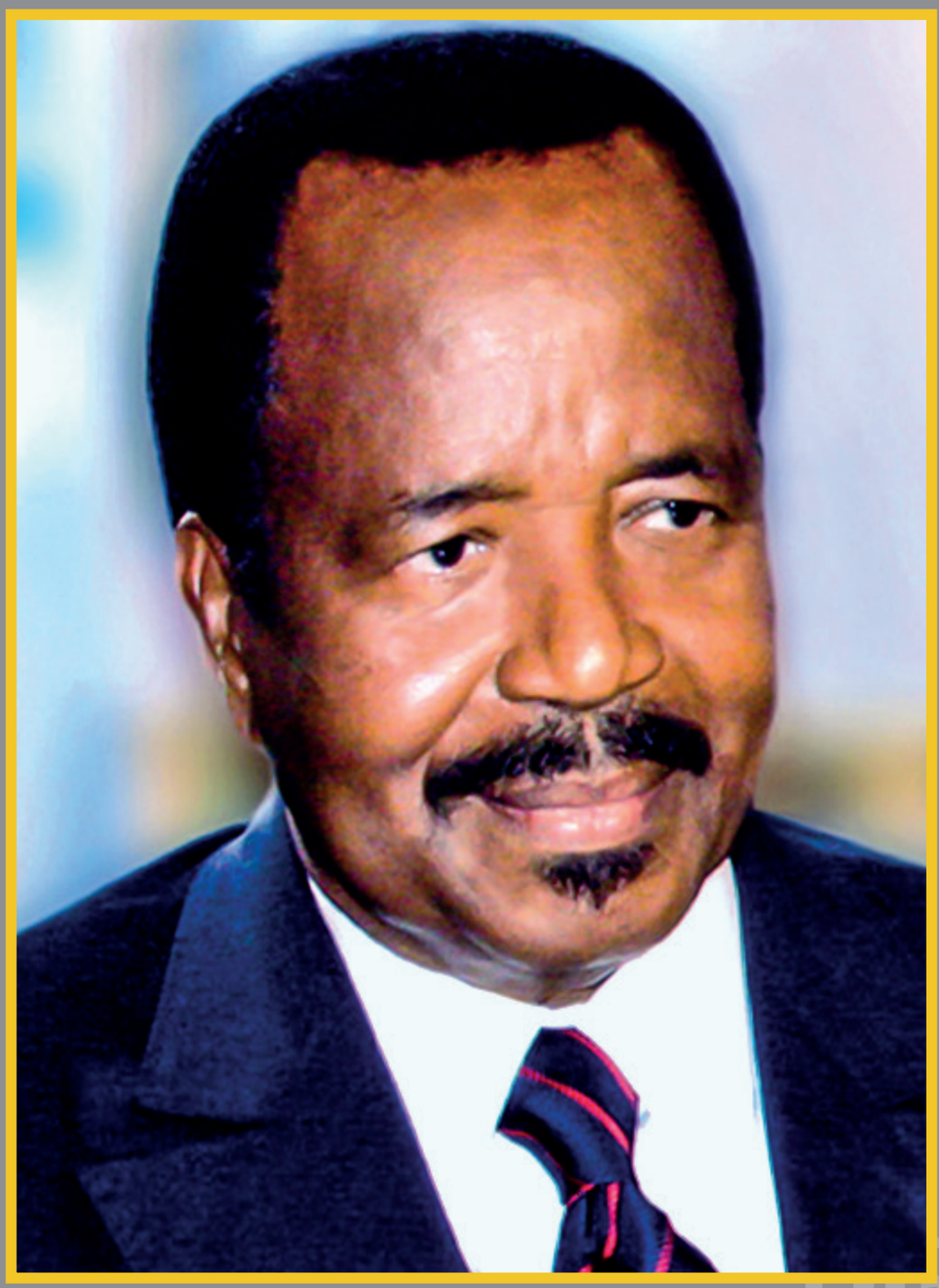
REPUBLIC OF CAMEROON
Peace-Work-Fatherland

MINISTRY OF FINANCES

Directorate General of Taxation
Annual Report
2014



H.E PAUL BIYA
President of the Republic of Cameroon

DGI
Direction Générale des Impôts

Mr PHILEMON YANG
Prime Minister – Head of Government

Mr ALAMINE OUSMANE MEY
Minister of Finance

Mr PIERRE TITTI
Minister Delegate to the
Minister of Finance

Mr URBAIN NOEL EBANG MVE
Secretary General Ministry of Finance

FOREWORD
BY THE MINISTER OF FINANCE

The year 2014 was marked by a significant surge in Cameroon`s need for resources with regards to public finances.

As a matter of fact, the execution of large-scale developmental projects advocated by the President of the Republic, H.E Paul BIYA, to enable Cameroon become an emerging country by the year 2035, progressed by leaps and bounds within this financial year.

It is worth noting that besides the financing of major developmental projects, the need for resources intensified in the year 2014 with the growing insecurity along the Northern and Eastern borders of our country.

On the global scene, the major development was the plummeting oil prices that had a positive impact on public finances with regards to the effects of the subsidisation of the prices of petroleum products. However, this sharp fall in oil prices had a nefarious effect on projected State resources with regards to the sale of the said raw material.

Against this backdrop, the budget strategy of the Ministry of Finance then focused on improving the mobilisation of domestic fiscal resources. A strategy inspired by the diversified nature of our economy, which has recorded a steady growth since the year 2010 that settled at GDP 5.9% in 2014.

To implement this strategy, the tax administration initiated a wave of reforms aimed at enhancing its performance and output.

These reforms mostly involved its reorganisation. In this regard, the signing on 28 February 2013 of a new organisation chart by the Head of State enabled the Directorate General of Taxation to give fresh impetus to its structures responsible for coordination as well as those entrusted with operational tasks. As for the latter, the "segmentation" method of managing taxpayers was taken a step further in the year 2014 with the restructuring of the Large Taxpayers Unit and the creation of three (3) new Medium Size Taxpayer Offices, thereby maximising VAT management.

Other reforms mostly set out to modernise and simplify procedures, with a major innovation being the introduction of e-filing at the Large Taxpayers Unit and the streamlining of the national taxpayers' index.

These reforms, which were initially confined to "tax administration", contributed to improve procedures and working methods at the Directorate General of Taxation.

Undoubtedly, they accounted for the upward trend in the mobilisation of tax revenue observed at the Directorate General of Taxation since the end of fiscal year 2013.

This 2014 annual report, constitutes a fundamental medium for describing and analysing activities carried out by the Tax Administration within this period. It is accessible to people of every walk of life who may find therein information for a better understanding of this critical sector of the Ministry of Finance.

Alamine OUSMANE MEY
Minister of Finance

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ABSTRACT

Mobilisation of domestic resources during the 2014 fiscal year was carried out in an economic environment marked by the consolidation of Gross Domestic Product (GDP) growth. On the rise since 2010, the GDP growth continued in 2014 to settle at 5.9%[1], despite an environment characterised by important security challenges along the Northern and Eastern borders of Cameroon. The year 2014 also witnessed an initial drop in the world prices of raw materials in general, and oil in particular.

Against this backdrop, the Directorate General of Taxation (DGT) mobilised gross tax revenue worth **FCFA 1 700 500 million,** representing an upturn of **FCFA 206 000 million** in absolute value and **13.8%** in relative value in 2014 as compared to 2013. This amount was broken down into State budgetary revenue and revenue allotted to local Authorities (DTA) and Public Administrative Establishments (EPA).

In terms of budgetary revenue, **FCFA 1 548 800 million** was collected. This budgetary revenue included non-oil tax revenue and Tax on Oil Companies (CT). In comparison to the objective of **FCFA 1 240 000 million** set by the Finance Law, non-oil tax revenue collected stood at **FCFA 1 387 100 million**, representing an achievement rate of **111.9%**. Out of the **FCFA 172 000 million** initially expected from the oil company tax, **FCFA 161 700 million Francs** was effectively collected, representing an achievement rate of 94.0%. As regards revenue allotted, the DGT mobilised **FCFA 151 700 million**, representing **FCFA 107 500 million** for DTA and **FCFA 44 200 million** for EPA.

Throughout the 2014 fiscal year, the non-payment of taxes and duties by certain public enterprises facing financial difficulties and tax exonerations had a negative impact on the output of the DGT. As for public enterprises in particular, revenue not collected by the DGT in 2014 stood at almost **FCFA 116 300 million**. These revenue shortfall did not however undermine the performance of the tax administration.

The main taxes in our tax system, notably VAT, non-oil Company Tax and excise duty recorded a net upturn, as compared to 2013. VAT domestic revenue reached the sum of **FCFA 457 900 million,** showing a growth rate of 8.2% as compared to 2013 where it settled at **FCFA 423 200 million**. Non-oil Company Tax stood at **FCFA 298 000 million**, representing 15.3% growth rate. As for excise duty, which stood at **FCFA 106 400 million**, an **11.3%** growth rate was recorded.

The above results were obtained within a context of introduction of reforms targeting an optimal mobilisation of domestic tax resources and an improvement in the quality of the service provided to users. In essence, these reforms included the capacity building of the tax administration on a more effective system of managing the different risks involved in filing of returns and the payment of taxes and duties. They also involved the modernisation of procedures with the introduction of ICTs in tax administration, notably though the e-filing mechanism for Large enterprises.

1 The GDP increased thanks to the dynamism observed in the industries, Banking and ITCs and general trade sectors.

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LIST OF ACRONYMS

BIC Industrial and commercial profits
NCB Non-commercial Profits
BPW Building, Public Works
CAFCAM French Business Circle in Cameroon
DTC Divisional Taxation Centre
GTC General Tax Code
MTO Medium Size Taxpayer Office
RTC Regional Taxation Centre
RTC A Regional Taxation Centre for Adamawa
RTC C 1 Regional Taxation Centre for Centre 1
RTC C 2 Regional Taxation Centre for Centre 2
RTC FN Regional Taxation Centre for Far North
RTC L 1 Regional Taxation Centre for Littoral 1
RTC L 2 Regional Taxation Centre for Littoral 2
RTC N Regional Taxation Centre for North
RTC NW Regional Taxation Centre for North-West
RTC W Regional Taxation Centre for West
RTC S Regional Taxation Centre for South
RTC SW Regional Taxation Centre for South-West
STC Specialised Taxation Centre
CSPLI Specialised Tax Centre for Liberal Professions and Real Estate
CTD Regional and Local Authority
ED Excise Duty
DE Registration duty
DEPRF Division for Studies, Planning and Tax Reforms
LTU Large Taxpayers Unit
DGT Directorate General of Taxation
DGTCFM Directorate General of Treasury and Financial and Monetary Cooperation
DLRFI Division for Legislation and International Fiscal Relations
DSSI Division for Statistics, Simulations and Registration
EPA Public Administrative Establishment
GEX Cocoa and coffee exporters union
GICAM Cameroon Employers' Union
IRCM Tax from Income from Stocks and Shares
IRPP Personal income tax
FL Finance Law
TIN Taxpayer Identification Number
NTIC New Information and Communication Technologies
GDP Gross Domestic Product
PSREP Livestock and fishery revenue enhancement programme
PSRMEE Mines, water and energy revenue enhancement programme
AFR Annual Forestry Royalty
SCDP Cameroon Petroleum Depots Company
SNH National Hydrocarbons Corporation
SONARA National Refinery Company
CET Common External Tariff
ICT Information and Communication Technologies
STPP Special Tax on Petroleum Products
STPP Special Income Tax
VAT Value AddedTax

I

THE DIRECTORATE GENERAL OF TAXATION IN BRIEF

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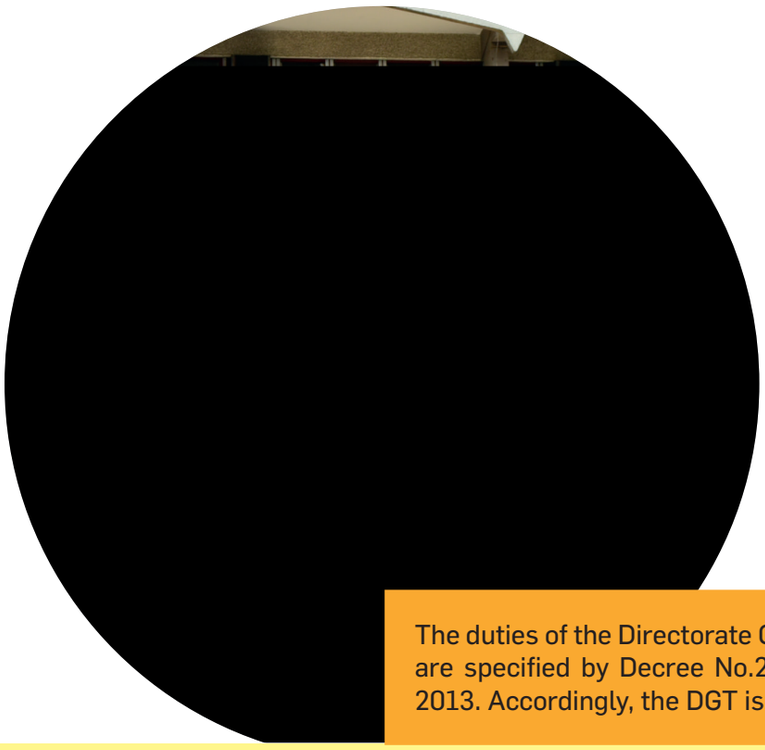
The Directorate General of Taxation (DGT):

Secular arm of the State and of Local Authorities (D in the collection of resources

