

# BDO DRC

## Economic Insights

Thematic Note - Domestic Taxation

### VAT credit refunds in the DRC: neutrality, business climate and the transition toward a modern domestic tax system

Tax neutrality, VAT credit refunds and modernization of the  
Congolese tax system

June 2026

#### INVOICE

Description	Amount (USD)	VAT (16%)	Total (USD)
Goods	100,000	16,000	116,000
Services	25,000	4,000	29,000
Consulting	10,000	1,600	11,600
Logistics	800	128	928
Other expenses	190,000	30,400	220,400

TOTAL 30,400  
VAT CREDIT 190,000  
AMOUNT DUE

#### VAT CREDIT ANALYSIS





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## Executive Summary

Value Added Tax (VAT) has become one of the main pillars of domestic revenue mobilization in the Democratic Republic of the Congo (DRC). Actual VAT revenue increased from CDF 932.5 billion in 2013 to CDF 5,904.8 billion in 2025, while the share of domestic VAT in total VAT revenue rose from 40.7% to 63.1% over the same period. Despite this increase in absolute terms, the share of VAT in domestic revenue declined from 26.5% in 2013 to 19.4% in 2025, reflecting broader changes in the structure of Congolese public finances. This dynamic illustrates the gradual rise of domestic taxation in a context marked by growing public financing needs, the modernization of the tax system and the prospects for regional trade integration linked to the African Continental Free Trade Area (AfCFTA). However, the economic efficiency of VAT largely depends on its neutrality. This neutrality relies in particular on the proper functioning of the deduction mechanism and the effective refund of VAT credits. When refunds become insufficient, irregular or unpredictable, VAT may gradually become an implicit cost for businesses, affect their cash flow, increase the cost of capital and reduce the competitiveness of export-oriented or investment-intensive sectors. In the DRC, this issue is particularly important in several strategic sectors, notably the mining sector, where high investment levels, significant imports of equipment and export orientation generate structural VAT credits. At the same time, actual VAT credit payments remain limited: they still represented 26.5% of actual VAT revenue in 2015, compared with only 0.5% in 2025. The note also highlights the interactions between VAT credits, tax exemptions and tax expenditures. In 2024, revenue forgone associated with VAT is estimated at around CDF 3,005.9 billion, representing nearly 43% of identified tax expenditures. The mining sector alone accounts for nearly 62.5% of this VAT revenue forgone, illustrating the central role of trade-offs between refunds, exemptions and public revenue mobilization in the country's main export sector. This note analyzes the main economic, budgetary and institutional issues related to VAT credit refunds in the DRC. It examines recent trends in VAT revenue, the transformation of its structure between domestic VAT and import VAT, budgeted and executed VAT credits, interactions with tax expenditures, and the main challenges related to administrative modernization and fiscal transition. The analysis shows that VAT credit refunds do not constitute a benefit granted to businesses, but rather an essential condition for economic neutrality, fiscal credibility and the sustainable improvement of the business climate. In the context of the AfCFTA, tax digitalization and the gradual strengthening of domestic taxation, improving the functioning of VAT could therefore become one of the main levers for transforming Congolese public finances and supporting the transition toward a tax model more strongly based on domestic activities and domestic consumption.

**Keywords :** VAT; VAT credits; refunds; tax neutrality; business climate; tax expenditures; domestic taxation; AfCFTA; DRC.

## Key highlights - VAT Credit Refunds in the DRC

- ▶ Actual VAT revenue increased from CDF 932.5 billion in 2013 to CDF 5,904.8 billion in 2025, confirming the growing role of VAT in domestic revenue mobilization
- ▶ The structure of VAT revenue has gradually evolved: the share of domestic VAT increased from 40.7% of total VAT revenue in 2013 to 63.1% in 2025, reflecting the growing importance of domestic taxation
- ▶ VAT credits constitute a normal tax neutrality mechanism, particularly important in export-oriented and capital-intensive sectors, notably the mining sector
- ▶ Actual refunds remain limited: VAT credit payments still represented 26.5% of actual VAT revenue in 2015, compared with only 0.5% in 2025
- ▶ VAT-related tax expenditures remain significant, with estimated revenue forgone amounting to CDF 3,005.9 billion in 2024, representing approximately 43% of total identified tax expenditures
- ▶ Revenue forgone associated with the Mining Code increased from CDF 734.9 billion in 2022 to CDF 2,243.6 billion in 2024, representing nearly 32% of total tax expenditures; VAT alone accounted for CDF 1,878.1 billion, equivalent to 83.7% of mining-related revenue forgone and 62.5% of total VAT-related revenue forgone
- ▶ When refunds become insufficient or unpredictable, tax exemptions may emerge as an alternative mechanism to avoid the accumulation of claims against the State, at the risk of progressively fragmenting the taxable base
- ▶ In the context of the AfCFTA, tax digitalization, DGI-DGDA interconnection, the strengthening of the standardized invoice system and improvements in refund mechanisms appear to be strategic levers for simultaneously enhancing domestic revenue mobilization, tax neutrality and the business climate



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## General Introduction

Domestic revenue mobilization is now one of the main public finance challenges facing developing countries. In a context marked by rising public financing needs, increasing budgetary constraints, debt sustainability concerns, and transformations in international trade, the ability of governments to mobilize domestic resources on a sustainable basis has become an essential condition for fiscal sustainability and development financing.

This note analyzes the main economic, budgetary, and fiscal issues related to VAT in the DRC, with a particular focus on VAT credit refunds. It examines recent developments in VAT revenue, issues associated with VAT credits and their refund mechanisms, interactions with tax expenditures, and the main challenges related to reform and modernization of the system.

The analysis also places these issues within the broader context of a gradual transition toward a tax system increasingly centered on domestic activities and domestic consumption, against a backdrop of regional trade transformation, tax administration digitalization, and growing development financing needs. It further highlights that, at the international level, the quality of VAT credit refund mechanisms is often considered an important indicator of tax administration performance, regulatory predictability, and business climate quality.

In the Democratic Republic of the Congo (DRC), this issue is of particular importance. Despite sustained economic growth largely driven by the mining sector, the level of tax revenue mobilization remains relatively low compared with the country's economic potential. Public revenues continue to depend heavily on border taxation, extractive resources, and a limited number of large formal enterprises, while the size of the informal sector, numerous tax exemptions, and administrative constraints continue to limit the broadening of the tax base.

In this context, Value Added Tax (VAT) occupies a central place within the architecture of Congolese public finances. Introduced to replace the Turnover Tax (ICA), it has become one of the main instruments for mobilizing domestic tax revenue. Actual VAT revenue increased from approximately CDF 932.5 billion in 2013 to more than CDF 5,904 billion in 2025, although its relative share of domestic revenue fluctuated during the period, declining from 26.5% in 2013 to 19.4% in 2025.

### VAT in the DRC at a glance

- ▶ CDF 5,904.8 billion in actual VAT revenue in 2025, compared with CDF 932.5 billion in 2013;
- ▶ 63.1% of VAT revenue now originates from domestic VAT, compared with 40.7% in 2013;
- ▶ Actual VAT credit refunds represented only 0.5% of actual VAT revenue in 2025;
- ▶ VAT-related revenue forgone is estimated at CDF 3,005.9 billion in 2024, representing approximately 43% of identified tax expenditures;
- ▶ The mining sector alone accounts for nearly 62.5% of total VAT-related revenue forgone identified in 2024.

The rise of VAT in absolute terms is part of a broader transformation of tax systems across developing countries. Historically, many African countries relied heavily on customs duties and import taxation because of the relative ease of collection at border points. However, deeper regional trade integration, the gradual implementation of the African Continental Free Trade Area (AfCFTA), and the expected reduction in tariff barriers are likely to progressively reduce the relative contribution of border-related revenue in several African economies.

Against this backdrop, strengthening domestic taxation has become a major strategic challenge. Owing to its broad tax base, potentially high revenue yield, and compatibility with trade liberalization, VAT is often regarded as one of the key instruments capable of supporting this fiscal transition. Its role, however, must be assessed not only in terms of revenue generation but also in terms of its relative contribution to public finances and the quality of its economic functioning.

Although VAT offers significant advantages in terms of revenue generation and tax modernization, its operation also raises several economic, fiscal, and administrative challenges. The theoretical neutrality of VAT depends in particular on the effective functioning of deduction and VAT credit refund mechanisms. In many developing countries, however, refund delays, public cash-flow constraints, widespread exemptions, and the fragmentation of the tax base often limit the optimal functioning of the system.

In the DRC, these issues are particularly important in highly export-oriented and investment-intensive sectors, notably the mining sector, where companies may accumulate substantial VAT credits. Delays, limitations, or uncertainty surrounding refunds may therefore create cash-flow pressures, affect investment decisions, and contribute to demands for special tax regimes or sector-specific exemptions.

At the same time, VAT-related tax expenditures are playing an increasingly important role in the Congolese budget debate. Sectoral exemptions, special regimes, specific agreements, and other derogatory mechanisms represent significant amounts of forgone tax revenue and contribute to the gradual fragmentation of the taxable base. This situation raises important questions regarding economic efficiency, fiscal sustainability, tax transparency, and competitive neutrality.

### Key Message

VAT revenue has increased significantly in absolute terms in the DRC, rising from approximately CDF 932.5 billion in 2013 to more than CDF 5,904 billion in 2025. However, its relative share of domestic revenue remains volatile, declining from 26.5% in 2013 to 19.4% in 2025. The sustainability of VAT's role will therefore depend less on its nominal growth alone than on the quality of its functioning, the credibility of VAT credit refund mechanisms, and the ability to preserve a broad and relatively neutral tax base.

## 1. VAT as a Growing Pillar of Public Finances

Value Added Tax (VAT) occupies an increasingly important position in Congolese public finances. Introduced to replace the Turnover Tax (ICA), it has become one of the main instruments for domestic revenue mobilization. Its importance stems from both its revenue-generating potential, its relatively broad tax base, and its compatibility with an economy that is becoming progressively more integrated into regional and international trade.

In the DRC, the rise of VAT forms part of a broader fiscal transition. As in many developing countries, public revenue has historically relied on a combination of border taxation, natural resource-related levies, and the taxation of a limited number of large formal enterprises. The gradual implementation of the AfCFTA is expected to reduce the relative contribution of border-related revenue over the medium term and increase the strategic importance of domestic taxation. In this context, VAT appears as a central instrument for modernizing the tax system.

Budgetary data confirm this trend. Actual VAT revenue increased from approximately CDF 932.5 billion in 2013 to more than CDF 5,904 billion in 2025, reflecting both the expansion of formal economic activity, relative improvements in tax collection, and the growing role of consumption in public revenue mobilization.

### 1.1. General Architecture of the Congolese VAT System

#### 1. General Principles of VAT

VAT is a general tax on consumption. It is based on a mechanism of fractional taxation applied throughout the production and distribution chain. Each taxable business collects VAT on its sales and deducts the VAT paid on its purchases, intermediate inputs, or investments. In principle, only the value added effectively created at each stage is taxed.

This mechanism distinguishes VAT from former cumulative turnover taxes, which could generate cascading tax effects. In a fully functioning VAT system, the final tax burden rests on the end consumer, while businesses essentially act as tax collectors on behalf of the State.

