



LEGISLATION AND INTERNATIONAL TAX DIVISION

NEW TAX MEASURES

FINANCE LAW

2021



MINISTRY OF FINANCE



BUDGET

FOREWORD

The tax provisions of the 2021 Finance law are aligned with the government's agenda to **consolidate public finances**.

They are the result of consultations with the private sector and reinforce and consolidate the recent reforms undertaken to make the Cameroonian **tax system more efficient** in terms of revenue mobilization, **simplicity, equity and favourable for economic recovery** in a post-COVID economic context.



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01

MEASURES TO SUPPORT ECONOMIC RECOVERY



MINISTRY OF FINANCE

1. Measures to reduce the tax burden:

- the reduction by two percentage points (**from 30% to 28%**) of the income tax rate in favour of small and medium-sized enterprises (**Section 17a**);
- the renewal for the financial year 2021 of the **special compromise** enshrined by 2020 finance law, in order to assist companies that have been deeply impacted by the health crisis to clear their tax debts, which would enable them to present a healthier financial situation (**Section 19 of the 2021 FL**);
- the **introduction of the option** for the monthly payment of the annual forest tax (RFA) in order to alleviate the cash-flow problems of forestry companies (**Section 234**);
- the **total deduction** for tax purposes of grants made by companies to the State as part of the fight against the COVID-19 health crisis (**Section 16 of the 2021 FL**).



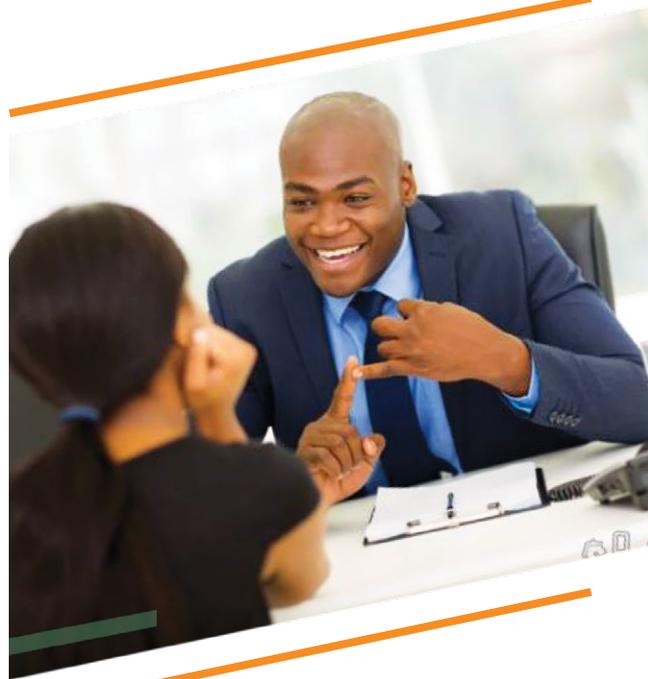
2. Measures to sustain industries impacted by the crisis:

- the **repeal of the axle tax** in favour of **transporters**, whose activities have been strongly impacted by the COVID-19 crisis (**Sections 608-612**);
- the **reduction from 4% to 3% of the rate of the felling tax** in favour of **forestry companies** who boast of a certification in terms of sustainable forest management (**Sections 242 and 243**);
- the **exemption from the Company Tax** in favour of the **hotel industry**, hard hit by the COVID-19. This exemption entails exemption from the payment of the monthly instalments and the minimum tax (**Section 18 of the LF 2021**);
- the renewal for the financial year 2021 of the **suspension of the tourist tax** in order to improve the attendance rate in accommodation **establishments heavily** impacted by the crisis (**Article 18 of the 2021 FL**).

3. Measures to accompany companies under restructuring:

The provision for the fiscal year 2021, to companies undergoing restructuring in industries directly affected by COVID 19 of the following incentives:

- the deduction of capital losses on the sale of receivables;
- the registration of the sale of receivables at fixed rates;
- the removal of the condition for approval under the Investment Code in order to benefit from the fixed duty on the assumption of liabilities during partial asset contribution operations (**Article 17 of the 2021 FL**).



4. Measures to improve access to funding:

- The increase of the threshold for exemption of interest on **savings accounts from the tax** on income from capital gains from FCFA 10 million to **FCFA 50 million**, in order to strengthen the capacity of the banking sector to mobilise savings (**Section 43**).
- the consecration of the **free registration of deeds on the purchase of domestic public debt** in order to enable the State to support the cash flow of companies by clearing the outstanding amounts to be paid (**Section 337**).





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NEW TAX MEASURES **2021**
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02

**IMPORT-SUBSTITUTION
PROMOTION MEASURES**



MINISTRY OF FINANCE



1.

The strengthening of the tax regime for the promotion of the **agricultural sector** in support of the government's policy of promoting import-substitution, through the extension of the list of VAT exemptions for agricultural inputs and equipment, livestock and livestock products, **(Section 122)**.

2.

The abolition of excise duties on **cosmetic products produced locally** in order to enable local industry to meet the challenges of competition from imported products which remain a factor in the degradation of our balance of trade **(Section 142)**.

3.

The institution of excise duties on furniture, mayonnaise, soap, toothpick, toilet rolls etc **(Section 6, of the 2021 FL)**.



