

CIRCULAR N° 020 /MINFI/ DGI/LRI/UEIR of **08 MAY 2024**,
laying down the practical procedures for the implementation of
the obligations of legal persons and arrangements in respect of
beneficial ownership.



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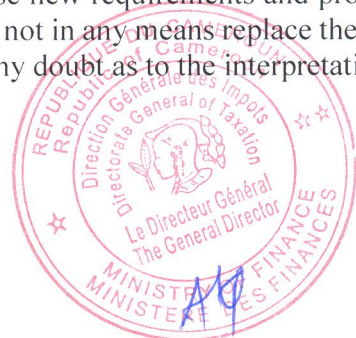


THE DIRECTOR GENERAL OF TAXATION

TO

- *The Head of the Internal Audit Office;*
- *Directors and persons ranking as such;*
- *Heads of Regional Tax Offices;*
- *Deputy Directors and persons ranking as such;*
- *Heads of Services and persons ranking as such.*

1. The Finance Law for the year 2023 has introduced in the domestic legal framework, the standard on beneficial ownership incorporated in article M8d of the Manual of Tax Procedures (MTP). This standard places a number of obligations on legal persons and legal arrangements, such as :
 - the obligation to determine and identify the beneficial owner ;
 - the obligation to file a copy of the beneficial ownership information with the Tax Administration ;
 - the obligation to retain the information and to maintain an internal register of beneficial owners ;
 - the obligation to update the beneficial ownership information whenever there are changes ;
2. To ensure the effective implementation of this standard, the following regulations have been issued :
 - Decree No. 2023/06801/CAB/PM of September 27, 2023 laying down the application of Article M8d of the General Tax Code relating to the transparency of beneficial ownership;
 - Ministerial Order No. 00000761/A/MINFI/DGI of 4 December 2023, specifying procedures for implementing certain provisions of Decree No. 2023/06801/CAB/PM of September 27, 2023 laying down the application of Article M8d of the General Tax Code relating to the transparency of beneficial ownership.
3. This circular clarifies the practical modalities for applying these new requirements and provides appropriate guidance for their effective implementation. It does not in any means replace the legal and regulatory provisions which it merely clarifies. If there is any doubt as to the interpretation of



the terms thereof, reference should be made to the legal and regulatory provisions, and if necessary, contact the tax administration to seek clarification.

1. DEFINITION OF CONCEPTS

1.1 The concept of beneficial owner

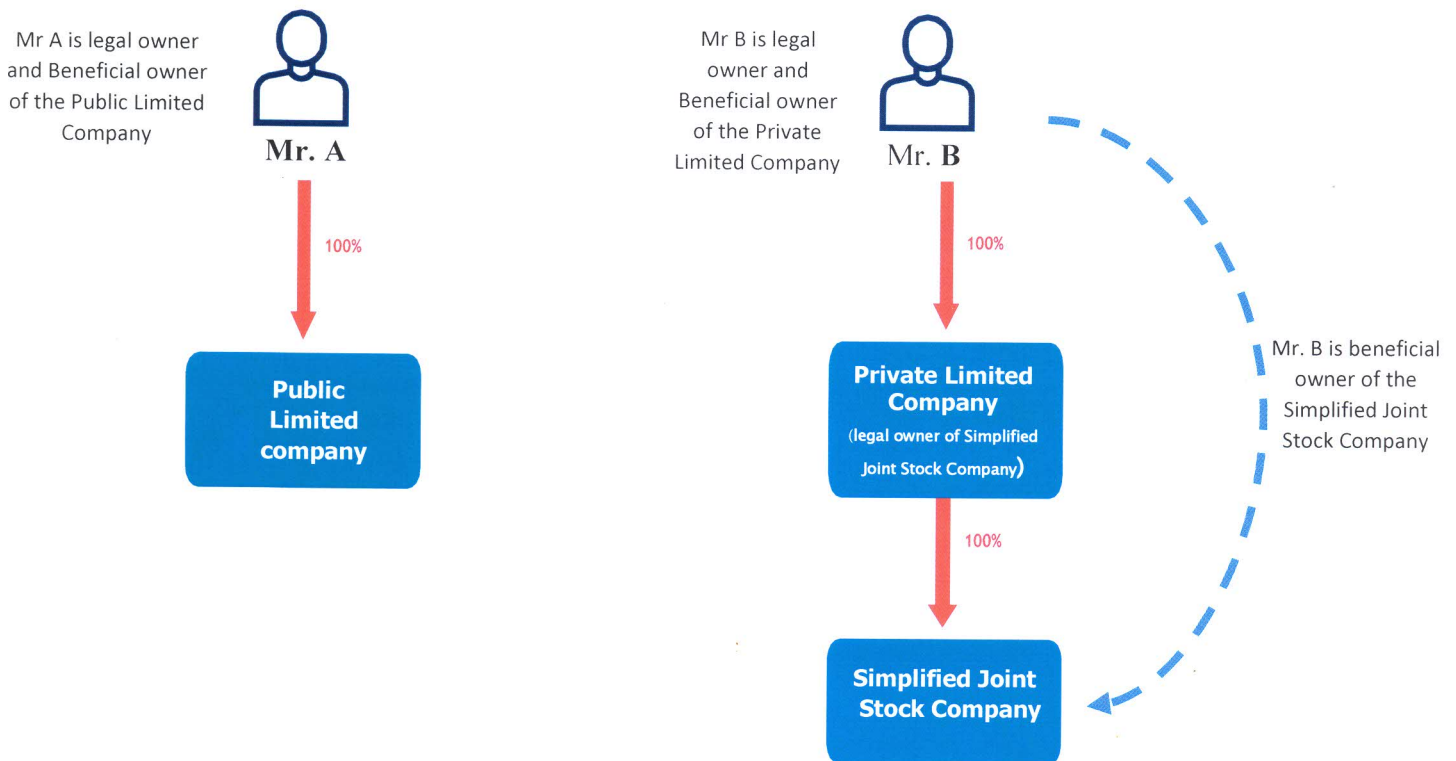
4. Under Article 2 of Decree N° 2023/06801/CAB/PM of September 27, 2023 laying down procedures for implementation of Article M8d of the General Tax Code, relating to the transparency of the beneficial ownership, a **beneficial owner** refers to **“the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those natural persons who exercise ultimate effective control over a legal person or arrangement.”**
5. The terms **“ultimately owns or controls”** and **“exercise ultimate effective control”** refer to situations where ownership or control is exercised through a chain of ownerships or by means of control other than direct control.
6. Accordingly, only a natural person can be an ultimate beneficial owner. This implies that, a legal person such as a company, or a legal arrangement cannot be a beneficial owner and any entity of this type must be examined beyond the apparent legal ownership structure to determine its beneficial owner.
7. In addition, more than one natural person can be the ultimate beneficial owner of a given legal person or arrangement.

1.2 Distinction between the beneficial owner and the legal owner of an entity

8. The legal owner of an entity is the person who holds the legal title to ownership, such as shares. The legal owner can be a legal person or a natural person.
9. However, beneficial owners are always the natural persons who ultimately own or control an entity or legal arrangement directly or indirectly. These are generally hidden/concealed/undisclosed natural persons/who control the person whose identity is revealed or the entity subject to declaration. Unlike the legal owner, the beneficial owner does not necessarily have legal title.
10. Illustration of the difference between a legal owner and a beneficial owner.



Example 1:



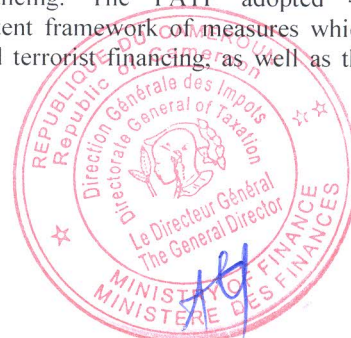
Mr. A is the legal owner of the Public Limited Company, just as the Private Limited Company is the legal owner of the Simplified Joint Stock Company and Mr. B is the legal owner of the Private Limited Company, as all three hold legal title (shares) in these companies. On the other hand, the only beneficial owners are Mr. A and Mr. B, both natural persons and each holding more than 20% of the capital of the Public Limited Company, and the Simplified Joint Stock Company respectively.

In this example, the natural persons are beneficial owners by virtue of legal ownership. However, it should be noted that the possession of a legal ownership is not the only basis for the status of beneficial owner since a person could be beneficial owner without holding a legal title, due to the exercise of control by other means.

1.3 The Concept of Legal Person

11. The Financial Action Task Force (FATF)¹ defines legal persons as “any entities other than natural persons that can establish a permanent customer relationship with a financial institution or

¹ The Financial Action Task Force (FATF) is an intergovernmental policy-making body that sets international standards for anti-money laundering and counter terrorism financing. The FATF adopted 40 recommendations in 2012 which set out a comprehensive and consistent framework of measures which countries should implement in order to combat money laundering and terrorist financing, as well as the financing of proliferation of weapons of mass destruction



otherwise own property. This can include companies, bodies corporate, foundations, Anstalt², partnerships, or associations and other relevantly similar entities”.