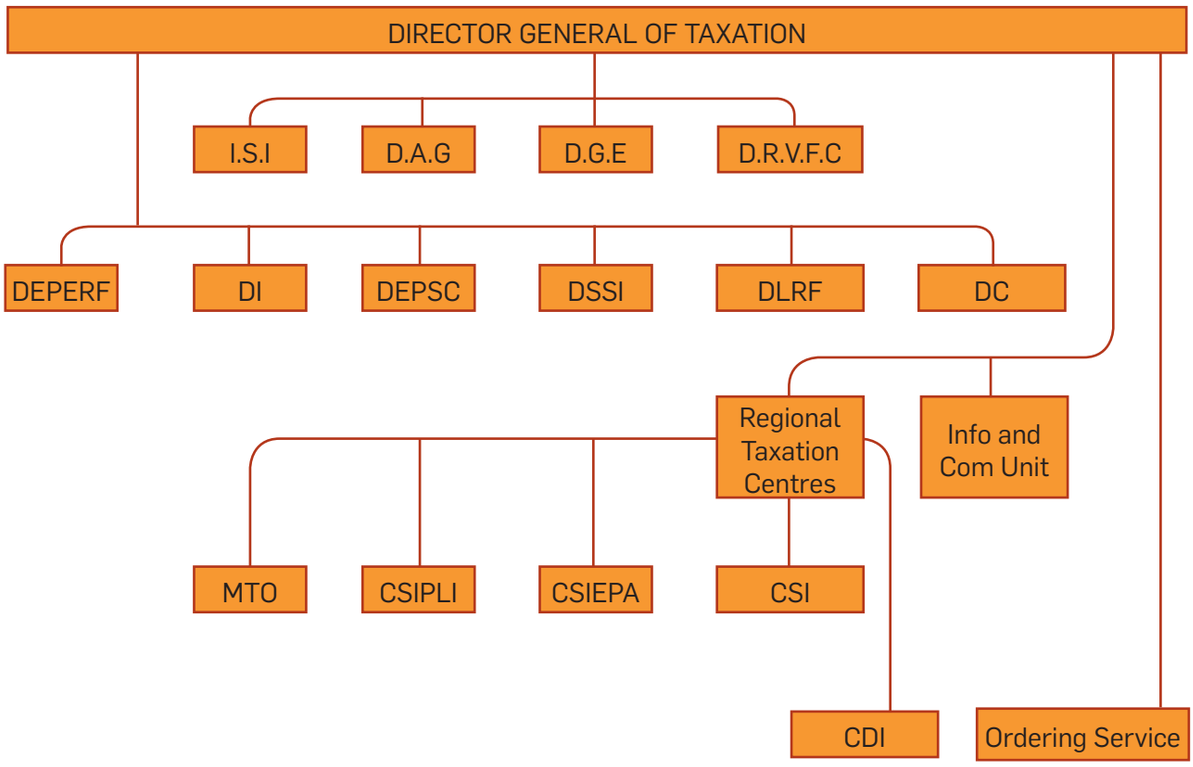


The duties of the Directorate General of Taxation (DGT) are specified by Decree No.2013/066 of 28 February 2013. Accordingly, the DGT is responsible for the:

- elaboration of legislative and regulatory texts with regard to direct and indirect taxes, registration fees, stamp duty, royalties and diverse taxes, notably taxes on oil, mining, forestry, agriculture, livestock and fishing products, including all taxes and duties that fall within the competence of the DGT, in collaboration with the administrations concerned;
- control, coordination and facilitation of taxation services;
- collection, centralisation, provision and monitoring the use of fiscal information;
- identification, location and registration of taxpayers;
- issuance and collection of direct and indirect taxes, registration fees, stamp duty, royalties and diverse taxes;
- audits of direct taxes, registration fees, stamp duty, royalties and diverse taxes;
- collection and use of fiscal information on landed property;
- trusteeship;
- centralisation of data on the issuance and collection of direct and indirect taxes;
- fight against tax fraud and offences;
- examination of requests for review and taxpayers' claims concerning tax assessments;
- Tax treaties and agreements.

Organisation Chart of the DGT

To accomplish its missions, the DGT is divided into central services (10 departments and structures of similar rank) and devolved services (12 Regional Taxation Centres[2]).



ISI : Internal Audit Service
DAG : Department of General Administration
LTU : Large Taxpayers Unit
DRVFC : Department of Tax Collection, Fiscal Values and Stamp Duty
DEPRF: Division for Studies, Planning and Tax Reforms
DEPSCF: Division for Investigations, Programming and Monitoring of Tax Audits
DSSI : Division for Statistics, Simulations and Registration
DI : Information and Communication Technology Division
DLRFI : Division for Legislation and International Fiscal Reforms
DC : Division for Disputes
MTO : Medium Size Taxpayer Office
CSIPLI : Specialized Taxation Centre for Liberal Professions and Real Estate
CSIEPA : Specialized Taxation Centre for Public Administrative Establishments, Local Authorities and other Bodies
STC : Specialized Taxation Centre
DTC : Divisional Taxation Centre

[2] The Centre and Littoral regions, because of their potentials, host two (02) Regional Taxation Centres.

CENTRAL SERVICES

The central services of the Directorate General of Taxation comprise ten (10) departments and similar structures

Central services and their officials

Modeste MOPA FATOING
General Director of Taxation

Philip PENANJE
Head of the Internal Audit Service

Mariamou KASSIMOU
Director of General Administration

Marie-Catherine MBARGA
Director of Tax Collection, Fiscal Values and Stamp Duty

Nicolas HIOL
Head of the Division for Studies, Planning and Monitoring of Tax Reforms

Dorothy AGBOR
Head of the Division for Statistics, Simulations and Registration

Roger MEYONG
Director of Large Taxpayers Unit

Roland ATANGA FONGUE
Head of the Division for Legislation and International fiscal Relations

OUMAR ALI
Head of the Division for Disputes

ETOA KESSEK
Head of the Division for Investigations, Programming and Monitoring Tax Audit

David MAMOUDOU
Head of the Division for Information and Communication Technology

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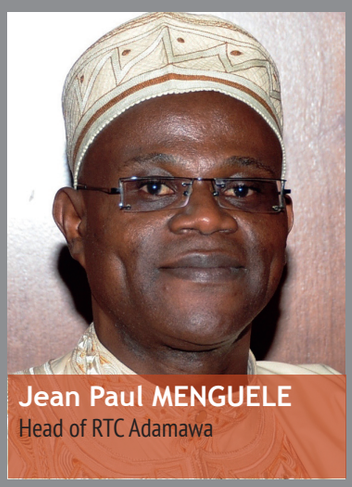
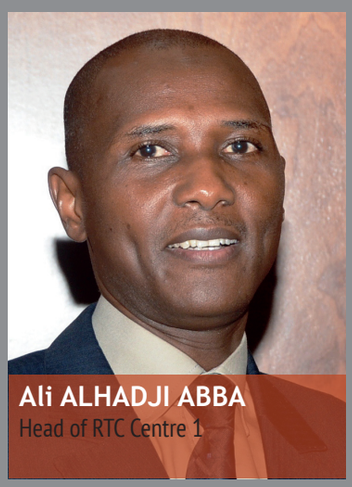
DEVOLVED SERVICES

The devolved services of the Directorate General of Taxation are composed of twelve (12) Regional Centres

Officials of devolved services of the DGT

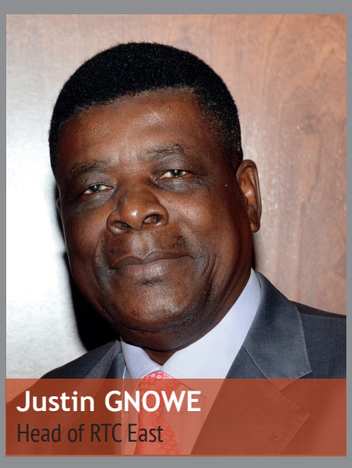


Jean Paul MENGUELE
Head of RTC Adamawa



Ali ALHADJI ABBA
Head of RTC Centre 1

Clotaire MBELE
Head of RTC Centre 2



Justin GNOWE
Head of RTC East

OUSMANOU NASSOUROU
Head of RTC Far North

Joseph ODI
Head of RTC Littoral 1

Augusta C. EKWELLE
Head of RTC Littoral 2

Luc Désiré NKONO
Head of RTC North

FONYUY FIDELIS BERNSAH
Head of RTC North-West

Amadou MOHAMAN
Head of RTC West

Georges Itoé SAKWE
Head of RTC South

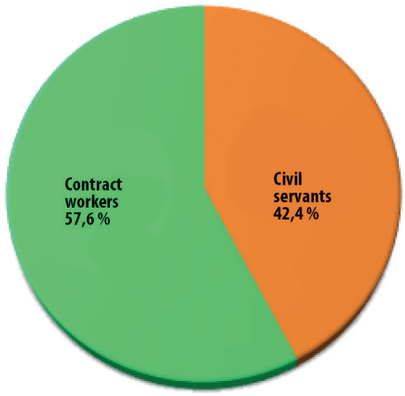
Josué LIHINACK
Head of RTC South-West

DGT Staff per status

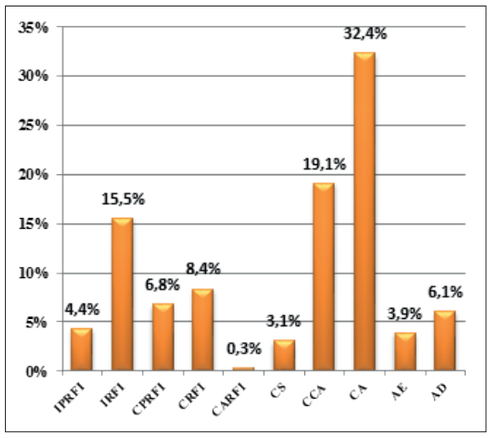
As of 2014, the Directorate General of Taxation employs a total of 3 893 employees distributed as follows:

- 1 650 civil servants, including 1 378 experts, 120 support staff and 152 State agents;
- 2 243 contract employees.

Status	Number	%
Civil servants	1 650	42,4%
Contract employees	2 243	57,6%
Total	3 893	100,0%



Ranks		Nber
Civil servants	Senior Tax Inspectors (IPRFI)	170
	Tax Inspectors (IRFI)	605
	Senior Tax Controllers (CPRFI)	265
	Tax Controllers (CRFI)	326
	Assistant Tax Controllers (CARFI)	12
	Support staff (CS)	120
	State Agents (AE)	152
	Total civil servants	1 650
Disputes	Senior Contract Workers (CCA)	744
	Contract Workers (CA)	1 260
	Categories 1 to 6 employees (AD)	239
	Total contract employees	2 243
Total DGI		3 893

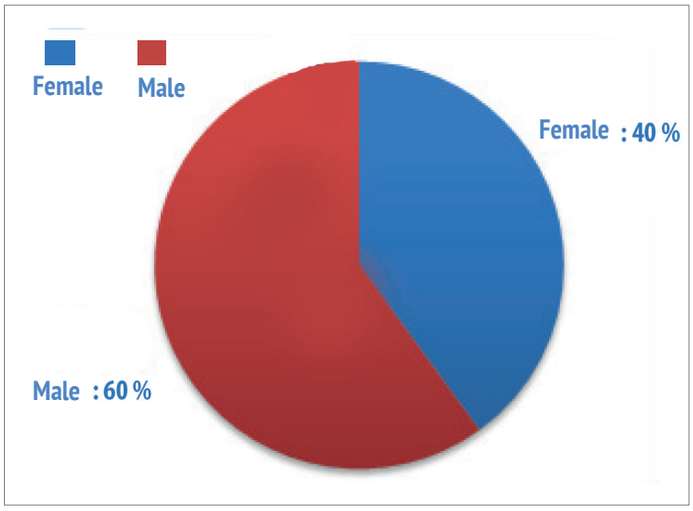


DGT staff per gender

Males account for 60% of the DGT staff, representing 2 336 employees as against 40% for females, who are 1 557 in number.

Gender	Number	Rate
female	1557	40%
Male	2336	60%
Total	3893	100%

Source : DGI



Box 0.1.

Human Resources : **the bedrock of the DGT**

Human Resource (HR) is at the heart of the revenue mobilisation strategy of the DGT. Given that it is compelled to rely on a quality and motivated human resource to meet the challenges of optimal mobilisation of resources and improvement of the quality of service, the Cameroonian tax administration strives to employ executives and personnel that is capable of adapting rapidly and effectively to the changes in its environment, to the various developments and evolutions and be ready to respond to the exigencies of performance.

For this purpose, the DGT relies on a group of seasoned tax specialists, capable of responding effectively to operational expectations in terms of management, tax control and collection as well as regarding the implementation of reforms, modernisation of procedures, facilitation and coordination of operational services.

In this regard, Tax Inspectors and Controllers working at the DGT, after undergoing an initial training at the National School of Administration and Magistracy (ENAM), continue developing their capacities throughout their professional career thanks to the tax administration and its partners. The continuous training allows for permanent harmonisation of the available human resources with the necessary skills to reach objectives targeted and the implementation of current and future reforms.

Apart from its specialised staff, the DGT is also open to other corps, notably as concerns specialised support skills (Statistics, Computing,...).

In addition to these two (02) categories, the DGT also employs a good number of support staff and category 1 to 6 employees, who upon absorption into the tax administration benefit from an induction training, promptly enhanced by specific training on the various fiscal trades and ongoing reforms.

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STATISTICS OF THE 2014 FISCAL YEAR

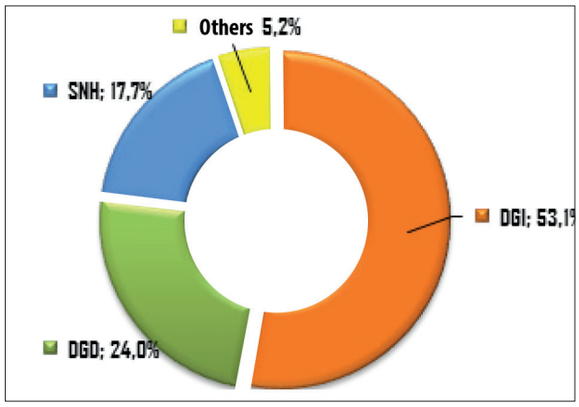
A. DGT, top in the mobilisation of State resources in 2014

In 2014, State budgetary revenue (excluding grants) rose to FCFA 2 919 000 million, with the DGT contributing FCFA 1 548 800 million, representing 53.1% to total State resources excluding grants. The table below details the different sources of contribution to the State budget:

Table 1: State of budgetary revenue mobilisation per administration in 2014
Unit: FCFA thousand million

	Amount	Contribution
DGT	1 548,8	53,1%
DGC	700,1	24,0%
SNH	517,0	17,7%
Others	152,1	5,2%
Total Revenue	2 919,0	100,0%

Source: Public Finance Performance Indicators (TABORD)



FCFA 1 700,5 billion collected by the DGT in 2014

Box 1.1.

