

# Sage in DRC

## Payroll Taxes 2020

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### 1. General Information

#### 1.1 Official currency

The currency used is the Congolese Franc (FC).

#### 1.2 Official Language

The official language is French.

#### 1.3 Tax year

January to December

### 2. Tax Rates

#### Tax Tables for IPR

IPR - L'Impôt Professionnel sur les Rémunérations.

Monthly Tax rates for the 2020 tax year are as follows:

Income Bracket		Tax rate
From	To	
0	162 000	3%

162 000.01	1 800 000	15%
1 800 000.01	3 600 000	30%
3 600 000.01	And above	40%

The tax amount should not be less than FC2 000 per month.

Tax may not exceed 30% of the taxable income.

### Casual Labour

The income of the casual labour is taxable at the rate of 15%.

### Tax on Terminal Benefits

Compensation paid by employer upon termination of employment or end of contract of employment is taxable at the rate of 10%.

Examples of such compensation are: Severance Pay, Retrenchment pay and Gratuities.

### Special Tax on expatriate salary - IERE

**IERE** – Import Exceptionnel sur la Remuneration des Expatriates.

There is an exceptional tax on expatriate employees whose rate is **10%** for mining companies and **25%** for others.

#### 2.1 Flat rate

IPR flat rates applies as follows:

- Congolese Franc equivalent of \$24 per year for a domestic worker; and
- Congolese Franc equivalent of \$36 per year for a micro-business worker.

The IPR is to be deducted and paid in quarterly instalments of \$6 per quarter for a domestic worker; and \$9 per quarter for an employee of a micro business.

## 3. Tax Reduction

Tax should be reduced by 2% per dependant, with a maximum of 9 dependants.

After the deduction as per article 89, apply the minimum tax.

## 4. Taxable Income

- Annual Bonuses are normal taxable income.
- A portion of transport allowance is taxable. See exempt income.
- A portion of Housing allowance is taxable. See exempt income.
- Hardship Allowance/Cost of living Allowances is taxable.
- Legal Family allowance – Amounts above FC168 per day per dependant

## 5. Allowable Deductions

The following contributions by the employee reduce the taxable income for IPR:

- Pension and Life Insurances.
- Medical Fees/expenses

## 6. Fringe Benefit Taxes

Any benefit, whether in cash or in kind, received by an employee is brought into his tax base

### **Exempt Perks**

This principle notwithstanding, certain benefits are exempt provided they are not excessive, namely:

- Housing,
- Transport and
- Medical care

### **Company Car**

Use of company care is a taxable benefit. However, the tax authorities face difficulties in determining the value of such a benefit in kind. There is no prescribed formula, for example 2% of the costs of the car).

### **Travelling expenses**

Entertainment allowances: these are only allowed if the agent is charged with representing the company.

### **Tax on Tax Benefit**

If the tax is paid by the employer and does not form part of the employee's package, this will create a benefit in kind and the effect would be that the tax will be taxable.

### **Loan to staff**

This is not taxable if the company can recover all amounts owed.

### **Airfares**

- Within DRC – Provided the airfares are necessary to join the work place or to perform the activity, they cannot be considered as a taxable benefit.
- Airfares for Expats during contract term – such expenses cannot be considered as a taxable benefit in kind, provided they are clearly stated in the employment contract. However, the tax authorities usually try to challenge that position or to consider that such and expense is not deductible from a corporate tax point of view.

## **7. Exempt Income**

### **Transport Allowance**

Not taxable but amount limited to 4 taxis for executives or 4 bus tickets for other employees per day.

### **Lodging/Housing allowance**

Not taxable provided the amount of the housing allowance is limited to 30% of taxable salary.

### **Relocation allowance**

Relocation expenses (reasonable removable costs) to and from the host country either way are reimbursed by the company.

### **Family Allowance**

The amount paid over the legal amount is taxable.

### **Medical expenses**

Medical expenses which are not of an exaggerated nature are tax exempt.

Employers must consult with the tax authorities if they are unsure about excluding the medical expenses from the taxable income.

### **Pension Income**

Pensions, annuities and allowances granted under the laws that govern old age pensions, the provision of assistance in the event of premature death or disability; pensions for the handicapped, widows, orphans, and ancestors of combatants, victims of occupational accidents and occupational diseases and crippled congenital, alimony.

## **8. CNSS – Social Security**

### **Basis of assessment**

The assessable income for CNSS includes all taxable income, company contributions and fringe benefits earned; this excludes the statutory company contributions.

Assessable income for CNSS does not include the following:

- Health care contributions and expenses
- Statutory allowances
- Travel allowance and other benefits granted exclusively to the worker in the performance of his duties.

### **Contribution rates**

The contributions are as follows:

- Pension - 10% of income, 5% paid by employee and 5% paid by the employer.
- Occupational Hazards – 1.5% of the income. Paid only by employer
- Family allowance – 6.5% of the income. Paid by the employer.

Expats are also subject to these contributions.  
The employee's share is tax deductible.

## **9. INPP – Training Levy**

The basis of calculation is the same as CNSS and all companies must insure training to their staff. So there is legal obligation for the companies to contribute and made subscription to the official establishment as follows:

- 3% for state-owned companies
- 3% for private companies with a workforce of: 1 to 50 employees;
- 2% for private companies with a workforce of: from 51 to 300 employees;
- 1% for private companies with a workforce of more than 300 employees.

Only the employer contributes to the INPP.

## 10. National Office of Employment - ONEM

The contribution is 0.2% of the monthly remuneration of all the employees in the public, Para public and private sectors.

Only the employer makes a contribution towards ONEM.

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