1.4 The Concept of Legal Arrangement

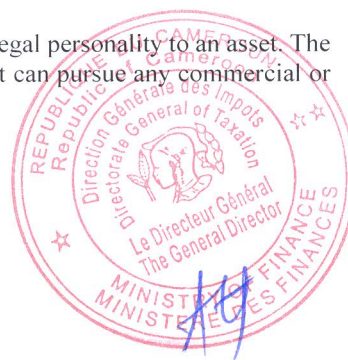
12. Article 2 of Decree No. 2023/06801/CAB/PM of September 27, 2023 laying down procedures for the application of Article M8d of the General Tax Code on transparency of beneficial ownership defines legal arrangements as the set of legal relationships or operations by which one or more persons having the status of settlors transfer goods, rights or securities, or a set of goods, rights or securities, present or future, to one or more other persons having the status of trustees or administrators who, (while keeping them separate from their own assets), act for a specific purpose for the benefit of one or more beneficiaries.
13. This category includes trusts, fiduciaries and other similar legal arrangements, including foreign-incorporated legal arrangements whose administrators or managers are domiciled in Cameroon or whose assets are located therein.
14. Trust or fiducie, refers to a legal act in which an individual or a legal entity (the settlor) transfers all or part of its property (including control thereof) to a third party or to several institutions, the trustee(s), on behalf of one or more beneficiaries.

2. ENTITIES WITHIN THE SCOPE OF THE REQUIREMENT TO MAINTAIN A REGISTER OF BENEFICIAL OWNERS

2.1 Reporting entities

15. The following entities are subject to the beneficial ownership requirements provided for in Article M8d of the Manual of Tax Procedures (MTP):
 - all legal entities subject to the obligation of tax registration under Article M1 of the General Tax Code. These are legal entities who are liable to payment of a tax, duty or fee or advance payment of tax, duty or fee provided under the provisions of the General Tax Code, in their capacity as tax bearers or taxpayers;
 - persons subject to anti money laundry and the financing of terrorism and the proliferation of weapons of mass destruction regulations in Central Africa;
 - collective investment schemes (*organismes de placements collectifs*);
 - associations, foundations and, in general, any non-profit organisation established in Cameroon;
 - administrators of legal arrangements registered abroad, but resident in Cameroon;
 - foreign companies which carry out economic activities in Cameroon without having a head office therein.

² "Anstalt," is a unique legal entity in Liechtenstein law, consists of giving a legal personality to an asset. The special feature of this establishment which is similar to a foundation is that it can pursue any commercial or non-commercial purpose



16. In addition, in accordance with the provisions of article 6 of Decree No. 2023/06801/CAB/PM of September 27, 2023, persons subject to the anti-money laundering and financing of terrorism and weapons proliferation regulations of mass destruction in Central Africa (AML/CFT), are required to identify the beneficial owners of their legal entity clients, to update and keep the information of the said beneficial owners.
17. Among those subject to Anti-Money Laundering and the Financing of Terrorism (FAML/FT) regulations are: financial institutions and their broker service providers to companies and trusts, external auditors, chartered accountants, tax advisors, lawyers, notaries, bailiffs and other independent legal professionals, in particular court administrators, court-appointed judicial representatives (mandataires judiciaires) and licenced auctioneers.
18. Financial institutions are understood to mean banks, microfinance establishments, leasing establishments, foreign exchange bureaux, insurance and reinsurance companies.

2.2 Exempt entities

19. In accordance with the provisions of Article 7, of Ministerial Order No. 00000761/A/MINFI/DGI of December 4, 2023, Public Establishments and State-Owned Enterprises or companies owned by other State-Owned Enterprises are exempt from the obligation to identify and declare their beneficial owners.
20. However, semi-public companies are within the scope of Article M8; hence, and required to declare their beneficial owners.

3. DETERMINATION OF BENEFICIAL OWNERS

3.1 Criteria for determining beneficial owners of legal persons

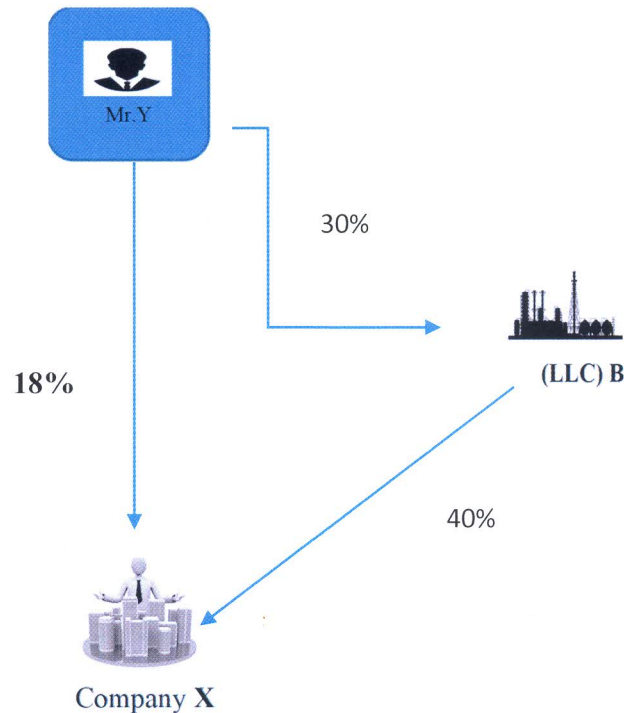
21. Under Article 3 of Decree N°2023/06801/CAB/PM of September 27, 2023 laying down procedures for the application of Article M8d of the General Tax Code on transparency of beneficial ownership the determination of a beneficial owners is conducted following a three-tier approach.
22. According to this method known as “cascade”, legal entities must determine the beneficial owner(s) by first carrying out step (1). Irrespective of whether beneficial owners are identified in step 1, they must proceed to step 2 identify any natural persons who exercise control by other means. If step (2) still does not beyond any doubt, then entities must carry out step (c).

Step 1:

23. Identify the natural persons who directly or indirectly, whether acting alone or together, ultimately own twenty (20) percent or more shares or voting rights of the legal person.
24. When the natural persons holding the shares of a legal person jointly have unlimited liability, they are all beneficial owners, regardless of their share capital ownership or voting rights in the legal person.



Example 2: Control by ownership of 20% or more shares



Mr. Y holds **18%** of the share capital and voting rights of Company X directly which does not reach the minimum required threshold to be considered a beneficial owner (i.e 20%).

However, his 30% stake in the capital of Company B (LLC) which owns 40% Company X, also gives him an indirect holding of **12%** ($30\% \times 40\%$). By combining his total holding he becomes a **30%** ($18\% + 12\%$) holder of the capital of Company X; hence, he must be declared as the **beneficial owner** of Company X.

Step 2:

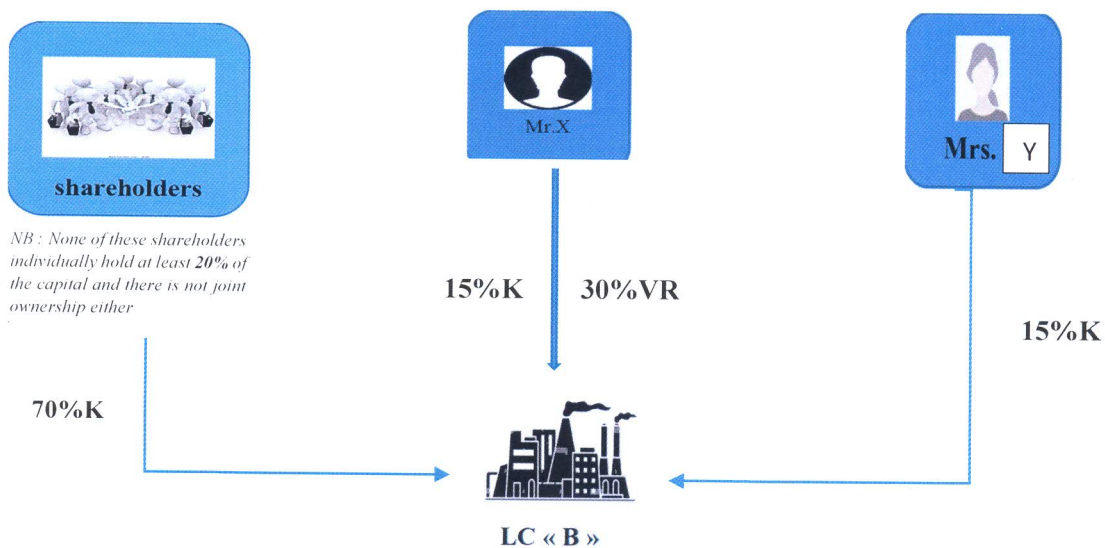
25. If no natural person is identified in step (1) as beneficial owner, or if there are doubts about the beneficial ownership status of persons identified in step 1, then natural persons who control, by any other means, *de facto* or *de jure* the legal entity, are identified as beneficial owners.
26. Examples of control by other means include:
 - *Differential voting rights:* Different classes of shares may give certain shareholders more control than others, for example through double voting rights.
 - *Power to appoint the majority of senior management:* Control over a legal person may be exercised if an individual has the power to appoint the majority of senior management directly or indirectly (e.g., if the power is vested in a company which in turn is wholly



owned by an individual). However, the right of minority shareholders or certain stakeholders to appoint one representative to senior management does not by itself confer control over a legal person.