Sources of State budget revenue

The State budgetary of Cameroon is chiefly composed of:

- tax revenue and domestic duties;

- customs duties;

- oil revenue;

- other revenue.

***Tax revenue and domestic duties collected by the DGT** comprise revenue derived from compulsory deductions, whether direct (company tax (IS) and personal income tax (IRPP)) or indirect (Value Added Tax, Special Tax on Petroleum Products, Excise Duties, ...).*

***Customs duties collected by the DGC** comprise dues derived from the enforcement of the Common External Tariff (TEC), VAT on imports, excise duties and other taxes withheld upon entry.*

***Oil revenue** is mainly composed of SNH royalties paid into the Public Treasury.*

***Other revenue** comprises non-tax resources like service revenue and retirement contributions, including pipeline transit duties and privatisation revenue.*

The notion of budgetary revenue excludes deductions whose proceeds are allotted to outfits other than the State like local Authorities (CTD) and Public Administrative Establishments (EPA).

*However, beyond the collection of taxes for the State budget, the DGT also mobilises revenue for CTD and EPA. These revenues allotted to CTD comprise, among others, Additional Council tax (CAC) on the main State taxes, a share of the registration duties, windscreen licence, property tax, ... Those collected for EPA comprise Audio-visual royalties (RAV) and contributions to the NEF and to CFC. In the year 2014, allotted revenue, collected by the DGT stood at **CFA 151 700 million.***

*As a whole, at the close of the 2014 fiscal year, all the resources mobilised by the DGT (for the State and other public structures) stand at **FCFA 1 700 500 million.***

B. Detailed analysis of resources collected by the DGT in 2014

1-Budgetary resources

Under budgetary resources collected by the DGT, feature non-oil tax revenue (a) and tax on oil companies (b).

a) Non-oil tax revenue

The 2014 Finance Law (LF) set a non-oil tax revenue collection target of FCFA 1 240 000 million to the DGT (see Box 1.2. below). At the close of the fiscal year, results indicate a mobilisation of FCFA 1 387 100 million, representing a surplus of target of FCFA 147 100 million in absolute terms and of +11.9% in relative terms. As compared to the year 2013, during which these revenues stood at FCFA 1 230 400 million, they increased by FCFA 156 700 million, representing an upturn of +12.7% in relative terms.

I. Monthly distribution of non-oil revenue mobilised by the DGT in 2014

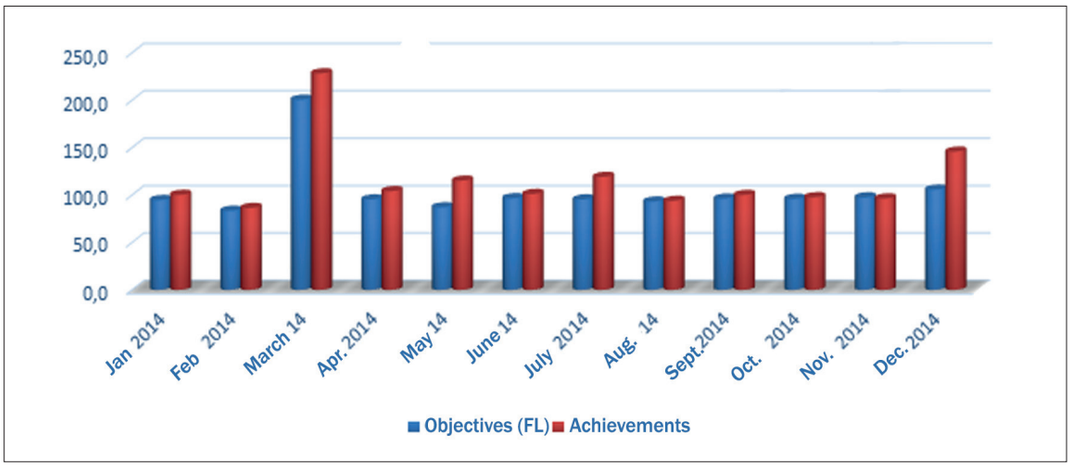
The average monthly mobilisation of non-oil tax revenue stood at FCFA 115 600 million in 2014, peaking at FCFA 228 200 million in March[3].

FCFA 228,2 billion collected by DGT In march 2014

Table 2: Collection of non-oil tax revenue in 2014
Unit: FCFA thousand million

	Janv. 2014	Feb. 2014	March 2014	April 2014	May 2014	June 2014	July 2014	August 2014	Sept. 2014	Oct. 2014	Nov. 2014	Dec. 2014	Total 2014
Objectives (LF)	94,6	83,3	200,4	95,3	86,9	96,5	95,3	93	96,1	95,8	97,4	105,6	1 240,0
Achievement	100,1	86,3	228,2	104	115,1	101	119	93,8	100,0	97,6	96,3	145,7	1 387,1
Rate of achievement	105,8%	103,6%	113,9%	109,2%	132,5%	104,7%	124,9%	100,9%	104,1%	101,9%	98,9%	138,0%	111,9%
Contribution	7,2%	6,2%	16,5%	7,5%	8,3%	7,3%	8,6%	6,8%	7,2%	7,4%	6,9%	10,5%	100,0%

Source: MINFI/DGI & TABORD



[3] March is singular in the monthly cycle of revenue mobilisation by the DGT. From the legal standpoint, it is the month for remitting in non-oil corporate tax balances. Results of this month are therefore always widely above average. To a lesser extent, the same applies to the month of December, a month for adjustment par excellence of revenue collected, but not recorded during a given fiscal year.

Box 1.2.

Terms for setting objectives for the DGT

Every year, the Finance Law sets objectives for the Directorate General of Taxation in terms of mobilisation of non-oil tax revenue.

Non-oil tax revenue constitutes the core of resources mobilised by the DGT. They form the basis for appraising the performance of the tax administration. The level of non-oil tax resources reflects the ability of a tax administration to reduce the fiscal gap, representing the difference that exist between the total revenue to be collected as prescribed by laws and regulations in force as well as the revenue effectively mobilised by operational structures at the close of the fiscal year. Likewise, they help to measure the ability of a tax administration to reach the objectives set by the Finance Laws.

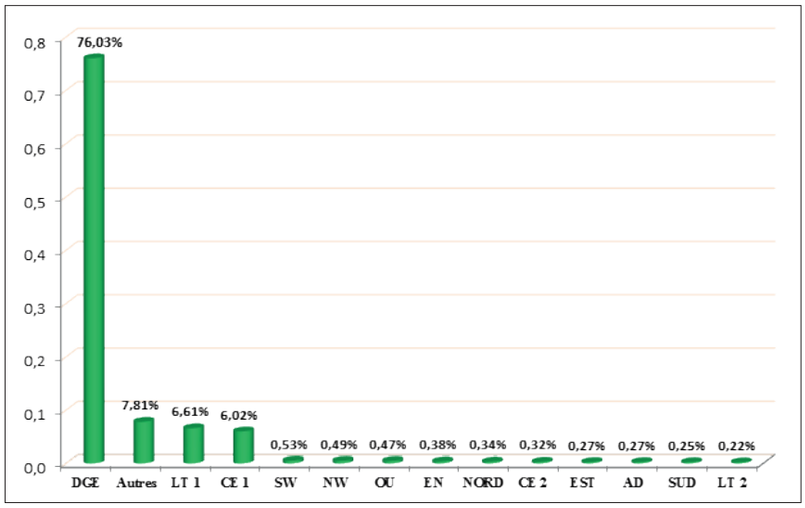
This objective is set taking into consideration the following elements:

- *the output of non-oil tax revenue for the year n-1;*
- *the real non-oil GDP growth rate of the period concerned;*
- *the non-oil GDP deflator of the period concerned;*
- *the non-oil GDP nominal rate (combined effect of the real GDP growth rate and the GDP deflator);*
- *new fiscal measures found in the Finance Law, aimed at increasing resources;*
- *additional revenue derived from measures implemented to improve tax administration.*

II. Distribution of non-oil tax revenue collected by the DGT per operational structure in 2014

Table 3: Contributions of operational structures
Unit: FCFA thousand million

Structures	Year 2014	
	Achievement	Share in relative terms
Large Taxpayers Unit (LTU)	1 054 576,3	76,0%
RTC Adamawa	3 697,7	0,3%
RTC Centre 1	83 510,4	6,0%
RTC Centre 2	4 437,1	0,3%
RTC East	3 799,2	0,3%
RTC Far North	5 212,6	0,4%
RTC Littoral 1	91 631,7	6,6%
RTC Littoral 2	2 982,5	0,2%
RTC North	4 761,6	0,3%
RTC North-West	6 758,5	0,5%
RTC West	6 458,7	0,5%
RTC South	3 517,0	0,3%
RTC South-West	7 347,8	0,5%
Others	108 388,9	7,8%
Total DGI	1 387 080,0	100,0%



Source : DGI

The contribution of each operational structure varies depending on its potential (see Box 1.3. below).

Potential of operational structures of the DGT

Box 1.3.

The Large Taxpayers Unit (LTU) with 408 taxpayers in 2014 constitutes the highest revenue mobilisation unit, in terms of revenue mobilised by the DGT, representing close to 76.0%. The LTU has national competence and groups the biggest ***enterprises across the national territory,*** *defined as those that have a turnover (CA) above* ***FCFA 3 000 million *.***

The Regional Taxation Centre for Littoral 1 (administrative territory of Wouri) and the Regional Taxation for Centre 1 (administrative territory of Mfoundi) constitute the second and third revenue mobilisation units for the DGT. As of 2014, they were the only centres with Medium Size Taxpayer Offices (MTO). MTOs group taxpayers with an annual turnover that varies between ***FCFA 50 million*** *and* ***FCFA 3 000 million.***

*The Regional Taxation Centre for Littoral 1 (RTCL1) had three (03) MTOs in 2014 and that of Centre 1 (RTCC1) two (02) MTOs**. For revenue collection, RTCC1 covering the city of Yaounde relies on an important network of public establishments and State service providers. On the contrary, the fiscal resources of RTCL1 depend more on an economic activity drawn from the private sector.*

The ten (10) other Regional Taxation Centres have a potential that varies depending on the level of economic activities. In 2014, none of them had an MTO.

*Other stakeholders participate in the mobilisation of resources for the DGT. They are public accountants in terms of taxes withheld at source from the salaries of State employees (FCFA 28 900 million in 2014), VAT withheld at source from public contracts and the other from externally funded contracts (FCFA 78 400 million in 2014) as well as the revenue from the tax revenue enhancement programmes*** (FCFA 1 200 million). All these stakeholders are grouped under the heading "Others".*

** In 2013, the threshold for assigning a taxpayer to the LTU was FCFA 1 000 million.*

*** Up to 2013, each of these regional taxation centres had only one (01) MTO.*

**** These are mostly the Livestock and Fishery Revenue Enhancement Programmes (PSREP) and the Mines, Water and Energy Revenue Enhancement Programmes (PSRMEE), with the other Programmes playing the role of coordination rather than tax base.*

iii. The evolution of non-oil tax revenue of the DGT per production unit between 2013 and 2014

Compared with 2013, the global output of production units of the DGT increased in 2014 as presented in the table below :

Table 4: Evolution in the output of the operational structures as compared to 2013
Unit: FCFA thousand million

Structures	Realisations		Variations 2014/2013
	2014	2013	
Large Taxpayers Unit (LTU)	1 054 576,3	972 606,8	+8,4%
RTC Adamawa	3 697,7	3 506,9	+5,4%
RTC Centre 1	83 510,4	74 589,2	+12,0%
RTC Centre 2	4 437,1	3 703,3	+19,8%
RTC East	3 799,2	3 022,2	+25,7%
RTC Far North	5 212,6	4 036,7	+29,1%
RTC Littoral 1	91 631,7	66 856,2	+37,1%
RTC Littoral 2	2 982,5	2 669,1	+11,7%
RTC North	4 761,6	3 546,5	+34,3%
RTC North-West	6 758,5	4 802,9	+40,7%
RTC West	6 458,7	6 215,4	+3,9%
RTC South	3 517,0	2 157,8	+63,0%
RTC South-West	7 347,8	6 352,3	+15,7%
Others	108 388,9	76 334,70	
Total DGT	1 387 080,0	1 230 400,0	12,7%

Source : DGI

The evolution is quite significant in the Regional Taxation Centre Littoral 1 (RTCL 1), in absolute as well as in relative terms. The impact on revenue collected in 2014 by RTCL 1 reversed the long sought trend[4]. Indeed, in terms of tax revenue mobilised, RTCL 1 for the first time in many years overtook RTCC 1. This increase in the output of RTCL 1 confirmed the real potential, at fiscal level, of this fiscal region.

IV. Distribution of non-oil tax revenue collected by the DGT per fiscal function in 2014

• Non-oil tax revenue collected by the DGT per fiscal function in 2014

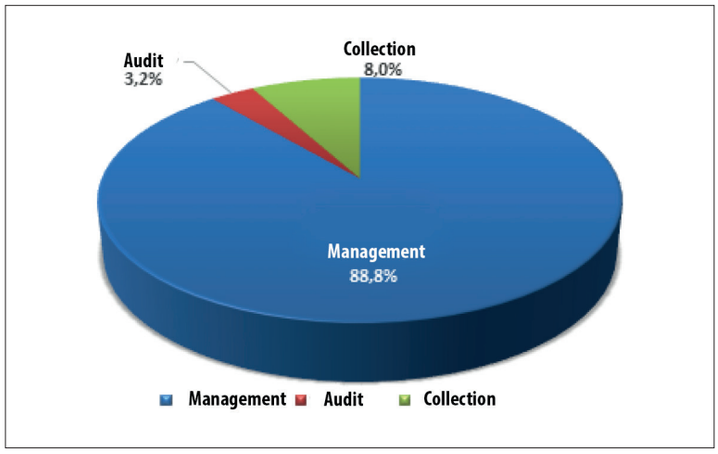
Three fiscal functions contribute to the mobilisation of resources within the DGT, namely **"management", "audit" and "collection"** (see Box 1.4.).