Neutrality is therefore one of the fundamental principles of VAT. This neutrality requires that businesses be able to deduct VAT incurred upstream and, when deductible VAT exceeds collected VAT, obtain a refund of the corresponding credit. Without this mechanism, VAT may gradually become an implicit tax on investment, exports, and formal economic activities. This characteristic explains why VAT credit refund mechanisms are generally considered an integral component of the VAT system itself rather than a tax benefit granted to certain businesses.



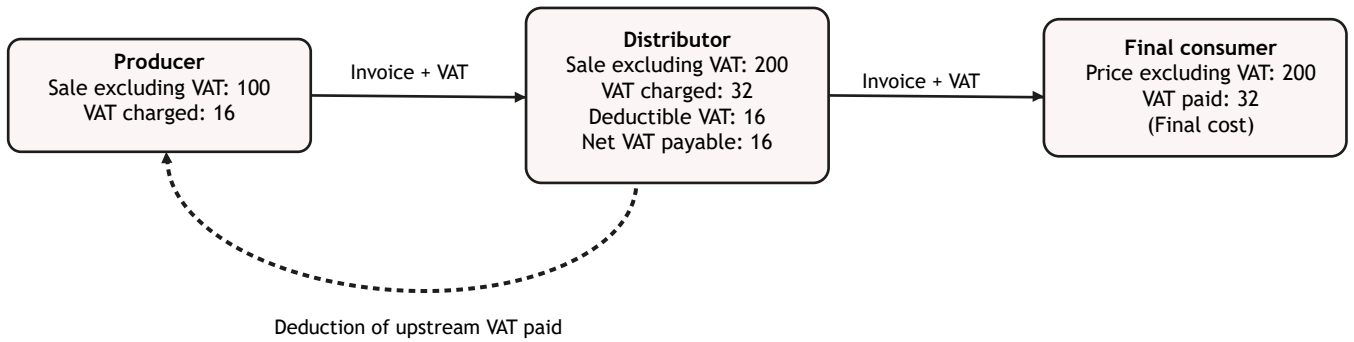


FIGURE 1 - Simplified illustration of the VAT mechanism and input tax deduction

In this simplified example, the producer charges VAT of 16 on a sale of 100. The distributor then collects VAT of 32 on its sale to the final consumer but deducts the 16 already paid to the producer. It therefore remits only 16 to the tax administration. In total, the State receives 32, exactly equal to the VAT borne by the final consumer. This deduction mechanism guarantees VAT neutrality for businesses and explains the importance of refund mechanisms when deductible VAT persistently exceeds collected VAT.

In developing countries, VAT also plays a particular role because of the importance of imports in the structure of consumption and production. A significant share of VAT is often collected at border points, facilitating revenue collection in economies characterized by high levels of informality. However, this characteristic also creates a transition challenge: as economies become more integrated into regional trade, the ability to collect domestic VAT efficiently becomes increasingly critical.

### Key Message

Neutrality is the main economic foundation of VAT. VAT credit refunds are therefore not a support measure for businesses but a normal condition for the proper functioning of the system. When refunds become insufficient or unpredictable, VAT may gradually turn into a production cost and negatively affect investment, exports, and competitiveness.

## 2. Legal and Institutional Framework

The VAT regime applicable in the DRC is primarily based on Ordinance-Law No. 10/001 of 20 August 2010 establishing Value Added Tax, incorporated into the Tax Code and regularly amended through successive Finance Laws. This framework sets out the rules governing the scope of VAT, taxable transactions, exemptions, deduction rights, filing obligations, and VAT credit refund mechanisms.

VAT administration relies on two main institutions. The General Directorate of Taxes (DGI) is responsible for domestic VAT, while the General Directorate of Customs and Excise (DGDA) collects VAT on imports. This dual administration reflects the very structure of the Congolese VAT system, which encompasses both domestic and border-based taxation.

The DGI-DGDA relationship constitutes an important fiscal modernization challenge. It requires effective coordination between administrations, strengthened data sharing, and consistent control capabilities throughout the value chain. It is also central to monitoring VAT credits, particularly when credits arise from VAT paid on imports and subsequently deducted through domestic VAT returns.

Recent reforms have moved in the direction of gradual modernization. The standardized invoice system, electronic fiscal devices, procedural digitalization, and strengthened taxpayer identification are intended to improve transaction traceability, reduce fraud risks, and progressively broaden the taxable base.

## VAT and the Business Climate

The speed and predictability of VAT credit refunds are often considered indicators of the quality of tax administration and the business climate. In several international assessments, refund delays directly affect corporate cash flow, investment costs, and a country's economic attractiveness.

### 3. VAT Rate Structure in the DRC

The Congolese VAT system is based on a standard VAT rate of 16%, applicable to the majority of taxable transactions. This standard rate coexists with exemptions, a zero rate applicable to certain transactions, notably exports, and reduced rates applicable to selected products or sectors.

The 2026 Finance Law introduces a significant change to the reduced-rate structure. The intermediate 8% rate has been replaced by new reduced rates of 1% and 5%. This reform reflects a desire to target certain transactions more precisely, but it also raises issues related to administrative complexity, product classification, and tax base fragmentation.

TABLE 1 - Simplified structure of the main VAT rates in the DRC

Category	Rate	Remarks
Standard rate	16%	General regime applicable to taxable transactions
Zero rate	0%	Exports and equivalent transactions
Former reduced rate	8%	Regime abolished as from 2026
New reduced rates	1 % and 5 %	Rates introduced by the 2026 Finance Law

Source : Tax Code, 2026 Finance Law. BDO DRC compilation.

## 2026 Reform of Reduced VAT Rates

The 2026 Finance Law modifies the structure of reduced VAT rates through the abolition of the 8% rate and the introduction of new reduced rates of 1% and 5%.

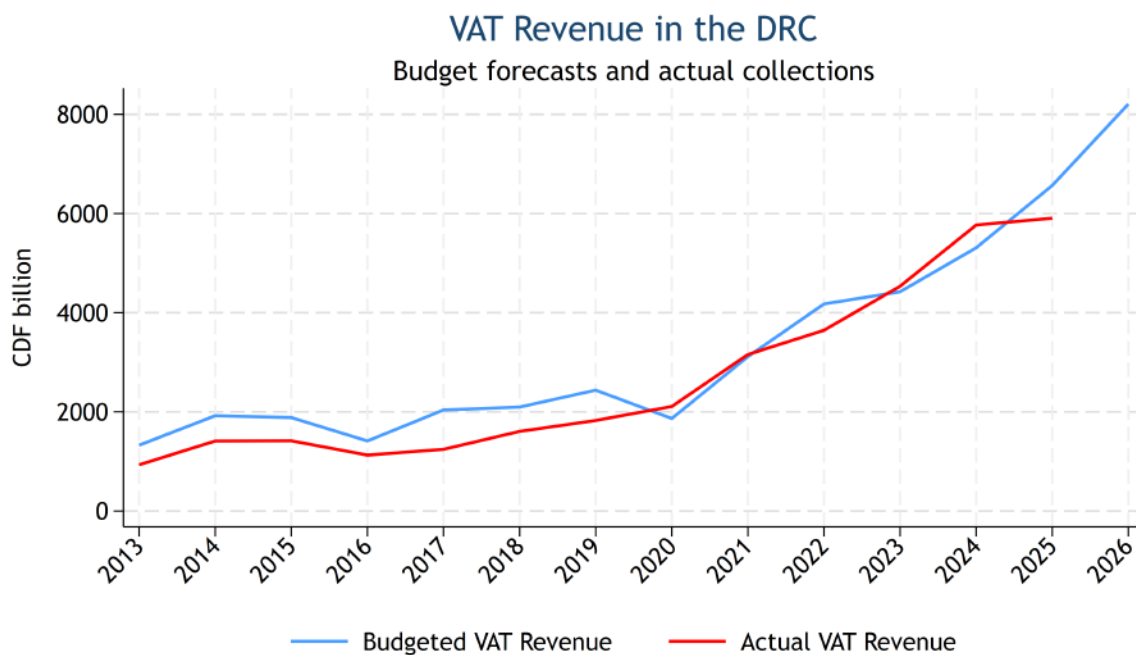
This reform may serve economic or social targeting objectives. However, multiplying VAT rates may also increase administrative complexity, encourage classification arbitrage, and reduce the overall transparency of the system. In a modern VAT framework, reduced rates should remain targeted, regularly evaluated, and consistent with the objective of tax neutrality.

### 1.2. VAT Revenue Dynamics in the DRC

#### 1. Evolution of Budgeted and Actual VAT Revenue

VAT revenue has increased significantly over the past decade. Actual collections rose from approximately CDF 932.5 billion in 2013 to more than CDF 5,904 billion in 2025. Over the same period, budget forecasts also increased, reaching more than CDF 8,207 billion in the 2026 Finance Law.

This growth illustrates the increasing importance of VAT in Congolese public finances. However, the sometimes substantial gaps between forecasts and actual collections highlight that VAT performance remains sensitive to economic conditions, the structure of the tax base, exemptions, and the administrative capacity to collect revenue.



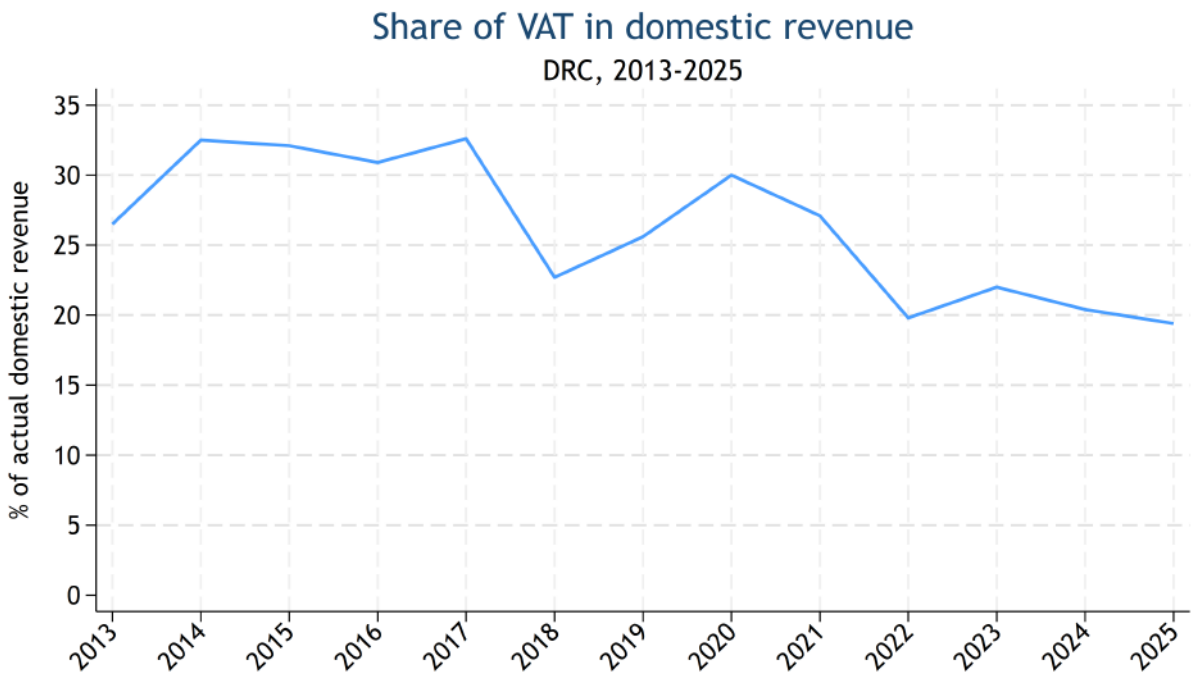
**FIGURE 2** - Evolution of budgeted and actual VAT revenue in the DRC (2013-2026)  
 Source : Finance Laws, Ministry of Budget. BDO DRC calculations.