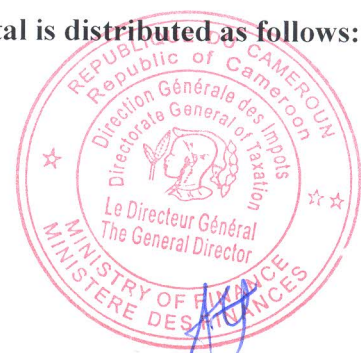
- *Control through debt instruments:* Control can also be exercised through debt instruments or other financing arrangements, for example, where a lender or creditor can control a legal person via the provisions of the lending agreement (such as debt that is convertible into voting equity), or by a third party who can otherwise influence a shareholder by means of a financial or other relationship. However, a bank providing financing to a legal person will rarely be considered as exercising control over the legal person by the act per se.
- *Control through positions held within a legal person:* Natural persons who exercise substantial control over a legal person and are responsible for strategic decisions that fundamentally affect the business practices or general direction of the legal person may be considered a beneficial owner under some circumstances.
- *Control through informal means:* Furthermore, control over a legal person may be exercised through informal means, such as through close personal connections to relatives or associates. Further, when an individual is using, enjoying or benefiting from the assets owned by the legal person, it could be grounds for further investigation if such individual is in the condition to exercise control over the legal person.

Example 3: Control by voting rights



Company B is a Public Limited Liability company, whose capital is distributed as follows:

- 15% held by Mr. X who also exercises 30% voting rights;



- **15%** held by **Mrs. Y**;
- And finally, the remaining **70%** held by several shareholders, none of whom individually owns **20%** or more of the capital.

In this scenario, **Mr. X is the beneficial owner** as he holds **30% of the voting rights**, which enables him to influence decisions at the company's **(B)** general meetings.

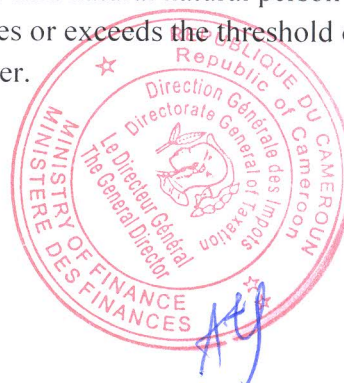
NB: company statutes can, under certain conditions, **grant double voting rights compared** to voting rights conferred on other shares.

Step 3:

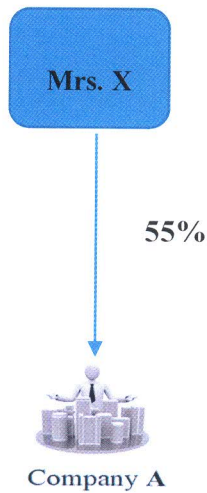
27. When exceptionally no natural person is identified in steps (1) and (2), the natural person who occupies the most senior management position is identified as the beneficial owner.
28. For the purpose of this circular, a Senior Management Official refers to the natural person with the broadest powers to act on behalf of the legal person. This includes:
 - manager(s) of general partnerships, limited partnerships, limited liability companies, partnerships limited by shares and civil partnerships;
 - the chairperson and managing director or the chairperson of the board of directors and the general manager in the case of a public limited company with a board of directors. It should be noted that in accordance with article 415 of the OHADA Uniform Act Relating to Commercial Companies and Economic Interest Groups, a public limited company with a board of directors shall be managed either by a chairperson and managing director or by a chairperson of the board of directors and a general manager.;
 - the president and, where applicable, the general manager of simplified joint stock companies (Sociétés par action simplifiées (SAS));
 - natural person(s) who legally represent a foreign company established in Cameroon. If the legal representatives are legal entities, the beneficial owner is the natural person(s) who legally represents these legal entities.

3.1.1 The direct or indirect ownership of shares

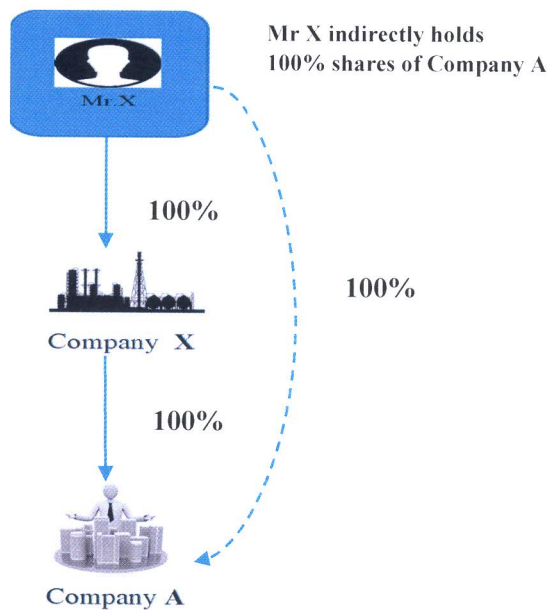
29. To determine if the natural person is beneficial owner on the basis of ownership of 20% or more of the capital of a legal entity, the following rules should be applied:
 - **Step 1:** multiply the product of the stakes held by the natural person through one or more intermediary companies in the capital of the reporting company to obtain the percentage of indirect holding in the company.
 - **Step 2:** add all the direct and indirect shares the said natural person in the legal person. If the total share thus determined reaches or exceeds the threshold of 20%, the natural person is considered the beneficial owner.



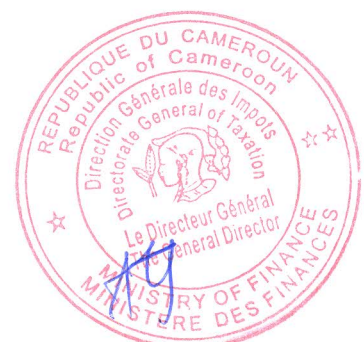
Example 4 : Calculation of ownership interest



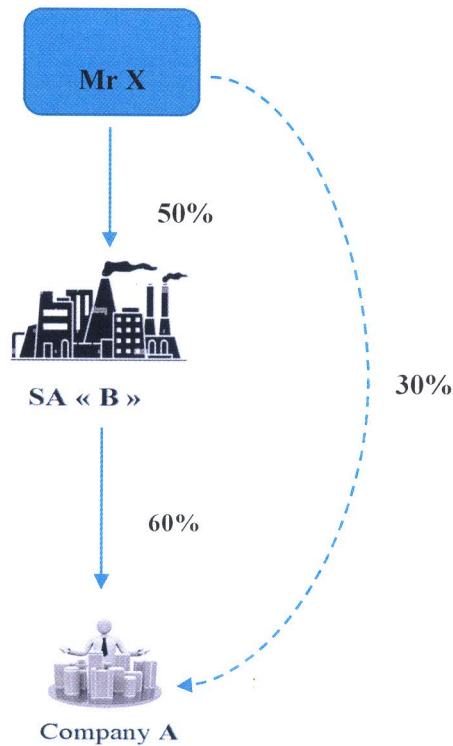
Mrs X holds 55 % of the capital of company A. Since she owns the shares in the reporting company herself, she benefits from a direct holding.



The share capital of company A is 100% owned by company X, while Company X is **100%** owned by Mr X. In practice Mr X indirectly controls Company A through his ownership of Company B. This is called indirect ownership.

