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## BUSINESS ENVIRONMENT

### THE CONSUMER

#### Consumer Profile

The Republic of Congo has a population of almost 4.8 million people (IMF, 2021), with a GDP per capita estimated at USD 2,510 by the IMF (2021), and it is classified a lower-middle income country by the World Bank. As in most countries in Africa, the Congolese consumers are generally young: according to data by the CIA, the proportion of children below the age of 14 is 41.57%, 17.14% of the population is between 15 and 24, 33.5% between 25 and 54, while only 7.79% are 55 or older; and it is equally split between men and women (2020 est.). The life expectancy in the country is 60.27 years for men and 63.16 for women (CIA Wolrd Factbook, 2021 est.). Families in the Republic of Congo are numerous, with an average fertility rate of 4.41 children per woman (CIA Wolrd Factbook, 2021 est.).

The population density is relatively low, with most people concentrated in the south and around the capital of Brazzaville (67.4% of the total population lives in urban areas - World Bank 2019, latest data available). According to the IMF, poverty and inequality are comparatively high in the Republic of Congo (47% of the population lives under the poverty line, a higher rate if compared to peer oil-exporting countries - World Food Programme, 2021), especially in rural areas.

#### Consumer Behaviour

Generally, Congolese consumers have a limited income and low purchasing power, making price the main purchasing factor. For most people, the shopping basket is composed almost entirely of essential products (when food cannot be grown directly through subsistence farming).

Nearly all locally sold goods are imported, and domestic transportation costs contribute to increasing prices. As in most countries in the region, availability and proximity two important purchasing drivers. There is no sizeable middle class with robust education, skills, and material living standards.

Advertising is carried on mainly through radio, television and newspaper (in French). Online advertising is not very common, as the internet penetration rate is still low. Consumer credit is still not developed.

Good customer and follow-up services can confer a significant competitive advantage (especially for durable goods and B2B commerce).

## IMPORTING & DISTRIBUTING

#### Import Procedures

To be able to import or export products, economic operators must obtain an installation licence from the Ministry responsible for trade; be authorized and enrolled in the Trade and Personal Property Credit Register; be registered in the files of the National Centre for Statistics and Economic Studies; obtain a unique identification number from the Directorate General of Taxes; be registered with the Chamber of Commerce, Industry,

Agriculture and Trades; and be registered with the National Social Security Fund. For further information, consult the [Import requirements guide](#) of the Agency for the Promotion of Investments (API) (in French).

All goods entering the Republic of Congo shall be accompanied by a commercial invoice, the certificate of origin, the packing list, the bill of lading or the airway bill according to the means of transport. Import permits and sanitary certificates are required for farm products (such as meat and poultry), as well as for hazardous products (weapons, explosives, chemical products). For a list of products subject to a specific import authorization, visit the [Congolese Customs' regulations](#).

### Distribution market players

The main retail chains operating in the Republic of the Congo are:

- Casino Supermarché (first hypermarket in the country in 2016)
- Good Market
- Guenin
- La Cité
- Metraco
- Regal Congo
- Score
- Park'N'Shop

## OPERATING A BUSINESS

### Type of companies

#### Limited Liability Company (LLC/SARL)

**Number of partners:** Minimum one shareholder and one director. The director has to be resident in Congo since at least two years

**Capital (max/min):** XAF 1 million minimum capital

**Shareholders and liability:** Liability is limited to the amount contributed.

#### Public Limited Company (PLC - SA)

**Number of partners:** Minimum one shareholder and one director. The director has to be resident in Congo since at least two years

**Capital (max/min):** XAF 10 million minimum capital divided into shares

**Shareholders and liability:** Liability is limited to the extent of the shareholders' contributions

#### General Partnership (SNC)

**Number of partners:** At least two partners with no maximum.

**Capital (max/min):** No minimum capital required

**Shareholders and liability:** Partners have joint and unlimited liability

#### Limited Partnership (Société en Commandite Simple - SCS)

**Number of partners:** Minimum one with limited liability and one with unlimited liability

**Capital (max/min):** No minimum capital required

**Shareholders and liability:** Limited partners who do not participate in management have limited liability. However, general partners or managing partners have joint and unlimited liability

Setting Up a Company	Congo	Sub-Saharan Africa
Procedures (number)	11.0	7.5
Time (days)	49.5	21.3

Source: *Doing Business* - Latest available data.

## Cost of Labour

### Minimum Wage

The minimum monthly salary in the private sector was XAF 90,000 in 2019 (OLI, latest data available).

### Average Wage

Salaries in the Republic of the Congo differ significantly between different jobs. According to Salaryexplorer.com, in 2021 the median salary is around XAF 474,000.

### Social Contributions

Social Security Contributions Paid By Employers: 22.78% of covered earnings.

Social Security Contributions Paid By Employees: 4% of covered earnings.

## Intellectual Property

### National Organisations

National Industrial Property Unit ([Ministry of Economy, Industry and Public Portfolio](#) - ANPI)

### Regional Organisations

The Republic of Congo is a member of [WIPO](#) and of the [African Intellectual Property Organization](#) (OAPI).

