



# **TAXES IN AFRICA & MIDDLE EAST**

**2024**


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# Democratic Republic of Congo




 **Capital city :**  
Kinshasa


 **Area :**  
2,345,410 km<sup>2</sup>

 **Population :**  
103,919,051

 **Language :**  
French, Lingala,  
Kikongo, Swahili,  
Tshiluba


 **Political system :**  
semi presidential  
republic

 **GDP/capita  
2023 :**  
USD 1,338

 **Currency :**  
Congolese franc  
(CDF)

 **ISO Code :**  
COD

 **Telephone code :**  
+243

 **National day :**  
30 June



# Democratic Republic of Congo

## 1. Corporation tax

### 1.1 Tax base

Companies and entities under the ordinary regime that are liable for corporation tax are taxed on their profit.

There is also a standard tax that the taxpayer may pay when their operation makes a loss or a profit that could give rise to taxation below that amount.

Further, there is a taxation regime for small entities in respect of income tax, by derogation from ordinary law. This is a tax based on the turnover, depending on the area of business.

### 1.2 Residence and non-residence

A company is liable for corporation tax in the Democratic Republic of the Congo if it is founded under Congolese law or if it has a permanent establishment in the DRC.

For that, it must have the following in the Democratic Republic of the Congo:

- its registered office;
- or its principal establishment;
- or a fixed place of business;
- office, work site etc.

However, some entities are exempted from corporation tax, such as:

- non-profit organisations that are legally founded and benefit from an exemption ruling that is renewable every two years;
- the State;
- other public and local authorities.

### 1.3 Tax year and filing

The annual tax declarations of companies cover periods identical to that of their financial year. That is generally 12 months.

It must be filed with the authorities either by normal post or by email. The declaration must be filed within four months of the close, that is to say in the year following the year in which the income was earned. The tax is paid along with the declaration.

However, under penalty of rejection by the tax authorities, the financial statements of companies subject to the common law regime referred to in paragraphs 1 and 3 of the provisions of the law must be certified by a chartered accountant registered on the role of the national order of chartered accountants of the Democratic Republic of Congo, under conditions defined by order of the Minister of Finance.

Three instalments of tax on profits are due, each representing 30% of the base (Art 2 of law no 006/03 of 13 March 2003 as amended to date). Each instalment must be paid during the year, i.e. before 1 August for the first instalment and before 1 October for the second instalment. The third instalment, at the rate of 20%, must be paid no later than 1 December of the year in which the taxable income is earned. These are deducted from the taxpayer's tax liability for the year in question, and the balance is paid when the income tax return is filed, no later than 30 April of the year following the year in which the income was earned. Small businesses are required to support their profit and loss tax return with the balance sheet, profit and loss account and notes kept according to the minimum treasury system in accordance with the revised Uniform Act of 26 January 2017 on accounting law and financial reporting.

## 1.4 Taxable income

The taxable profit is the result of the book profit of the company after the reinstatement of non-deductible charges and the deduction of non-taxable revenue or already taxed under another schedule.

There is a limit on the deductibility of charges considered to be exaggerated or sumptuary by the authorities.

For example, quotas are set for the following costs:

- 50% of communication costs, with the exception of internet costs, provided that they are used exclusively for professional purposes.
- 60% of representation costs.
- Donations and subsidies are deductible under the conditions set by law and within the limits of 0.5% of the turnover of the financial year;

Any provisions made are deductible when they are applied.

## 1.5 Group income and grouping arrangements

The tax regime in the DRC does not contain provisions for the taxation of companies of a group and/or group agreements.

The principle is that of territoriality; income and profit earned by a RDC tax payer in other countries are taxed on the basis of the tax agreements with the countries in which the income is earned.

## 1.6 Capital gains

Capital gains in all forms are entirely liable for corporation tax.

The tax rate is 30%.

## 1.7 Exemptions

Entities that have an investment project that is in line with and eligible under the Investment Code can benefit from exemptions from corporation tax.

This possibility is also offered to companies setting up in the “Special Economic Zones” targeted by the Government.

## 1.8 Rates

The tax rate is equal to 30% of the profit for large and medium enterprises. Note however, that in the event of a loss or profit below that amount, the minimum tax to pay is 1% of the declared turnover. For small enterprises, the rate is fixed at:

- 1% of turnover for sales activities;
- 2% of turnover for service provision activities.

Micro-enterprises are liable for a standard tax of CDF 50,000.

- Individuals who are active and do not achieve a turnover in a year are subject to the payment of a flat-rate tax on profits and earnings of :
  - › CDF 2,500,000 for large firms,
  - › CDF 750,000 for medium-sized firms and
  - › CDF 30,000 for small firms.

The rate is 14% for amounts paid to remunerate the provision of services of all types by natural persons or legal entities not based in the Democratic Republic of the Congo.

## 1.9 Relief for double taxation

Tax agreements signed by the Democratic Republic of the Congo with some other countries provide for the avoidance of double taxation.

The abolition of the terms "advance payment" and "balance" in respect of tax on profits (IBP) payable by small businesses and the maintenance of two portions: the first portion of 60% payable no later than 31 January of the year following the year in which the income is earned and the second of 40% payable no later than 30 April of the same year.

