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A. At a glance

Corporate Income Tax Rate (%)	33 (a)
Capital Gains Tax Rate (%)	33 (b)
Branch Tax Rate (%)	20 (c)
Withholding Tax (%)	
Dividends	20 (d)
Interest	20
Royalties from Patents, Know-how, etc.	20
Payments for Non-commercial Services and Activities	5
Revenues Earned by Certain Foreign Companies	7.7/20 (e)
Branch Remittance Tax	0
Net Operating Losses (Years)	
Carryback	0
Carryforward	3

(a) The proposed 2014 Finance Act provides for a rate of 30%. The minimum tax is 1% of turnover. The corporate income tax rate is 25% for agricultural companies.
(b) In certain circumstances, the tax is deferred or reduced (see Section B).
(c) The branch tax is calculated on the basis of the net profit decreased by the amount of the corporate income tax, to which a tax rebate of 30% is applied.
(d) This tax also applies to directors' fees, nondeductible expenses and adjustments of profits following a tax examination. For directors' fees, the rate is 22%.
(e) For details, see Section B.

B. Taxes on corporate income and gains

Corporate income tax. Congolese companies are taxed on the territoriality principle. As a result, Congolese companies carrying on a trade or business outside Congo are not taxed in Congo on the related profits. Congolese companies are those registered in Congo, regardless of the nationality of the shareholders or where the company is managed and controlled. Foreign companies engaged in activities in Congo are subject to Congolese corporate tax on Congolese-source profits only.

Tax rates. The regular corporate income tax rate is 33%. The proposed 2014 Finance Act provides for a rate of 30%.

The minimum tax payable is 1% of the annual turnover and cannot be less than XAF1 million (or XAF500,000 if turnover is less than XAF10 million a year). A 2% minimum tax is payable by companies that incur tax losses in two consecutive years. It appears that the 2% rate is applied to the sum of gross turnovers and products and benefits realized by the company in the most recent year in which it earned a profit. In general, the 2% tax is not deductible for corporate income tax purposes. However, in the company's first profit-making year after incurring the losses, one-half of the 2% tax is deductible.

The corporate income tax rate is 25% for agricultural companies, micro-finance companies and private educational institutions registered as companies.

The corporate income tax rate is 30% for mining companies and real estate companies.

The branch tax is imposed at a rate of 20%. It is calculated on the basis of the net profit decreased by the amount of the corporate income tax, to which a tax rebate of 30% is applied.

A withholding tax at a rate of 7.7% is imposed on the turnover of foreign companies without a registered branch in Congo that are engaged in legally authorized activities there. A 20% withholding tax is imposed on income sourced in Congo that is derived by foreign companies not engaged in activities in Congo.

Corporations may apply for various categories of priority status and corresponding tax exemptions. The priority status varies depending on the nature of the project and the level of investments.

The Charter of Investments may grant a tax exemption for a three-year period for new activities in industry, agriculture, forestry and mining. In addition, under the General Tax Code, a tax exemption for a two-year period may be granted for such new activities.

Capital gains. Capital gains are taxed at the regular corporate rate. The tax, however, can be deferred if the proceeds are used to acquire new fixed assets in Congo within three years or in the event of a merger.

If the business is totally or partially transferred or discontinued, only one-half of the net capital gains is taxed if the event occurs less than five years after the start-up or purchase of the business, and only one-third of the gains is taxed if the event occurs five years or more after the business is begun or purchased. The total gain is taxed, however, if the business is not carried on in any form by any person.

Under the 2013 Finance Act, capital gains derived by natural or legal entities domiciled abroad on the sale of all or part of their shares in the capital of companies registered under Congolese law are subject to a special tax at a rate of 20%. This withholding tax is payable at the time of registration of the deed of assignment.

Administration. The fiscal year extends from 1 January to 31 December. Tax returns must be filed by 30 April.

Companies must pay the minimum tax before 15 March, and corporate tax must be paid in four installments by 15 February, 15 May, 15 August and 15 November. Each installment must be equal to 20% of the previous year's tax. The balance of tax due must be paid by the following 30 April.

A 50% penalty is assessed for late payment of tax.

Dividends. Dividends paid are subject to a 20% withholding tax. Resident corporations are taxed on the gross dividend; a corresponding 20% tax credit is available for double tax relief.

After three years, profits credited to the non-compulsory reserve are considered to be dividends and are accordingly subject to the 20% withholding tax on dividends.

A parent corporation may exclude the net dividends received from a Congolese or foreign subsidiary if the following conditions are satisfied:
- The parent company is a Congolese joint stock company or limited liability company that holds 30% or more of the capital of the subsidiary, which is also a joint stock company or limited liability company.
- The subsidiary carries on only industrial, agricultural, mining, forestry, large-scale fishing or stock-breeding activities.

No withholding credit is allowed if the net dividends are excluded.

A Congolese joint stock company or limited liability company may exclude 90% of the net dividends received from a joint stock company or limited liability company located in Congo or another Central African Economic and Monetary Community (CEMAC) country if the parent company holds 25% or more of the capital of the payer of the dividends.

