

CONGO TAX ALERT

Transfer Pricing Obligations 2025: Be Ready!

GLOBAL OVERVIEW OF TRANSFER PRICING IN THE REPUBLIC OF CONGO (“CONGO”)



Transfer pricing (“TP”) in Congo plays a major role in every company with cross-border activities, including intra-group supply and service relationships and financial integration, as well group restructuring.

While the tax audit risks associated with transfer prices can be significant, there is also an opportunity for the tax-efficient structuring of transactions.

In order to help clients assess the risks adequately and utilize all possibilities for optimization, CLG’ experts perform case studies of each situation involving transfer pricing and consider not only the Congolese regulations, but the transfer pricing rules and regulations in the other countries involved as well. This is possible because CLG can draw on the expertise of over 300 professionals in over 50 countries, and thus offer seamless cross-border support in most of the areas below related to transfer

pricing:

- ◇ TP compliance and documentation
- ◇ Support with tax audits related to TP issues
- ◇ Justifying the transfer prices used to the tax authorities in the course of a tax audit
- ◇ TP reports and benchmarking studies

As a result of the reinforcement of transfer pricing obligations by the Congolese tax authorities in recent years, transfer pricing is becoming at the top of the tax priority list for many mid-sized and large businesses, with an outsized impact on business units. We offer a range of tax services for transfer pricing management so you can be ensured of compliance with local and OECD regulations in Congo.

CLG offers expert global transfer pricing services in Congo to companies that need to establish and maintain this required three-tiered approach to OECD regulations.



TRANSFER PRICING FRAMEWORK

Congolese resident taxpayers who execute transactions with related parties are required to calculate their gross income and authorized deductions using the prices, considerations, and profit margins that would have been used by independent parties in comparable transactions (i.e., the arm's length principle is applied). For such purposes, they shall keep the supporting documentation to demonstrate compliance with the arm's length principle. Article 120 and subsequent



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of the Congolese Tax Code, Volume 1 “CTC” contains the relevant TP provisions.

Due to detailed nature of transfer pricing documentation obligations in the Republic of Congo, it is essential for companies to start preparing the Complete Transfer Pricing Documentation (CTPD), Light Transfer Pricing Declaration (LTPD), and Country-by-Country Report (CBCR) well in advance of the filing deadline of 20 November.

Early preparation helps ensure compliance, avoids last-minute errors, and mitigates risks of penalties associated with late or incomplete submissions. We strongly encourage all concerned companies to organize and gather necessary data as soon as possible to meet these legal requirements smoothly and timely.



TRANSFER PRICING REQUIREMENTS

Congolese resident taxpayers entering into transactions with related parties are required to submit a Complete TP documentation ("CTPD"), an Annual TP declaration ("ATPD") and a Country-by-Country report ("CBCR") if they fall under all of the following assumptions:

- ◇ Being a Congolese entity,
- ◇ Having an annual turnover excluding tax or gross assets on the balance sheet equal to or greater than XAF 500,000,000,
- ◇ Depending on or having control over companies located outside the Congo, or
- ◇ carrying out transactions with companies established in a territory with a privileged tax regime

Remark:

- ◇ Please note that under current legislation, the

CBCR is required for all companies meeting the above conditions, without distinction between group head companies and group subsidiaries.

- ◇ Benchmark analysis is required to comply with the arm's length principle. There is preference for local comparable transactions. However, they are generally unavailable, and therefore, regional and global comparable transactions are mostly used in practice. Depending on the type of transaction and industry sectors, different transfer pricing methods are preferred. However, in general, the TNM method is most used, rather than the CUP, RP or CP methods, given the sensitivity to available information for benchmarking.

TRANSFER PRICING DEADLINES & SANCTIONS

Deadlines

The CTPD, the LTPD and the CBCR must be submitted spontaneously and annually to the tax authorities within six (6) months following the filing of the statistical and tax return ("SFR") for the financial year, i.e. by **20 November** of the current year at the latest.

In addition, the CTPD must be made available to the administration on the date the accounting audit is initiated.

Sanctions

The late filing of the LTPD and the CBCR is sanctioned by a tax fine of **XAF 5,000,000**.

Failure to produce the CTPD, LTPD and CBCR is sanctioned by a fine of **XAF 5,000,000**, after a formal notice of eight (8) days that has not been answered.

Failure to produce the CBCR after an eight-day formal notice has remained unanswered will result in the questioning of the transfer prices applied in the context of the controlled transactions of the period.

Failure to produce the CTPD at the date of initiating the

general tax audit is punishable by a fine of **XAF 25,000,000**.

Navigating transfer pricing documentation requirements in the Republic of Congo can be complex and time-consuming. To ensure full compliance and avoid penalties, companies should seek expert assistance. CLG tax & Legal boasts a highly qualified and experienced team specialized in transfer pricing matters, ready to support you in preparing and submitting your Light Transfer Pricing Declaration (LTPD), Complete Transfer Pricing Documentation (CTPD), and Country-by-Country Report (CBCR) accurately and on time. Do not hesitate to contact us for tailored guidance and reliable assistance.





CLG

Lawyers & Business Advisors

Contact Us Today

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