[4] For several years, the poor performance of CRIL1 ranked it behind CRIC1, in terms of output.

Table 5: Output of the DGT per fiscal function

Functions	Achievement (in CFA million F)	Contributions
Management	1 231 025,7	88,8%
Audit	44 603,2	3,2%
Collection	111 471,1	8,0%
Total	1 387 100,0	100,0%

Source : DGI



88,8 %
of taxes are spontaneously paid by taxpayers in 2014

Fiscal functions within the DGT

Box 1.4.

The management function helps in the collection of taxes and duties filed in and paid voluntarily by taxpayers. This mostly includes taxes and duties resulting from monthly and annual returns. Revenue derived from this function is the most significant because the Cameroonian tax system is based on self assessment. In 2014, the management function contributed* ***88.8%*** *of the total revenue collected by the DGT, representing an output of* ***FCFA 1 231 000 million,*** *in absolute value. In detail, the tax administration collected FCFA 1 024 100 million, in terms of voluntary monthly payment; tax balances paid annually,* ***FCFA 137 100 million****; VAT and income tax (IR) in commitment voucher zone (ZBE),* ***FCFA 22 000 million*** *and tax on the wages and salaries of State employees (I/TS),* ***FCFA 28 900 million****.*

The audit function, for its part, enabled the collection of additional revenue derived from tax adjustments, subsequent to flaws in the tax returns of taxpayers. In 2014, ***FCFA 44 600 million*** *was collected as a result of tax audits.*

As for the collection function, it involves that part of tax administration activities that contribute to the collection of accrued taxes derived generally from returns that are not accompanied by any means of payment or arrears resulting from tax claims filed by taxpayers, at the end of which it is acknowdged that the tax is owed by the competent structures. The collection function contributed ***FCFA 111 500 million,*** *in 2014, representing a contribution of 8.0% as compared to total revenue.*

**** The taxpayer personally declares their turnover and the corresponding taxes. The tax administration then merely exercises its audit right over the said returns to ascertain sincerity.***

• Evolution in non-tax revenue collected by the DGT per fiscal function between 2013 and 2014

The table below illustrates the trend in revenue per fiscal function between 2013 and 2014:

Table 6: Evolution in revenue per fiscal function between 2013 and 2014

Functions	Achievement 2014	Achievement 2013	Evolution 2014/2013
Management	1 231 025,7	1 113 126,6	+10,6%
Audit	44 603,2	15 559,4	+186,7%
Collection	111 471,1	101 714,0	+9,6%
Total	1 387 100,0	1 230 400,0	+12,7%

Source : DGI

The table reveals that revenue derived from all fiscal functions witnessed an increase year-over-year. Thus, revenue derived from the audit function sharply increased (+186.7%) between 2013 and 2014, even if in absolute terms its contribution to total revenue collected by the DGT remained low. Revenue derived from the management function then follows, increasing by 10.6% and finally, that generated by the collection function rose by 9.6%.

V. Distribution of non-oil tax revenue per tax type in 2014

• Non-oil tax revenue collected by the DGT per tax type in 2014

The performance of major taxes (see Box 1.5. below) and their contribution to total output at the DGT for the 2014 fiscal year is illustrated in the table below:

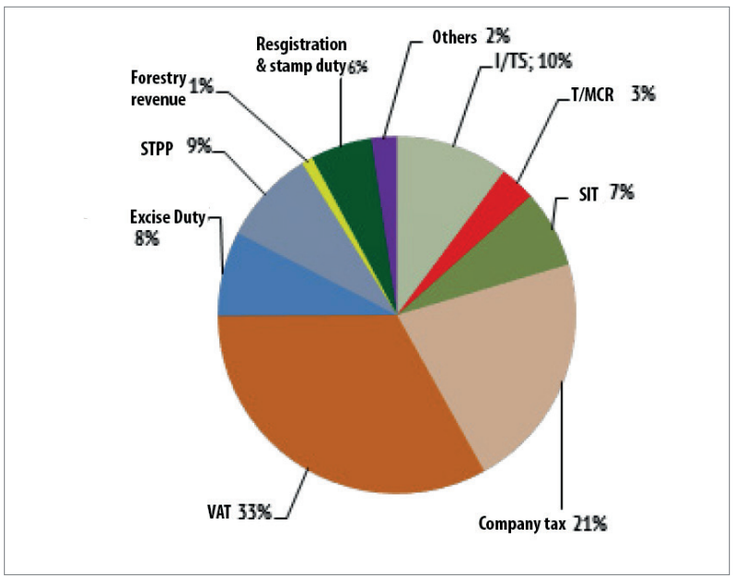


Table 7: DGT output per tax type

Taxes and duties	Achiv.	Contrib.
I/Wages and salaries	141,2	10,2%
I/Tax on Income from Stocks and Shares (IRCM)	44,5	3,2%
Special income tax (TSR)	97,6	7,0%
Non-oil company tax	298	21,5%
Value Added Tax (VAT[5])	457,9	33,0%
Excise duties	106,4	7,7%
Special tax on petroleum products (TSPP)	118,5	8,5%
Forest revenue	14,0	1,0%
Registration fees and stamp duty	76,9	5,5%
Others	32,2	2,3%
Total	1 387,1	100,0%

Source : MINFI/DGI & TABORD

33 % *of the revenue of the DGT in 2014 comes from VAT*

[5] This solely refers to revenue derived from domestic VAT, excluding import VAT.

Main taxes and duties of the Cameroonian tax system in 2014

Box 1.4. 1.5

Like any modern tax system, that of Cameroon relies on a structure of compulsory deductions based on revenue, consumption as well as capital.

Income tax comprises :

(1) Personal income tax (PIT) based on wages and salaries (on a progressive scale ranging from 10% to 35%), revenue from movable capital (at 15%), profits from industries, handicraft, businesses, agriculture and land revenue (at 30%);

(2) Company tax (IS) deducted from the profits of companies operating in Cameroon at the rate of 35%;

(3) Special income tax at the rate of 15% applicable to revenue paid abroad for services rendered to Cameroonian entities.

Consumption taxes and duties mainly comprise:

(1) Value Added Tax (VAT) at 17.5%;

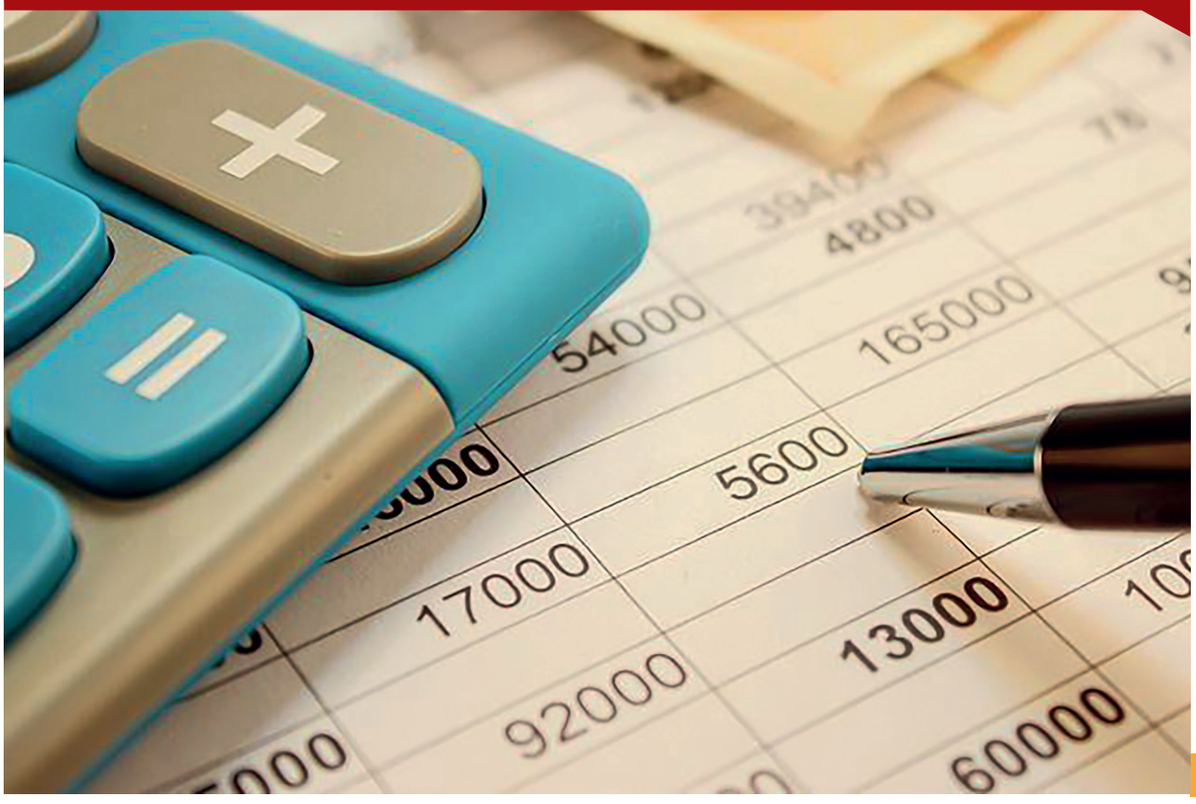
(2) Excise duties on beverages, tobacco and certain luxury products (jewels, luxury cars, etc.)

(3) Special tax on petroleum products (STPP) at CFA 80 F per litre for petrol and CFA 60 F per litre for diesel.

Tax on capital: They are composed of registration fees on deed and transfer of property or bonds (at proportional, progressive, digressive rates and fixed charges).

The different taxes and duties contribute unevenly to the total output of the DGT. Because of their contribution to output, Consumption taxes (VAT, excise duties, STPP) constitute the most in the Cameroonian tax system, followed by company tax (IS) and personal income tax (PIT) thanks mostly to the tax on wages and salaries (I/TS).

For the 2014 fiscal year, the VAT, non-oil company tax, I/TS, STPP and excise duties have contributed 80.9% to the total output of the DGT.



Source : MINFI/DGI & TABORD

• Evolution of non-oil tax revenue collected by the DGT per tax type between 2013 and 2014

The table below portrays the evolution of non-oil tax revenue per tax type between 2013 and 2014.

Table 8: Evolution of tax revenue per tax type between 2013 and 2014
Unit: CFA thousand million F FCFA

Taxes and duties	Realisation		Evolution rate
	2014	2013	
I/Wages and salaries	141,2	118,0	+19,7%
I/Revenue from movable capital (IRCM)	44,5	39,0	+14,1%
Special income tax (TSR)	97,6	61,6	+58,4%
Non-oil IS	298,0	258,4	+15,3%
Value Added Tax (VAT)	457,9	423,2	+8,2%
Excise duties	106,4	95,6	+11,3%
Special tax on petroleum products (TSPP)	118,5	109,6	+8,1%
Forest revenue	14,0	15,1	-7,3%
Registration fees and stamp duty	76,9	73,8	+4,2%
Others	32,2	36,1	-10,8%
Total	1 387,1	1 230,4	+12,7%

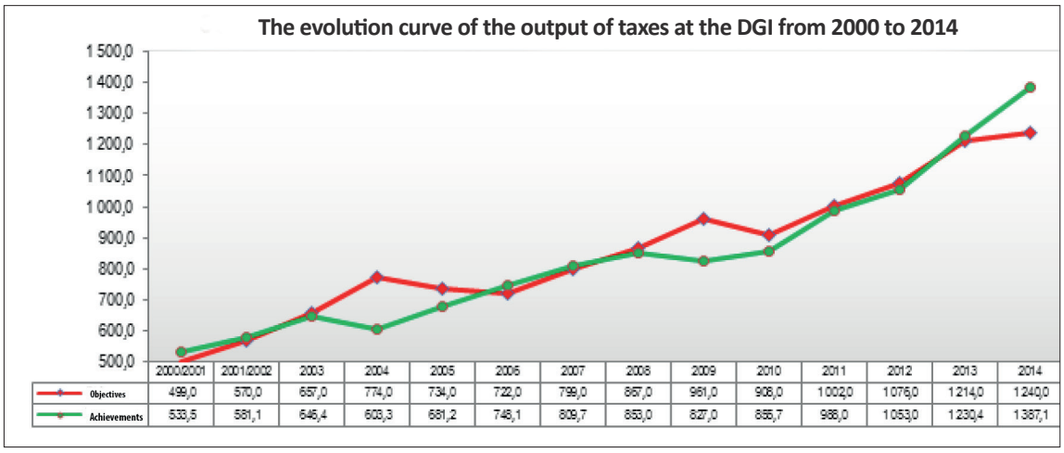
Source : MINFI/DGI & TABORD

VI. Level of non-oil tax revenue in 2014 as compared to past fiscal years

The FCFA 1 387 100 million collected as non-oil tax revenue in 2014 consolidates the adjustment trend of the tax revenue mobilisation curve in the achievement rate of the objective set by the Finance Law as well as the improvement in the tax-to-GDP ratio rate.

