



# CLG

Lawyers & Business Advisors

# CLG TAX ALERT

## REPUBLIC OF CONGO - FINANCE LAW 2026: KEY TAX AND REGULATORY CHANGES



### Introduction

The 2026 Finance Law of the Republic of Congo, Law No. 42-2025, was enacted on 31 December 2025 and introduces a number of important fiscal and procedural changes affecting companies operating in the Republic of Congo. The reforms touch on corporate income tax, VAT, employment taxes, sector-specific levies (including extractives and carbon-related activities), and tax administration procedures.

While some measures aim to streamline tax collection and enforcement, others increase compliance obligations and exposure for taxpayers. Companies, particularly those operating in energy, mining, infrastructure, telecoms, and industrial sectors, should assess the impact of these changes early in order to manage cost, compliance, and enforcement risks in 2026.

The most notable development under the 2026 Finance Law is the transposition into domestic law of CEMAC Directive No. 0119/25-UEAC-177-CM-42 of 9 January 2025, which aims to harmonize income and profit taxation across CEMAC member states. As a result, substantial amendments have been made to Chapters 1 (Personal

Income Tax – IRPP), 2, and 3 (Corporate Income Tax – IS) of the General Tax Code, Book I, which governs direct and similar taxes.

This Tax Alert highlights the most material changes and outlines their practical implications for businesses.

### 1. Corporate Income Tax (CIT)

#### Reduction of the Standard Corporate Income Tax Rate

The Finance Law for 2026 reduces the standard CIT rate from 30% to 28% (Article 86 A of Book I of the General Tax Code). Notwithstanding this reduction, the existing preferential CIT rates remain unchanged and continue to apply as follows:

- **25%** for companies operating in the microfinance and private education sectors;
- **28%** for companies engaged in mining and quarrying activities, as well as real estate development and exploitation; and
- **33%** for foreign legal entities carrying out intermittent or occasional activities in the Republic of Congo.

With respect to companies involved in the exploration, exploitation, storage, and transportation of crude hydrocarbons, CIT continues to be assessed at the rate



stipulated in the relevant petroleum contract. However, such contractual rates may not be lower than the applicable standard CIT rate.

#### **Harmonisation of Contractual Tax Exemptions with the Investment Charter**

Effective 1 January 2026, contractual exemptions from corporate income tax may no longer be granted or renewed, except where expressly provided for under the Investment Charter (Article 3 of Book I). As a result, any existing contractual corporate income tax exemptions that fall outside the scope of the Investment Charter will be subject to renegotiation.

#### **Introduction of an Investment Tax Credit**

A new investment tax credit, capped at 15%, applies to qualifying investments corresponding to expenses actually incurred for the acquisition of equipment, tools, and/or commercial or

industrial buildings from non-related parties.

The investment tax credit is deductible from the corporate income tax payable by the taxpayer for the financial year in which the qualifying investments are made. Where the amount of the investment tax credit exceeds the corporate income tax due for the relevant year, the unused balance may be carried forward for a period of five (5) years. The detailed conditions for the application of this tax credit will be set out in a forthcoming ministerial regulation.

#### **Strengthening of Conditions for the Deductibility of Expenses**

Key changes:

- Cash payments of XAF 200,000 or more are no longer deductible (Article 25 of Book I of the General Tax Code). This threshold was previously set at XAF 500,000.
- Deductibility ceiling for donations made in support of sports development reduced to 0.3% of annual turnover excluding tax, down from 0.5% (Article 45 of Book I of the General Tax Code).
- Interest deductibility capped at 20% of gross operating surplus (Article 49 of Book I of the General Tax Code).

#### **Extension of Loss Carry-forward**

Tax losses may now be carried forward for five (5) years following the year in which the loss was incurred (Article 75 of Book I of the General Tax Code). This was previously limited to three (3) years.

#### **Introduction of a Minimum Tax Payment and Replacement of the Special Tax on Companies**

A new minimum tax payment equal to 1% of the total turnover generated during the preceding financial year replaces the former special tax on companies. It is payable in four (4) instalments, due on 15 March, 15 June, 15 September, and 15 December of each year.





Failure to pay the minimum tax payment within the prescribed deadlines is subject to a penalty equal to 50% of the amount due.