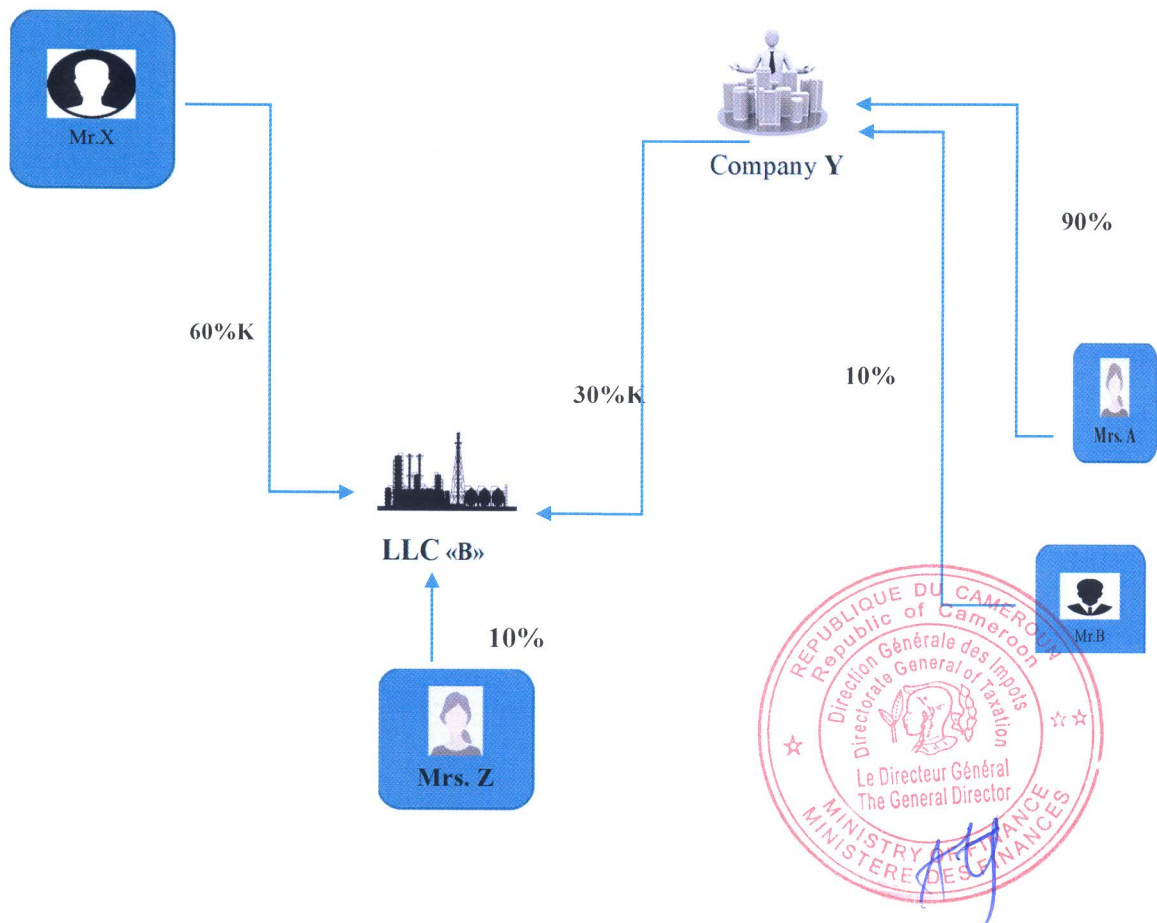


Example 5 : Calculation of the qualifying ownership threshold



The capital of company A is 60% owned by SA “B”, itself 50% owned by Mr X. Mr. X holds 50% of the capital of SA “B”. In this case, Mr. X holds 30% of the capital of company A (i.e. $50\% \times 60\% = 30\%$) and is therefore the beneficial owner of this company, on the basis of holding 20% or more of the capital of the Company A.

Example 6 : Calculation of the qualifying threshold in a more complex case



In the above example, ownership of the above Private Limited Liability Company (LLC) is as follows:

- Mr X holds 60% of the shares
- Company Y owns 30%. Its capital is distributed as follows: 90% held by Ms. A and 10% by Mrs B.
- And finally, Mrs. Z owns 10%.

Since Mr. X, a natural person, holds 60% of the capital of the LLC, he is thus, a beneficial owner.

As for Mrs. A and Mr. B, they indirectly hold part of the capital of the LLC. To determine if they are beneficial owners, it is necessary to multiply ownership of company Y by the 30% representing the share of company Y in the LLC:

- Mrs. A's shareholding in the LLC is: $90 \times 30 / 100 = 27\% > 20\%$. She is therefore the beneficial owner of the LLC on the basis of ownership of shares.
- Mr. B's shareholding is $10 \times 30 / 100 = 3\%$. He is not a beneficial owner of the LLC, just like Mrs. Z (she directly holds 10% which is less than the minimum required threshold of 20%).

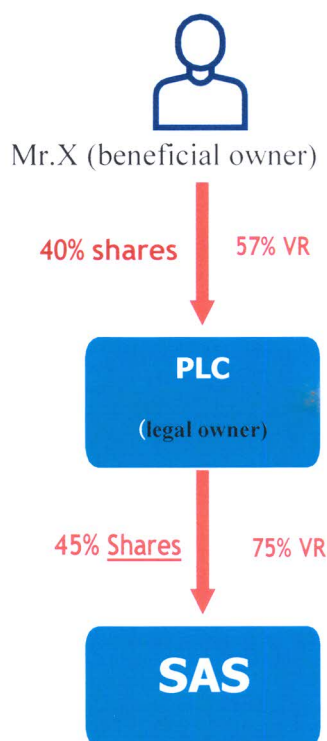
3.1.2 Holding of voting rights

30. Share capital generated through contributions in cash and in kind, is divided into shares, conferring proportionate rights to the capital to shareholders (partners or shareholders).
31. Per Article 543 of the Uniform Act on Commercial Companies and Economic Interest Groups (UACCEIG), voting right attached to capital or dividend shares (*actions de capital ou de jouissance*), is also proportionate to share capital, since each share represents one vote. Thus, if a company issues 1000 shares, for instance, and a person owns 200, he will be considered the beneficial owner, since he owns the equivalent of 20% of the share capital and 20% of the voting rights.
32. However, in some cases, voting rights may not be proportionate to share ownership, per Article 544 of the Uniform Act on Commercial Companies and Economic Interest Groups (UACCEIG). In such cases, the company statutes or a subsequent general assembly may confer double voting rights (compared to rights conferred on other shares), on share ownership, for all fully paid-up shares, registered 2 years at least, in the name of a shareholder.
33. Also, in the event of an increase in capital by capitalisation of reserves, profits or share premium, issue or merger premiums, double voting rights may be conferred upon their issue, to registered shares allocated free of charge to a shareholder for old shares for which he benefits from such right.



34. The determination of voting rights is done by simple multiplication; that is, the percentage of capital x number of votes allocated to the share. In case of indirect ownership through other legal entities where capital and voting rights are not proportionate at certain levels, the operation will be the same as in examples 4, 5 and 6 above, by independently calculating the percentages of capital and voting rights.

Example 7 :



As a result of the double voting right mechanism under Article 544 of the Uniform Act on Commercial Companies and Economic Interest Groups (UACCEIG) for holders of registered shares of more than 2 years, Mr X therefore holds more voting rights than capital shares of the Public Limited Company (SA), which itself benefits from multiple voting rights on certain of its shares in the Simplified Join Stock Company (SAS).

In this case, Mr.X is the beneficial owner of Simplified Join Stock Company by virtue of his indirect holding of voting right only, and not the share capital as follows:

Capital: $40\% \times 45\% = 18\% < 20\%$

Voting rights: $57\% \times 75\% = 42.75\% > 20\%$



3.1.3 The case of division of ownership of shares and voting rights

35. In line with Article 807 of the Uniform Act on Commercial Companies and Economic Interest Group (UACCEIG), where there is a breakup of bonds, the voting right shall belong to the bare owner, unless otherwise provided by the parties.
36. where ownership rights are divided between usufructuaries and bare owners, the following should be considered as beneficial owners:
 - natural persons with the status of bare owner who, ultimately, directly or indirectly own 20% or more of the capital or voting rights of the legal entity;
 - natural persons having the status of usufructuary who, ultimately, enjoy the use and directly or indirectly control 20% or more of the capital or voting rights of the legal entity;
 - natural persons who effectively exercise, by any other means, a power of control over the capital or over the management, administration or executive bodies of the company or over the general meeting of its partners.
37. Under Article 128 of the (UACCEIG), where a share or stock is encumbered by usufruct, voting rights shall be exercised by the bare owner, except in the case of decisions on the distribution of profits where the voting rights are reserved for the usufructuary.

Example 8: Distribution of shares of a Simplified Joint Stock Company (SAS):

PARTNERS	FULL OWNERSHIP	USUFRUCT HOLDER (usufruitier)	BARE OWNERSHIP (nue-propriété)
Mr. A	402		51 340
Mrs. B	25 016	102 680	
M.C	402		51 340
Total	25 820	102 680	102 680

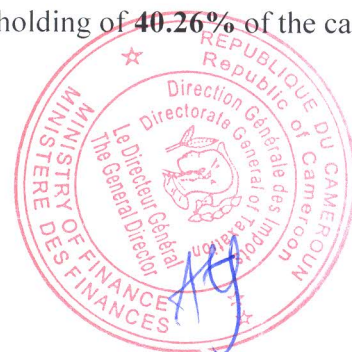
Who then is **Beneficial Owner of the above company?**

- **Mr. A :**

- **Capital ownership:** conferred by fully owned shares and those held in bare ownership. So $(402 + 51,340) / 128,500 = 40.26\% > 20\%$
- **Voting rights:** by shares in full ownership and those held in bare ownership (in the absence of contrary statutory provisions). $(402 + 51,340) / 128,500 = 40.26\% > 20\%$

Mr. A is therefore **BO** of the **company** in respect of the (direct) holding of **40.26%** of the capital and voting rights.

Mrs. B :



- Capital holding : $25,816 / 128,500 = 19.46\% < 20\%$
- Voting rights: $(25,816 + 102,680) / 128,500 = 99.37\% > 20\%$

Mrs. B is therefore BO of the company, only in respect of the (direct) holding of **99.37%** of the voting rights.

Mr. C (same calculations as for Mr. A)

- Capital holding of : **40.26%**
- Voting rights held : 40,26%

Mr. C is also the BO of the company in respect of the (direct) holding of 40.26% of the capital and voting rights.