Foreign tax relief. In general, foreign tax credits are not allowed; income subject to foreign tax that is not exempt from Congolese tax under the territoriality principle is taxable net of the foreign tax. A tax treaty with France, however, provides a tax credit on dividends.

C. Determination of trading income

General. Taxable income is based on financial statements prepared according to generally accepted accounting principles and the standard statements of the Organization for Harmonization of Business Law in Africa (OHADA) treaty. The members of OHADA are Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Congo (Democratic Republic of), Congo (Republic of), Côte d'Ivoire, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Mali, Niger, Senegal and Togo.

Business expenses are generally deductible unless specifically excluded by law. The following expenses are not deductible:

- Head office overhead or remuneration for services paid to nonresidents that exceeds 20% of taxable income before the deduction of such items
- Head office fees or remuneration for certain services (studies and technical assistance) paid to nonresidents by companies engaged in building and public works, by engineering firms and by accounting firms, to the extent that the expenses exceed 2% of turnover
- Royalties from patents, brands, models or designs paid to a nonresident corporation participating in the management of, or owning shares in, the Congolese corporation
- Interest paid to a shareholder in excess of a 5.25% annual rate and, if the shareholder is in charge of management, interest on the portion of the loan exceeding one-half of the capital stock
- Commissions and brokerage fees exceeding 5% of purchased imports
- Certain specific charges, gifts, subsidies and penalties
- Most liberalities (payments that do not produce a compensatory benefit, such as excessive remuneration paid to a director)
- Corporate income tax

Inventories. Inventory is normally valued at the lower of cost or market value.

Provisions. In determining accounting profit, companies must establish certain provisions, such as a provision for a risk of loss or for certain expenses. These provisions are normally deductible for tax purposes if they provide for clearly specified losses or expenses that are likely to occur and if they appear in the financial statements and in a specific statement in the tax return.

Tax depreciation. Land and intangible assets, such as goodwill, are not depreciable for tax purposes. Other fixed assets may be depreciated using the straight-line method at rates specified by tax law. The following are some of the specified annual rates.

Asset	Rate (%)
Commercial and industrial buildings	5
Office equipment	15
Motor vehicles	20 to 33.33
Plant and machinery	10 to 33.33

Heavy new assets acquired for manufacturing, transformation, transport and handling qualify for a special depreciation allowance at a rate of 40% in the year of acquisition if all of the following conditions are satisfied:

- The assets are used only in industrial, forestry or agricultural activities.
- The assets can be used for a period exceeding three years.
- The total value of the assets exceeds XAF40 million.
- The assets will be intensively used.

Relief for tax losses. Losses may be carried forward for three years. Losses attributable to depreciation may be carried forward indefinitely, but they must be reported on the depreciation table. Losses may not be carried back.

Groups of companies. The 2013 Finance Act introduced a fiscal integration system and a fiscal regime for holding companies with tax exemptions, particularly with respect to capital gains, dividends and interest on loans.

D. Other significant taxes

The following table summarizes other significant taxes.

Nature of tax	Rate (%)
Value-added tax	18.9
Business activity tax (*patente*), calculated based on the nature of the business, the value of equipment and the number of employees	Various
Registration duties, on transfers of real property or businesses	4 to 15
Tax on salaries (TUS)	7.5
Social security contributions, on annual salaries; paid by	
Employer	
Family allowance contribution	10.035
Work accident insurance	2.25
Old-age pension	8
Employee	
Old-age pension	4

E. Miscellaneous matters

Foreign-exchange controls. The Congolese currency is the CFA franc BEAC (XAF). The fixed exchange rate for the CFA franc BEAC is XAF655,957 = EUR1.

Exchange-control regulations exist in Congo for financial transfers outside the franc CFA zone (XAF zone), which is the monetary zone including France and its former overseas colonies.

Transfer pricing. The Congolese tax law contains the transfer-pricing measures described below.

Amounts paid by a Congolese company to a company or a group of companies located outside Congo are considered indirect transfers or profits if the payer is dependent *de jure* or *de facto* on the recipient of the payments and if the tax authorities establish that the payments are excessive or unjustified. This measure applies to certain transactions, including the following:
- Overcharges for purchases
- Payments of excessive royalties
- Loans that are interest-free or have unjustifiable rates
- Discounts of debts
- Advantages granted out of proportion with the benefit provided by a service provider

Payments for the use of patents, marks, drawings and models, interest payments and payments for services made by a Congolese company to a nonresident company located in a country with low or no taxation, are considered indirect transfers of benefits unless the Congolese company proves that the payments correspond to real operations and that they are not excessive.

F. Treaty withholding tax rates

The withholding rates under a treaty with France are listed in the following table.

	Dividends %	Interest %	Royalties %
France	15/20 (a)	0 (b)	15
Non-treaty countries	20	20	20

(a) The 15% rate applies if the recipient of the dividends is a French joint stock company that holds directly 10% or more of the capital of the Congolese company. The 20% rate applies to other dividends.

(b) Interest is subject to tax in the recipient's country. Withholding tax is not imposed in the country of source.