Table 9: Evolution of non-oil tax revenue in Cameroon from 2000 to 2014
Unit: FCFA thousand

	2000/ 2001	2001/ 2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Objectives	499,0	570,0	657,0	774,0	734,0	722,0	799,0	867,0	961,0	908,0	1 002,0	1 076,0	1 214,0	1 240,0
Achievement	533,5	581,1	646,4	603,3	681,2	748,1	809,7	853,0	827,0	855,7	988,0	1 053,0	1 230,4	1 387,1
Achievement rate	106,9%	101,9%	98,4%	77,9%	92,8%	103,6%	101,3%	98,4%	86,1%	94,2%	98,6%	97,9%	101,4%	111,9%



	2000/2001	2001/2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Objectives	499,0	570,0	657,0	774,0	734,0	722,0	799,0	867,0	961,0	908,0	1 002,0	1 076,0	1 214,0	1 240,0
Achievements	533,5	581,1	646,4	603,3	681,2	746,1	809,7	853,0	827,0	855,7	988,0	1 053,0	1 230,4	1 387,1

Source : MINFI/DGI & TABORD

The close of the 2013 fiscal year marked the end of a trend of revenue collected short of the objectives set thanks to a mobilisation of non-oil tax revenue worth **FCFA 1 230 400 million** in absolute terms, representing an achievement rate of **101.4%**. This trend was consolidated in the year 2014 with the mobilisation of **FCFA 1 387 100 million**, accounting for an achievement rate of **111.9%**.

VII. Evolution of the tax-to-GDP

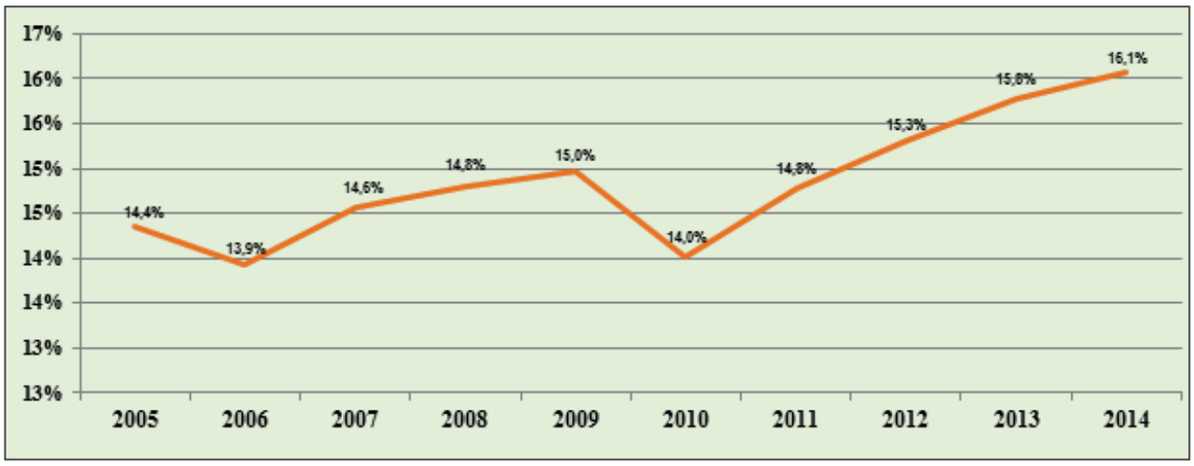
Unité: milliards de FCFA Unit: F CFA thousand

VARIABLES RETAINED IN DETERMINING THE TAX-TO-GDP										
Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Current GDP [1]	8 749	9 387	9 792	10 444	11 040	11 700	12 546	13 515	14 608	15 846
Tax and duty revenue (incl. oil company tax) [2]	752	848	955	977	1 016	940	1 085	1 214	1 400	1 550
Customs revenue [3]	349	376	400	442	467	504	545	596	597	700
Budgetary tax revenue [4]=[2]+[3]	1 101	1 224	1 355	1 419	1 483	1 444	1 630	1 810	1 997	2 250
Social contributions (pubic +private) [5]*	84	84	90	100	109	136	144	144	160	150
Total tax revenue + social contributions [6]=[5]+[4]	1 185	1 308	1 445	1 519	1 592	1 580	1 774	1 954	2 157	2 400
Total tax revenue (Inc. social contributions and allotted revenue)	1 185	1 328	1 446	1 546	1 652	1 640	1 855	2 068	2 304	2 547
TAX-TO-GDP DETERMINED BASED ON THE VARIABLES BELOW										
Tax-to-GDP based on budgetary revenue (DGT)	8,6%	9,0%	9,8%	9,4%	9,2%	8,0%	8,6%	9,0%	9,6%	9,8%
Tax-to-GDP based on budgetary revenue (DGC)	4,0%	4,0%	4,1%	4,2%	4,2%	4,3%	4,3%	4,4%	4,1%	4,4%
Tax-to-GDP based on total budgetary revenue (DGT+DGC)	12,6%	13,0%	13,8%	13,6%	13,4%	12,3%	13,0%	13,4%	13,7%	14,2%
Tax-to-GDP based on total revenue (incl. social contributions and allotted revenue)	13,5%	14,1%	14,8%	14,8%	15,0%	14,0%	14,8%	15,3%	15,8%	16,1%

Source : TTABORD, National Institute of Statistics, Balance of Treasury, DGT Accounts.

the revenue/GDP ratio is **16,1 %** in 2014

Evolution curve of the tax-to-GDP ratio between 2005 and 2014



The notion of tax-to-GDP ratio

Box 1.6

Tax-to-GDP ratio defines the relative importance of compulsory deductions in the national economy. It is the macroeconomic quantity whose rate is defined in relation to the GDP (Gross Domestic Product) and reflects efforts made at collecting State revenue to satisfy its obligations.

This rate is 34.2% in average in member countries of the Organisation for Economic Cooperation and Development (OECD) in 2014.*

The method used in calculating the tax-to-GDP ratio rate is that of the OECD. This method comprises two criteria that are characterised by compulsory deductions, notably: the body benefitting from the deductions and the absence of direct consideration in favour of the economic agents.

• the beneficiary body must be a public administration comprising the central administration and structures whose operations fall under its effective control, Local Authorities, social security bodies and autonomous public entities;

• the absence of direct consideration such that service provided by administrations to economic agents are not proportionate to the compulsory deductions.

The tax-to-GDP ratio rate is generally low in developing countries and reflects the difficulties faced by the tax administrations of these countries in ensuring an optimal collection of resources from compulsory deductions. Reasons that account for this include the dominance of the informal sector as well as that of sectors that greatly contribute to the GDP (agriculture), but which are not taxed. The same applies to major developmental projects that impel economic growth and which, for the most part, benefit from tax exemptions.

*It is generally admitted that the share of compulsory deductions in national wealth must at least reach **20** to **25%** to be significant and generate real development.*

**** These rates however include a high share of social contributions as compared to developing countries.***

a) Oil tax revenue

I. Revenue derived from corporate tax on oil companies in 2014

In 2014, the DGT collected from oil companies tax worth FCFA 161 700 million as compared to an initial objective of FCFA 172 000 million, representing an achievement rate of 94.0%.

The fall in oil prices visible as from the second half of the year 2014[6] had a negative impact on the results of enterprises of the oil sector and subsequently on their payment of corporate tax on oil companies.

Corporate tax on oil companies

Box 1.7

1. Definition

The corporate tax on oil companies constitutes one of the taxes that must be paid by oil companies in Cameroon.*

Basically dependent on the market forces (price levels and quantity produced), the tax is calculated based on the international posted price rule. It stems from two different legal sources in Cameroon, according to the company tax regime:

a) For the regime dubbed "Mining Conventions":

• Law No.64-LF-3 of 6 April 1964 relating to the mineral substances regime in the Federal Republic of Cameroon (Article 37);

• Law No.78/14 of 29 December 1978 to supplement, as concerns hydrocarbons, Law No.64-LF-3 relating to the mineral substances regime in the Federal Republic of Cameroon (Article 34).

b) For the regime known as "Oil Contracts":

• Law No.99/013 of 22 December 1999 relating to the Petroleum Code (Article 96).

2. Rates

*• For the "Mining Conventions" regime, the rate varies from **38.5%** to **57.5%.***

*• For the "Petroleum Contracts" regime, the rate varies from **38.5%** to **40.0%.***

3. Terms of payment

a) For the "Mining Conventions" regime:

Payment is done on yearly basis N+1 in three (03) instalments termed "provisional one-third" after each quarter of the calendar year: April, July and October.

b) For the "Petroleum Contracts" regime:

Actual payment of the company tax is made, not later than the 15th after each calendar quarter (April, July and October) based on the taxable theoretical result achieved during each quarter of the calendar year. Adjustment can be made upon payment of the fourth instalment (in January).

**** Enterprise whose corporate purpose is the development and production of crude oil.***

[6] This price evolved from **US 118, 8 dollars** per barrel in June 2014 to **US 78, 4 dollars** by the end of November.

ii. Evolution in the output of oil sector corporate tax between 2013 and 2014

Oil sector Company Tax revenue witnessed a drop as compared to 2013 from FCFA 169 700 million to FCFA 161 700 million, representing in absolute terms a decline of FCFA 8 000 million and -4.7% in relative terms.

iii. Evolution in the oil sector Company Tax over the past twelve (12) years

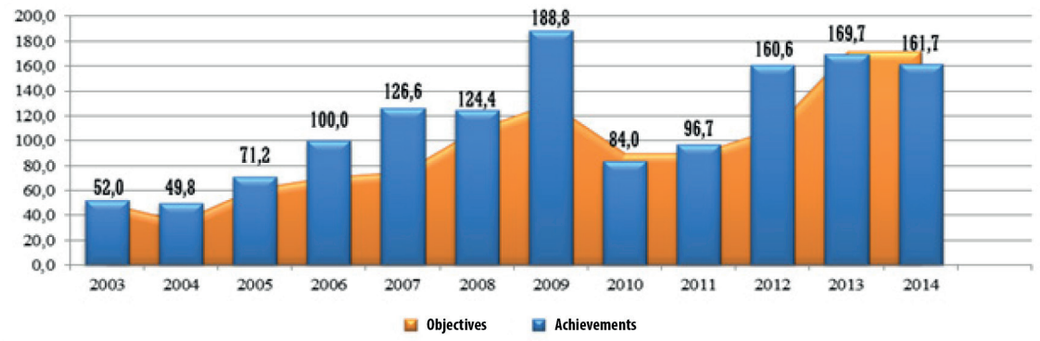
The table below portrays revenue from the corporate tax on oil companies over the past twelve (12) years

Table 10 : Evolution of oil IS
(milliards de FCFA)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Objectives	50,0	36,0	61,3	71,0	75,0	110,0	130,0	90,0	90,0	110,0	172,0	172,0
Output	52,0	49,8	71,2	100,0	126,6	124,4	188,8	84,0	96,7	160,6	169,7	161,7
Achievement rate	104,0%	138,3%	116,2%	140,8%	168,8%	113,1%	145,2%	93,3%	107,4%	146,0%	98,7%	94,0%

Source : MINFI/DGI & TABORD

Figure 1: Evolution in the collection of the oil sector corporate tax



2) Allotted revenue mobilised by the DGT in 2014

In 2014, the DGT mobilised FCFA 151 700 million in terms of allotted revenue distributed to CTD (see Box 1.8.) and to EPA (see Box 1.9.).

a) Revenue allotted to CTD in 2014

i. Revenue mobilised by the DGT for CTD in 2014

Table 11: Collection of revenue allotted to CTD in 2014

Unit : CFA million F

	Output	Contributions
- Property Tax (TPF)	1 692,4	1,6%
- Business Licence	3 354,9	3,1%
- Liquor License	566,4	0,5%
- Discharge tax	1 006,1	0,9%
- Local Development Tax (TDL)	2 961,9	2,8%
- Additional Council Surtax (CAC)	81 620,2	75,9%
- Vehicle stamp duty (windscreen licence)	5 517,5	5,1%
- Real estate transfer fees	3 249,7	3,0%
- Leases	2 725,4	2,5%
- Annual Forestry Royalties (RFA)	4 782,9	4,4%
- Tax/games and entertainment	38,9	0,0%
Total revenue CTD	107 516,3	100,0%

Revenue allotted to CTD

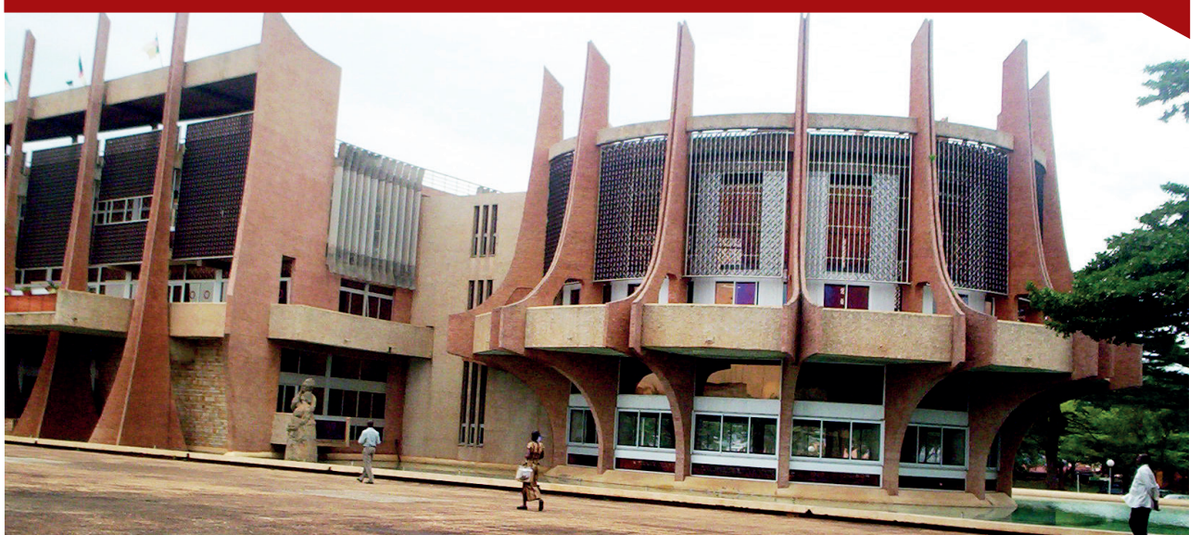
Box 1.8

The Cameroonian tax system differentiates between attributed tax and the actual taxation of local authorities. This distinction is made at the level of the government structure that is charged with the mobilisation of the taxes considered. The attributed taxes constitute taxes collected by the State tax services and paid over to local authorities (mostly shared taxes or revenue shares). Prior to the enforcement of Law No.2009/019 of 15 December 2009 relating to local taxation, given that revenue allotted to CTD constitute patent, license, graduated tax and additional council surtax. The first three deductions are council taxes issued and collected by the tax administration exclusively for CTD, while additional council tax constitute a share (it is 10%) added to certain State taxes (personal income tax, company tax and valued added tax). This share issued and collected at the same time and in accordance with the same rules of procedure as for the budgetary share of the State is paid over to CTD.

