



COUNTRY GUIDE: BENIN

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ABOUT US

ZAPEO is an International PEO co-employer providing Employer of Record (EOR) Services in more than 113 countries around the world.

As an EOR, we provide employment contracts, payroll employees, pay over any taxes and statutory contributions and provide sponsorship for visa applications in order to comply with specific laws and regulations in the country.

We also assist with onboarding and termination of both local or expatriate employees.

BENEFITS

- Legal compliance
- Time and cost savings
- Access to global talent
- Flexibility
- Reduced liability
- Expertise



WORK PERMITS AND VISAS



Benin has three general types of visas:

- Business
- Tourist
- Transient

Most visas are only valid for 30 or 90 days.

The requirements vary depending on the type, but most employees will need to acquire a business visa and work permit to remain compliant.

Expatriates must apply before entering Benin because visas cannot be obtained on the spot.

Expatriates must have a work permit that is supported by a fixed-term job contract. The Ministry of Labor in Benin issues work permits with a 12-month validity. After submitting a request to the Ministry of Labor, this temporary work permit may be extended as many times as necessary.

EMPLOYMENT CONTRACTS



Probation period

The Labor Code allows for a probation period of up to three months.

Notice period

The following are the notice periods:

- Hourly employees have a 15-day notice period.
- Employees, workers, and laborers have a one-month notice period.
- Supervisors and executives have the right to three months' notice.

Minimum wage

The monthly minimum wage in Benin is 40,000 CFA francs; the government has also established specific minimum wage scales for a variety of occupations.

Working hours and overtime

Weekly working hours are typically 40 and should not exceed 56. Workers are not permitted to work more than 240 hours of overtime per year. Overtime is paid at 112 % of the regular hourly rate for the 41st to 48th hour per week and 135 % of normal hourly rate after the 48th hour of the week.

Termination

If the employer fires an employee for personal reasons, the employee must be notified in writing, along with the reasons for the termination. Legitimate reason for termination include: worker health , inability to maintain employment , competence or conduct, organizational or technological changes and economic hardship or company closure.

Severance

The amount depends on length of service: 30 % of average monthly salary for the first five years of employment, 35% for 6-10 years of service and 40 % for 10+ years of service. An employee who is fired for gross negligence is usually not entitled to severance pay.

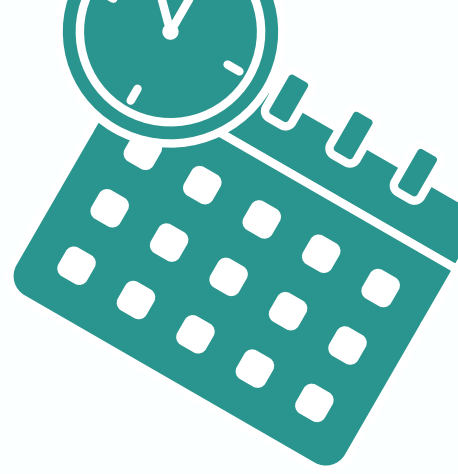
Non-compete clause

Benin normally permits non-compete terms in employment contracts, but they must be fair and strictly confined.

Collective bargaining

Collective bargaining does exist in Benin.

PAID TIME OFF



Annual Vacation

Employees are generally entitled to 24 paid days of annual leave per year, with increases at the following rate: after 20 years and an extra 2 days After 25 years, an extra 4 days. An extra 6 days after 30 years.

Sick

Employees with fewer than two years of service are usually entitled to six months of sick leave. Employees with two or more years of service are usually entitled to 12 months of sick leave. If an employee has been with the company for less than a year, he or she is generally entitled to one month of paid leave.

Maternity

Female employees are generally entitled to 6 weeks of paid leave before and 8 weeks after giving birth, with the employer covering half of the cost and social insurance covering the rest.

Paternity

In most cases, fathers are entitled to three days of paid paternity leave.

Family

N/A

National Holidays

Benin has a total of 13 public holidays which are paid.

Other Paid Time Off

N/A

EMPLOYEE BENEFITS



Statutory

Unemployment

Employees who have been fired and have at least one year of service and have not engaged in significant misbehavior shall be entitled to severance compensation. The payout amount is determined by the number of years of service and represents a portion of the employee's monthly wage.

Workers compensation

Social insurance: 1% to 4% of gross monthly covered payroll, depending on risk assessment.

Employers with at least 20 employees make monthly contributions; employers with one to 19 employees make quarterly contributions.

Social Security

Employee: 3.6 percent of gross monthly covered earnings. Employer: 6.4 percent of covered gross monthly payroll.

The legally mandated monthly minimum wage is used to calculate contributions.

Retirement

Covered by Social Security.

Health

Small percentage covered by Social Security.

Private

Workers compensation

Private workers compensation is not yet available in Benin.

Retirement

There are a few private pension schemes available in Benin

Health

Private healthcare is available in Benin.

Life

Life insurance policies are also available in Benin

TAX



Personal Income Tax (PIT)

- **Tax year** : Tax year in Benin is a calendar year.
- **Tax rate** : Progressive annual rates range from 0% to 30%.
- **Tax method** : Tax in Benin is progressive.
- **Tax residency requirements** : An individual is considered to be a tax resident in Benin if they fulfill one of the following conditions: has a permanent residence in Benin, they stay in Benin for more than 183 days during a tax year and they either work professionally there or receive income from Benin.
- **Double taxation agreements (DTA's)** : Benin has several double taxation agreements.

Investment Income Tax

Capital Gains Tax -

Unless a new investment is made within three years, capital gains from the sale of business assets are taxed at the ordinary company income tax rate (under conditions). If the taxpayer ceases operations or sells his business during the three-year period, the reinvested capital gains will be taxed immediately.

Non-resident corporations' capital gains are taxed at 30%.

Taxable Income

Individuals are taxed on earnings, salaries, leave pay, fees, commissions, bonuses, gratuities, compensation and commutation payable under any employment or service contract, pension, and lump sum payment.

PAYROLL



Payroll Elements

- **Income:** Salary, earnings, bonuses, overtime pay, taxable benefits, allowances, and certain lump sum perks are examples of remuneration (revenue from employment). Profits or losses made by a company or trade. Income or profits derived from an individual's status as a trust beneficiary.
- **Deductions:** The first XOF 50,000 of employment income is tax-free. Deductions are available for dependent children, reducing the tax due between 0-23%.
- **Benefits in Kind:** Benefits in kind are regarded as a component of an employee's overall compensation package under the Benin Labor Code. Examples include employer-provided housing or lodging, a business vehicle, and food stipends.
- **Employer contributions:** Social security (pension, health), unemployment and workers compensation.

Payroll Taxes

Employers must pay a payroll levy of 4% on the gross value of salaries, wages, allowances, and in-kind benefits. During their first year of operation, newly incorporated businesses are exempt from payroll tax.

Payroll Calendar

Employees are not required to be paid on a set schedule. Payrolls can be done weekly, biweekly, fortnightly, or monthly.

LEGISLATION AND STATUTORY BODIES



LEGISLATION

- Constitution of the Republic of Benin 1990
- Labor Code, 1998
- General Collective Labor Agreement, 2005
- Act No. 98-019 of 21 March 2003 on the Code of Social Security

STATUTORY BODIES

- Ministry of Labor, Public Service and Social Security
- National Labor Council
- Labor Inspectorate
- National Social Security Institute
- National Employment Agency
- Benin Tax Authority



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