## TAX RATES

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### Consumption Taxes

#### Nature of the Tax

Value added tax (VAT) - Taxe sur la valeur ajoutée (TVA)

## **Tax Rate**

18% (effective rate of 18.9% with a 5% surcharge that applies to VAT on certain consumer goods)

## **Reduced Tax Rate**

Imports and locally produced cement, glass products, diesel and lubricants imported from Cameroon by forestry companies, butane gas, and certain everyday consumer goods (such as sugar, tomato, soap, oil, etc.) are subject to a reduced tax rate of 5%. Exports, international transportations and local sales of timber are zero-rated.

Certain goods are exempt from VAT (for instance supply of products arising from extractive activities; banking and insurance operations; certain necessity goods like pharmaceutical products, rice, salt, bread, meat and poultry, corrective glasses, schoolbooks, fertilizers, etc.; transfer/sale of a business). Imports of agricultural, horticultural, forestry, or fishery equipment and machinery, fertilizers and other agricultural inputs, are exempt from VAT and customs duties.

## **Other Consumption Taxes**

The rates of excise duty are as follows:

- Tobacco: 16.5%
- Alcoholic beverages: 12.5%
- Luxury food products, perfumes and cosmetics, arms and ammunition, jewellery: 25%
- Motor vehicles and motorcycles: 15%
- Gaming and entertainment equipment: 25%.

Import duties are applied according to the CEMAC legislation, with rates ranging from 5% to 30%.

Several other taxes and fees apply on imports such as:

CEMAC integration tax: 1% on CIF value

African integration contribution: 0.2% on CIF value

statistic tax: 0.2% on CIF value

OHADA contribution: 0.05% on CIF value

CEEAC contribution: 0.04% on CIF value

computer royalty: from 0.5% to 2% on CIF value.

A tax on company-owned cars applies with a rate of XAF 200,000 (for engine ratings not over nine horsepower) or XAF 500,000 (all other cars).

## **Corporate Taxes**

### **Company Tax**

28%

### **Capital Gains Taxation**

Capital gains are treated as ordinary business income and are taxed at the standard corporate income tax rate (28%). Capital gains realised on the disposal of a fixed asset in the course of trading are excluded from income for a period of three years, provided the taxpayer reinvests the gain in new fixed assets for the business.

Gains realised by non-residents on transfers of shares of Congolese companies are taxed at a 20% rate.

Capital gains realised on the sale of rights and obligations related to oil contracts are taxed at 10%.

## **Main Allowable Deductions and Tax Credits**

Generally, expenditures incurred to obtain, collect, and maintain business turnover are tax-deductible when documented.

All types of fixed assets (with the exception of land) are depreciable for tax purposes when acquired for business purposes (the straight-line method applies). Goods costing less than XAF 500,000 per item may be written-off at purchase as expenses.

Start-up expenses can be amortised in one or two years. Interests are deductible up to a limit of 5.25%.

Donations and gifts made to beneficiaries in the Republic of Congo are deductible according to certain limits: 0.5‰ (general limit); 0.5% (for donations to sport activities); 50% (charitable contributions in case of natural or accidental disaster); 100% (donations made to fight the COVID-19 epidemic). Taxes are usually deductible (except for income taxes), fines and penalties are not.

Losses can be carried forward for three fiscal years, carryback losses are not permissible.

## Other Corporate Taxes

Royalties apply to the energy sector: 0.75% on turnover for self-producers; 1% on turnover for independent producers; up to XAF 400 per cubic metre of water withdrawn for the hydraulic sector. Delayed payments are subject to a 10% penalty, in case of omissions the penalty is equal to 100% of the fee.

All legal entities that carry out a commercial or industrial activity, or any other activity not included in the statutory exemptions are subject to a business tax (also known as "*patente*"). The business tax is payable on the basis of graduated rates that range from XAF 10,000 (turnover below XAF 1 million) to 0.045% (turnover above XAF 20 billion). Newly registered companies are taxed based on the forecast turnover which they declare.

A land tax is payable annually on built properties (with a three to ten years exemption for residential buildings and five years for commercial buildings). A similar tax applies on unbuilt properties (with exemptions from three to ten years for lands intended for plantations and breeding). In both cases, the rates are determined every year by the local council.

A rent tax is levied at the rate of 1/12 of the annual rent (with a 50% fine for late payments).

Social security contributions paid by the employer are as follows: 10.035% of gross salary for family allowance (capped at XAF 7.2 million/year); 2.25% for work accident contribution (capped at XAF 7.2 million/year); 8% for old age, invalidity, and death insurance (capped at XAF 14.4 million/year).

## Other Domestic Resources

[Directorate-General for Taxation](#)

[Consult Doing Business Website](#), to obtain a summary of the taxes and mandatory contributions.

## Double Taxation Treaties

### Countries With Whom a Double Taxation Treaty Have Been Signed

[List of double taxation treaties signed by the Republic of the Congo](#)

## Withholding Taxes

Dividends: 15%; Interest: 0 (resident) / 20% (non-resident); Royalties: 0 (resident) / 20% (non-resident)