



Congo Country Profile

Africa Tax Centre: 2020 Fiscal Guide

July 2021

2020 Key tax factors for efficient cross-border business and investment involving Congo

African Union Member State	Yes.
Double Tax Treaties	<p>With the following countries, territories and jurisdictions:</p> <p>CEMAC Area: Cameroon Gabon Equatorial Guinea Chad Central African Republic</p> <p>Other Areas France Italy Mauritius</p>
Most important forms of doing business	Limited Liability Company, Public Limited Liability Company and Simplified Joint Stock Company.
Legal entity capital requirements	<p>Republic of Congo is a member of the Organization for Harmonization in Africa of Business Law (f.n OHADA) and is subject to OHADA Treaty and the Uniform Acts.</p> <p>The statutory minimum share capital is XAF 1,000,000 for the Limited Liability Company; the minimum value of shares' is XAF 5,000. For the Public Limited Liability Company, the statutory minimum share capital is XAF 10,000,000. In the Simplified Joint Stock Company, the amount of the share capital and the organization of the company is freely decided by the shareholders.</p>
Residence	Except in the case of international tax conventions, in Republic of Congo, a company is resident if either its legal seat or its place of management is in Congo. Resident companies are taxed on their income earned in or coming from Republic of Congo.
Compliance requirements for CIT purposes	Deadline for filing tax return is 20 th May of the following tax year.
Corporate income tax rate	The standard corporate income tax rate is 28 percent.
Withholding tax rates	<p>On dividends paid to non-resident companies CEMAC Countries: Rate of the state where the permanent establishment is located France: 15 percent or 20 percent Italy: 8 percent or 15 percent Mauritius: 0 percent or 5 percent</p> <p>On interest paid to non-resident companies CEMAC Countries: Rate of the creditor's tax residence France: Rate of the effective beneficiary's country of residence Italy: Rate of the effective beneficiary's country of residence Mauritius: 5 percent</p>

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Withholding tax rates (cont.)

On royalties paid to non-resident companies

CEMAC: Rate of the country where the property is located / Exemption in some cases

France: 15 percent

Italy: 10 percent

Mauritius: Rate of the effective beneficiary's country of residence

On other payments

General rate: 20% for all remuneration

Average rate: 10% for one-off services in the nature of fees

Reduced rate: 5.75% for the contracts linked to the unitization area with Angola and the remuneration paid by the maritime and air transport companies under Congolese law for the rental and charter of aircraft.

Specific rate: 5% for interest on loans paid to foreign natural or legal persons by oil companies located in the Congo.

Branch withholding tax

No.

Holding rules

Interest on loans paid resident/non-resident

Interest on loans contracted by holding companies with financial institutions established abroad, or with shareholders of these companies to finance the acquisition or subscription of equity securities, are exempt from the withholding tax applicable to non-residents.

The distribution of dividends by holding companies to their partners or shareholders are subject to income tax on shares at a rate equal to half the standard rate.

Capital gains obtained from resident/non-resident

Capital gains on disposal by holding companies of their shares are subject to corporate income tax at a rate equal to one quarter the standard corporate income tax rate or may be exempted from corporate income tax under certain conditions.

Tax losses

The losses on fixed or realizable assets are deductible from profits. The deficit recorded during a financial year is considered as an expense deductible from the taxable profit of the following year.

If the profit is not sufficient for the deduction to be made in full, the excess of the deficit is carried forward successively to the following financial years until the third financial year following the loss.

Tax consolidation rules/Group relief rules

None

Transfer duties

On the transfer of shares

A fee of 5% of the value of the assets and rights is payable in the event of a change of control of the company through a change of at least 60% of the shareholding.

On the transfer of land and buildings

Civil and judicial acts transferring ownership or usufruct of real estate for valuable consideration are subject to an 8% duty.

As regards registration, these acts are subject to a duty depending on the location of the property. For the liquidation and payment of duties on exchanges, the real estate, whatever its nature, is estimated according to its real market value on the date of the transfer, according to the estimated declaration of the parties.

Exchanges of real estate are subject to a 15% duty on the value of the highest value

Stamp duties

Rate of stamp duty in Republic of Congo is established depending on the type of document.

Real estate taxes

Exchanges of real estate are subject to a 15% duty on the value of the highest value

Transfer pricing rules	<p>General 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 companies established outside of Republic of 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 companies which are controlled by another company or group of companies also controlling companies established outside of Congo.</p> <p>Those companies are required to present to the administration a documentation on their transfer pricing policy. This requirement is strictly applicable to companies realizing at least XAF 500,000,000 of turnover a year.</p> <p>Documentation requirement The obligation relating to detailed documentation on transfer prices is derived from provisions of the General Tax Code. The documentation must include general information on the group of associated companies and the specific information concerning the company established in Congo.</p>
Thin capitalization rules	No specific thin capitalization legislation.
General Anti-Avoidance rules (GAAR)	None
Specific Anti-Avoidance rules/Anti Treaty Shopping Provisions/Anti-Hybrid rules	Depending on the International Tax conventions (CEMAC Area, France, Italy, Mauritius)
Advance Ruling system	None
Investment incentives	<p>The investment charter instituted by the law no. 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.</p> <p>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.</p>
Other incentives	No.
VAT	<p>Normal rate: 18% for all operations Reduced rate: 5% for consumer goods Zero Rate: 0% for exportation sales Additional centimes: 5% charged on the collected VAT.</p>
Custom Duty	<p>As a member state of the CEMAC Customs Union, Republic of Congo applies the Community regulations which provide free movements of goods between member states.</p> <p>The importation of goods and merchandises from third states is subject to customs duties, except where exemptions or the suspensive customs regimes are applicable.</p> <p>Customs duties are levied on the customs value of most imported goods at rates ranging from 5% to 30%.</p>

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Other relevant points of attention

No.

Mandatory Disclosure Rules Updates

For country specific information and updates on the EU Mandatory Disclosure Rules please visit KPMG's EU Tax Centre's [MDR Updates page](#).

COVID-19 Resources

An overview of tax developments being reported globally by KPMG member firms in response to the Novel Coronavirus (COVID-19) is available [here](#). For further insight into the potential tax, legal and mobility implications of COVID-19, please refer to the dedicated [KPMG page](#).

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Source

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