# 2. Tax on the income of natural persons

## 2.1 Tax base

By virtue of the principle of territoriality, individuals are subject to income tax on all their income located within their territory.

However, tax agreements between countries limit double taxation of income derived from outside the Congo.

## 2.2 Residence and non-residence

The natural persons liable for income tax are:

- those that have their actual, effective and continuous residence in the DRC, regardless of their nationality;
- those who have their domicile, family, centre of activity, base of their business and their occupations in the DRC;
- those who have set up the base of their wealth (not meaning the location of the assets, but the place from where the owner administers them) in the DRC.

## 2.3 Tax year and filing

The tax declaration of natural persons is to be sent to the tax authorities no later than by the end of April of each year. It relates to the income of the previous year.

Income tax is paid in four provisional instalments during the year. The balance of the tax is paid on a self-assessment basis when the profit and loss tax return is filed.

## 2.4 Income

Income is divided into three broad categories:

- Income from securities.

Income from securities includes two main categories:

- dividend on shares: it is liable for income tax at the rate of 20%;
  - income from fixed-yield investment, remunerated by interest (bonds, deposits, claims). It is liable for income tax at the rate of 20%.
- Rental income is income from buildings:

Rent is liable for tax on rental income at the rate of 12%.

- Professional income include the following categories:
  - industrial and commercial profit (merchants, craft tradespeople);
  - non-commercial profit (professionals);
  - farming profit;
  - profit from immovable property.

Profit is liable for income tax according to rules identical to those applicable to companies liable for corporation tax.

## 2.5 Capital gains

Capital gains made from the disposal of securities or those made on the sale of immovable property attract income tax at the rate of 30%.

## 2.6 Losses

Losses from activities can be recovered with no time limitation.

## 2.7 Exemptions

There is no tax credit system of any type, with the exception of exemptions or tax relief under the Investment Code.



## 2.8 Reductions and rates

The tax rate is progressive:

- 3% for the income bracket from CDF 00,00 to CDF 1,944,000;
- 15% for the income bracket from CDF 1,944,000 to CDF 21,600,000;
- 30% for the income bracket from CDF 21,600,001 to CDF 43,200,000;
- 40% for the surplus.

At no time may individual income tax exceed 30% of taxable income or be less than CDF 2,500 per month.

Permanent and non-permanent bonuses, snacks and other benefits paid to State employees and civil servants are subject to business tax on remuneration at a rate of 3%.

Permanent and non-permanent bonuses, snacks and other benefits paid to members of political institutions and assimilated persons are subject to professional tax on remuneration at a rate of 15%.

## 2.9 Social security

### Contribution to social security, retirement, unemployment benefits

5% contributions are withheld from salaries by employers.

Employers also pay 13% contributions on behalf of their employees on the remuneration paid to the aforementioned employees.

## 2.10 Expatriates

The place of service of the expatriate is used to determine the place of taxation of the natural person.

Expatriates are liable for 30% tax on their taxable income (IPR). And the employer is liable for exceptional tax on the remuneration of expatriates (IERE) at the rate of 25%.

## 2.11 Options

Stock options are considered to be remuneration liable for income tax and social security contributions.

## 2.12 Organisations and partnerships

- non-profit organisations that are legally formed are not taxed;
- organisations with for-profit activities are taxed like companies;
- de facto companies with for-profit activities are taxed in the name of the shareholders.

## 2.13 Pensions

Pension contributions are generally not liable for tax.

# 3. Value-Added Tax

## 3.1 Rates

The VAT rates applied are as follows:

- 0% on export and related transactions;
- 8% Reduced rate applicable to 24 products listed in the Finance Act 2023. And the sale of air tickets on domestic traffic.
- 16% , normal rate, on import and domestic consumption;
- 16%, services of non residents.

## 3.2 Declaration and payment

The declarations are generally monthly and paid no later than on the 15<sup>th</sup> of each month.

Payments are made at the same time as the return is submitted (self-certified).

## 3.3 VAT deductions

In order to be deductible, value added tax must be shown on a standard invoice or other document in lieu thereof.

Natural or legal persons liable for value added tax are required to register with the tax authorities as users of electronic tax devices under the conditions specified by regulation.

### 3.4 Exemption

There is an exemption system for a category of products, in particular basic necessities.

## 4. Other taxes

There is a large number of taxes paid by companies and natural persons.

The main ones are as the following owned by companies and natural persons:

- land tax on built or unbuilt concessions belonging to companies and private persons;
- registration fees on disposals, transfers of built and unbuilt concessions;
- special tax on road traffic on company and private cars;
- annual remuneration tax, installation taxes and pollution taxes;
- single establishment tax;
- taxes.

The law sets the nomenclature of duties and taxes, while the tax rates are set by sectoral inter-ministerial orders and the Minister of Finance.

## 5. Foreign income

These taxes are handled as part of the tax agreements that the DRC has signed with some countries, namely the Kingdom of Belgium and the Republic of South Africa. These agreements are aimed at avoiding double taxation.

## Contacts

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