The law relating to local taxation has extended the scope of allotted revenue to CTD. Since 2010, apart from the four deductions mentioned above, the following tax revenues are attributed to CTD: property tax, tax on games and entertainment, duties on the transfer of real estate, windscreen licence, annual forestry royalties, stamp duty on advertisement, local development tax and lease fees. To this list, should be added stamp duty on car registration certificates, airport stamp duty, axle tax and certain royalties on the development of natural resources, meant for Regions (the decentralised territorial authorities known as "Region" is however not yet effective).

Some of these revenues are entirely allotted to CTD (business licence, liquor licence, dishargetax, additional council surtax, property tax, local development tax ...), while others are allotted partially (40% of annual forestry royalties is allotted to councils).

One other level of distribution exists among the CTD that benefit from the revenues allotted. This distribution includes a deduction at base (percentage of the revenue directly meant for the council, the residence, the venue, the situation or head office of the taxpayer) and a centralisation system at the level of a structure: the Special Council Support Fund (FEICOM), in view of distribution to all councils. This distribution is made proportionate to the population of each council



ii. Evolution in revenue allotted to CTD between 2013 and 2014

Table 12: Evolution in revenue allotted to CTD between 2013 and 2014
Unit: FCFA million

	Output 2014	Output 2013	Variation (2013-2014)
CTD	107 516,30	62 141,70	+73,02%
- Property tax	1 692,4	1 684,2	+0,5%
- Business Licence	3 354,9	2 777,7	+20,8%
- Liquor License	566,4	552,0	+2,6%
- Global Tax	1 006,1	1 311,1	-23,3%
- Local Development Tax (TDL)	2 961,9	2 569,6	+15,3%
- Additional Council Surtax	81 620,2	38 652,0	+111,2%
- Vehicle stamp duty (windscreen licence)	5 517,5	4 262,0	+29,5%
- Real estate transfer fees	3 249,7	3 295,2	-1,4%
- Leases	2 725,4	2 337,2	+16,6%
- Annual Forestry Royalties	4 782,9	4 640,8	+3,1%
- Tax/games and entertainment	38,9	59,9	-35,1%

Source: DGI

Revenue allotted to CTD witnessed a significant evolution between 2013 and 2014. They evolved from FCFA 62 100 million in 2013 to FCFA 107 500 million in 2014, representing an evolution of FCFA 45 400 million in absolute terms and +73.0% in relative terms. This substantial growth was propelled by Additional Council tax (CAC), which recorded an increase of 111.2%, up from FCFA 38 700 million in 2013 to FCFA 81 600 million in 2014. Other deductions also contributed to this evolution: windscreen license (+29.5%), business licence (+20.8%), leases (+16.6%) and Local Development Tax (TDL) (+15.3%). Global tax for its part recorded a sharp decrease in 2014[7].

FCFA 107,5 billion *collected by the DGT for Local authorities in 2014*

b) Revenue allotted to Public Administrative Establishments (EPA)

i. Revenue mobilised by the DGT for EPA in 2014

Revenue allotted to EPA, recorded an evolution (+36.7%), up from FCFA 32 300 million in 2013 to FCFA 44 200 million in 2014. This substantial growth was mostly attributable to the Audio-visual tax (+135.7%).

Table 13: Revenue allotted to EPA mobilised by the DGT for the 2014 fiscal year
Unit: FCFA million

	Output
- CRTV	14 817,4
- CFC	21 525,2
- FNE	7 597,5
- CCIMA	250,6
Total revenue EPA	**44 190,7**

Source: DGI

FCFA 44 billion *collected by the DGT for public entities in 2014*

[7] The decrease in global tax can be justified by the downward adjustment of the tariff for this tax in the 2nd half of the 2014 fiscal year, as an accompanying measures for transporters, following rise in fuel prices.

Box 1.9

Revenue allotted to EPA

Revenue collected by the DGT for EPA is allotted to them to meet specific expenses defined by the laws and regulations in force.

The allotment of revenue to EPA is part of government policies designed to encourage and accompany the development of certain activities of Proven general or socio-economic interest. Such is case, notably with:

*- the **Audio-visual Tax (RAV)** meant for the development of the audio-visual activity;*

*- the **Contribution to the Housing Loan Fund (CCF)** whose purpose is to provide financial assistance to the execution of house construction projects;*

*- the **Contribution to the National Employment Fund** (NEF) that helps to promote employment in Cameroon.*

*The deduction rate of the **Housing Loan Fund Contribution (CCF)** is set at 1% for wage earners and 1.5% for employers. That for the **National Employment Fund (NEF)** is 1%.*

The deduction is based on the gross total of sums retained for the calculation of IRPP as concerns wage earners, and total salaries, allowances and remunerations (including benefits in kind paid or granted to their personnel for their real amount) concerning employers.

*As for the **Audio-visual Tax (RAV)**, the flat annual amount payable by individuals and corporate bodies is at least equal to the principal of the business licence owed.*

iii. Evolution in the revenue allotted to EPA between 2013 and 2014

Unit: FCFA million

	Output 2014	Output 2013	Variation (2014-2013)
EPA	**44 193,3**	**32 321,3**	**+36,7%**
Representing			
CRTV	14 817,4	6 285,9	**+135,7%**
CFC	21 525,2	19 094,1	**+12,7%**
FNE	7 597,5	6 758,3	**+12,4%**
CCIMA	250,6	175,6	**+42,7%**

Source: DGI

2

REFORMS OF THE 2014 FISCAL YEAR

View of the building hosting the LTU services

Reforms implemented during this fiscal year under review are aimed at optimising tax proceeds (A) and improving the quality of services (B).

A. Reforms to optimise tax proceeds

1) Reorganisation of operational services for better risk management

The new organisation of tax services is based on the management of tax risks. Actually, the risks of faulty returns, lack of sincerity in returns, non-remittance of taxes collected vary depending on the category under which the taxpayer falls. There are also specific risks related to the nature of certain taxes. Thus, organisational reforms are geared to broaden the management of taxpayers based on their segmentation, on one hand and to entrust management of VAT exclusively to LTU and MTO, given that other tax structures are oriented towards personal income taxes.

a) Organisational reform of the Department of Large Tax Enterprises (LTU)

Secondly, the refocus of the LTU portfolio, added to the revision of the criteria for determining medium size tax enterprises helped to increase the index of Medium Size Taxpayer Offices (MTO), henceforth competent to manage all taxpayers liable to the Value Added Tax (VAT). Thus, five (05) MTOs including two (02) in Yaounde and three (03) in Douala were created to manage medium tax enterprises whose number evolved from 1 500 to 11 000 taxpayers thanks to the reform.

The MTO reform, with the increase from 2 MTOs in 2013 to 05 in 2014, helped to secure and raise the output of these structures from FCFA 45 100 million in 2013 to FCFA 81 200 million in 2014, representing an increase of F CFA 36 100 million. The table and graph below illustrate the upward trend in the medium tax enterprises:

Actually, the scale down of the LTU portfolio propelled the output of the latter from FCFA 972 600 million in 2013 with 569 taxpayers to FCFA 1 054 600 million in 2014 with 408 taxpayers, as illustrated in the table below.

Table 14: Evolution in the mobilisation of revenue at the LTU since its creation

	2004*	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Number of Taxpayers	461	486	480	464	500	505	520	526	546	569	408
Achievement (en milliards)	234,6	527,6	576,7	612,2	641,2	625,3	640,6	766,1	825,1	972,6	1 054,6
Evolution (in thousand million)			+49,1	+35,5	+29,0	-15,9	+15,3	+125,5	+59,0	+147,5	+82,0

2004*: Achievements from July to December (year of creation)

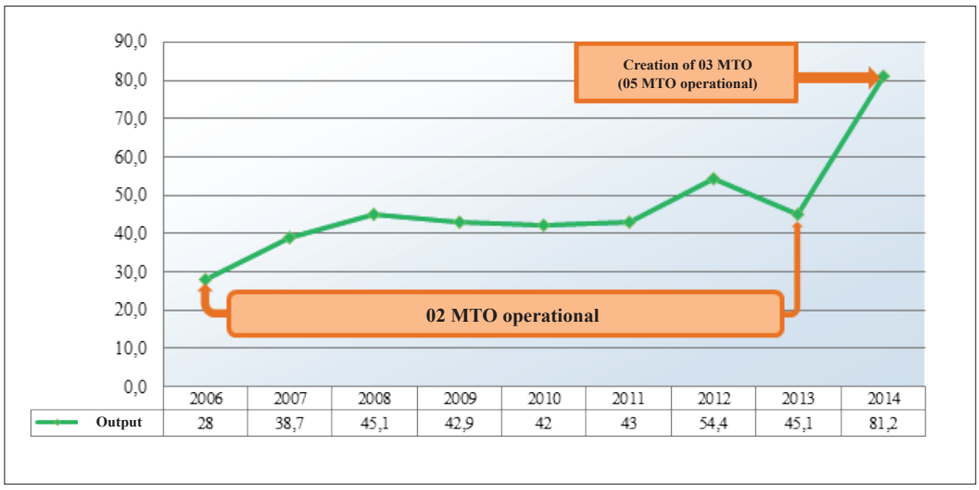
b) Organisational reform of Medium Size Taxpayer Office (MTO)

Here, broadening the segmentation help to re-focus the Large Taxpayers Unit (LTU) on the monitoring and management of very large production units by raising this structure's eligibility threshold from FCFA 1 000 million to FCFA 3 000 million turnover. This helped to scale down the taxpayer's portfolio from 569 in 2013 to 408 in 2014. This restructuring allowed for a more effective monitoring and control of complex operations carried out by the very large enterprises, thereby increasing its revenue mobilisation by more than 10.0% of the tax level during the fiscal year 2014.

Evolution in the mobilisation of revenue in MTOs from 2006 to 2014
Unit: FCFA million

MTO	2006	2007	2008	2009	2010	2011	2012	2013	2014
Number of existing MTOs	02	02	02	02	02	02	02	02	05
Output (in thousand million	28,0	38,7	45,1	42,9	42,0	43,0	54,4	45,1	81,2
Evolution (in thousand million)		+10,6	+6,4	-2,2	-0,9	+1,0	+11,3	-9,3	+36,1

Source: DGI



2. Reforms to broaden the tax base and enhance revenue

a) Reforms to broaden the tax base

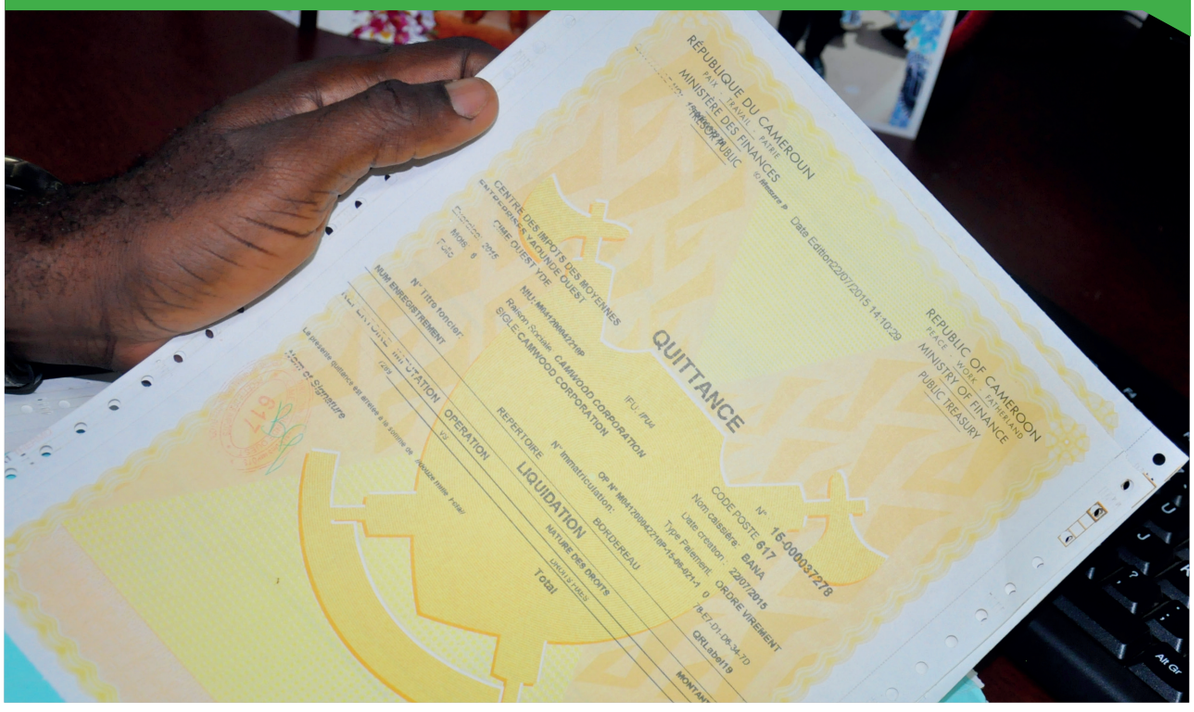
The notion of broadening the tax base

Box 2.1.

Broadening the tax base constitutes one of the greatest challenges facing tax administrations in developing countries. These administrations are expected to identify taxable items at the level of undeclared economic actors, operating within an undocumented economic environment commonly referred to as the ***"informal sector".***

The informal sector per se, is subdivided into a subsistence sector that groups survival activities with negligible tax potential and a fraudulent sector mostly comprising large taxpayers who dissimulate the magnitude of their activities. Because of the flawed information system and the dominance of cash transactions that are generally untraceable, activities of the informal sector are less perceived from a fiscal perspective. This situation reduces the global tax base.