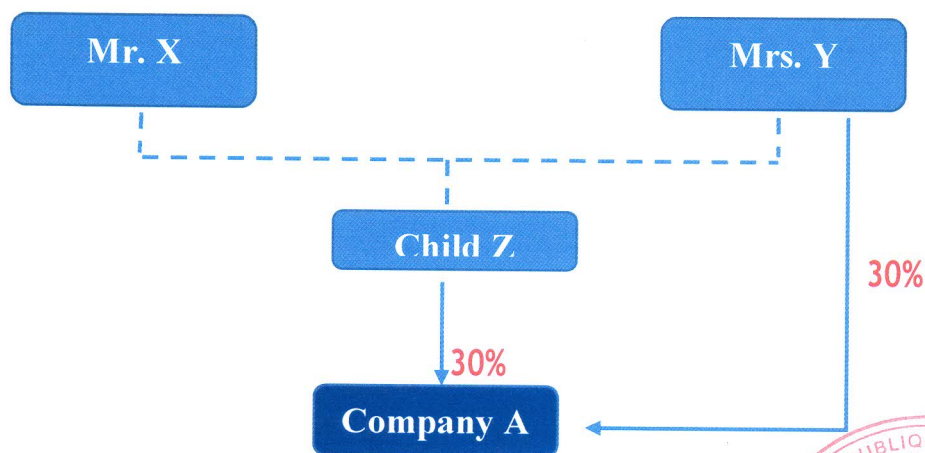
3.1.4 Joint ownership of shares

38. The total shares held jointly must be taken into account in the determination of the beneficial owners.
39. If jointly-held shares makeup twenty (20) percent or more of the company's shares, then all members of the joint ownership are beneficial owners.
40. If co-owners are represented by a single agent chosen by interest holders (*indivisiare*), he is considered the Beneficial Owner if he exercises effective power of control.
41. When a beneficial owner dies, the heirs who are also members of the joint ownership become beneficial owners.

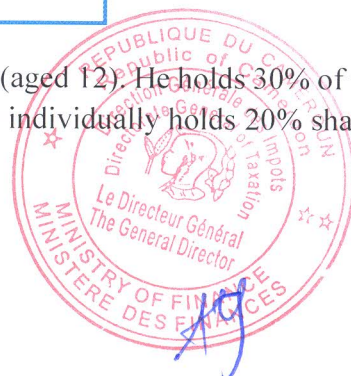
3.1.5 Holding of shares by a minor

42. When the shareholders are minors, they cannot exercise voting rights on their shares. Such rights are exercised by their legal representatives (parents) until they are majors; hence, besides the minor, the legal representative must equally be registered as beneficial owners on account of their indirect ownership of voting rights. The same applies to persons under tutorship.

Example 9



In the diagram above, Mr. X and Mrs. Y are the parents of child Z (aged 12). He holds 30% of the shares in Company A, just like his mother. Since no other partner individually holds 20% shares



(or more) or voting rights, and there is no shareholders' agreement, and since Mr. X and Mrs. Y are not married, who therefore is the beneficial owner of Company A?

- Child Z is the beneficial owner through direct ownership of 30% of the capital.

- Mrs. Y is the beneficial owner under:

- direct ownership of 30% of the capital
- of holding 60% of the voting rights, including 30% directly via the shares she owns, and 30% (directly or indirectly) via the shares held by her son Child Z.

- Mr. X is beneficial owner by virtue of holding (directly or indirectly) 30% of the voting rights via the shares held by child Z, of which he is father and therefore the legal representative.

3.1.6 Criteria of control by means other than shareholding or voting rights

43. In this scenario, the beneficial owner is a natural person who, without holding twenty (20) percent or more of share or voting rights, exercises a power of control over the company, including through differential voting rights, power to appoint the majority of senior management officials, control through debt instruments, control through positions held with the legal entity, control through personal connection to relatives or associates, enjoying or benefiting from the assets owned by the legal person, financing of the company, etc.

44. Preference shares can confer specific rights to their holders, such as powers to veto certain important corporate decisions, or the right to propose the appointment or dismissal of members of management bodies. As a result, preference shareholder should be declared as beneficial owners. The same applies to partners benefitting from rights similar those mentioned, conferred by the articles of association.

45. Specific rights may also be contained in a shareholders' agreement, conferring powers to one or more shareholders or groups of shareholders to control appointments and dismissals of managers and other corporate body members. Decision making powers in the general assembly may emanate from the provisions of the company's statutes or from other instruments, especially in family owned groups.

3.1.7 Specific criteria for determining the beneficial owners in partnerships

3.1.7.1 Determining beneficial ownership in General Partnerships

46. General Partnerships are mainly created by businesses of the trade sector. The partners in the general partnership have unlimited liability for debts of the partnership. Decisions by partners are based on consensus.

47. The partnership ceases to exist upon the death of one of the partners except otherwise provided for by the partnership agreement, judicial liquidation, bankruptcy proceedings or a formal prohibition from carrying out commercial activities.

48. In the case of a General Partnership, all natural persons who are general partners are considered as beneficial owners.



49. When a general partner of a general partnership is a legal person or legal arrangement, beneficial owners of such a legal person or legal arrangement are considered as beneficial owners of the general partnership.

3.1.7.2 Determining beneficial ownership in the case of limited partnerships

50. There are two categories of partners in limited partnerships: general partners and limited partners.

51. Limited partners provide most of the funds; the liabilities of a limited partner are limited to the contribution in the share capital made by such a partner in the limited partnership. Whereas, the liabilities of a general partner in a limited partnership are unlimited for the debts of the partnership. The general partners are responsible for the management of the business of the partnership. A consensus must be reached for decisions to be taken, except otherwise provided for in the articles of association of the partnership.

52. The limited partnership ceases to exist upon the death of one partner, if the latter has no heirs. Further, if the deceased partner was the only general partner, and his heirs are all minors, surviving partners have up to one (1) year from his death to appoint a new partner, failing which the partnership will automatically be dissolved.

53. In Limited Partnerships (*Société en Commandite Simple*), the following are considered as beneficial owners :

- limited partners who are natural persons, and who directly or indirectly, jointly or otherwise, either hold twenty (20) percent or more of the share capital or voting rights of the partnership, or exercise, by any other means, control over the partnership. An individual can have control over a partnership if he/she has the right to exercise (or actually exercises), significant influence over the running of the activities of the partnership. This could include, for example, the right to appoint or remove any partner, to direct or veto the investment decisions, profit share or capital returns of the partnership's funds or assets, to direct amendments to the partnership's constitutional documents (e.g., the partnership agreement) or to dissolve or convert the partnership.
- all general partners by virtue of the power of control they exercise as managers of the limited partnership.

54. When a partner of a limited partnership is a legal entity or legal arrangement, beneficial owners of this legal entity or legal arrangement are identified as beneficial owners of the limited partnership.

3.1.8 Specific criteria for determining the beneficial owners in other types of legal persons

55. Legal entities other than companies are also required to report beneficial ownership. Such entities include:

- Undertaking for collective investment in transferable securities (UCIT)
- Economic interest groups (which are legal entities), with headquarters in Cameroon and having legal personality;
- Associations and non-profit organisation;
- Foundations.

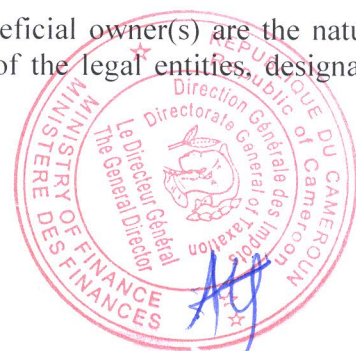


3.1.8.1 Determining beneficial ownership in the case of undertakings in collective investment in transferable securities

56. An undertaking for collective investment in transferable securities (UCIT) is an arrangement for collecting and pooling funds from investors or participants conducted by authorised companies according to an orientation defined in advance.
57. Undertakings for collective investment in transferable securities comprise open-ended investment companies (SICAV) and mutual investment funds (MIF).
58. A SICAV is a joint stock company with a board of directors, whose sole purpose is to manage a portfolio of transferable securities and deposits. In the case of a SICAV, the beneficial owners are:
- The natural person(s) who hold, directly or indirectly, 20 (twenty) percent or more, shares or voting rights of the SICAV.
 - The natural person(s) who exercise, by any other means, control over the SICAV.
59. When no natural person could be identified according to the criteria provided above, the beneficial owner is:
- (a) where the SICAV self manages its assets:
- the General Manager of the SICAV
- (b) where the management of the SICAV's portfolio is delegated to a management company:
- legal representatives of the management company who are natural person(s).
 - natural person(s) who effectively run the management company.
60. The mutual fund is a co-ownership of transferable securities and deposits which has no legal personality. For the determination of the beneficial owners of the FCP, the rules for determining the beneficial owners relating to co-ownership described in section 3.1.1.3 above also apply to the MIF.

