum wage is XAF60,000. There are specific minimum wages for each category of employees, based on the degree of qualification and experience.

Working hours and rest time

In principle, under the Labor Code, working hours shall not exceed eight hours per day and 39 hours per week, excluding rest time. For an employer to have employees working overtime, the employer is required to:

1. Enter into a labor management agreement with the employees' representative and file the same with the relevant Labor Inspection Office
2. Pay statutory increased wages for overtime work

Holidays

An employer must provide workers with at least one day off per week. For an employer to have workers work on such day off, the employer is required to:

1. Enter into a labor management agreement with the workers' representative and file the same with the relevant Labor Standards Inspection Office
2. Pay statutory increased wages for work on days off

Annual paid leave

The Labor Code provides minimum standards for workers' annual paid leave. Under the Labor Code, an employee gains two days of leave for any complete working month (i.e., 24 days per year). The annual leave can be taken in one go or

on several occasions. When the annual leave is taken on several occasions, one should be for at least 12 uninterrupted days.

The right to annual leave is achieved when an employee has worked for 12 months since his or her hiring or since they last took annual leave.

Dismissal

An employee may resign at any time without sending notice to his or her employer. However, the employer cannot terminate the employment contract of an employee without cause. The default position is that a dismissal by an employer is deemed by law to be an abuse of the employer's authority and, therefore, the employer can be required to pay damages to the relevant employee.

4. Payroll requirements

Payment in kind is forbidden and wages must be paid in local currency in the Public Treasury bank account located in local banks. Wages must be paid after the deduction of taxes and contributions: the employer is legally a collector on behalf of the Government or a third-party institution. A wage should be paid no later than the eighth day after the end of the relevant month. Wages must be paid directly to the employee. Wages must not be paid via another person or to a representative of the employee.

Even in the case of minors, a guardian cannot receive wages on behalf of the employee. However, if the employee is absent due to reasons such as illness, payment may be made to a family member recognized as a representative of the employee.

5. Banking requirements related to payroll

There is no particular law, but payment of taxes and social security premiums must be made via a Chad financial institution.