## 2. Tax on Income from Movable Capital (IRCM)

Reduction of the IRCM Rate

The Tax on Income from Securities (IRVM) has been replaced by the Tax on Income from Movable Capital (IRCM) (Article 110 of Book I). As part of this reform, the IRCM rate applicable to hidden income has been reduced from 40% to 35%. The standard IRCM rate applicable to ordinary income from movable capital, however, remains unchanged at 15%.

## 3. Tax on Salaries and Wages (ITS)

Revision of the Annual ITS Rates (formerly IRPP)

The Personal Income Tax (IRPP) has been replaced with the Tax on Salaries and Wages (ITS) with revised annual tax brackets.

Pursuant to the new Article 116 C of Book I of the General Tax Code, the annual ITS rates are determined as follows:

| Old Scale             |                |
|-----------------------|----------------|
| Taxable net Income    | Rate Or Amount |
| 0 - 464,000           | 1%             |
| 464,001 - 1,000,000   | 10%            |
| 1,000,001 - 3,000,00  | 25%            |
| 3,000,001 - and above | 40%            |

| New Scale             |                |
|-----------------------|----------------|
| Taxable net Income    | Rate Or Amount |
| 0 - 615,000           | 1,200          |
| 615,001 - 1,500,000   | 10%            |
| 1,500,001 - 3,500,00  | 15%            |
| 3,500,001 - 5,000,000 | 20%            |
| 5,000,001 - and above | 30%            |

## Introduction of the Annual Salary Declaration (DAS 3)

With effect from the 2025 financial year, employers required to file the annual salary declaration must also submit an additional annex known as DAS 3, in accordance with the template prescribed by order of the Minister of Finance.

The DAS 3 annex is intended to provide detailed information on the number of shares or units held by individuals subject to ITS.



## 4. Withholding Tax – Regulated Professions

Payments to regulated professions, such as lawyers, notaries, tax advisers and accountants, are now excluded from the 10% withholding tax (Article 183 of Book I of the General Tax Code).

Further guidance on the scope and application of this exclusion is expected to be provided in the implementing regulations of the 2026 Finance Law.

## 5. Motor Vehicle Tax

### Exclusion from the Scope of the Motor Vehicle Tax

Certain categories of vehicles, including taxis, buses and motorcycle taxis, are now expressly excluded from the scope of the motor vehicle tax (Article 356 of Book I).

## Specification of Applicable Rates

The applicable road tax and parking fee rates are set as follows:

| Vehicle Category                   | Road Tax | Parking Fee | Total Pay |
|------------------------------------|----------|-------------|-----------|
| Mopeds                             | 1,500    | 0           | 1,500     |
| Scooters and Motorcycle Categories | 3,000    | 0           | 3,000     |
| Vehicles from 0 to 5HP             | 7,000    | 5,000       | 12,000    |
| Vehicles from 6 to 11 HP           | 10,000   | 5,000       | 15,000    |
| Vehicles from 12 to 15 HP          | 13,000   | 5,000       | 18,000    |
| Vehicles from 16 to 20 HP          | 25,000   | 10,000      | 35,000    |
| Vehicles from 21 to 25 HP          | 30,000   | 10,000      | 40,000    |
| Vehicles from 26 to 30 HP          | 60,000   | 10,000      | 70,000    |
| Vehicles from 26 HP and above      | 90,000   | 10,000      | 100,000   |

Payment of the motor vehicle tax after March 31 of the tax year incurs a 10% penalty.



## 6. Tax Procedures

Key Changes Include:

### Late Payment Interest Applicable to Voluntary Tax Regularisation

Any adjustment arising from the voluntary regularisation of a taxpayer's position, undertaken prior to notification by the tax authorities, will be subject to late payment interest at a rate of 0.5% per day of delay, capped at 20%. In such circumstances, no penalties will apply.

### Specification of Processing Deadline for Hierarchical Appeals

The Law introduces a strict 30 business day deadline to process hierarchical appeals filed with the tax administration.

### Sanction for Failure to Comply with the Deadline for

### Contentious Appeals

Pursuant to Article 425 of Book I of the General Tax Code, any contentious appeals filed after the statutory three (3)-month deadline will be deemed time-barred and declared inadmissible.

### Composition of a Contentious Appeal File

The law formally sets out the documents required to constitute a valid contentious appeal. These include:

- the notification letter of tax adjustments;
- the taxpayer's response to the adjustment notification;
- the confirmation letter of the assessed tax bases;
- the tax recovery notice; and
- proof of any guarantee deposits made.

