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African Footprint

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Audit / Tax / Advisory

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Ahmed Ghattour & Co. in Libya

Ahmed Ghattour & Co. is a highly regarded and well-established company based in Libya that specializes in providing accounting consultancy services.

Since its establishment in 1982, the company has accumulated extensive expertise in the industry and possesses a deep understanding of Libyan laws. This knowledge allows us to assist our clients in making well-informed decisions that yield long-term value. With a diverse portfolio, we effectively serve clients across 12 different industries. As a trusted partner, Ahmed Ghattour & Co. collaborates with large corporations and government entities to enhance their business strategies and successfully navigate competitive environments. We achieve this by conducting thorough assessments of their financial accounts.

We are members of global institutions such as Crowe Global, Prime Global, GPSA (German Professional Service Alliance) and BOKS International which further enhances our capabilities and expertise.

Our services include accounting and bookkeeping which targets companies that wish to outsource this function. We deliver audit and assurance services which are intended to provide an objective independent examination of the financial statements and give a true and fair view in accordance with the financial reporting framework.

In addition, we provide tax services as required by Libyan tax law as well as payroll services. In addition to our core offerings in accounting, audit, and tax, we provide other services that include company formation, liquidation services, as well as intellectual property and corporate advisory. Our commitment lies in delivering an entire suite of business services that are tailored to each client's specific needs. By offering this approach, we strive to support businesses and facilitate their growth and success.



Offices of Ahmed Ghattour & Co.

Our company currently comprises a team of 16 employees. Among them are 14 highly skilled accountants and 2 experienced partners. The majority of our staff have gained valuable experience and training through their collaboration with our previous partner, Price Waterhouse Cooper, as a correspondent firm. This approach has proven to be an effective way to share practical knowledge and experiences, both locally and internationally.

As we continue to expand, we remain committed to attracting and retaining talented individuals who share our dedication to providing exceptional financial solutions. With their combined experience and auditing qualifications, our employees are equipped to deliver auditing services of the highest quality. Our firm has a unique structure that fosters the integration of local knowledge and global capabilities.

Our main objectives are to meet the financial goals of our shareholders and cultivate a thriving and rewarding work environment for our esteemed employees. Our company aspires to become a leading provider of specialized services such as accounting, assurance, payroll, and tax services.

Through a commitment to continuous innovation and upholding the highest standards of quality and integrity, we strive to be the preferred partner for businesses seeking comprehensive and sustainable accounting solutions.

Ahmed Ghattour
Ahmed Ghattour & Co.
Libya



Ahmed Ghattour



South Africa: PAYE for Resident Employees of Non-Resident Employers

The fourth schedule to the South African Income Tax Act provides that employers must deduct a withholding tax (PAYE) from the remuneration payable to employees.

This responsibility applies to an employer (natural person or entity) who is resident in South Africa and a representative employer in the case of an employer who is not a resident.

A representative employer in the case of any employer which is not resident in South Africa means an agent of such employer having authority to pay remuneration. The effect has been that if there was no payroll administration in South Africa, there was no requirement to register as an employer.

Draft legislation now provides that the obligation to withhold PAYE will now be on "every employer or representative employer".

It appears that the intention is that foreign employers of resident employees will be obliged to withhold PAYE from salaries paid. This will require registration as an employer and maintenance of all employee records as is currently required by resident employers.

This might relieve those employees from the requirement to register as provisional taxpayers and to pay provisional tax instead of having PAYE deductions from their salaries.

The foreign employer will also be obliged to comply with skills development levies and unemployment insurance contributions as currently applicable to resident employers.

- No commencement date for this change has been announced but we anticipate that it is likely to be 1 March 2024.

We recommend that foreign employers who may be required to register as employers in the future should start collating the relevant information and documentation.

Kent Karro
Crowe Taxation Cape (Pty) Ltd
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Legal and Regulatory Environment for Start-ups in Kenya

Establishing a start up in Kenya requires a clear understanding of the legal and regulatory environment to ensure compliance and mitigate potential risks.

Start-ups in Kenya, like any other business entities, are subject to regulatory compliance requirements imposed by various government agencies. The Kenyan government has taken significant steps to foster a supportive ecosystem for start-ups, implementing various policies and initiatives to encourage entrepreneurship and innovation. Here are some key areas of regulatory compliance that start-ups in Kenya need to consider -

Business Registration

Start-ups must register their business with the Registrar of Companies via the e-citizen platform, to obtain legal recognition and operate within the framework of the Kenyan law. The business structures available are a Sole Proprietorship, a company limited by shares, a company limited by guarantee, an unlimited company, a Partnership, and a Limited Liability Partnership (LLP).

