



# Democratic Republic of Congo Fiscal Guide 2017/18

**Tax**



# Income tax

## Business income

All companies are subject to the same taxes codified in the General Tax Code and by the various laws of finance according to their legal form. Those taxes are levied on the following categories of income:

- Profits or income made by companies and other corporate bodies;
- Salaries, wages, pensions and life annuities;
- Income from stock and shares;
- Income from real estate and property;
- Profits from handicraft, industrial and commercial activities;
- Profits from farming business; and
- Profits from non-commercial and related profession.

The standard corporate tax rate is 30%.

By derogation to the general principle, the rate could be 25% or 35% depending on the type of companies.

The minimum tax or the special corporate tax rate is 1% of the turnover and 1 million XAF minimum. For the taxpayers whose result remained in deficit for two consecutive fiscal years, the minimum tax rate is increased to 2% from the third loss year.

## Capital gains tax (general regime)

Capital gains are treated as ordinary business income and are taxed at the standard income tax rate (30%). However, the General Tax Code grants some derogations to this principle.

## Transfer pricing rules

The General Tax Code specifies that for the assessment of the company tax payable by companies which are controlled by, or which control an undertaking established outside Congo, the profits indirectly transferred to the latter by increasing or reducing the purchase or selling price, or by any other means, shall be incorporated in the results shown by their accounts.

The same shall apply to undertakings which are controlled by an undertaking or group likewise in control of undertakings established outside Congo.

In 2017, one of the main amendments made by the Congolese law of finance touch the minimum turnover required to obey to the obligation of documentation. This obligation is strictly applicable to the companies that realise at least 500,000,000 XAF of turnover.

## Double tax relief and tax treaties

In order to ensure companies interested in setting up their businesses, Congo has signed tax treaties with Countries of CEMAC area, France, Italy and Maurice.

Withholding tax on payments to countries with which Congo signed tax treaty are the following : CEMAC or ( (f.n) Communauté Economique et Monétaire des Etats d'Afrique Centrale » is the Economic Community of the Central African States made up of the following countries : Cameroon, Chad, Congo, Central African Republic, Gabon, Equatorial Guinea.

Withholding tax on payments to countries with which Congo signed tax treaty are the following:

	CEMAC Countries	France	Italy	Maurice
<b>Dividends</b>	Rate of the state where the permanent establishment is located	15% or 20%	8% or 15%	0% or 5%
<b>Interests</b>	Rate of the creditor's tax residence	Rate of the effective beneficiary's country of residence	Rate of the effective beneficiary's country of residence	5%
<b>Royalties</b>	Rate of the country where the property is located / Exemption in some cases	15%	10%	Rate of the effective beneficiary's country of residence

## Value Added Tax (VAT)

VAT is a tax on expenses levied on natural or legal persons including authorities and bodies governed by public law. VAT rates are fixed as follows:

Normal rate : 18% for all operations excepted those listed below

Reduced rate: 5% for consumer goods

Zero Rate: 0% for exportation sales

## Additional centimes

The rate is 5% seated on the collected VAT.

## Customs duty

As a member state of the CEMAC Customs Union, Congo applies the Community regulations which provide for the free movements of goods between member states.

The importation of goods and merchandises from third states is subject to customs duties, except where exemptions or the suspensive customs regimes are applicable.

Customs duties are levied on the customs value of most imported goods at rates ranging from 5% to 30%.

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## Stamp duty and registration fees

Stamp duty in Congo is established on all papers to be used for civil and legal instruments and documents which may be brought before courts as proof. It shall be collected on the basis and in accordance with the rules laid down in the General Tax Code.

Registration fees rate is fixed depending on the nature of the operation.

Additional centimes may be applicable to registration fees.

## Accounting rules

Congo adapted the accounting rules with the new OHADA Uniform Act on the Accounting Law and financial information adopted on January 26, 2017.

## Investment incentives

### Tax incentives

The investment charter instituted by the law n°6-23 of January 18, 2003 and specified by the Decree n°2004-30 of February 18, 2004 provides that any natural and legal person regardless of its nationality is free to operate on the Congolese territory a farming, mining, industrial, commercial or service in respect of the laws and regulations of the country.

The law grants for the companies eligible, a tax benefits that can be either a reduction or exemption from corporate income tax, minimum tax, VAT, stamp duty and customs duty.

### Eligibility

The conditions to the eligibility are various. Among them, there are the obligation of using in priority the local companies' services and the local workforce and the creation of permanent employments which operate at least 280 days per year.

## Currency exchange controls and rates

XAF is linked to the euro (€) at a current fixed exchange rate of 1€ / 655.957 XAF. Transfers within XAF area are not restricted.

XAF is currently used in the CEMAC area. All transfer of funds outside the CEMAC area including loans obtained by resident companies abroad and the solicitation of foreign securities in the CEMAC area, must be declared and are subject to special control measures.

The detention of foreign currencies for travellers living in or out of Congo is free. However, currencies whose value is more than 1 million XAF have to be declared to customs.

## Language

Congo official language is French.

## Official holidays

- 1 January (New Year's Day)
- 2 April (Easter Monday)
- 1 May (Labour day)
- 10 May (Ascension Day)
- 21 May (Whit-Monday)
- 10 June (Commemoration Day)
- 15 August (National day)
- 1 November (All Saints Day)
- 28 November (Proclamation of the Republic)
- 25 December (Christmas Day)



# Thank you

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