In the case of a contentious claim filed following a



hierarchical appeal, the taxpayer must also submit the following additional documents:

a copy of the request for a hierarchical appeal;

- the conclusions or minutes issued in respect of the hierarchical appeal; and
- the rectified confirmation letter of the tax bases.

#### **Specification of Nullity of Contentious Tax Procedures**

Any contentious tax procedure is deemed null and void where the tax administration fails to notify its position to the taxpayer within six (6) months from the date of submission of the taxpayer's claim.

Further clarification on the practical consequences and implementation of this provision is expected to be provided through forthcoming implementing regulations.

#### **Removal of Preliminary Review Fees for Contentious**

#### **Appeals**

The preliminary review fees previously payable in connection with contentious tax appeals are no longer applicable. These fees, which amounted to 5 per 1,000 of the disputed amount, have been removed.

Taxpayers are only required to provide a guarantee deposit when lodging a contentious appeal.

#### **Reduction of the Monthly Tax Declaration Deadline**

The deadline for filing monthly tax declarations is now set at no later than the 15th day of the month following the month in which the tax recovery notice is issued.

In light of the national public holiday in the Republic of Congo, the filing deadline is extended to the 20th in the month of August only.

### **7. Collection Procedures and Sanctions Applicable to Revenues from Natural Resources**

The Law introduces more detailed rules governing the collection procedures and sanctions applicable to revenues derived from natural resources. These provisions primarily target companies operating in the oil and gas, forestry, and mining sectors.

In summary, the new framework sets out, for each of the relevant industries, the applicable levies and rights, the taxable events triggering collection, the declaration formats and payment currencies, the filing and payment deadlines, as well as the related offences and penalties.



### **8. Registration Duties**

#### **Validity and Traceability of Digital Acts Subject to Registration**

The Law extends registration formalities to digital acts, provided that such acts are signed using a qualified electronic signature in accordance with Decree No. 2014-596 of 3 November 2014.

#### **Extension of the Limitation Period for Administrative**

#### **Action**

The limitation period within which the tax administration may take action in relation to registration duties has been extended from five (5) years to ten (10) years.

#### **Tax Exemption for Short- and Medium-Term Loan Agreements**

Certain loan agreements are now exempt from registration duties, replacing the former proportional duty of 1%. The

exemption applies to:

- salary advances or loan agreements granted by financial institutions to employees, very small enterprises, or clients of banks and members of microfinance institutions;
- consumer loan agreements with a term not exceeding three (3) years; and
- investment loan agreements, subject to presentation of the relevant investment plan and the minutes of the general meeting or other competent body approving the loan.

#### **Clarification of the Registration Duty Applicable to Capital Increases**

Registration duties on capital increase transactions, set at 3%, are now calculated on the total amount of contributions, net of any liabilities assumed and any capital reductions carried out to absorb losses, as reflected in the company's balance sheet.

Accordingly, accordion transactions are subject to registration duties on the net difference between the amount of the capital increase and the corresponding capital reduction.

#### **Registration Duty Applicable to Sales and Other Onerous Transfers of Real Estate**

Under the new Article 261, paragraph 2 of Book II of the General Tax Code, acts relating to the sale or other onerous transfers of ownership or usufruct of real estate by the State in the Les Flamboyants and M'pila residential areas are subject to a flat registration duty of XAF 1,500,000.

This preferential rate applies for a limited period from 1 January 2026 to 31 December 2028.

### **9. Value Added Tax (VAT)**

#### **Reduction of the Cash Expenditure Threshold Excluded from VAT Deduction**

The threshold for cash expenditures excluded from the right to deduct VAT has been reduced from XAF 500,000 to XAF 200,000 (Article 24 VAT Law).

#### **Reinstatement of the Inventory Requirement for Structural VAT Credit Holders**

Companies reporting a structural VAT credit in their October VAT return are now required to carry out a physical

inventory of stocks and fixed assets, in the presence of the tax administration (Article 29 VAT Law).

The inventory process must be formally notified to the tax administration at least twenty (20) days prior to the commencement of the inventory work. Failure to comply with this requirement results in the cancellation of the VAT credit recorded as at 31 December of the relevant year.

Further details regarding the practical implementation of this inventory requirement are expected to be provided in forthcoming implementing regulations.

#### **Update to the List of VAT-Exempt Essential Goods**

The list of essential VAT-exempt goods has been revised.