The increase in actual revenue should therefore not be interpreted solely as a mechanical improvement in tax yield. It must also be assessed in relation to the quality of the tax base, the structure of exemptions, the management of VAT credits, and the effectiveness of refund mechanisms.

## 2. VAT Share in Public Revenue

VAT constitutes one of the main sources of domestic government revenue. Its share of actual domestic revenue has nevertheless evolved unevenly over the period. After accounting for 26.5% of domestic revenue in 2013, its share reached levels close to 30% around 2020 before declining to 19.4% in 2025.

This evolution shows that the strong growth of VAT revenue in absolute terms has not necessarily translated into a continuous increase in its relative importance within public finances. Growth in other revenue categories, fluctuations in economic activity, fiscal reforms, and changes in budgetary structure partly explain this trend.



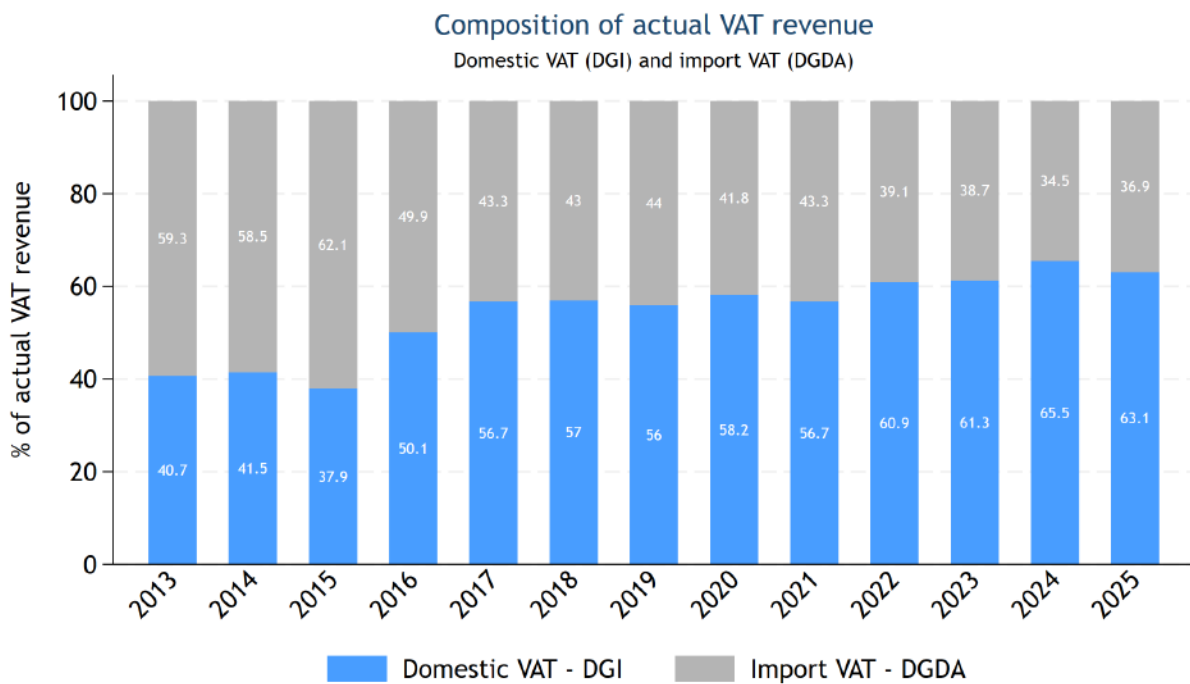
**FIGURE 3** - Share of VAT in actual domestic revenue in the DRC (2013-2025)  
 Source : Finance Laws, Ministry of Budget. BDO DRC calculations.

The importance of VAT in public revenue nevertheless justifies close attention to its functioning. When VAT credit refunds become insufficient or delayed, the apparent budgetary yield may conceal an economic burden shifted onto businesses. Over the medium term, such a situation may weaken investment, encourage demands for exemptions, and gradually reduce the economic efficiency of VAT.

### 3. Domestic VAT and Import VAT

The structure of VAT revenue reveals a gradual transformation. At the beginning of the period, import VAT collected by the DGDA represented the majority of actual VAT revenue. Over time, domestic VAT collected by the DGI became dominant, accounting for more than 60% of actual VAT revenue during several recent years.

This evolution constitutes an important signal of fiscal transition. It indicates that domestic VAT is playing an increasingly important role in revenue mobilization beyond border collection alone. Nevertheless, import VAT remains significant, illustrating that border taxation continues to occupy an important position within the Congolese tax system.



**FIGURE 4** - Structure of actual VAT revenue: domestic VAT (DGI) and import VAT (DGDA)  
 Source : DGI, DGDA, Ministry of Budget. BDO DRC calculations.

In the context of the AfCFTA, this evolution is particularly important. As regional trade integration deepens and the relative importance of border-related revenue potentially declines, the DRC’s ability to mobilize domestic VAT efficiently will become an increasingly important determinant of fiscal sustainability.

Strengthening domestic VAT does not depend solely on broadening the tax base or improving collection. It also requires the effective functioning of VAT deduction and refund mechanisms, which are essential to maintaining the economic neutrality of the tax and the competitiveness of formal businesses.

## BDO Insight

The growing importance of domestic VAT is a positive signal of the transition toward a tax system increasingly centered on domestic economic activities. However, this transition will only be sustainable if VAT preserves its economic neutrality. VAT credit refunds, often perceived as a budgetary constraint, should instead be viewed as a normal condition for the proper functioning of the system and as a key factor supporting the credibility of domestic taxation.

## 2. VAT Credits and the Business Environment

VAT credit and refund mechanisms lie at the heart of the economic functioning of a modern VAT system. In principle, VAT should not constitute a final burden for taxable businesses: firms collect VAT on their sales and deduct the VAT paid on their purchases, inputs, or investments. Whenever deductible VAT exceeds collected VAT, a VAT credit arises.

The effective refund of these credits is therefore a prerequisite for tax neutrality. In its absence, VAT may become an implicit cost for businesses, particularly exporters, investment-intensive sectors, and activities characterized by long production cycles. Such a situation may weaken cash flow, increase the cost of capital, reduce investment profitability, and undermine the competitiveness of formal enterprises.

In the DRC, this issue is particularly important for several strategic sectors, notably the mining sector, which structurally generates substantial VAT credits due to the weight of exports, investments, and imports of equipment.

### 2.1. VAT Credits: Economic Rationale and Functioning

#### 1. Economic Foundations of VAT Credits

VAT credits arise directly from the deduction mechanism. They occur when the VAT paid upstream by a business on purchases, imports, or investments exceeds the VAT collected on its sales. In a fully neutral system, this credit should either be carried forward to subsequent tax periods or refunded when its accumulation becomes structural.

This situation is normal in several economic configurations. Exporters, for example, generally sell at the zero rate on foreign markets while incurring VAT on their local or imported inputs. Similarly, firms undertaking major investment projects may temporarily accumulate VAT credits before the activity generates sufficient taxable sales. VAT credits are therefore not an anomaly within the system; they are the logical consequence of a VAT designed to tax final consumption rather than production.



## Legal Framework for VAT Credit Refunds in the DRC

In the DRC, the general principle provides that any excess of deductible VAT over collected VAT constitutes a credit that may be carried forward to subsequent tax periods. However, certain categories of taxpayers may request refunds of their VAT credits, notably exporters, firms undertaking large-scale investments, mining and petroleum companies in the exploration or development phase, businesses ceasing operations, as well as certain public enterprises whose invoiced VAT has been subject to withholding at source.

VAT credit refunds therefore do not constitute a subsidy or tax incentive. They are a normal mechanism intended to preserve VAT neutrality in situations where credits are structural or difficult to offset.

Refunds are nevertheless subject to various conditions and ceilings established by regulations. In particular, for certain categories of exporters, the amount refundable during a given period may not exceed a specified percentage of the value of exports carried out, set at 16%. While this provision aims to secure refunds, it may also prolong the accumulation of credits when deductible VAT persistently exceeds the authorized ceilings.

When refunds are not processed within reasonable timeframes, the mechanism changes in nature. VAT credits effectively become a form of involuntary financing of the State by businesses. This situation may be particularly burdensome in economies where access to bank credit is costly, payment delays are long, and corporate liquidity needs are substantial.

## 2. Structurally Creditor Sectors

Certain sectors are structurally more exposed to the accumulation of VAT credits. This is notably the case for export-oriented industries, large industrial projects, infrastructure, energy, and capital-intensive activities. These sectors generally combine high upfront investments, significant imports of equipment, long production cycles, and substantial consumption of taxed inputs.

In the DRC, the mining sector occupies a special place in this regard. Owing to the importance of mining exports within the economy, mining companies primarily sell to foreign markets, often at the zero rate, while incurring VAT on local purchases, imported equipment, and certain services. This configuration can generate substantial structural VAT credits.

In this context, refund difficulties may have significant economic consequences. They may reduce the liquidity available for investment, increase the effective cost of projects, and encourage firms to seek alternative mechanisms, notably import exemptions or special tax regimes.

This characteristic explains why mining companies are among the principal potential beneficiaries of VAT credit refund mechanisms and why difficulties in this area may have macroeconomic consequences extending far beyond the mining sector itself.

### 3. VAT Credits, Tax Exemptions and Fiscal Policy Trade-offs

The link between VAT credits and exemptions is fundamental. In a system where refunds function poorly, businesses may prefer to request upstream exemptions rather than accumulate credits whose reimbursement remains uncertain. Exemptions thus become an indirect response to the limitations of the refund mechanism.

This dynamic may nevertheless weaken the tax system. In the short term, it alleviates liquidity pressures for the affected businesses. In the medium term, however, it fragments the tax base, complicates VAT administration, creates unequal treatment among taxpayers, and reduces the potential yield of the tax.

Improving VAT credit refunds can therefore contribute not only to strengthening tax neutrality but also to reducing pressure for additional special tax regimes. It thus constitutes an important lever for gradually reducing certain tax expenditures and restoring coherence within the VAT chain.

## 2.2. Accumulation of VAT Credits and Budgetary Constraints

### 1. Evolution of Approved and Executed VAT Credits

Budgetary data show that approved VAT credits represent significant amounts, while their execution remains irregular. Between 2015 and 2026, approved VAT credits fluctuated considerably, with a high level in 2015, a gradual decline until 2020, a rebound in 2021, and subsequent stabilization between approximately CDF 260 billion and CDF 285 billion during 2022-2024. In 2025, approved credits declined to approximately CDF 103.4 billion, while the 2026 forecast stands at approximately CDF 143.4 billion.

Budget execution nevertheless appears highly uneven. Payments were significant in 2015, 2016, 2018, 2022, and 2025 but absent during several fiscal years. This irregularity reflects public cash-flow constraints and the budgetary trade-offs associated with refund payments.