One other factor that reduces the tax base is the proliferation of exemptions and preferential regimes. These regimes, put in place to attract investors, with expected medium or long term benefits, narrow the tax base in the short term.



i. Beginning of consolidation of the national taxpayers' index

Reform of the taxpayer index initiated within the 2014 fiscal year led to the creation of a service devoted to monitoring the index and its publication by all operational services. The reform however revealed the critical role of this tool in the mastery of the tax base broadening mechanism.

Box 2.1.

Reform of the national taxpayers' index : **an example of tax base broadening tool**

The DGT, for the first time, published the national index for professional taxpayers liable to the actual and simplified regimes on 1 December 2014 on the DGT website, at the address: www.impots.cm. This action had as objectives to improve knowledge on mastering the taxpayer portfolio of each taxation centre on the national territory.

The electronic index bears information on the status of each taxpayer by specifying its corresponding taxation centre, its name or corporate name, its Taxpayer Identification Number (TIN), its main activity, its tax regime and its address.

This is a precious information tool on the tax status of Cameroonian taxpayers. The tax administration, users and any interested person may consult the index to determine the fiscal civic responsibility of a taxpayer with which they intend to do business.

This approach compels enterprises tempted by informal activities to regularise their situation because, absence in the DGT index automatically excludes the taxpayer from economic circuits and official administrative services.

For instance, financial administrations, notably the Directorate Generals of Customs, of Budget and of the Treasury access and consult these index to ensure that the taxpayer requesting for their service is registered and active in their corresponding Taxation Centre.

The taxpayer registered in the index of a Taxation Centre is be visible on the DGT website at all times so long as their tax obligations are met at their centre. The national index is accessible to the general public, can be downloaded and updated on regular basis.

ii. Introduction of the pre-filled tax return (PTR)

The low degree of filing tax returns by certain taxpayers has always preoccupied authorities. To reverse this trend, the tax administration initiated the pre-filled tax return reform in response to the worries of taxpayers whose low level of compliance is often justified by the complexity of procedures for filing returns and payment of taxes and duties.

Box 2.2

Reform of the PTR

The pre-filled Tax Return was introduced by the 2014 Finance Law. With the information it has on the activities, income or patrimony of taxpayers, the tax administration automatically issues a pre-filled tax return to the said taxpayers. The taxpayer, who receives this return at home or business place, only has to confirm the information on it, if they find such information accurate, and pay the tax owed. The taxpayer may equally request for rectification.

The pre-filled tax return reform initially applies to Property Tax. To obtain reliable information on landed property, the tax administration used the land surveys conducted in the past fiscal years as well as property tax files at divisional taxation centres. This information was then classified per taxation centre and per council.

On the other hand, for a more effective mastery of the solution, the tax administration opted for a progressive implementation by limiting this reform to Yaounde and Douala, to begin with.

b) Reforms to enhance tax revenues

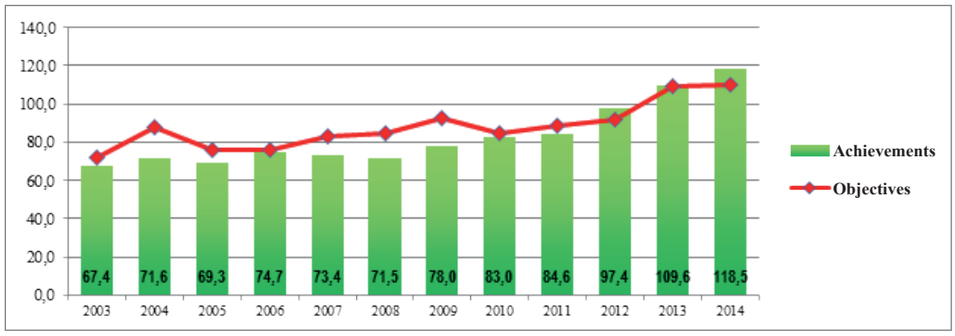
i. Reform of the special tax on petroleum products (STPP)

The reform on the procedures for collecting the STPP contributed to enhance STPP revenues whose proceeds evolved from **FCFA 109 600 million** in 2013 to **FCFA 118 500 million** in 2014, representing an increase of **+8.1%**, despite the decrease in the middle of the fiscal year of almost half the tariff of this tax (1st July 2014) within the framework of measures associated to the increase of fuel products.

The table below shows the evolution of STPP revenues between 2003 and 2014:

Table 16: Evolution of STPP revenues from 2003 to 2014
Unit: FCFA thousand million

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Objectives	72,0	88,0	76,0	76,0	83,0	85,0	93,0	84,8	89,0	92,0	109,0	110,0
Achievement	67,4	71,6	69,3	74,7	73,4	71,5	78,0	83,0	84,6	97,4	109,6	118,5
Achievement rate	93,6%	81,4%	91,2%	98,3%	88,4%	84,1%	83,9%	97,9%	95,1%	105,9%	100,6%	107,7%



Box 2.3

Reform of STPP

The special tax on petroleum products (STPP) is a tax levied on the sale of petroleum products, notably petrol and diesel. It is payable by oil companies marketing these products (marketers) at ***CFA 80*** *per litre for petrol and* ***CFA 60 F*** *per litre for diesel*.*

Up to 31 December 2013, this tax was deducted and transferred directly by marketers on the basis of their declarations submitted on the 15th of each month. The latter were therefore liable.

It must however be admitted that this procedure for collection proved less effective due to the actual non-remittance of this tax by certain marketers and the difficulty in mastering the quantities distributed. A reform of the mechanism was therefore necessary.

Thanks to the 2014 Finance Law, SONARA and SCDP were now legally liable to STPP. This tax is henceforth deducted at source by these companies when the distribution companies or any other individual or corporate body collects the products.

Since petroleum products can only be purchased at these two companies across the national territory and given that their fiscal management is ensured by the Large taxpayers unit, the collection of this tax was now better secured. Besides, to permanently guarantee remittance by these large collectors, a reserve account was opened in the name of SCDP for depositing this tax proceeds. All payments of STPP were thus made by marketers into this account.

Beyond the mastery of persons liable to this tax, which allowed for a more effective monitoring, the efficiency of the new mechanism also depended on the obligation for legal taxpayer to suspend the removal of petroleum products, for any marketer not up to date with its tax obligations.

**** As of 30 June 2014, these tariffs stood at CFA 120 F per litre for petrol and CFA 65 F per litre for diesel.***

ii. Reform of procedures for payment

The enhancement of revenues at the DGT relies on the reduction of payment of taxes and duties in cash. Apart from generalising payments through bank transfers for all specialised management structures at the DGT (LTU, MTO) and payment by cheque, a reform enshrined by the 2014 Finance Law introduced the Mobile Tax, which is a mode of payment via mobile telephone, among the new tax payment tools. It was officially launched by the Minister of Finance on 05 December 2014.

This reform is a response of the tax administration to the practical difficulties (displacements in the centres, long queues in front of counters, late issuance of tax receipts, etc.), faced by taxpayers/individuals not carrying out an independent professional activity in fulfilling their compliance obligations.

An example of reform of payment procedures : **the Mobile Tax**

Box 2.4

The "Mobile Tax" is a tax payment service using a mobile telephone. It was instituted in partnership with mobile telephone operators thanks to the 2014 Finance Law that now authorises payment of taxes by electronic means.

To be accessible, this solution associated initially to the pre-filled declaration of the landed property tax, simply requires that the taxpayer opens a corresponding account at the level of their telephone operator. The taxpayer can then freely use this account to settle their fiscal debt, without resorting any longer to a taxation centre.

Thanks to this specificity, the "Mobile Tax" is expected to substantially curb the cost of fiscal discipline in Cameroon, considered as all the charges and constraints that must be borne by taxpayers to meet their tax obligations. The tax administration therefore hopes to enhance compliance, thanks to innovative methods of declaration and payment of taxes and duties adapted to the new environment marked by the domination of ICTs.

Thanks to Instruction No.15/017/MINFI/SG/DGTCFM/CLC of 19 May 2015 to compute tax revenues collected through "Mobile Tax", this service is governed by a strict legal instrument that guarantees a perfect traceability of the public funds thus collected, which ultimately constitutes a formidable facilitation tool for very small taxpayers. In this way, it is expected in the near future to extend to other taxes and duties to which this category of taxpayer is liable, like the discharge-tax.

B. Reforms to improve service quality

Reforms aimed at improving service provision in 2014 hoped to place taxpayers in the centre of the tax administration's priorities by simplifying and alleviating procedures for them mostly through ICTs.

1) Launch of e-filing of taxes and duties at the LTU

As a key recommendation of the Cameroon Business Forum (CBF), e-filing contributed to substantially reduce the time taken by enterprises of the LTU to fulfil their compliance obligations by sparing them long and costly trips..

Box 2.4

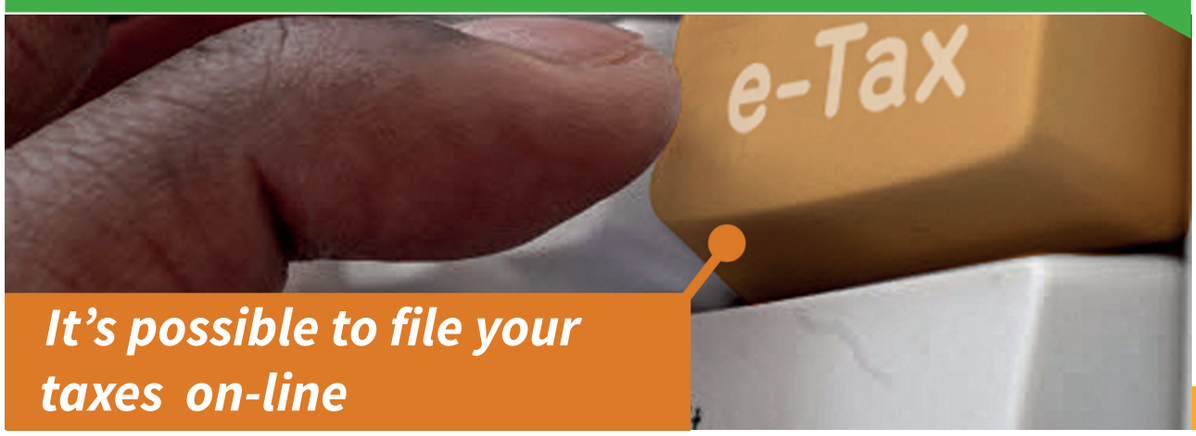
E-Filing

E-filing is a simplified procedure enabling the taxpayer to declare their taxes and duties without using a paper form and without going to the tax services. It is meant to facilitate the fulfilment of compliance obligations and thus curb the cost of fiscal discipline. E-filing also helps to raise the productivity of the tax administration, by enabling agents to refocus on more productive tasks (risk analysis, surveillance of filing risks, management dialogue, etc.), following the suppression of manual tasks that have become unnecessary (reception of physical returns, keying-in and filing).

This filing process was implemented in 2014 for taxpayers managed by the Large Taxpayers Unit, in order to reduce the number of trips (12 in average per year) made by these enterprises to fulfil their compliance obligations.

Its implementation spread over two phases, a pilot phase restricted to a sample of 50 enterprises, followed by a second phase during which the reform was extended to all large taxpayers. In terms of technical work to put in place the infrastructure, a specialised software (FISCALIS) was conceived, as well as a secure network for the transmission of data from enterprises to the tax administration. After the functional capability tests and the training of users, this tool was launched in July 2014.

*In terms of balance sheet, following the launch from May to December 2014, **198 taxpayers** in average under the LTU were using the e-filing tool out of **408 taxpayers**, representing a percentage of **49%** in relative terms.*



It's possible to file your taxes on-line

2) Reform of tax disputes

To ease access for taxpayers to contentious jurisdictions while simplifying procedures that govern tax claims, the 2014 Finance Law profoundly reformed this function.

Tax disputes

Box 2.5

The enforcement of rights and guarantees to which taxpayers are entitled when dealing with tax services inspired the lawmaker to offer to whoever considers that they have been wrongfully taxed the right to challenge the said taxation.

Tax dispute therefore refers to all rules that govern the exercise of the right to file a tax claim at the contentious jurisdiction.

The contentious jurisdiction comprises two (02) phases: administrative and jurisdictional.

In accordance with the 2014 Finance Law, the administrative phase has evolved from three (03) to two (02) levels:

*- at the level, and depending on the amount contested, the taxpayer can petition the Chief of the Regional Taxation Centre (CRI), the Director of the Large Taxpayers unit (LTUUU), or the Director General of Taxation (DGT). The CRI has competence over claims worth below **FCFA 50 million**. The LTU has competence over claims not exceeding **FCFA 100 million** and the DGI competence over claims above the thresholds set for the CRI and LTU;*

- at the second level, the taxpayer may petition the Minister of Finance and their petition is considered as a preliminary appeal (RGP).

The now harmonised jurisdictional phase, for its part, is conducted at the competent administrative court and the Administrative Bench of the Supreme Court in appeal.

As for petition deadlines, they have evolved from 90 to 30 days at level 1 of the administrative phase; from 03 months to 30 days at the level of MINFI and from three (03) months to 60 days regarding petitioning of the magistrate.

Finally, deadlines for response are 30 days for authorities of level 1 and 02 months for MINFI

A. Launching of architectural studies for the construction of a new building for the DGT

The project for constructing a new building more convenient to accommodate the central services of the Directorate General of Taxation started in 2014 with the acquisition of a site and publication in an emergency procedure of corresponding architectural studies through the restricted national call for tenders No.0203/AONR/MINMAP/CCPM-BEC/2014 of 03 November 2014.

The project supported by the highest authorities of the Republic aims to improve the image of the tax administration, as the top provider of State resources whose many services are still lodged in rented buildings.

The project also aims to modernise the working environment taking into consideration the DGT new commitment to ICTs. In this regard, the building is expected to accommodate a data centre and ultra-modern training halls, among others.

Finally, the project intends to improve the working conditions of workers of the tax administration in view of increasing their productivity.