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03

MEASURES TO PROMOTE AN ENABLING BUSINESS CLIMATE



MINISTRY OF FINANCE



- 1.** The introduction of a tax scheme to promote innovative ICT start-ups. This scheme provides for the following tax advantages (**Section 124b**):
 - a. In the incubation phase, which may not exceed 5 years:* exemption from all taxes, duties, royalties and fees for which they are liable, whether real or legal.
 - b. On leaving the incubation phase, for a period of five (05) years :* exemption from patent, registration fees and reduced rates of IS and IRCM.

- 2.** **Rationalisation of the conditions for deducting losses relating to damages**, by introducing a flat-rate deduction threshold for breweries, **set at 0.5% of the overall production volume**, and opening up the validation of damages to lower-grade staff in the interests of celerity (**Section 7 C**).

- 3.** The **reduction from 2% to 1.5%** of the **advance income tax and minimum tax** for companies that open their capital on the CEMAC stock exchange. Besides, the special **incentive scheme for the stock exchange sector** will be perpetuated in order to encourage taxpayers who have opted for more transparency in the management of their accounts by resorting to the financial market (**Sections 108 and 109**).

- 4.** The clarification of the territoriality regime of VAT on the supply of services in order to preserve **the competitiveness of Cameroonian companies** (**Section 130 a**).

- 5.** The extension by two years of the carry-over period for fiscal deficits in favour of **credit institutions** and **companies in the portfolio of the State undergoing restructuring** (**Section 12**).



- 5.** The consecration of the eligibility for VAT refunds, for **international organizations** that have signed agreements with the State of Cameroon (**Section 149 (4)**).
- 6.** Strengthening the scope of the tax scheme for the **promotion of young employees** by extending it to companies benefiting from **special tax regimes** and to SMEs that are **members of the AMCs** (**Section 105**).
- 7.** The institution of the procedure for **ex officio relief** of incorrectly issued taxes (**Section 124 a**).
- 8.** The recognition of **the exemption from tax inspection** for companies that show a **15% increase** in their voluntary tax payments, in order **to promote compliance** and streamline interventions by the tax administration in companies (**Section M 41**).
- 9.** **Replacement of the taxpayer's card** by the registration certificate issued online, **which has unlimited validity**. (**Sections M1 et 21 (3)**).





**TAXPAYERS OF THE BAMENDA DIVISIONAL TAXES CENTERS
YOUR NEW RESTRUCTURED DIVISIONAL TAXATION OFFICE
(RDTO) OPERATIONAL AT THE :**

FINANCE BUILDING PRECISELY

**CONTRIBUABLES DES CDI DE BAMENDA
VOTRE CENTRE DIVISIONNAIRE DES IMPÔTS RÉNOVÉ
DESORMAIS OPÉRATIONNEL AU LIEU DIT:**

HÔTEL DES FINANCES



MINISTÈRE DES FINANCES



NEW TAX MEASURES **2021**
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04

**MEASURES TO BROADEN
THE TAX BASE**



MINISTRY OF FINANCE



1. The strengthening of the **taxation of capital gains** on the sale of **Cameroonian companies' shares abroad** through the:

- The obligation to spontaneously declare direct and indirect transfers made abroad (**Section M 1**);
- the institution of a **100%** fine in case of failure to declare such transfers (**Section M 105 ter**).

2. Clarification of the registration regime for **deeds deemed to be business transfers** in order to put an end to the tax optimisation practices observed (**Section 543**).

3. The strengthening of the conditions for the **deductibility of interest** earned on associated current account advances through the requirement of **full payment of the subscribed capital** and **the existence of a written** and duly registered loan agreement (**Section 7 B**).

4. The affirmation of the principle of a **simplified annual consolidated tax return** for each **taxpayer**, as part of the optimisation of the taxation of **individuals** (**Sections 74 et 74 a**).





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05

MEASURES TO SECURE REVENUE COLLECTED



MINISTRY OF FINANCE



- 1.** The prohibition of the payment of taxes and duties in cash at tax offices and the generalization to the divisional tax offices of the payment methods in force in the specialized management units, i.e. payment by bank transfer, by electronic means or in cash at bank outlets (Section M 7).
- 2.** The consecration of e-payment as a compulsory method of payment of taxes and duties for large companies (Section M 7).
- 3.** The consecration of the issuance and notification of receipts by electronic means, with the consequent abolition of manual receipts, which were a source of various types of fraud (Section L 8).
- 4.** The consecration of the notification by electronic means of tax collection notices (Section L 53).
- 5.** Revision of the payment deadline for taxes and duties issued on a tax collection notices from 30 to 15 days following a failure to declare or pay. The 30-day period should only apply to issues following a tax audit, except in cases of ex officio taxation (Section M 53).
- 6.** Securing SPPT's revenues by establishing the possibility of initiating forced recovery measures against marketers, who are actually liable for the levy, as a means of solidarity of payment with SCDP or SONARA who are legally liable for the said tax (Section 235 bis).
- 7.** The establishment of solidarity in the payment of the felling tax between the companies acquiring logs on the local market and the forest operator, including associations and common interest groups exploiting Community forests (Section 242 and 247a).



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06

MEASURES TO PROMOTE LOCAL TAXATION



MINISTRY OF FINANCE



1.

The optimisation of the **stamp duty on advertising** through **(Section 571)**:

- The extension of its scope of application to free distributions in the framework of commercial promotion campaigns;
- the raising of its rate **(10% to 15%)** for advertising of products harmful to health **(tobacco, alcoholic beverages)**.

2.

The exemption from the graduated stamp duty of the financial assistance agreements concluded in favour of the regional and local authorities **(Section 546)**.