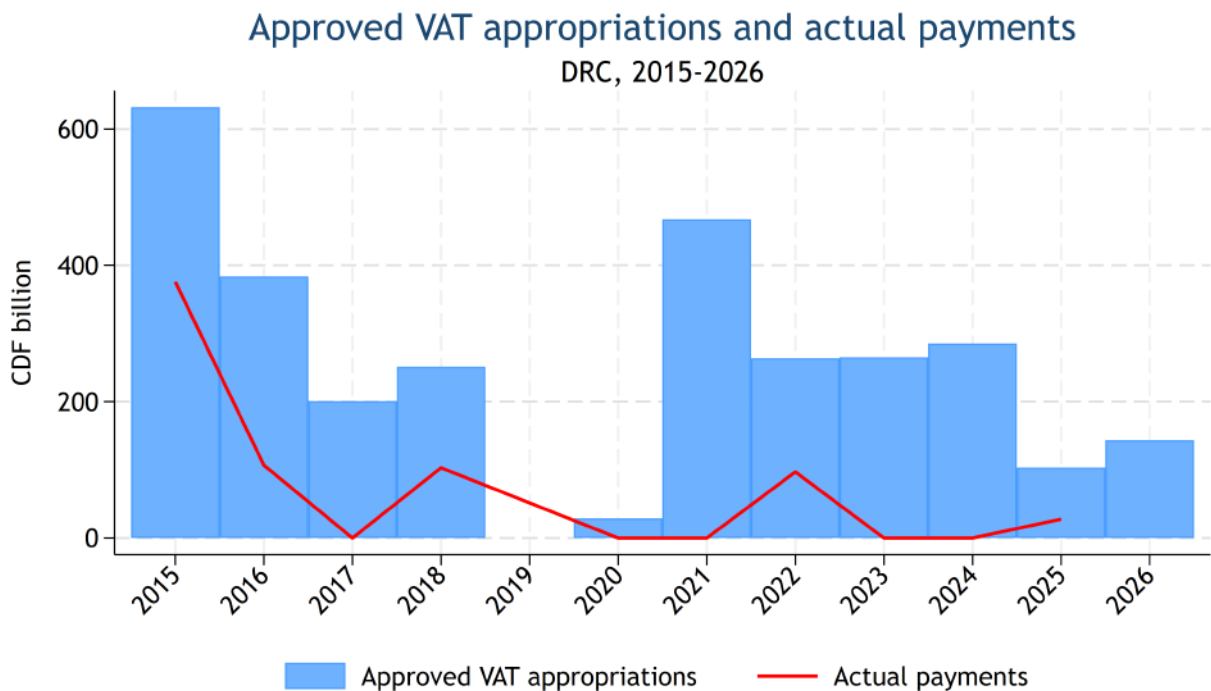


FIGURE 5 - Approved VAT credits and actual payments in the DRC  
Source : Finance Laws and budgetary data. BDO DRC calculations.

## Regulatory Deadlines and Risk-Based Approach

Additional rules governing VAT credit refunds provide for a differentiated approach based on the taxpayer's risk profile. Businesses are classified into three categories: low risk, medium risk, and high risk.

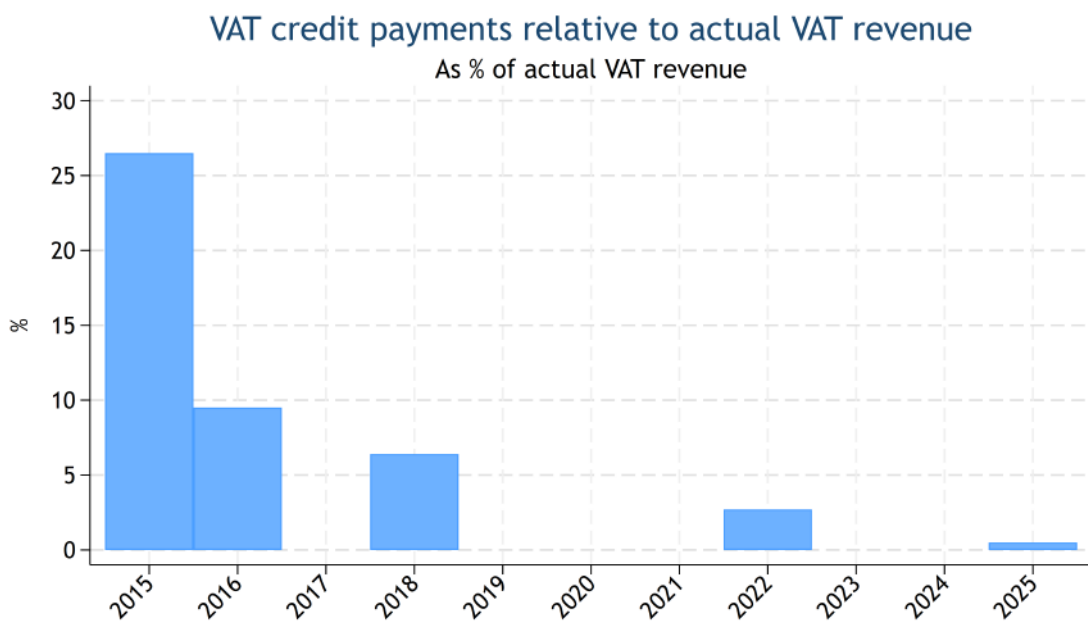
Risk category	Indicative timeframe	Audit procedure
Low risk	30 days	Refund without prior formal audit
Medium risk	60 days	Desk audit before refund
High risk	90 days	Systematic field audit

This framework demonstrates that the regulatory system already incorporates a risk-based approach consistent with modern VAT refund management practices. The main challenge therefore lies less in the absence of a legal mechanism than in its effective implementation, predictability, and ability to ensure refunds within timeframes compatible with corporate liquidity needs.

### 2. Low Effective Refunds Relative to VAT Revenue

One of the main findings from the data is the limited weight of actual VAT credit payments relative to actual VAT revenue. In 2015, payments represented approximately 26.5% of actual VAT revenue. This ratio subsequently declined to 9.5% in 2016, 6.4% in 2018, 2.7% in 2022, and only 0.5% in 2025.

This low level of effective refunds may create a substantial gap between VAT collected and VAT economically borne by businesses. It may also create the impression of stronger budgetary performance, whereas part of this apparent yield actually corresponds to VAT credits owed but not yet refunded.



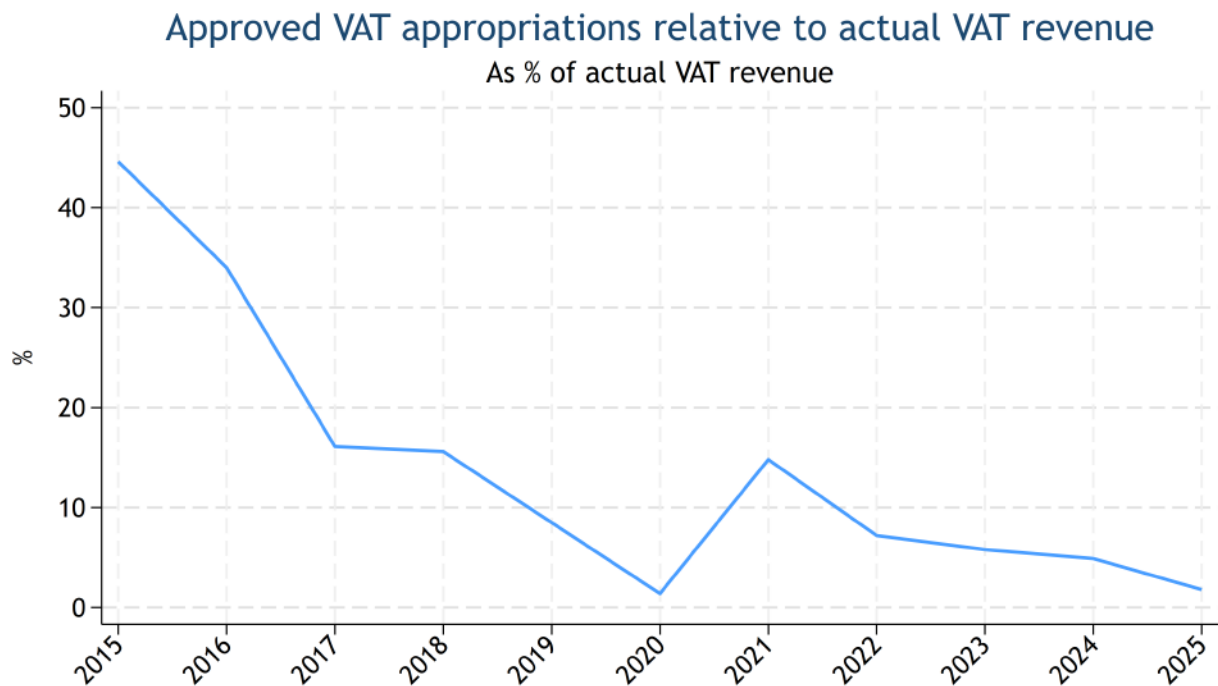
**FIGURE 6** - VAT credit payments relative to actual VAT revenue  
Source : Finance Laws and budgetary data. BDO DRC calculations.

This situation raises an important issue of fiscal credibility. In a modern VAT system, refund predictability is as important as the tax rate itself for exporters and investors.

### 3. Approved VAT Credits and Budgetary Constraints

Approved VAT credits also represent a potential budgetary burden for the State. Relative to actual VAT revenue, they amounted to 44.6% in 2015, 34.0% in 2016, and 16.1% in 2017. The ratio subsequently declined but remained significant in certain years, notably 14.8% in 2021 and 7.2% in 2022.

This evolution highlights the tension between two objectives. On the one hand, VAT constitutes a major source of government revenue. On the other hand, its proper functioning requires that legitimate credits be refunded within predictable timeframes. During periods of public cash-flow constraints, refunds may be viewed as an expenditure that can be postponed. Yet delaying them may generate indirect economic costs that exceed the immediate budgetary gain.



**FIGURE 7** - Approved VAT credits relative to actual VAT revenue  
 Source : Finance Laws and budgetary data. BDO DRC calculations.

In the past, faced with the accumulation of VAT credits in certain sectors, the tax administration authorized, under specific conditions, the offsetting of VAT credits against other taxes and duties owed by businesses. This practice was intended to reduce the accumulation of tax claims and alleviate liquidity pressures faced by economic operators.

Its subsequent discontinuation, motivated in particular by its implications for budgetary revenue and tax administration, illustrates the complex trade-offs faced by policymakers between preserving VAT neutrality, managing public cash-flow constraints, and safeguarding government revenue. This episode highlights that VAT credit management is not merely a technical refund issue but also a matter of budgetary policy and public finance sustainability.

## 4. Economic Effects and the Business Environment

Difficulties in refunding VAT credits may affect several dimensions of the business environment. They immobilize private liquidity, increase working capital requirements, and may reduce firms' capacity to finance investment. For exporting companies, unreimbursed VAT may also reduce external competitiveness because it becomes embedded in production costs.

This situation may also alter taxpayer behavior. Businesses facing refund delays may seek upstream exemptions, negotiate special tax regimes, or limit certain taxable operations. Over time, this dynamic may reduce the neutrality of the system and increase its complexity.

The issue is therefore not solely budgetary. VAT credit refunds constitute an indicator of tax administration quality, government credibility, and business climate predictability. In an economy where private investment is essential to support diversification, infrastructure, energy development, and local value addition, VAT credit management becomes an important competitiveness factor.

### BDO Insight

The accumulation of unreimbursed VAT credits may reinforce demands from businesses for tax exemptions or special tax regimes.