3.1.8.2 Determining the beneficial owners of Economic Interest Groups

61. The following are considered as beneficial owners, the natural persons :
- who directly or indirectly, acting alone or together with other shareholder, hold twenty (20) percent or more of the share capital of the Economic Interest Group, or
 - or have powers to appoint or dismiss the majority members of administrative, management, or supervisory bodies of the legal entity,
 - or exercise, through other means, a power of control over the administrative, management, or supervisory bodies of the legal entity.
62. In the event that no natural person could be identified, the beneficial owner(s) are the natural person(s) and, where applicable, the permanent representative of the legal entities, designated administrators of the economic interest group.



3.1.8.3 Determining the beneficial owners of associations and nonprofit organisations

63. For associations and non-profit organisations, the beneficial owners are:

- the legal representative(s) of the association;
- natural persons, who are members of the board of directors or the executive bureau;
- natural persons who are authorised to represent the association;
- natural persons responsible for daily management;
- (the category of) natural persons in whose main interest the association or non-profit organization was established or operates; and
- any other natural person who, directly or indirectly, exercises ultimate control over the association or non-profit organisation.

64. Where any position in an association or non-profit organisation is fulfilled by a legal person or arrangement, the beneficial owners of this legal entity or legal arrangement shall be identified as beneficial owners of the association or non-profit organization.

3.1.8.4 Determining the beneficial owners in the case of foundations

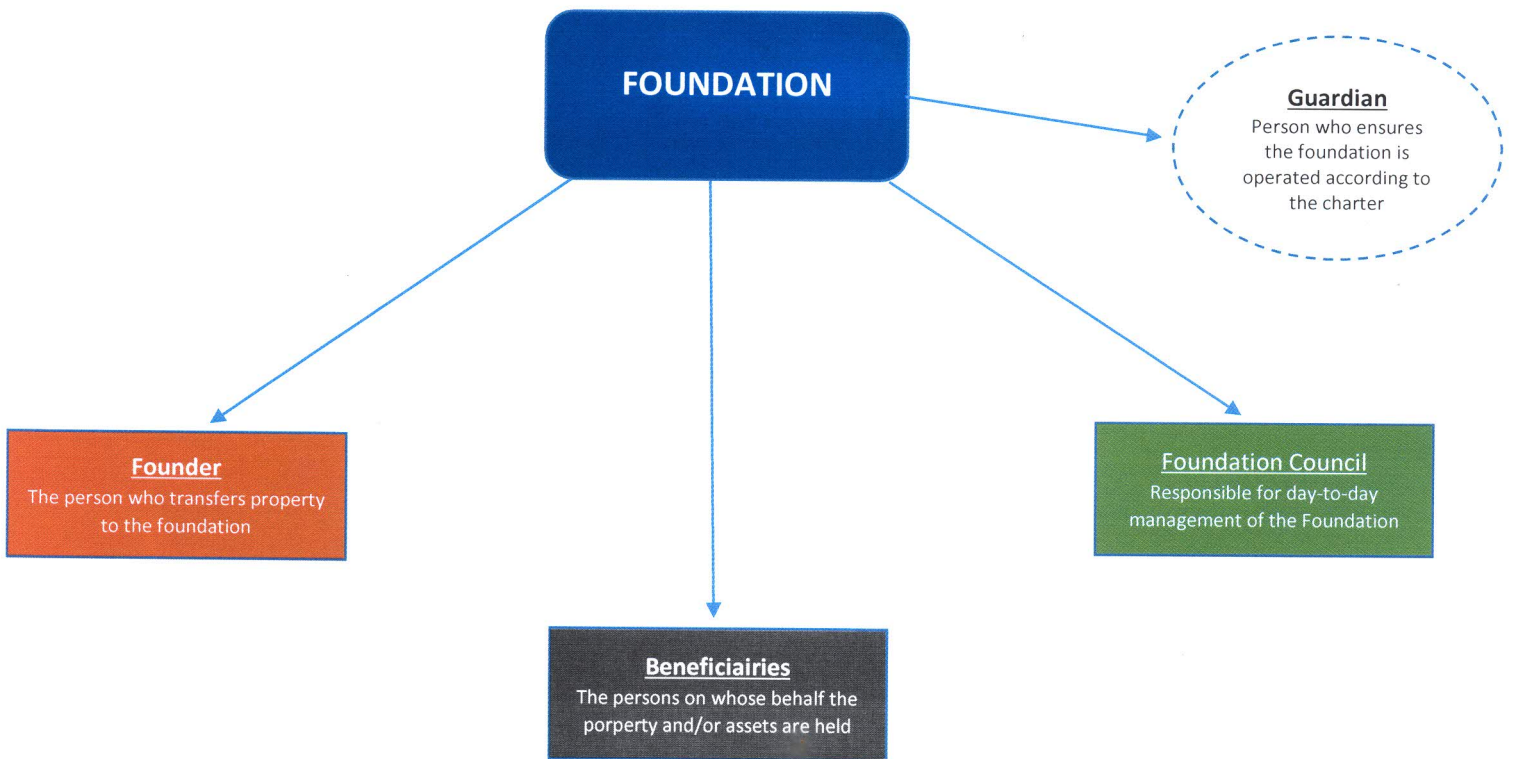
65. Where foundations are similar to trusts, all natural person parties that are members of foundation are identified as beneficial owners, in particular:

- the founder(s);
- the member(s) of the foundation council³;
- the beneficiaries;
- Any natural person who belongs to the category of persons in whose main interest the foundation was established or operates, where the natural persons who are beneficiaries of the foundation have not yet been designated;
- Any other natural person who, directly or indirectly, exercises ultimate control over the foundation.

66. Where any of the positions listed in above are fulfilled by a legal person or arrangement, beneficial owners of this legal entity or legal arrangement shall be identified as beneficial owners of the foundation.

³ The term “foundation council” means a person or group of persons managing the foundation or having authority to act on its behalf.





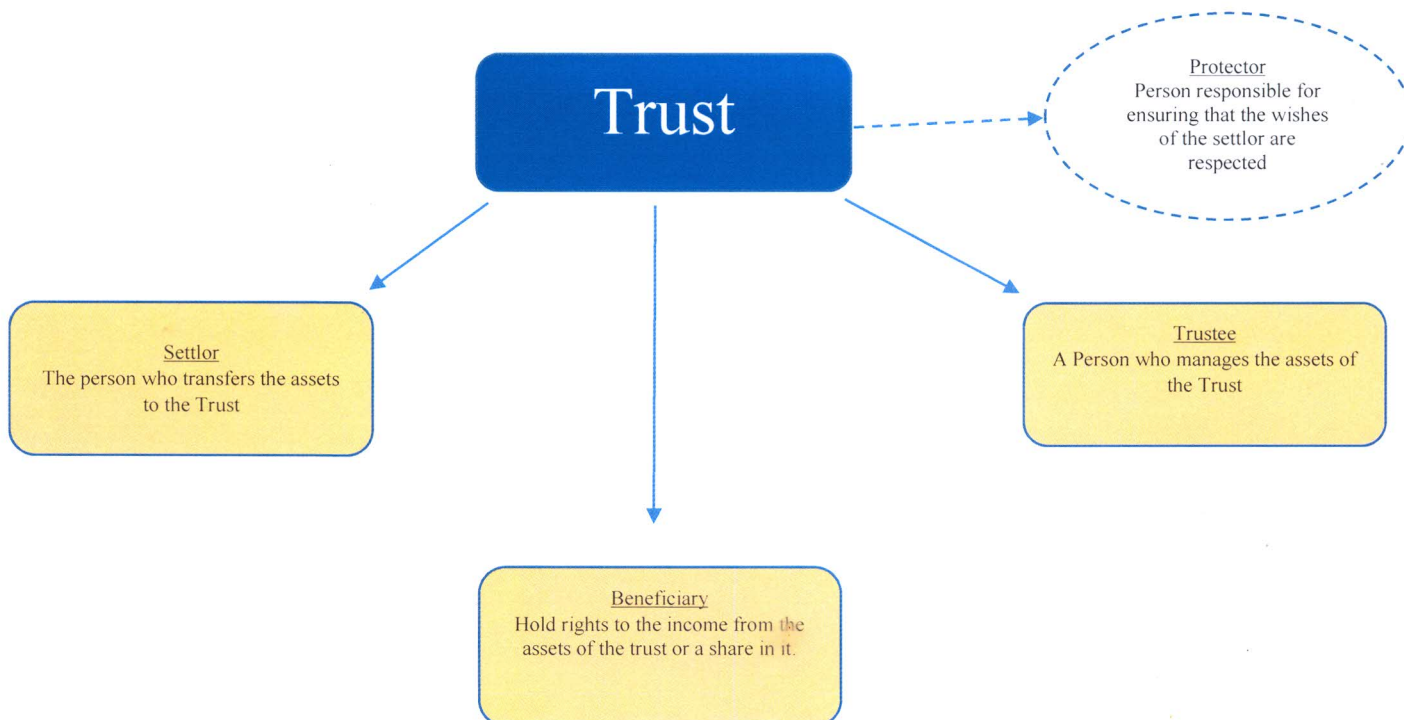
3.2 Determining the beneficial owners in the case of legal arrangements: the case of trusts

67. As regards trusts, instead of relying on the three-tier approach (as with legal entities), trustees should identify all parties to the trust, especially:

- the identity of the settlor
- the trustee(s);
- the protector (where applicable);
- the beneficiaries or categories of beneficiaries;
- any other person exercising effective control over the trust.