By way of illustration, newly exempt goods include rubber hygiene products and pharmaceutical items. Conversely, goods removed from the exemption list include certain contraceptives and dairy products.

#### **Amendments to the List of Goods Subject to the Reduced VAT Rate (5%)**

The list of goods subject to the reduced VAT rate of 5%, has also been updated. As a result, certain products, such as agricultural fertilisers and pesticides, have been removed from the reduced-rate list, while tomatoes, sugar, and salt have been added.



## 10. Excise Duties

### Extension of the Scope of Excise Duties to New Products

Excise duties now apply to additional products at the following rates:

- **5%** for confectionery and ice creams;
- **10%** for energy drinks and sodas;
- **10%** for wigs and hair extensions;
- **5%** for sound reproduction equipment, image and/or sound reproduction equipment for television, and accessories;
- **5%** for yachts, boats, and pleasure craft; and
- **5%** for precious metals plated or clad with precious metals, articles made therefrom, and costume jewellery.

### Revaluation of Excise Duty Rates

The Law also provides for an increase in excise duty rates applicable to certain products including:

- motorcycles are now subject to an excise duty rate of

25%;

- passenger motor vehicles have seen their excise duty rate increased from 15% to 25%;
- champagnes are now subject to an excise duty rate of 50%, up from 25%; and
- hydroquinone and cosmetic products containing hydroquinone are now subject to an excise duty rate of 50%, increased from 25%.

## 11. Environmental and Sector-Specific Levies

### Carbon Credit Fee

A new carbon credit fee (RCC) payable by promoters of carbon credit generation projects developed in the Republic of Congo now applies.

The applicable rates are determined based on the classification of the carbon credit projects, as follows:

- 20% for carbon credits generated from Class 1 and Class 2 projects; and
- 15% for carbon credits generated from Class 3 and Class 4 projects.



### Tax on Polluting Activities

New taxes apply to activities classified as polluting activities and are payable by any individual or legal entity engaged in such activities.

The affected activities include:

- the pollution of air, water, or soil;
- the production, importation, storage, treatment, or disposal of polluting waste; and
- the exploitation of natural resources or the operation of installations generating environmental nuisances or risks.

The applicable tax rates for polluting activities are set as follows:

- plastic packaging: XAF 500 per kilogram;
- mineral extraction: XAF 5,000 per cubic metre (m<sup>3</sup>);
- hazardous industrial waste: XAF 2,500 per tonne; and
- lubricants, paints, solvents, and pesticides: XAF 500 per litre.



## 12. Other Taxes and Levies

### New Allocation of Single Salary Tax Collections

Under Article 8 of the Law on the Single Salary Tax, the allocation of proceeds from the single salary tax has been revised. Going forward, collections are distributed as follows:

- **27%** to the tax administration, increased from **20%**; and
- **73%** to the National Social Security Fund, reduced from 80%.

### Elimination of the Electronic Fiscal Stamp

The Finance Law for 2026 abolishes the digital economy fee, commonly referred to as the electronic fiscal stamp.

### New Obligations Applicable to Money Transfer Activities

Pursuant to Articles 13 and 13 bis of the Law on the Taxation of Money Transfer Activities, any person or entity carrying out money transfer activities in the Republic of Congo is now required to interconnect with the platform operated by the money transfer regulatory authority.

This interconnection must be carried out using electronic payment terminals (TPEs) and any other equipment or infrastructure duly deployed or approved by the competent money transfer authority.

Failure to comply with this obligation is punishable by

a fine of XAF 20,000,000.

### Revision of the Rate and Cap Applicable to Electronic Financial Transaction Fees

The Law revises the applicable fee on electronic financial transactions by setting the rate at 1% of the nominal transaction value. For interbank transfers, the taxable transaction amount is capped at XAF 10,000,000.

## Conclusion

Beyond its technical provisions, the 2026 Finance Law reflects the Republic of Congo's broader economic priorities and regulatory direction. Businesses should conduct early impact assessments, update compliance frameworks, and revisit transaction and financing structures.

The implementing regulations for the 2026 Finance Law, which are currently being prepared, are expected to provide further clarification on the application of several of the measures outlined above. CLG will continue monitoring implementing regulations and advising clients on compliance, structuring, and dispute management. Our objective is not only to ensure compliance, but also to identify opportunities that may arise from these reforms.

For tailored advice on how these changes affect your operations, please do not hesitate to contact us.



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## Congo Tax Alert

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