In some cases, exemptions are perceived as an alternative mechanism allowing businesses to avoid accumulating claims against the State. This dynamic may nevertheless fragment the taxable base, reduce the economic neutrality of VAT, and permanently increase the complexity of the tax system.

VAT credit refunds should therefore not be viewed merely as a cash outflow for the State. They constitute a condition for economic neutrality, fiscal credibility, and the competitiveness of formal businesses. Otherwise, a negative cycle may emerge: accumulation of credits, liquidity pressures, multiplication of exemptions, fragmentation of the tax base, and the gradual weakening of VAT's potential revenue yield.

## 3. Tax Expenditures and Fragmentation of the VAT System

VAT-related tax expenditures provide an important complementary perspective for understanding the challenges associated with VAT credit refunds. While they are not the primary focus of this note, they shed light on an important mechanism: when refunds are uncertain, delayed, or partial, businesses may be encouraged to seek upstream exemptions in order to avoid accumulating VAT credits that are difficult to recover.

This dynamic may create a negative cycle. Refund difficulties fuel demands for exemptions; exemptions fragment the tax base; fragmentation reduces the potential yield of VAT; and the resulting decline in revenue further reinforces the budgetary constraints affecting refunds. From this perspective, tax expenditures should not be viewed solely as forgone budgetary revenue but also as a potential symptom of operational weaknesses within the VAT system.

### 3.1. VAT-Related Tax Expenditures

#### 1. Definition and Rationale of Tax Expenditures

Tax expenditures correspond to revenue losses resulting from provisions that deviate from the benchmark tax system. In the case of VAT, they mainly take the form of exemptions, reduced rates, preferential regimes, or special treatments granted to specific sectors, products, or transactions.

These measures may serve legitimate objectives: supporting purchasing power, stabilizing prices of selected goods, encouraging investment, supporting strategic sectors, or reducing the cost of certain inputs. However, their proliferation may gradually undermine the coherence of the VAT system.

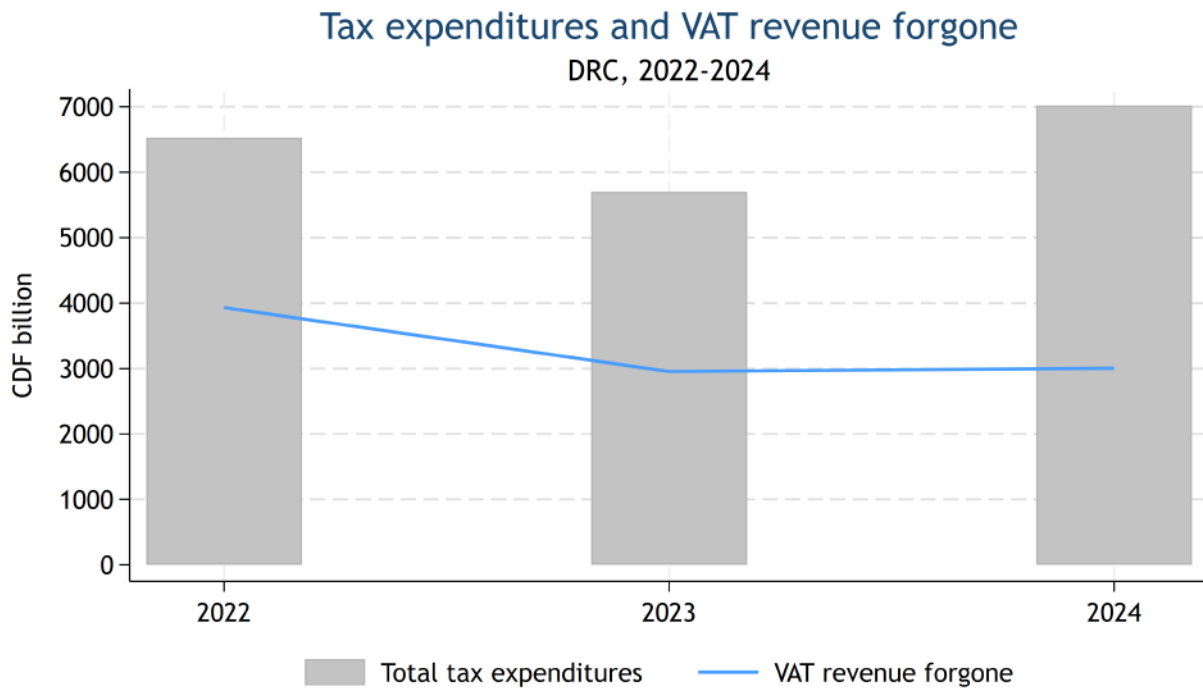
A modern VAT system is generally based on a broad tax base, a limited number of rates, and efficient deduction and refund mechanisms. Conversely, a highly fragmented VAT system becomes more difficult to administer, more vulnerable to tax arbitrage, and less economically neutral.

#### 2. Importance of VAT Tax Expenditures in the DRC

Available data show that VAT constitutes a major component of identified tax expenditures in the DRC. In 2022, total forgone revenue associated with tax expenditures was estimated at approximately CDF 6,525.7 billion, of which nearly CDF 3,931.7 billion was attributable to VAT, representing around 60% of the total. In 2023, VAT-related revenue forgone amounted to approximately CDF 2,954.6 billion, or 52% of the total, before reaching approximately CDF 3,005.9 billion in 2024, representing 43%.

This confirms that VAT constitutes one of the main channels through which tax expenditures arise in the DRC. While some exemptions may be justified by economic or social objectives, their accumulation may reduce the tax base, increase administrative complexity, and weaken the neutrality of the system.





**FIGURE 8** - Total tax expenditures and VAT revenue forgone in the DRC  
 Source : Tax expenditure reports. BDO DRC calculations.

**TABLE 2** - Tax expenditures and VAT revenue forgone in the DRC

Year	Total tax expenditures (CDF bn)	VAT revenue forgone (CDF bn)	VAT share (%)	VAT / domestic revenue (%)
2022	6 525.7	3 931.7	60.0	19.8
2023	5 701.3	2 954.6	52.0	16.0
2024	7 018.4	3 005.9	43.0	11.4

Source : Tax expenditure reports. BDO DRC calculations.

The observed figures show that VAT-related tax expenditures represented the equivalent of more than half of total tax expenditures in 2022 and still more than 40% in 2024. These levels highlight the importance of VAT in fiscal and budgetary policy trade-offs, as well as the revenue potential associated with a gradual rationalization of special tax regimes.

### 3. The Particular Role of the Mining Sector

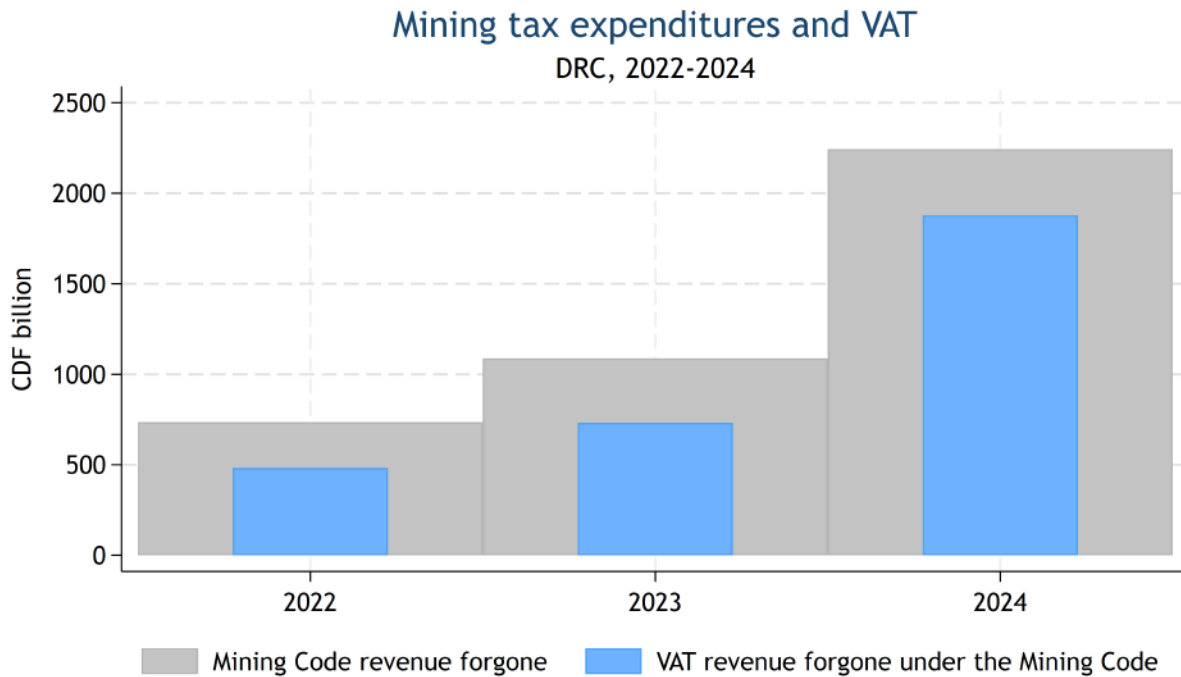
The mining sector occupies a unique position within VAT-related tax expenditures. This situation reflects the sector's weight within the Congolese economy, its export orientation, the importance of investment activities, and the specific tax regimes applicable to certain projects.

The data indicate a significant increase in revenue forgone associated with the Mining Code. This amount rose from approximately CDF 734.9 billion in 2022 to CDF 1,087.1 billion in 2023 and then to CDF 2,243.6 billion in 2024. Its contribution to total tax expenditures increased substantially, rising from 11.3% in 2022 to 19.1% in 2023 and nearly 32.0% in 2024.

VAT revenue forgone associated with the Mining Code also increased rapidly, rising from CDF 482.9 billion in 2022 to CDF 731.4 billion in 2023 and then to CDF 1,878.1 billion in 2024. VAT therefore represents an increasing share of mining-related tax expenditures, reaching 65.7% in 2022, 67.3% in 2023, and nearly 83.7% in 2024.

This trend is particularly relevant to the present note. It highlights the close interaction between the mining tax regime, VAT credits, exemptions, and tax neutrality. The growing weight of the mining sector within total tax expenditures demonstrates that VAT-related policy trade-offs cannot be separated from broader issues of competitiveness, investment, and revenue mobilization in the country's main export sector.

In a sector characterized by high export intensity and substantial investment requirements, VAT credits are often structural. When their refund becomes difficult, delayed, or uncertain, exemptions may be perceived as an alternative mechanism for avoiding the accumulation of tax claims against the State. This dynamic underscores the importance of a credible and predictable refund system, not only to preserve VAT neutrality but also to limit the gradual fragmentation of the tax base.



**FIGURE 9** - Revenue forgone under the Mining Code and associated VAT revenue forgone  
Source : Tax expenditure reports. BDO DRC calculations.

**TABLE 3** - Weight of the mining sector in VAT-related tax expenditures

Year	Mining Code (CDF bn)	Mining VAT (CDF bn)	Mining / Total (%)	Mining VAT / Mining (%)	Mining VAT / Total VAT (%)
2022	734.9	482.9	11.3	65.7	12.3
2023	1 087.1	731.4	19.1	67.3	24.8
2024	2 243.6	1 878.1	32.0	83.7	62.5

Source : Tax expenditure reports. BDO DRC calculations.