B. Staff mobility

The year 2014 witnessed the effective implementation of the organisation chart of the DGT, laid down by Presidential Decree No.2013/066 of 28 February 2013 to organise the Ministry of Finance.

Decree No.2014/0024/PM of 24 January 2014 of the Prime Minister, Head of Government appointed ten (10) directors and division heads to coordinate and facilitate the DGT central services.

One month earlier, Order No.00000406/MINFI of 26 December 2013 of the Minister of Finance had appointed new chiefs of Regional Taxation Centres.

These two acts marked the end of a long wait for personnel preoccupied by mobility and access to positions of responsibility.

C. Rotation of monthly coordination meetings

The rotation of monthly coordination meetings of the DGI started at the end of 2013 continued and gathered speed in 2014 with the holding of the meetings in Limbe (South-West Region) in June, Bafoussam (West Region) in July and Ngaoundere (Adamawa Region) in October.

Box 3.1

DGT monthly coordination meetings

As central pillar of DGT management, national monthly coordination meetings bring together officials of central and devolved services to review performances of the previous month (quantitative result, implementation of the action plan, ...) and elaboration of strategies or prospects for the next month.

The agenda usually includes the following items:

- Evaluation of the quantitative performance of the DGT for the month and period;

- Evaluation of the implementation of the DGT action plan for the fiscal year and month;

- Evolution of the taxpayers index per operational structure;

- Evaluation of the discharging of accrued taxes and duties (RAR);

- Evaluation of the processing of request for validation and refund of VAT credits;

- Miscellaneous.

These different items are developed in exposés presented by the competent directors of the central administration or project managers as the case may be, followed by discussions and debates that lead to recommendations towards improving the performance of the sector or the activity under review.

The relocated meetings are marked by a particular density in that they benefit from contributions from the highest level, administrative authorities of the host regions and are conducted following a stricter protocol than is the case with those held at the DGT head office. Actually, apart from the technical meeting presided by the Director General of Taxation, surrounded by his key collaborators, several items are generally considered, ranging from welcome by administrative authorities to visiting of the devolved services of the tax region considered, including interludes of refreshment and relaxation often comprising sporting, cultural or touristic activities.

These meetings constitute a top event within the host administrative regions. They are opened by the Governor of the host region, which places them as key instruments in the collaboration between administrative authorities and tax authorities in the gigantic task of mobilisation of public resources.

D. Reactivation of the Commission for the admission of irrecoverable taxes as bad debts (ANV)

Beyond forceful tax recovery actions, often undertaken to discharge tax debts, the law provides for regular examination of requests from tax collectors (competent to recover tax debts) to waive, debts considered not collectable because the debtor has either disappeared or is completely insolvent.

By Decision N°.00000355/MINFI/SG/DGI of 23 May 2014 of the Minister of Finance, a Commission for the examination of requests for acceptance of uncollectable debts as irrecoverable was put in place.

The Commission for the examination of requests for acceptance of tax debts as bad debts

Box 3.2

The main mission of this Commission is to scrutinise the requests submitted by tax collectors and render its observations on each of these requests.

The commission comprises four (04) representatives of the Tax Administration, including the DGT who chairs it; one (01) representative of the Audit Bench of the Supreme Court who is vice-chair; two (02) representatives of the DGTCFM; one (01) representative of the Division for Legal Affairs of MINFI and one (01) representative of socio-professional unions.

Tax debts are admitted as bad debts by decision accompanied by a nominative certificate signed by the Minister of Finance.

These acts and supporting documents serve to discharge the tax collectors of any responsibility in the collection of the debts concerned.

The Publication of the **first edition** of the magazine **IMPOTS INFOS** by the DGT

4

THE DGT AND ITS PARTNERS IN 2014

To accomplish its missions, the DGT advocates for partnership with the private sector and international bodies.

A. Partnership with the private sector

Dialogue between the DGT and its partners in 2014 took place essentially within the framework of the 2014 Finance Law and the implementation of the law of April 2013 to boost private investment.

1) Explanation of the content of the 2014 Finance Law and preparation of the 2015 Law

Several meetings organised in 2014 with socio-professional unions (GICAM, CAFCAM, GFBC, GPP, APPECAM, GEX, ...) helped to better explain the content of new fiscal measures contained in the 2014 Finance Law for the 2014 fiscal year. The highlight of these explanatory meetings on the new fiscal measures for 2014 was the discussion diner organised at GICAM on 12 March 2014.

Conversely, as from June 2014, the Sub-committee for domestic taxation of the MINFI-EMPLOYERS' UNION Committee held several working sessions and many consultations as part of preparation of the 2015 Finance Law.

2) Enforcement of the law of April 2013 on boosting private investment

In 2014, several consultations were held between the tax administration and the employer's union to finalise implementation provisions for the law of 18 April 2013 on boosting private investment.

Law of 18 April 2013 to boost private investment

1. Objectives of the 2013 law

The law of 18 April 2013 to boost private investment has as objectives to promote and attract productive investment for the purpose of developing activities directed towards the promotion of a strong, sustainable and shared economic growth, as well as employment.

2. Persons covered by the law of 18 April 2013

The said law targets Cameroonian or foreign individuals or corporate bodies, resident or non-resident due to the exercise of their activities or their obtaining shares in the capital of Cameroonian companies in the following sectors: industrial, tourism, agriculture and fishing, social housing, energy, professional training and innovative technologies.

3. Procedure for granting accreditations and tax benefits:

A) Procedure for accreditation

Submission and prior examination of requests at the Investment Promotion Agency (API) for foreign enterprises and large tax enterprises and the SME Promotion Agence (APPME) for local SME;

- examination by MINFI services in a joint committee;

- signature of the accreditation or notification of rejection by MINMIDT following a motivated opinion from MINFI.

B) Incentives granted

1) For new enterprises (5 year installation phase + 10 year operation phase)

a. At the level of internal taxation:

- exemption from business licence contribution during the installation phase;

- exemption from registration fees;

- exemption from VAT on imports;

- 50% reduction of IR during the operation phase;

b. At the level of entry taxation:

- exemption from customs duties and direct removal of equipment and materials related to investment during the installation phase;

- application of the 5% reduction rate during the operation phase.

2) For enterprises existing for 5 years

• At the level of internal taxation: reduction of IR on the basis of 50% of the total investment;

• Exemption from registration and stamp duty for instruments on project financing ;

• Registration of instruments related to the modification of capital is free of charge ;

• At the level of entry taxation: 5% reduced rate of customs duties on the importation of equipment ;

• Exemption from VAT on importation of equipment and other material.

Box 3.2

In the year 2014, the Directorate General of Taxation benefitted from the technical assistance of international partners like the IMF, European Union, GIZ and DGFiP, in connection with its on-going modernisation plan.

B. Partnership with at international organisations

1) The International Monetary Fund (IMF)

From 19 to 31 March 2014, the DGT benefitted from the IMF in terms of fiscal policy. The technical assistance mission, in this regard, led to a series of recommendations towards improving the tax-to-GDP ratio, strengthening VAT efficiency and streamlining of incidental taxation. These recommendations are implemented progressively through the finance laws.

2) The European Union (EU)

Within the framework of computerising the DGT, the European Union, through a specialised firm, participated in the elaboration of specifications for procuring a taxation management software package. The functional specifications and annexes as well as the technical specifications and annexes were supplied at the end of August 2014.

3) The GIZ

The GIZ assisted the DGT in 2014 in the capacity building of DGT officials by taking charge of several training sessions within international institutions like the OECD, DGFiP or even the ATAF. It also took part in the preparation of an extensive computerisation of the DGT in terms of carrying out a feasibility study on the institution of the integrated management system for taxes and duties.

4) The DGFiP

Several Cameroonian tax administration officials took part in seminars organised by the Directorate General of Public Finance (DGFiP) of France in 2014. These seminars tackled issues relating to VAT administration, tax control, tax collection as well as the training of trainers

5

THE DGT ON THE INTERNATIONAL SCENE IN 2014

In 2014, the Cameroonian tax administration went international with the organisation of international seminars and the conduct of activities relating to the conclusion of international conventions and agreements.

A. International seminars

The Global Forum on Transparency and Exchange of Information for Tax Purposes organised two (02) international seminars in partnership with the Cameroon DGT in 2014.

1) Seminar on assistance in the preparation of examination by peers

Jointly organised from 07 to 10 April 2014 in Yaounde by the Global Forum for Transparency and Exchange of Information for Tax Purposes and the Cameroon Directorate General of Taxation, the seminar had as main theme: "Preparation of peers reviews of phases 1 and 2". The seminar aimed to educate and assist participants from several African countries in the preparation of their respective jurisdictions on evaluation by peers of the Forum.

Indeed, countries that adhere to the Global Forum on Transparency and Exchange of Information for Tax Purposes must undergo two reviews to judge their compliance and standard on information exchange and transparency. The phase 1 review consists in evaluating compliance of the legal and regulatory framework of member State examined. As for the second, it aims to evaluate the operational capability of the facility and mechanism put in place by the jurisdiction under review to ensure an effective exchange of information with other fiscal jurisdictions.

Box 5.1

The Global Forum on Transparency and Exchange of Information for Tax Purposes

The Global Forum on Transparency and Exchange of Information for Tax Purposes is a multilateral framework within which work in terms of Tax transparency and exchange of information is accomplished by more than 100 participating jurisdictions which participate in the work of Global forum on an equal footing.

The Global forum is charged with the indept monitoring and peer reviews of the implementation of standards of tax transparency and information sharing. These standards are mostly reflected in the tax information exchange agreement model and its comments published in 2002 by the OECD and in Article 26 of the OECD model tax treaty on revenue and wealth as updated in 2004. These standards were also contained in the UN model Tax treaty.

All members of the Global Forum as well as jurisdictions identified by the Global Forum as relevant to its work are examined. This process is undertaken in 2 phases.

Phase 1 review evaluates the quality of the legal and regulatory framework of jurisdictions on information sharing while the examination of phase 2 dwells on the practical implementation of this framework.

The ultimate goal is that of helping the jurisdictions to effectively implement international standards Tax transparency and information exchange convention.

2) Seminar on the impact of international tax fraud and evasion on development

A seminar of the Global Forum held on 06 August 2014 in Yaounde on the themes importance of taxation on development and the impact of tax fraud and evasion on development.

B. Extension of the network of international conventions

Cameroon has opted to extend its tax treaty network for the purpose of boosting the attractiveness of its territory to foreign investors. Multilateral and bilateral treaties are also concerned.

1) OECD multilateral convention

Cameroon, represented by the Minister of Finance, Mr. Alamine OUSMANE MEY, signed the OECD multilateral tax treaty in Paris on 25 June 2014 on mutual T administrative assistance in tax matters.

Box 5.2

OECD multilateral tax treaty

The convention on mutual administrative assistance in tax matters jointly drawn up by the Organisation of Economic Cooperation and Development (OECD) and the European Council (EC) is a multilateral instrument that offers a legal framework to facilitate international cooperation through administrative assistance and tax information sharing.

The objectives targeted by the OECD multilateral tax treaty are as follows:

- facilitate international cooperation in the fight against international tax fraud and evasion through tax information sharing and assistance in tax collection between States;

- enable each party to fight against international tax fraud and better implement its national fiscal legislation, while respecting the rights of taxpayers.

Cameroon's adherence to this treaty involves the following advantages:

- complete the tax treaty network of our country and enable it to obtain an agreement compliant to standards with 90 additional countries;

- save a lot of resources by linking with several countries at the same time rather than sign multiple bilateral treaties;

- strengthen the commitment of our country to international tax transparency norms;

- help to improve tax revenue through its inherent deterrent effect as well as direct effects of assistance to debt recovery;

- extend taxpayer guarantees since any information relayed is bound by the principle of confidentiality.

The signature and ratification of this convention by Cameroon facilitated the success of our country during its examination by peers of the Global Forum onTransparency and exchange of Information for tax purposes under phase I.

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2) Bilateral Treaties

a) Bilateral Tax treaty ratified

The Tax Treaty between Cameroon and Morocco was ratified by Cameroon on 31 December 2014.

b) Bilateral Tax Treaty initialled

Cameroon and the United Arab Emirates initialled a bilateral Tax Treaty in ABU DHABI on 10 September 2014.

c) Bilateral Tax Treaty under negotiation

In 2014, negotiations continued on the bilateral treaties below:

- Tax treaty between Cameroon and Egypt;
- Tax Treaty between Cameroon and the People's Republic of China;
- Tax Treaty between Cameroon and Rumania;
- Tax Treaty between Cameroon and Turkey.

International Tax Treaty

Box 5.3

An international tax treaty is an international treaty between two or several States having as objective to avoid double taxation or double non-taxation of economic actors operating within their territorial jurisdiction. Double taxation preventive treaties are either bilateral or multilateral agreements concluded between two or several States.

Tax Treaties mostly aim to:

• protect taxpayers from double taxation by sharing taxes and duties between the source State and the State of residence of the beneficiary;

• prevent international tax fraud and evasion through cooperation between tax administrations of the signatory States (information sharing and assistance in recovery);

• grant guarantees to taxpayers by prohibiting tax discrimination and instituting a mutual agreement procedure for resolving disputes.

Tax treaties are generally concluded at the end of a long process (that may take several years) whose main phases are as follows:

*• **negotiations and initialling of the treaties:** experts from the two States meet to negotiate a common text. At the end of their negotiation, the leaders of the two delegations initial the draft treaty crowning the end of technical discussions;*

*• **signature:** plenipotentiaries of the two States empowered with the necessary authority sign the treaties. In Cameroon, it is the President of the Republic who grants "full authority" for that purpose, generally to member of government or an ambassador;*

*• **ratification:** ratification constitutes the formal agreement of a State to be linked by a Treaty. In Cameroon, it is granted by the President of the Republic (ratification decree) following approval of the treaty by Parliament;*

*• **notification of the Ratification Instruments:** the other State is notified through diplomatic channels of the conclusion of the ratification procedures;*

*• **entry into force:** the treaty very often enters into force once the ratification instruments are exchanged. Certain treaties allow for some time to elapse after the ratification instruments are exchanged by the two parties.*

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