Licenses and Permits

Start-ups need to identify and obtain any necessary licenses and permits specific to the industry or business activity. This may include sector-specific licenses, health and safety permits, environmental permits, or professional licenses. They need to ensure compliance with the relevant regulatory bodies such as the Communications Authority of Kenya (CAK), Energy Regulatory Commission (ERC), or any other relevant authority.

Tax Compliance

Taxation in Kenya is administered through the Income Tax Act, Value Added Tax, Excise Tax Act, East African Community Management Act, Stamp Duty and Tax Procedures Act among others. These Acts bring to charge taxes payable and obligations with which the start-ups would be required to comply.

Depending on the obligations, there are monthly and annual compliance requirements for the start-up which may include but not limited to:

- **Corporate Tax:** This is tax chargeable on the business taxable income at the rate of 30%. Taxpayers with a tax payable that is more than KES40 000 are required to pay instalment taxes by the 20th of the 4th, 6th, 9th, and 12th months. Annual tax returns should be filed by the 30th of the sixth month after the financial year-end.

- **VAT:** Value Added Tax is chargeable on valuable supplies. Start-ups making valuable supplies with a turnover of KES5 million are required to register for the VAT obligation. Obtain an Electronic tax register, the manual TIMS gadget or register for the eTIM that is software based. As a compliance requirement, the taxpayer must file and pay VAT by the 20th of the following month.
- Other compliance returns that are required to be filed and payments made by the 20th of the following month include Turn over tax, Digital service tax, withholding tax, Excise duty tax and withholding VAT where appointed an agent.
- **PAYE:** This is tax deductible from employment income and payable to the revenue authority by the 9th of the following month.

Non-compliance with tax laws may lead to penalties that would affect the company's cash flows, unnecessary scrutiny and audits by the tax authority, and more severely non-issuance of a Tax Compliance Certificate.

Employment Laws and relevant regulations

Start-ups must comply with employment laws and regulations governing employment relationships in Kenya. This includes proper documentation of employment contracts, adherence to minimum wage requirements, which is under the Regulation of Wages (General) Order, providing statutory benefits to employees, and complying with health and safety regulations in the workplace.

- **National Social Security Fund (NSSF).** Participation in this fund is mandatory and it is intended to provide a state retirement benefit for salaried workers. The employer pays a standard contribution of approximately 12 % of the salary. One-half of the contribution is deductible from the employee's salary while the employer to an upper limit of KES 2,160 contributes the other for employees earning above KES 18,000.
- **National Hospital Insurance Fund (NHIF).** The fund requires employees to contribute a fixed sum, which the employer must deduct from the employee's salary before it is received. The maximum monthly contribution for NHIF is KES 1,700.
- **Immigration.** If a start-up in Kenya hires non-citizen employees, those employees will need Class "D" work permits as authorized by the Immigration Act. These permits allow non-citizen employees to reside and work in Kenya. Typically, permits are granted for a duration of 2 years. For employees on short-term assignments, they can apply for Special Passes, which are valid for up to 3 months. These passes can be renewed for an additional 3 months within a year.

Intellectual Property (IP) Protection

Start-ups need to familiarize themselves with intellectual property laws in order to safeguard their innovations, inventions, trademarks, copyrights, and other forms of intellectual property. By registering their patents, trademarks, or copyrights, they can effectively protect their intellectual assets and prevent unauthorized use by others.

In Kenya, brands receive legal protection through the Trade Marks Act and common law. When a trademark is registered, its owner gains the exclusive rights to use it within the specific class of goods associated with the registration. Registered trademarks can be renewed every ten years.

To register patents and utility models (petty patents), start-ups can approach the Kenya Industrial Property Institute (KIPI), the Africa Regional Intellectual Property Organisation (ARIPO) office in Harare for regional registration, or seek international protection under the Patent Convention Treaty. Patents are granted for new inventions that meet the global novelty standard, demonstrate inventiveness, and have practical applications in industry. Software innovations are also eligible for patent protection. A granted patent remains valid for a period of twenty years.

