



PRESS RELEASE

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Signing of a tax Treaty between Congo and China to avoid double
taxation and prevent tax evasion between the two countries

On Wednesday, September 5, 2018, The Republic of Congo and China People's Republic, held in Beijing the signing of a tax Treaty to avoid double taxation and prevent tax evasion between the two States.

A tax Treaty is a bilateral agreement, whereby two States agree on the principles governing the determination of tax residence of persons (natural or legal) and distribution of rights to tax their income.

The overall objective of this tax Treaty is **to fight against tax fraud**. This Treaty aims to facilitate cross-border trade and investment by eliminating tax bottlenecks.

the operational objectives of this tax Treaty are as follows :

- a) The most important operational objective is **the elimination of double taxation**.
- b) The second operational objective is **the prevention of fraud and tax evasion or double non-taxation**. In other words, the basic principle is that, treaties should apply so that income is taxed once. This objective is the counterpart of eliminating double taxation.

In addition to the two operational objectives mentioned above, tax treaties have other subsidiary objectives.

- c) One of the subsidiary objectives is the elimination of discrimination against nationals, foreigners and non-residents. Any State which enters into a treaty, wants to ensure that its residents who work in the other contracting State, are treated in the same way as residents of that other State carrying on similar activities.
- d) A second subsidiary objective is to facilitate administrative cooperation between contracting States. This administrative cooperation has three main aspects : exchange of information, assistance to tax collection and dispute settlement.

Thus, the non-double taxation agreement between the two States provides a guarantee to investors in their cross-border transactions. This treaty is an important factor facilitating Chinese investments in Congo, and therefore future growth for the Congolese economy.

Done in Brazzaville, on September 6, 2018.

The Communication Unit of the Ministry of Finance