## 4. Exemptions, VAT Credits and Tax Neutrality

The relationship between exemptions and VAT credits is one of the central themes of this analysis. In a fully neutral VAT system, taxable businesses should be able to recover the VAT incurred on their purchases and investments. In such a framework, upstream exemptions are not necessarily required, as deduction and refund mechanisms already ensure neutrality.

When refund mechanisms function poorly, however, exemptions may appear as a liquidity management solution. They allow businesses to avoid advancing VAT that may only be recovered after significant delays. Yet this solution entails a systemic cost: it reduces the taxable base, complicates tax administration, creates differentiated regimes among taxpayers, and weakens the VAT chain logic.

Improving VAT credit refunds could therefore contribute to gradually reducing pressure in favor of certain exemptions. It would make it possible to preserve tax neutrality without multiplying special tax regimes.

It is nevertheless important to highlight a key methodological limitation of this analysis. The data used in this note primarily relate to VAT credits appropriated in budget documents and to the amounts effectively refunded by the State. These figures correspond to budgetary allocations intended to finance VAT credit refunds and should not be interpreted as the total stock of VAT credit claims held by businesses. In the absence of consolidated public data on the outstanding amount of VAT credits accumulated by economic operators, the analysis cannot assess the exact magnitude of claims awaiting reimbursement. The results presented should therefore be interpreted as an assessment of VAT refund mechanisms from a budgetary perspective rather than as a comprehensive measure of the VAT credit balances effectively carried by businesses.

### VAT Credits and Exemptions: A Liquidity Trade-off

In many cases, exemptions can be interpreted as a practical response to difficulties in obtaining VAT credit refunds. They prevent businesses from accumulating claims against the State, but they also fragment the tax base and reduce the potential yield of VAT.

A credible improvement in refund mechanisms could therefore help gradually reduce demands for certain exemptions while strengthening the neutrality and coherence of the system.

### BDO Insight

VAT-related tax expenditures are an important issue, but in the context of this note they should be interpreted as a manifestation of tensions within the system. When VAT credit refunds are insufficiently efficient, exemptions may become a workaround solution. Over the medium term, this dynamic may weaken VAT neutrality, reduce its potential yield, and complicate the transition toward a modern domestic tax system.

## 4. What Challenges Lie Ahead for the Congolese VAT System?

The growing importance of VAT within Congolese public finances raises several structural challenges for the years ahead. Beyond the immediate issue of revenue mobilization, the transformation of the economic environment, regional trade integration, the digitalization of tax administrations, and the need to broaden the tax base require a gradual modernization of the system.

In the context of the AfCFTA, this modernization becomes even more strategic. The gradual decline in the relative importance of border-related revenue is expected to increase the role of domestic taxation, and therefore domestic VAT, in ensuring the sustainability of public finances. However, this transition can only be sustainable if the system preserves its economic neutrality, limits the fragmentation of its tax base, and improves the credibility of VAT credit refund mechanisms.

In this context, future reforms will need to reconcile several objectives: improving tax yield, preserving economic neutrality, ensuring fiscal sustainability, enhancing investment attractiveness, simplifying administration, and gradually reducing informality. VAT credits occupy a central place in this transition because the credibility of the system will depend on the ability of tax administrations to ensure the consistent functioning of deduction and refund mechanisms.

### 4.1. Modernization and Broadening of the Tax Base

#### 1. Tax Digitalization and Administrative Modernization

The gradual digitalization of the tax administration constitutes one of the main levers for improving the functioning of VAT in the DRC. Ongoing reforms aim to strengthen the traceability of economic transactions, modernize audit mechanisms, and improve tax transparency.

The gradual introduction of the standardized invoice system, electronic fiscal devices, and digital filing systems can help improve transaction monitoring and the consistency of VAT deduction chains. In several countries, these tools have improved tax performance, reduced certain forms of fraud, and progressively broadened the taxable base.

Digitalization also offers direct benefits for VAT credit refunds. More efficient information systems make it possible to better trace transactions, cross-check tax and customs data, automate certain verification procedures, and strengthen risk analysis. These developments can contribute to reducing processing times and enhancing the credibility of the system.

Such modernization nevertheless requires significant investment, stronger administrative capacities, and a gradual improvement in the digital environment and the level of economic formalization.

#### 2. DGI-DGDA Coordination and Value Chain Monitoring

Improving the functioning of VAT also depends on stronger coordination between tax and customs administrations. In the DRC, VAT is collected both by the General Directorate of Taxes (DGI) for domestic transactions and by the General Directorate of Customs and Excise (DGDA) for import transactions.

This institutional architecture makes the interconnection of information systems and data sharing particularly important. Improved coordination between administrations could strengthen value chain monitoring, enhance the consistency of tax declarations, improve VAT credit control, and reduce certain fraud risks.

This issue is especially important for VAT credits, as a significant share of credits may originate from VAT paid at importation and subsequently deducted through domestic VAT returns. In this context, the automated cross-checking of customs and tax data can become an important tool for securing refund processes.

The development of risk-based approaches could also improve audit targeting, distinguish highly compliant taxpayers from riskier cases, and accelerate refunds for certain categories of businesses.

### 3. Informality and Broadening the Tax Base

One of the main structural challenges facing the Congolese VAT system remains the size of the informal sector and the relatively limited formal taxable base. This situation constrains the potential yield of VAT, reduces the effectiveness of traceability mechanisms, and increases revenue concentration among a relatively small number of formal taxpayers.

A sustainable expansion of the taxable base cannot rely solely on stronger tax enforcement. It also requires the gradual simplification of filing obligations, improvements in the quality of tax administration services, and lower compliance costs for businesses.

The VAT registration threshold constitutes an important policy trade-off in this regard. A threshold that is too low may increase administrative and audit costs, whereas a threshold that is too high may reduce the taxable base. In the DRC, the current threshold of CDF 80 million remains relatively low given administrative monitoring capacities and the scale of informality. A reflection on its optimal level could enable the tax administration to concentrate more resources on taxpayers with the most significant budgetary implications.

#### The VAT Registration Threshold: A Strategic Trade-off

The VAT registration threshold is currently set at annual turnover of CDF 80 million. This threshold determines which businesses are subject to VAT filing and compliance obligations.

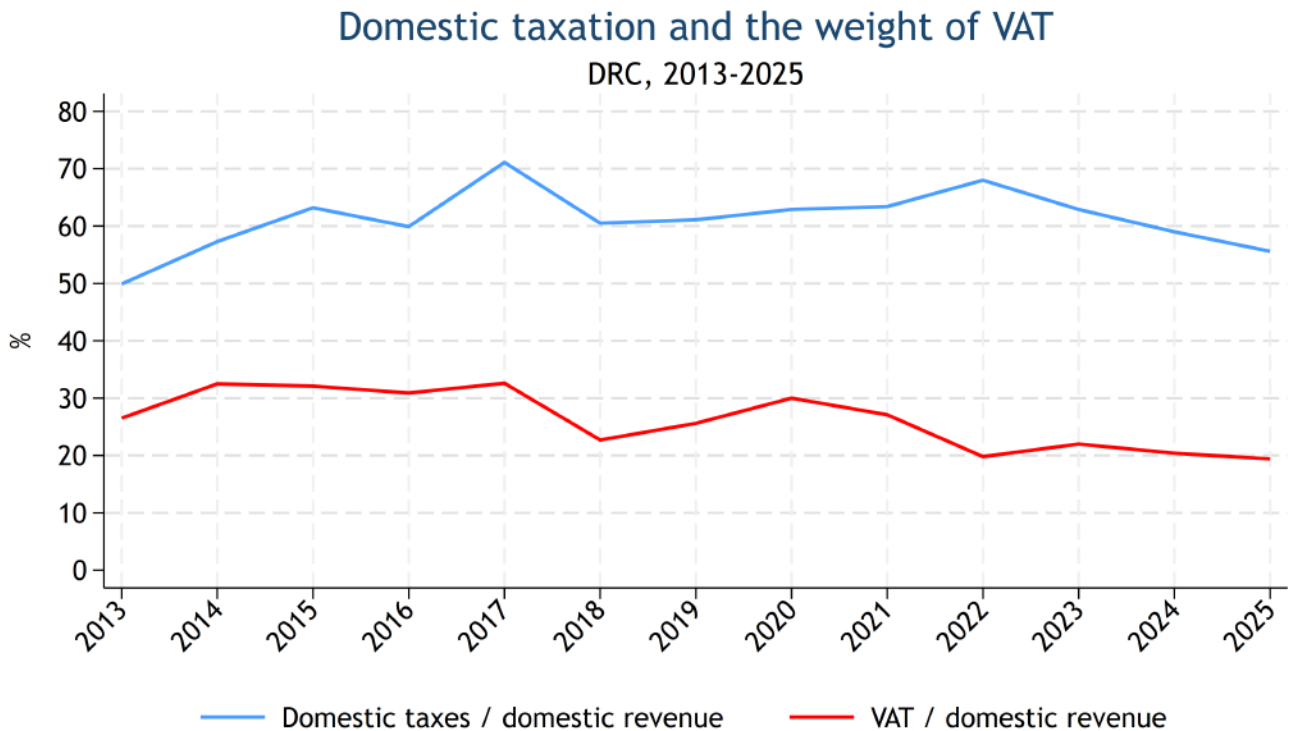
A threshold that is too low may increase administrative and audit costs, whereas a threshold that is too high may reduce the taxable base. In a context characterized by high informality and limited administrative capacities, reconsidering the optimal threshold level could allow the tax administration to focus more resources on taxpayers with the most significant fiscal implications.

## 4.2. Perspectives et réformes futures

### 1. TVA et transition vers une fiscalité intérieure

La mise en œuvre progressive de la Zone de libre-échange continentale africaine (ZLECAf) pourrait transformer durablement la structure des recettes publiques dans plusieurs pays africains. Historiquement, une part importante des recettes fiscales dans les économies en développement reposait sur les droits de douane et les taxes collectées aux frontières. L'intégration commerciale régionale devrait progressivement réduire le poids relatif de ces recettes et renforcer l'importance de la fiscalité intérieure.

Dans ce contexte, la TVA occupe une place centrale en raison de son rendement relativement élevé, de son assiette large et de sa compatibilité avec l'ouverture commerciale. Cette transition suppose toutefois que la TVA fonctionne de manière suffisamment crédible et neutre. Une TVA fortement fragmentée, marquée par de nombreuses exonérations ou des remboursements peu prévisibles, risque de limiter l'efficacité de cette transformation fiscale.



**FIGURE 10** - Share of domestic taxation and VAT in public revenue  
 Source : Finance Laws and budgetary data. BDO DRC calculations.

From this perspective, strengthening domestic VAT is not merely a matter of increasing budgetary revenue. It is also part of the broader transformation of the Congolese tax model, in which domestic economic activities and domestic consumption are expected to play an increasingly important role in public resource mobilization.

## VAT and Fiscal Transition

In the context of the AfCFTA, strengthening domestic VAT appears to be a strategic fiscal transition challenge. However, this evolution requires preserving tax neutrality, limiting tax base fragmentation, and improving the credibility of VAT credit refund mechanisms.

### 2. Rationalization of Tax Expenditures

The magnitude of VAT-related tax expenditures raises important issues of fiscal sustainability and economic efficiency. The proliferation of exemptions, reduced rates, and special regimes may reduce the potential yield of VAT, increase the complexity of the tax system, and weaken tax neutrality.

The rationalization of these expenditures nevertheless requires careful policy trade-offs. Some exemptions pursue specific economic, social, or sectoral objectives. Their abrupt removal could affect strategic sectors or generate inflationary pressures on sensitive products.