Copyright protection is automatically granted to eligible works, including books, magazines, music, broadcasts, and artistic creations, provided they are produced in Kenya or in a member country of the Berne Convention. However, creators may choose to register their works with the Kenya Copyright Board (KECOBO) for evidentiary purposes. With the rise of start-ups in Kenya, the importance of copyright protection and enforcement has gained significant recognition.

Data Protection and Privacy

Start-ups that handle customer data, employee data or personal information must comply with the provisions of the Data Protection Act. This includes implementing appropriate data protection measures, obtaining consent for data processing, and ensuring the security and confidentiality of personal data.

Regulatory Industry Compliance

Depending on the sector or industry in which a start-up operates, there may be specific regulations and compliance requirements to adhere to. For example, if the start-up operates in the financial services sector, it needs to comply with regulations set by the Central Bank of Kenya or other relevant regulatory bodies.

Consumer Protection

Start-ups must comply with consumer protection laws and regulations to ensure fair business practices, transparency, and protection of consumer rights. This includes clear and accurate product or service information, fair pricing, and proper handling of customer complaints.

Dispute Resolution

Start-ups in Kenya can choose to resolve disputes out of the court; the favoured alternative dispute resolution method for commercial disputes is Arbitration. Arbitration is the preferred option due to its cost-effectiveness and time efficiency compared to litigation in Kenya.

Arbitration holds significant popularity in Kenya and is regulated by the Arbitration Act of 1995, which follows the UNCITRAL model of arbitration law. Moreover, Kenya is a signatory to the 1958 New York Convention, further bolstering the recognition and enforcement of arbitral awards. Additionally, Kenya boasts an active local chapter of the Chartered Institute of Arbitrators (CiArb) from the United Kingdom, further supporting the growth and development of arbitration practices in the country.

Corporate Governance

Start-ups need to establish and maintain proper corporate governance practices, including regular board meetings, shareholder meetings, and record keeping. They also need to comply with reporting and disclosure requirements as per the Companies Act and any other applicable laws.

As start-ups continue to increase in the Kenyan legal and regulatory landscape, Crowe COR LLP is well positioned to aid in staying ahead of the curve. Whether it is assisting with the development of new innovative solutions or helping companies comply with regulatory requirements, we are committed to providing top-notch legal services that help companies achieve their goals. The future in Kenya is exciting and promising. With continued innovation, investment, and collaboration, start-ups have the potential to disrupt and transform various industries and improve access to various services for millions of Kenyans.

Maureen Ngetich and Rosemary Mwebia
Crowe COR LLP
Kenya

Leadership Changes in the Crowe Global Network

We welcome Kamel Abouchacra as our CEO-Elect and look forward to his leadership of the Crowe Global network.

At the Global Conference next month in Washington, D.C., Kamel will share his vision for Crowe Global and how that vision responds to a rapidly evolving professional environment that is challenged by personnel recruitment and retention, rapid technological change, and ever more demanding regulation.

I am delighted to succeed Kamel as Interim EMEA Regional Executive Director. I have enjoyed working with members across Africa for many years and enjoyed my engagement with you. As Audit Director, I have had the opportunity to visit your countries and participate in local events. It has been exciting to see Crowe Global's coverage in Africa expand. We must work together to grow our physical coverage further and develop our capabilities to leverage the increasing presence and recognition of our brand.

Africa has enormous potential and, together, Crowe has a powerful offering. We can be confident about the next phase of our development together as we collaborate and grow. We look forward to interacting with representatives from the African membership in Washington, D.C.

David Chitty
Interim EMEA Regional Executive Director
Crowe Global



David Chitty



Will AI Render Auditors Obsolete?

Over the years, there has been a tremendous shift in technology and application of AI in the day-to-day activities of people and industry.

The accounting world has not been spared: technological advancement has led to a shift from use of manual accounting and audit practices to the use of emerging technologies such as Artificial Intelligence, Data Analytics, Distributed Ledger Technology (DLT), Robotic Process Automation (RPA), Drone Technology and Machine Learning (ML). So, will audit jobs run scarce because of this technology?

The World Economic Forum recently released a study predicting that Artificial Intelligence will cause a 'significant labor-market disruption over the next five years and 800 million jobs will be eliminated by 2030.' In this survey, the majority of global respondents agreed that AI is likely to profoundly change their everyday life. 75% of surveyed companies said they expect to adopt AI technologies over the next five years. This means that future accountants and auditors will have to be technologically savvy to be able to, not only offer high quality assurance services, but also drive trust in and ethically deploy artificial intelligence.