68. Where the natural persons who are beneficiaries of the legal arrangements have not yet been designated, any natural person who belongs to the category of persons in whose main interest the foundation was established or operates, must be identified such that the identity of beneficiary(ies) is established at the time of payment of benefits or at the time when the beneficiary(ies) intends to exercise his vested rights (droits acquis).





69. When a party to a trust (such as the trustee) is not a legal entity (such as a company or foundation), the beneficial owners of that legal entity (except the legal entity itself) must be identified as the beneficial owners of the trust. In other words, non-natural who are parties to a trust.

4. THE OBLIGATION TO IDENTIFY THE BENEFICIAL OWNER

4.1 Obligation to provide particulars needed for identification of beneficial owners

70. In accordance with article 4 of Decree No. 2023/06801/CAB/PM of 27 September 2023, any beneficial owner of a legal entity or legal arrangement is required to provide electronically or, by any means affording evidence in writing, to the legal entity or administrators or managers of legal arrangements established in Cameroon, on request or not, information and supporting documents required for the identification of beneficial owners.

71. However, persons responsible for identifying beneficial owners of legal persons or legal arrangements are required to send a notice to any natural person or legal person or legal arrangement who directly or indirectly holds shares in a legal person, or is a party in a legal arrangement, to:

- where the addressee of such notice is considered the beneficial owner:
 - a) state whether he/she is the beneficial owner of the legal entity or legal arrangement named in the notice, and



- b) if so, confirm or correct any particulars of his/hers that is included in the notice, and supply any that is missing.
 - In case the addressee is believed to know the true beneficial owner:
 - a) to state whether or not the addressee knows the identity of any natural person who is a beneficial owner of the legal person or arrangement named in the notice, or any person (whether a natural person or not) likely to have that knowledge; and
 - a) to supply any information enabling the identification of the beneficial owner that is within the addressee's knowledge;
 - b) to supply information on any person (natural person or otherwise) likely to have knowledge of the beneficial owner, if he does not have the said information.
72. Pursuant to article 4 of Decree No. 2023/06801/CAB/PM of September 27, 2023, any beneficial owner of a legal person or legal arrangement who receives notice for information from persons appointed to identify beneficial owners is required to provide either electronically or by any means that leaves a written record, the requested information and supporting documents within fifteen (15) days.
73. In accordance with article 5(5) of Decree N°. 00000761/A/MINFI/DGI of December 4, 2023, persons appointed to identify beneficial owners are required to notify the DGT of any failure to comply with this obligation. The DGT may apply sanctions where appropriate.

4.2 Obligation to keep record of actions undertaken to identify beneficial owners

74. Pursuant to article 4 of Decree No. 2023/06801/CAB/PM of 27 September 2023, the official responsible for the identification of beneficial owners is required to keep evidence of:
- The particulars of each person(s) to whom it has issued a notice to provide beneficial ownership information and supporting documents;
 - The person(s) interest in the legal entity or legal arrangement;
 - The date on which the notice was issued;
 - The date on which the notice was complied with;
 - The date on which a restriction, if any, was put in place for failure to comply with the notice or was lifted following the person(s) compliance with the notice.

4.3 Obligation to verify information on beneficial owners

75. Entities must verify the accuracy of information and supporting documents provided by beneficial owners, such as: government-issued national identity cards, passport, residence permits or asylum applications, proving nationality or residence and bearing a photograph of the natural person.
76. As per Article 12 of Decree No. 2023/06801/CAB/PM of September 27, 2023, these verifications consist in particular of comparing the information provided with that of a public database (other than the central register of beneficial owners), to make contact with the beneficial owner and obtain a sworn declaration from them.



5. THE OBLIGATION TO KEEP AND UPDATED INTERNAL REGISTER OF BENEFICIAL OWNERS

77. Articles 8 *et seq.* of Ministerial Order No. 00000761/A/MINFI/DGI of December 4, 2023 imposes obligations on Cameroon-resident legal entities (registered in Cameroon or abroad), as well as their administrators, (whether they are subjected to Corporate Tax or Personal Income Tax), to keep an up-to-date register of their beneficial owners. The internal register of the beneficial owners is kept in both physical and electronic, following a template provided by the tax administration (see appendix).
78. This internal register must identify beneficial owners of such entities with accurate and up-to-date information.

5.1 The obligation to appoint an official responsible for maintaining the beneficial ownership register

79. Pursuant to article 4 of Ministerial Order No. 00000761/A/MINFI/DGI of 4 December 2023. legal persons and legal arrangements are required to either assign a staff responsible for maintaining the register of beneficial owners, or to outsource such tasks.
80. For legal arrangements, the relevant official, by default, is the administrator of the legal arrangement.
81. The person responsible for maintaining the Internal Register of the Beneficial Owner is responsible for determining, identifying and completing the said register.

5.2 Information to be entered in the beneficial ownership register

82. As per Article 8 of Decree No. 2023/06801/CAB/PM of September 27, 2023, this information includes, and for each beneficial owner:
- Elements to identify him: surname, first names, date and place of birth, identification document number, TIN, nationality, postal and email addresses, professional address and telephone number;
 - the nature and extent of control or share ownership. Cameroonian authorities have clarified that such information must include the identification of all legal entities in the ownership chain.
 - procedures followed or measures taken to identify the beneficial owner.
 - the date on which the natural person became or ceased to be the beneficial owner, on the one hand, and the date on which he reduced or increased his share ownership in the entity.
83. When there has been a change in beneficial ownership, Article 9 of Decree No. 2023/06801/CAB/PM of September 27, 2023 requires entities, to update the internal register of beneficial owners within 30 days, following the change or the date when the entity became aware of such change.



5.3 Obligation to store the supporting documents

5.3.1 The supporting documents required to be kept

84. Article 21 of Decree No. 2023/06801/CAB/PM of September 27, 2023 lists all the supporting documents (documentation) to be kept by legal entities and arrangements, in particular, for each beneficial owner. They are;

a) For legal persons:

- a copy of the articles of association of the legal entity or any other instrument of incorporation, and subsequent amending instruments;
- an extract of the registration in the Trade and Personal Property Credit Register;
- a copy of the Cameroonian National Identity Card (valid passport for foreigners), of the company's directors or representatives authorised to act on behalf of the company,
- Proof of the legal entity's business address, dated within the last three (03) months;
- a copy of the valid Cameroonian National Identity Card or a copy of the passport, for foreigners, of each beneficial owner;
- proof of domicile in Cameroon or abroad for each beneficial owner, dated less than three (03) months;
- proof of the control exercised by each beneficial owner over the legal persons;
- proof of the nature and extent of the interests held by each beneficial owner in the legal person

b) For legal arrangements :

- a copy of certificate of incorporation of the legal arrangements;
- proof of registration, (for administrators resident in Cameroon) and, where applicable, proof of registration in Trade and Personal Property Credit Register;
- a copy of valid Cameroonian National Identity Card (valid passport for foreigners), of the director(s) resident in Cameroon.
- Proof of professional address for director(s) resident in Cameroon (such proof should be at most three months old);
- Proof of residence in Cameroon, for director(s) established in Cameroon, of not more than (3) months old;
- copy of a valid Cameroonian National Identity Card (passport for foreigners), of each beneficial owner;
- proof of residence in Cameroon or abroad for each beneficial owner of less than three (03) months old;



- proof of the nature and extent of the interests held by each beneficial owner in the legal arrangement;
- proof of the control exercised by each beneficial owner over the legal arrangement.

5.3.2 The retention period of the internal register of beneficial owners and supporting documents

85. Pursuant to article 10 of Decree N°2023/06801/CAB/PM of 27 September 2023, the internal register of beneficial owners must be stored throughout the entire existence of the legal person or arrangement.
86. The relevant supporting documents must be kept for at least five (05) years after the individual ceases to be beneficial owner.
87. When a legal person is dissolved or ceases to exist the internal register of beneficial owners (including the supporting documents) must be stored by the liquidator or any other person have the power to act on behalf of the entity. The information must be kept in Cameroon for at least five (05) years after the entity is dissolved.

5.3.3 The place of storage of the internal register of beneficial owners and supporting documents

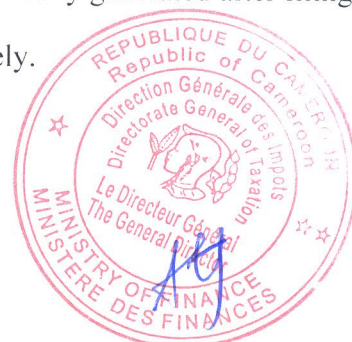
88. In accordance with Article 13 of Decree No. 2023/06801/CAB/PM of 27 September 2023, the internal register and supporting documents must be kept in Cameroon, either at the headquarters of the entity or at the place of conduct of business.
89. For foreign companies which carry out economic activities in Cameroon without having a head office therein, the register must be stored in the registered office of the representative or appointed agent in Cameroon.