In several cases, improvements in VAT credit refund mechanisms could help gradually reduce certain demands for exemptions. A more credible and neutral VAT system would limit reliance on special regimes used primarily to avoid the accumulation of VAT credits that are difficult to recover.

This relationship between refunds, exemptions, and tax neutrality constitutes one of the major reform challenges facing the Congolese VAT system in the coming years.

### 3. Reform of VAT Credit Refund Mechanisms

Improving VAT credit refund mechanisms is probably one of the most important future challenges in the modernization of VAT in the DRC. As domestic taxation becomes increasingly important in public revenue mobilization, the quality of the refund system becomes a key determinant of tax neutrality, business competitiveness, and the attractiveness of the business environment.

In a modern VAT system, refunds prevent the tax from becoming a financial burden on businesses, particularly those undertaking significant investments or operating in export-oriented sectors. They therefore play a central role in financing productive investment, supporting export competitiveness, and strengthening the overall credibility of the tax system.

International experience shows that the most effective reforms generally rely on a combination of complementary measures: greater use of risk analysis, taxpayer segmentation based on compliance levels, partial automation of procedures, expanded ex post audits, shorter administrative processing times, and digitalization of verification processes. The objective is to accelerate refunds for highly compliant taxpayers while maintaining an appropriate level of revenue protection.

This approach is consistent with the provisions already established by Congolese regulations, which distinguish several categories of taxpayers according to their risk profile. The main challenge therefore lies less in the existence of the legal framework than in its effective implementation, predictability, and ability to ensure refunds within timeframes compatible with business cash-flow requirements.

Consideration could also be given to the financing and management arrangements of the dedicated VAT refund account. In several countries, more automatic and predictable funding mechanisms help secure refund payments and reduce their dependence on short-term treasury arbitrage. For the DRC, the challenge relates particularly to the predictability of funding for the dedicated account so that refunds do not depend solely on ad hoc treasury decisions.

For the DRC, the challenge is therefore not simply to increase the volume of refunds paid. It is also to gradually build a credible, transparent, and sustainable system capable of preserving VAT neutrality, improving the confidence of economic operators, and strengthening the long-term mobilization of domestic revenue.



## BDO Insight

As VAT becomes an increasingly important pillar of domestic taxation, the quality of VAT credit refund mechanisms may become a key indicator of fiscal credibility and economic competitiveness.

Faster, more transparent, and more predictable refunds would not only improve business liquidity and support productive investment, but would also help reduce demands for tax exemptions, limit the fragmentation of the taxable base, and support the gradual transition toward a tax system based on broader tax bases and more neutral fiscal mechanisms.

## General Conclusion

Value Added Tax has now become a central component of Congolese public finances and is gradually emerging as one of the main pillars of domestic revenue mobilization. The data analyzed in this note show sustained growth in VAT revenue over the past decade, with actual collections increasing from approximately CDF 932.5 billion in 2013 to more than CDF 5,904 billion in 2025. This evolution reflects both the gradual expansion of the tax base, relative improvements in revenue collection, and the growing role of domestic taxation in financing public expenditure.

This trend forms part of a broader transformation of tax systems in developing countries. As regional trade integration advances and economies become more open, the ability of governments to mobilize domestic revenue on a sustainable basis increasingly appears as a major strategic challenge for fiscal sustainability and development financing.

From this perspective, VAT emerges as a central instrument for the transition toward a tax system more strongly based on domestic activities and domestic consumption. However, the analysis also shows that the economic and fiscal effectiveness of VAT depends largely on the quality of its institutional functioning and the credibility of its deduction and refund mechanisms.

One of the main findings of this note concerns precisely the central role of VAT credits in ensuring the economic neutrality of the system. VAT credits are neither a budgetary anomaly nor a tax privilege granted to businesses. They represent a normal component of the functioning of a modern VAT system, particularly in export-oriented and investment-intensive sectors.

In the case of the DRC, however, refund difficulties may generate several significant economic effects. The accumulation of unreimbursed VAT credits may weaken corporate liquidity, increase the implicit cost of capital, reduce export competitiveness, and constrain productive investment. This issue is particularly important given that actual VAT credit payments represented only 0.5% of actual VAT revenue in 2025, compared with 26.5% in 2015. In an economy where investment needs remain substantial, particularly in infrastructure, energy, extractive industries, and local value addition, this issue has important implications for the business environment.

The analysis also highlights the close interactions between VAT credits, tax exemptions, and the fragmentation of the taxable base. When refunds become uncertain or insufficiently efficient, exemptions may gradually emerge as alternative compensation mechanisms. This dynamic may contribute to the proliferation of special tax regimes, further increase the complexity of the tax system, and progressively weaken both the economic neutrality and the potential yield of VAT.

Data on tax expenditures also illustrate this issue. Tax expenditures refer to revenue losses resulting from provisions that deviate from the benchmark tax system, such as exemptions, reduced rates, preferential regimes, or other special measures granted to specific categories of activities, products, or taxpayers.

In 2024, VAT-related tax expenditures still amounted to more than CDF 3,000 billion, while the mining sector alone accounted for nearly 62.5% of the total identified VAT revenue forgone. This trend highlights the growing importance of policy trade-offs between VAT credit refunds, sector-specific tax exemptions, and the mobilization of public revenue.

At the same time, the continued importance of VAT collected at importation indicates that the transition toward a fully consolidated domestic tax system remains incomplete. In the context of the gradual implementation of the African Continental Free Trade Area (AfCFTA), the sustainable strengthening of domestic taxation is likely to become an even more important issue for the sustainability of Congolese public finances.

In this context, improving the functioning of VAT will depend on several complementary levers: strengthening VAT credit refund mechanisms, continuing tax digitalization, expanding the use of risk analysis, enhancing the interconnection of tax and customs administrations, progressively rationalizing tax expenditures, and sustainably broadening the taxable base. These reforms are closely interconnected and will need to be pursued in a coherent manner to preserve simultaneously the economic neutrality of the tax, revenue mobilization, and the attractiveness of the business environment.

The modernization of the Congolese VAT system is therefore not merely a technical issue of tax policy. More broadly, it forms part of the challenges associated with transforming the fiscal state, mobilizing domestic resources on a sustainable basis, supporting private investment, and financing economic development.

From this perspective, the gradual improvement of VAT functioning could play a central role in building a tax system that is more efficient, more transparent, more neutral, and better adapted to the future transformation of the Congolese economy. More than a simple tax mechanism, the effective refund of VAT credits constitutes one of the foundations of a modern domestic tax system capable of reconciling sustainable revenue mobilization, business competitiveness, and economic attractiveness.

### BDO Insight

The growing importance of VAT within Congolese public finances reflects the gradual transition toward a tax system more strongly centered on domestic activities and domestic consumption. However, the sustainability of this transformation will largely depend on the ability of the authorities to preserve the economic neutrality of the system, improve the credibility of VAT credit refund mechanisms, and limit the progressive fragmentation of the tax base.

In a context marked by the AfCFTA, tax digitalization, and growing development financing needs, the modernization of VAT could become one of the main drivers of the sustainable transformation of Congolese public finances and the improvement of the business environment.

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## Acronyms and Abbreviations

- ATAF:** African Tax Administration Forum
- BCC:** Central Bank of the Congo
- BDO DRC Economic Insights:** Economic or sectoral analytical publication produced by BDO DRC
- CREDAF:** Centre de rencontres et d'études des dirigeants des administrations fiscales
- DGI:** General Directorate of Taxes
- DGDA:** General Directorate of Customs and Excise
- FERDI:** Foundation for International Development Study and Research
- IMF:** International Monetary Fund
- ICA:** Turnover Tax
- FL:** Finance Law
- OECD:** Organisation for Economic Co-operation and Development
- SME:** Small and Medium-sized Enterprise DRC Democratic Republic of the Congo TEMI Average Effective Tax Rate
- VAT:** Value Added Tax
- USD:** United States Dollar
- AfCFTA:** African Continental Free Trade Area

## A. Statistical Appendices

The appendices below present the main statistical data used in this note relating to the evolution of VAT revenue, VAT credits, tax expenditures, and selected recent transformations in the structure of Congolese public finances.

These appendices complement the analyses developed in the main body of the note and provide detailed quantitative information on the functioning of VAT in the DRC.

### A.1. Evolution of Budgeted and Actual VAT Revenue

TABLE 4 - Evolution of budgeted and actual VAT revenue in the DRC

Year	Budgeted VAT (CDF bn)	Actual VAT (CDF bn)	Gap (CDF bn)	Execution rate (%)
2013	1 327.8	932.5	-395.3	70.2
2014	1 922.6	1 412.0	-510.6	73.4
2015	1 885.5	1 417.0	-468.5	75.2
2016	1 413.0	1 128.1	-284.9	79.8
2017	2 038.5	1 244.0	-794.5	61.0
2018	2 097.1	1 605.4	-491.7	76.6
2019	2 437.6	1 826.6	-611.0	74.9
2020	1 866.6	2 108.8	242.2	113.0
2021	3 113.5	3 156.9	43.4	101.4
2022	4 176.4	3 645.5	-530.9	87.3
2023	4 422.5	4 533.4	110.9	102.5
2024	5 309.0	5 768.4	459.4	108.7
2025	6 565.5	5 904.8	-660.7	89.9
2026	8 207.7	-	-	-

Source : Finance Laws, Ministry of Budget. BDO DRC calculations.

### A.2. Structure of VAT Revenue

TABLE 5 - Structure of VAT revenue: domestic VAT and import VAT

Year	Domestic VAT (DGI) (%)	Import VAT (DGDA) (%)	Domestic VAT share (%)
2013	40.7	59.3	40.7
2014	41.5	58.5	41.5
2015	37.9	62.1	37.9
2016	50.1	49.9	50.1
2017	56.7	43.3	56.7
2018	57.0	43.0	57.0
2019	56.0	44.0	56.0
2020	58.2	41.8	58.2
2021	56.7	43.3	56.7
2022	60.9	39.1	60.9
2023	61.3	38.7	61.3
2024	65.5	34.5	65.5
2025	63.1	36.9	63.1

Source :DGI, DGDA, Ministry of Budget. BDO DRC calculations.