Artificial intelligence (AI) allows computers to operate in a more 'human' like way. It does this through a combination of programs, techniques and approaches that aim to replicate various cognitive processes and abilities. This technology does not replicate the human mind in its entirety; it simulates specific functions and behaviors using computational methods. It is important to note that this technology can generate decisions and provide solutions based on established knowledge.

Traditional accounting tasks like, reconciling accounts, generating financial reports, tracking expenses, bookkeeping and other basic accounting tasks are becoming extremely automated as AI powered tools and software emerge. Accountants are therefore pressured to embrace AI tools to improve on their service delivery and stay relevant in the profession. As the accounting profession continues to embrace these innovative technologies, the future of accounting and auditing appears to be marked by increased precision, efficiency, and reliability.





Audit is moving from a retrospective and reactive exercise to a proactive and forward-looking exercise. Working real time with clients and availability of efficient data processing and storage tools (e.g. cloud solutions) provide an AI platform that will enable auditors to perform reliable and timely audit or risk analysis for clients and will not leave discovery of issues to the final audit stage. Audit matters will therefore be resolved faster providing timely benefits to the client and the auditors too.

AI tools like Chat GPT which is a natural language processing tool created to interact with humans in a conversational way, plays a vital role in crafting base audit programs. This is because it allows auditors to generate tailored audit programs that align precisely with the specific scope and objectives of each engagement. Aligning of these objectives enhances accuracy and expedites operations, ultimately improving audit outcomes.

Machine learning algorithms assist auditors to analyze vast amounts of financial data, detect discrepancies and predict future trends with impressive accuracy. This therefore reduces the risk of human error and provides the auditor with deeper insights into complex data sets, uncovering valuable patterns and trends thereby ensuring a higher level of assurance and confidence in audit reports.

The audit process entails risk assessment and AI in this case will perform sophisticated analysis of a client's data, guiding them towards areas that demand closer scrutiny. This data-driven approach helps auditors identify high-risk areas that require closer analysis leading to more focused and effective audits.

Audit AI algorithms analyzes transactional data to identify anomalies like duplicate payments, fraud indicators and potential irregularities. By producing detailed reports on suspicious activities, AI audit software empowers auditors to proactively address financial misconduct, ensuring greater integrity and compliance.

Auditors need to embrace the changes and find ways to harness the full potential of AI in order to maintain a competitive edge

While AI is transforming the auditing profession by automating routine tasks and enhancing efficiency, it is unlikely that AI will completely replace the human aspect of accounting and audit. AI's role in accounting and auditing is to assist and complement human accountants and auditors rather than replacing them entirely. This is because the human element of auditing remains invaluable and is not at risk of becoming obsolete.

Auditors bring essential skills like professional judgment, critical thinking, and domain expertise that are crucial in complex audit engagements. They also possess the necessary adaptability to handle unexpected situations, interpret complex information, and engage with clients and stakeholders effectively. AI on the other hand is excellent at processing and analyzing vast amounts of data, identifying patterns, and detecting anomalies, but it lacks the ability to understand the broader business context, exercise professional skepticism, and make subjective judgments.

Combining human expertise with AI-driven efficiencies will ultimately lead to a more comprehensive and effective audit process, ensuring a higher level of assurance and confidence in the final audit reports.

As an accountant and auditor, the need to upskill and reskill has never been this urgent. Everyone should be able to live, learn, work and participate in the digital world. In this rapidly changing world, we will need to understand AI and its tools and assess the likelihood of occurrence of the risk of machine brains surpassing human brains in general intelligence. Combining human expertise with AI-driven efficiencies will mitigate this risk.

Auditors need to embrace the changes, invest in learning new skills and find ways to harness the full potential of AI driven data analytics in order to maintain a competitive edge in a rapidly automated world.

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About Crowe Global

As a top 10 global accounting network, Crowe Global has over 200 independent accounting and advisory firms in 145 countries.

For more than 100 years, Crowe has made smart decisions for multinational clients working across borders.

Crowe's leaders work with governments, regulatory bodies and industry groups to shape the future of the profession worldwide. Their exceptional knowledge of business, local laws and customs provide lasting value to clients undertaking international projects.

Crowe provides global reach on a personal scale. Crowe firms focus on the future, the client experience and working with clients to build something valuable, substantial, and enduring. Close working relationships are at the heart of our effective service delivery.

At Crowe, our professionals all share one commitment, to deliver excellence.