6. THE OBLIGATION TO FILE INFORMATION IN THE CENTRAL REGISTER OF BENEFICIAL OWNERS MAINTAINED BY THE DIRECTORATE GENERAL OF TAXATION.

90. Pursuant to Article M8d of the General Tax Code, legal persons and legal arrangements have an obligation to file with the tax administration a copy of their beneficial ownership information.
91. The said information is consolidated in a Central Register of beneficial owners maintained by the Directorate General of Taxation.

6.1 Filing procedures

92. Pursuant to article 12 of Ministerial Order No. 00000761/A/MINFI/DGI of 4 December 2023, the submission of information on beneficial owners is made electronically (and within statutory deadlines), through a portal created by the Directorate General of Taxation accompanied by relevant supporting documents.
93. A summary of information, (serving as proof of filing), is automatically generated after filing.
94. The Information for additional beneficial owner are filed separately.



6.2 Filing deadline

95. The declaration of information on beneficial owners must be submitted within the following deadlines:
- *Upon the registration of the legal person or arrangement*, i.e during their tax registration, for legal entities subject to this obligation under article M1 of the General Tax Code
 - *at the time of filing their Statistical and Tax Declaration (DSF)*, for legal persons subject to this obligation. This deadline is March 15 for legal persons of Large Taxpayers' Office (LTO), April 15 for those of the Medium Enterprise Tax Centers (CIME) and Specialised Tax Centers (CSI), and at May 15 for those of Divisional Tax Centers (CDI);
 - *within thirty (30) days following after their formation (incorporation)*, for legal arrangements.
96. It should be emphasised that the submission of beneficial ownership information upon registration concerns only legal persons registered after the entry into force of the new beneficial ownership requirements.
97. With regard to foreign legal arrangements managed in Cameroon or whose beneficiaries are resident in Cameroon, and subject to the registration requirement under Article M1 of the Manual of Tax Procedures, the submission of beneficial ownership information must be made upon registration and in any case within 30 days of their formation.
98. An supplementation declaration must be filed within forty-five (45) days from the occurrence of any event requiring the rectification or filing of additional information mentioned in the initial declaration.
99. On the other hand, legal persons existing at the time of entry into force of the new beneficial ownership obligations are required to submit the declaration alongside their statistical and tax return (annual return).

6.3 Content of the declaration

100. The declaration of the beneficial owners must include two types of information, namely: information relating to the reporting entity and information relating to the beneficial owner.

6.3.1 Information on the reporting company

a) For legal persons:

- The corporate name of the company;
- The address of the company's head office;
- The legal form ;
- The Trade Registration number (*RCCM*);
- The nature of its activities;
- The name, surname names, address and capacity of directors or representatives of the legal person authorised to act on its behalf;
- The identity of the shareholders or partners;
- The bank account numbers held in Cameroon and abroad;
- Any other information providing a clear view of the company's financial situation in particular the financial statements and, where applicable, the auditors' report.



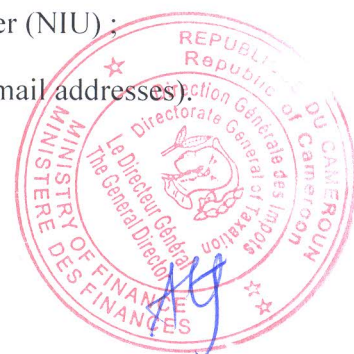
- The tax identification number.
- b) For legal arrangements
- i. The following information on the legal arrangement itself
 - The tax identification number;
 - The type and characteristics of the legal arrangement;
 - The Trade Registration number (*RCCM*);
 - The nature of its activities;
 - The identity of the members;
 - The bank account numbers held in Cameroon and abroad;
 - Any other information useful for assessing the financial situation of the legal arrangement in particular the financial statements and, where applicable, the auditors' report;
 - The tax identification number
 - ii. the following information on natural persons (directors or administrators resident in Cameroon or abroad), must be reported:
 - first and last name(s);
 - their nationalities;
 - dates and places of birth;
 - countries of residence;
 - their address in Cameroon or abroad;
 - their National Identity Card or passport, (for foreigners), as well as the date and place of issue and their period of validity.

6.3.2 Information on the beneficial owner

101. This concerns in particular information relating to the identity of the beneficial owner (a); information on the nature of control exercised by the beneficial owner (b) and finally information regarding the date on which the person became a beneficial owner (c).

a) *Information on the identity of the beneficial owner:*

- The name and surnames ;
- The nationality(ies) ;
- The date and place of birth ;
- The country of residence ;
- The occupation ;
- The telephone number ;
- The national ID card numbers (or passport numbers for foreigners), date and place of issue and their period of validity ;
- The foreign or Cameroon-issued Tax Identification Number (NIU) ;
- The exact addresses in Cameroon or abroad (postal and e-mail addresses).



b) Information on the type of control exercised by the beneficial owner

102. The declaration must specify nature of control exercised by the identified natural person(s) in the reporting entity. In other words, the nature and extent of shareholding, or the nature and extent of control over the legal person or legal arrangement by each beneficial owner, where applicable.
103. The declaration must also specify the exact percentage of share capital and/or voting rights held by the beneficial owner in the reporting entity. When such ownership is indirect, the declaration must specify the percentage of ownership, and all intermediary legal entities involved in the ownership chain with corresponding percentage shareholding for each.

c) Date on which the natural person became a beneficial owner

104. Article 12 of Decree No. 2023/06801/CAB/PM of September 27, 2023 provides that the declaration must indicate the date on which the natural person(s) became beneficial owner(s).
105. This is the date from which the natural person became the beneficial owner without interruption until the date of subscription of the declaration.

Example :

- On 05/05/2006, Mr. R became a 20% shareholder in a public limited company (SA), then fell to 15% on 03/18/2012 following an increase in share capital.
 - On 06/06/2020, following a transfer of shares owned by Madam S, Mr R increased his stake in the public limited company (SA) to 26%.
 - On 29/06/2023, Mr. R acquired additional shares and become a 30% shareholder, till date.
 - Since the date to report is the one from which Mr. R became the beneficial owner of the entity uninterrupted, the **06/06/2020** is the date to be reported, since Mr. R lost his status as beneficial owner between 03/18/2012 and 06/06/2020.
 - The fact that Mr. R increased his holding percentage on 29/06/2023 is inconsequential, since only the beneficial ownership itself matters.
106. A change in the nature of control exercised by the beneficial owner in the company is irrelevant in the determination of the date from which a person became a beneficial owner. If from 01/01/2014, Mr. R is the beneficial owner of a company by virtue of control exercised through other means, and later on he acquires 30% shares but loses his control through other means on 31/12/2016, Mr. R will be declared as beneficial owner in respect of his 30% shareholding or voting rights since 01/01/2014, even if on that date Mr. R was in fact the beneficial owner only by virtue of control through other means.
107. If a natural person is a beneficial owner from the creation of the legal person or legal arrangement, this can be reported in three ways: either report the date of registration with the company register (**RCCM**), or date of signature of the Articles of Association or date of holding of the constituent general meeting.



6.3.3 Date and signature of legal representatives

108. Beneficial ownership documents are dated and signed by the legal representatives of reporting legal entities or legal arrangement.
109. To file their beneficial ownership declarations, legal entities and legal arrangements must appoint person in charge of such reporting, or outsource such obligation.

6.3.4 Filing beneficial ownership declaration


110. The online submission of beneficial ownership information is made following the steps below:
 - a. Access the plateforme via the following link: <https://bef.harmony2.cm/>;
 - b. On the login page, insert the required login information, namely the TIN and password. Where the reporting entity does not have a tax account, it must create one by following the instructions specified on the declaration interface or any other help media available on the Internet portal of the Directorate General of Taxation;
 - c. Click on the New Declaration button;
 - d. Complete the form step by step: the year concerned, the reporting entity, the beneficial owner(s);
 - e. View the summary of the declaration;
 - f. Validate the declaration form.

6.3.5 Sanctions

111. In accordance with Article M104 of the Manual for Tax Procedures, entities, administrators of legal arrangements and beneficial owners who fail to comply with identification, retention of documents, updating and declaration obligations mentioned above are liable to a fixed fine of up to 5 million FCFA.
112. The application of this sanction is preceded by a prior formal notice, at the request of the International Information Exchange Unit (UEIR) or the relevant taxation office. This notice gives the defaulter an additional period of fifteen (15) days to comply.
113. Upon the expiry of this time limit, and if the entity has still not complied, the relevant taxation office shall impose a fine and give notice to the entity concerned. Recovery proceedings shall be enforced immediately by the relevant Revenue Collector.
114. Pursuant to the provisions of article M99 of the Manual of Tax Procedures, the late filing of the beneficial owner's declaration and the absence or failure by legal persons and legal arrangements to update their internal register of beneficial owners, are liable to a fine of one million FCFA. This fine is applied without prior notification by the Relevant Taxation Office.

7. FINAL PROVISION

115. These prescriptions, which repeal any other interpretation contrary to the present, must be strictly observed, and any challenges brought to my attention/-

The Director General of Taxation

MEYONG ABATH Roger Athanase