### A.3. Approved VAT Credits and Actual Payments

TABLE 6 - Approved VAT credits, actual payments and execution rate

Year	Approved VAT credits (CDF bn)	Actual payments (CDF bn)	Gap (CDF bn)	Execution rate (%)
2015	632.1	375.8	-256.3	59.4
2016	383.7	106.8	-276.9	27.8
2017	200.7	0.0	-200.7	0.0
2018	251.2	103.1	-148.1	41.0
2020	28.8	0.0	-28.8	0.0
2021	467.6	0.0	-467.6	0.0
2022	263.5	97.0	-166.5	36.8
2023	265.0	0.0	-265.0	0.0
2024	285.2	0.0	-285.2	0.0
2025	103.4	27.6	-75.8	26.7
2026	143.4	-	-	-

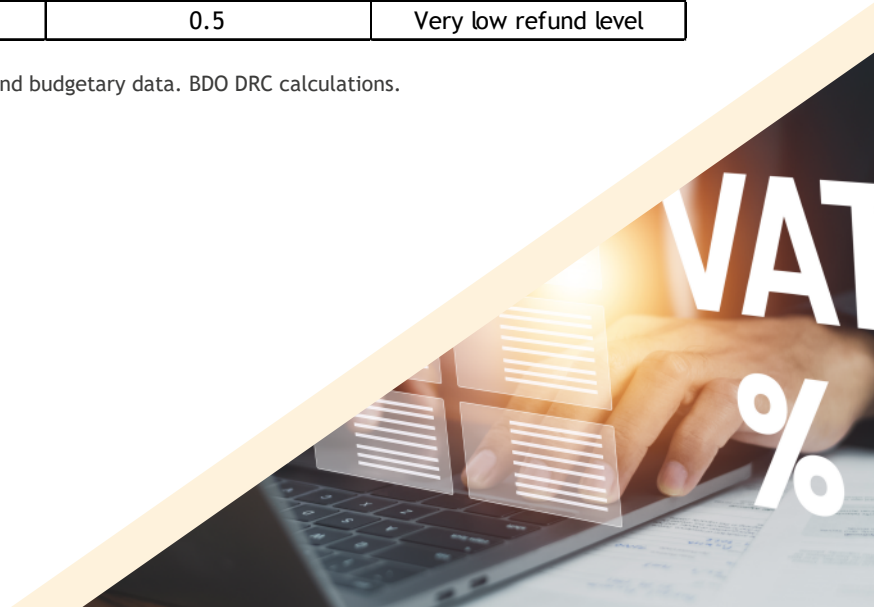
Source : Finance Laws and budgetary data. BDO DRC calculations.

### A.4. VAT Credits Relative to VAT Revenue

TABLE 7 - VAT credits and payments relative to actual VAT revenue

Year	Approved credits / Actual VAT (%)	Payments / Actual VAT (%)	Observation
2015	44.6	26.5	High level of refunds
2016	34.0	9.5	Sharp decline in payments
2017	16.1	0.0	No payments made
2018	15.6	6.4	Partial execution
2020	1.4	0.0	Limited budgetary significance
2021	14.8	0.0	Recovery in approved credits
2022	7.2	2.7	Low effective refunds
2023	5.8	0.0	No execution
2024	4.9	0.0	No execution
2025	1.8	0.5	Very low refund level

Source : Finance Laws and budgetary data. BDO DRC calculations.



## A.5. VAT-Related Tax Expenditures

TABLE 8 - Total tax expenditures and VAT revenue forgone

Year	Total tax expenditures (CDF bn)	VAT revenue forgone (CDF bn)	VAT share (%)	VAT / domestic revenue (%)
2022	6 525.7	3 931.7	60.0	19.8
2023	5 701.3	2 954.6	52.0	16.0
2024	7 018.4	3 005.9	43.0	11.4

Source : Tax expenditure reports. BDO DRC calculations.

## A.6. Mining-Related VAT Tax Expenditures

TABLE 9 - Mining-Related VAT Tax Expenditures

Year	Mining Code	Associated VAT (CDF bn)	Mining / Total	Mining VAT / Mining (%)	Mining VAT / Total VAT (%)
2022	734.9	482.9	11.3	65.7	12.3
2023	1 087.1	731.4	19.1	67.3	24.8
2024	2 243.6	1 878.1	32.0	83.7	62.5

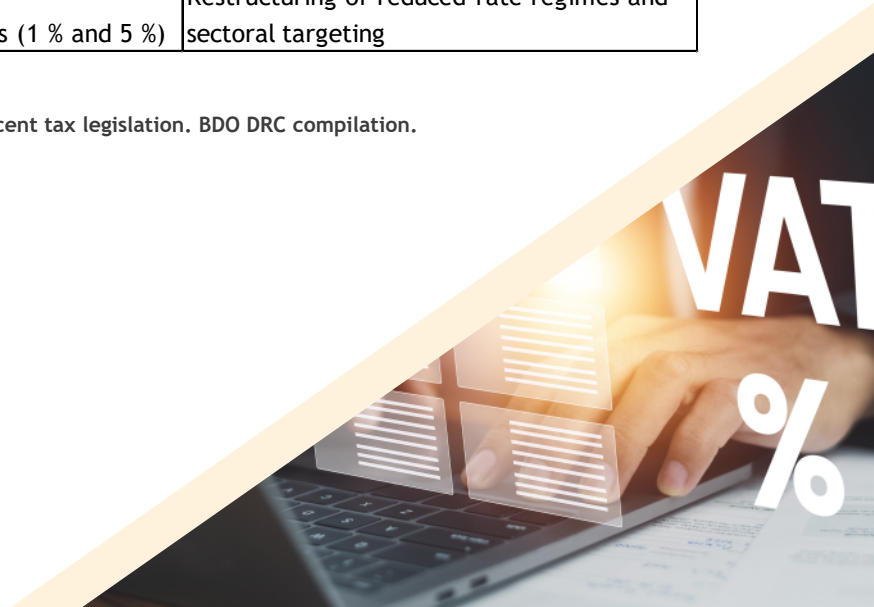
Source : Tax expenditure reports. BDO DRC calculations.

## A.7. Main Recent VAT Reforms

TABLE 10 - Main Recent VAT Reforms

Year	Reform	Main objectives
2023	Strengthening of the standardized invoice system	Improved tax traceability and reduction of fraud
2024	Continuation of tax digitalization	Strengthening tax control and improving revenue collection
2025	Strengthening of electronic fiscal devices	Improved transaction monitoring and administrative modernization
2026	Reform of reduced VAT rates (1 % and 5 %)	Restructuring of reduced-rate regimes and sectoral targeting

Source : Finance Laws and recent tax legislation. BDO DRC compilation.



## A.8. Simplified Regulatory Framework for VAT Credit Refunds

VAT credit refunds in the DRC are based on a mechanism governed by VAT-related tax legislation. The framework combines the general principle of carrying forward VAT credits to subsequent periods with refund possibilities for specific categories of taxpayers, notably exporters, businesses undertaking large-scale investments, mining and petroleum companies in the development phase, and businesses ceasing operations.

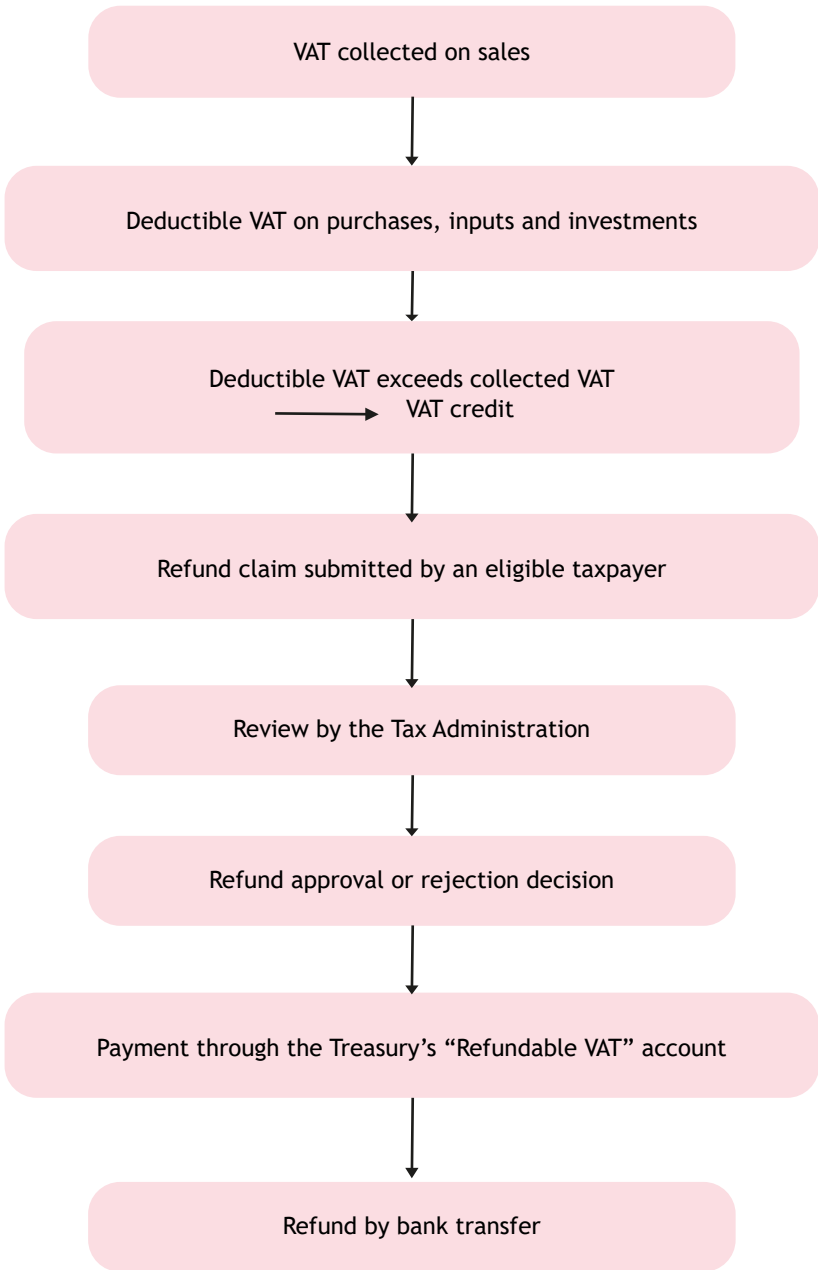


FIGURE 11 - Simplified VAT credit refund mechanism

## Simplified Legal Interpretation

The regulatory framework provides that VAT credit refunds are made by bank transfer following the review of the claim by the Tax Administration and a decision approving or rejecting the refund request. Additional provisions also establish differentiated treatment according to the taxpayer's risk profile, with indicative processing periods of 30, 60 or 90 days depending on the case.

This framework confirms that VAT credit refunds are legally provided for and formally organized. The main challenge therefore concerns the effective functioning of the mechanism, the availability of resources in the dedicated account, the quality of controls, and the predictability of refund processing times.

### A.9. Indicative Refund Processing Times by Risk Profile

TABLE 11 - Processing of refund claims according to risk profile

Risk profile	Indicative timeframe	Processing methodt
Low risk	30 days	Refund without systematic prior tax audit
Medium risk	60 days	Desk review and additional documentary checks
High risk	90 days	Comprehensive audit and field verification prior to refund

Source : VAT credit refund regulations. BDO DRC compilation.

### A.10. Simplified Operation of the « Refundable VAT » Account

#### Dedicated Account for VAT Credit Refunds

Regulations provide that VAT credit refunds are paid from a specific Treasury account dedicated to VAT refunds.

This mechanism is intended to secure the financing of refunds and to distinguish refund operations from the State's other budgetary expenditures.

In practice, the effectiveness of the mechanism depends in particular on:

- the effective funding of the account;
- the availability of public treasury resources;
- the quality of claim processing;
- compliance with regulatory deadlines;
- the audit capacity of the tax administration.

## A.11. Main Categories Eligible for VAT Credit Refunds

TABLE 12 -Main categories of taxpayers eligible to request a refund

Category	Economic rationale
Exporters	Application of the zero rate on exports and structural accumulation of VAT credits
Companies in the	Significant deductible VAT on equipment investment expenditures
Mining and petroleum companies	High level of investment and export activities Companies
Companies ceasing operations	Inability to offset VAT credits against future transactions
Certain public enterprises subject to VAT withholding at source	Accumulation of VAT credits linked to withholding mechanisms

Source : Tax Code and VAT-related legislation. BDO DRC compilation.



## About the Authors



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