



TAXES IN AFRICA

2021


2nd EDITION

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Democratic Republic of Congo




 **Capital city :**
Kinshasa


 **Area :**
2,345,410 km²

 **Population :**
85,281,024

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

 **Political system :**
semi presidential
republic

 **GDP/capita**
2019 :
USD 562

 **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 Frequency and declaration

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.

Two provisional instalments are to be paid during the year, that is to say before 1 August for the first instalment and before 1 December of the year in which the taxable income is earned for the second instalment. These are deducted from the tax owed by the taxpayer for the relevant year and the balance is paid when the profit is declared, no later than on 30 April of the year following the year when the income is earned.

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.

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

Any provisions made are deductible when they are applied.

1.5 Group income and group agreements

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 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.

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.

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.

2. Tax on the income of natural persons

2.1 Tax base

Natural persons are liable for income tax on all their income, regardless of the origin or place of such income.

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 Frequency and declaration

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 two provisional instalments during the year. The balance of the tax is reversed when the declaration is filed.

2.4 Taxable income

Income is divided into three broad categories:

- Income from securities;
- Rental income;
- Professional income.

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 22%.

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 the tax exceed 30% of the taxable income.

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 the remuneration paid to workers.

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. Taxes on successions and gifts

Not applicable.

4. Wealth tax

Not applicable.

5. Value-Added Tax

5.1 Rates

The VAT rates applied are as follows:

- 16% on import and domestic consumption;
- 0% on export;
- 16% for services supplied by non-residents.

5.2 Declaration and payment

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

6. 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.

7. 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.

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