REPUBLIC OF CAMEROON
Peace - Work - Fatherland

MINISTRY OF FINANCES

Directorate General of Taxation

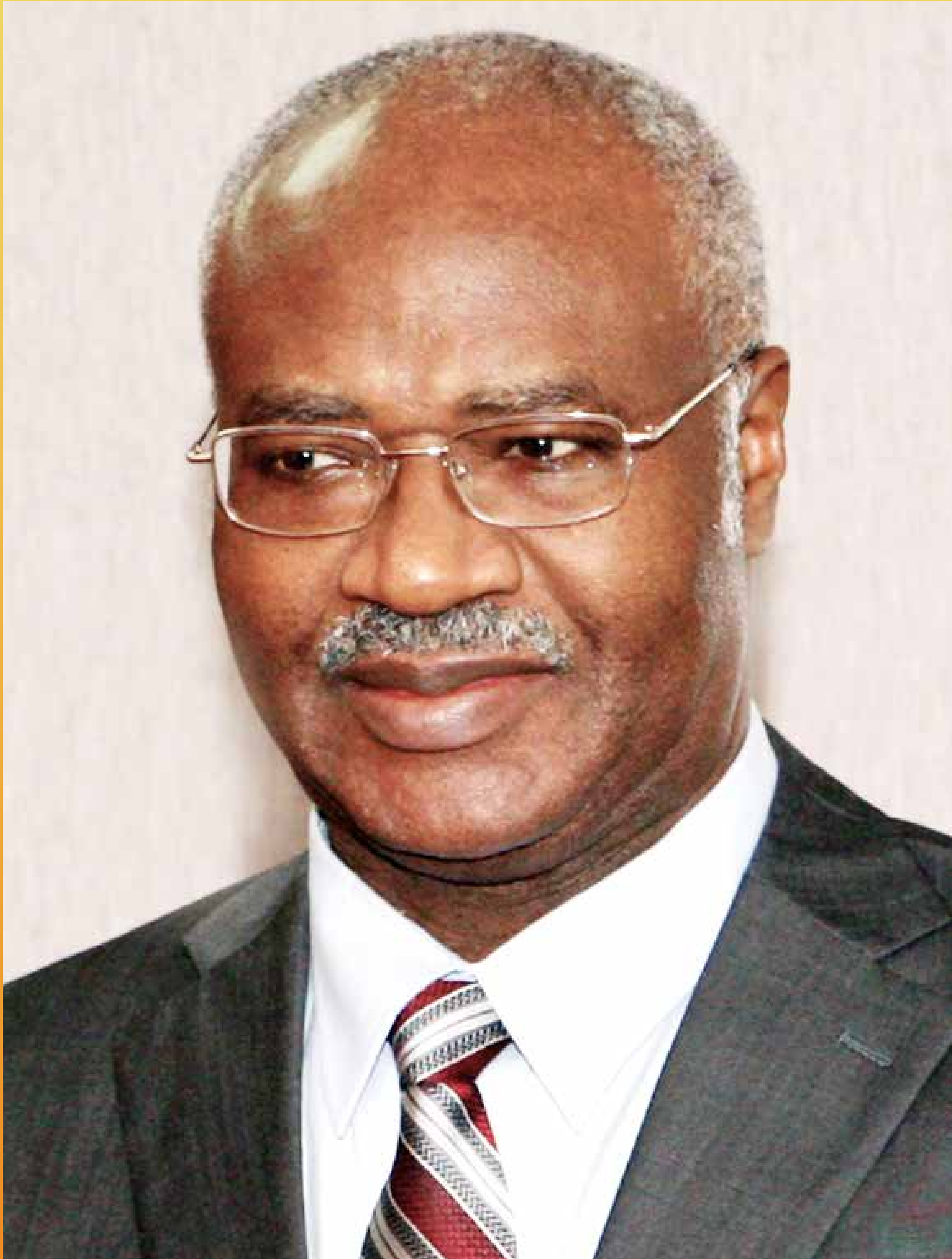
Annual Report 2016

DGI
Direction Générale des Impôts

DGI

Direction Générale des Impôts

H.E. PAUL BIYA
President of the Republic of Cameroon



Mr PHILEMON YANG

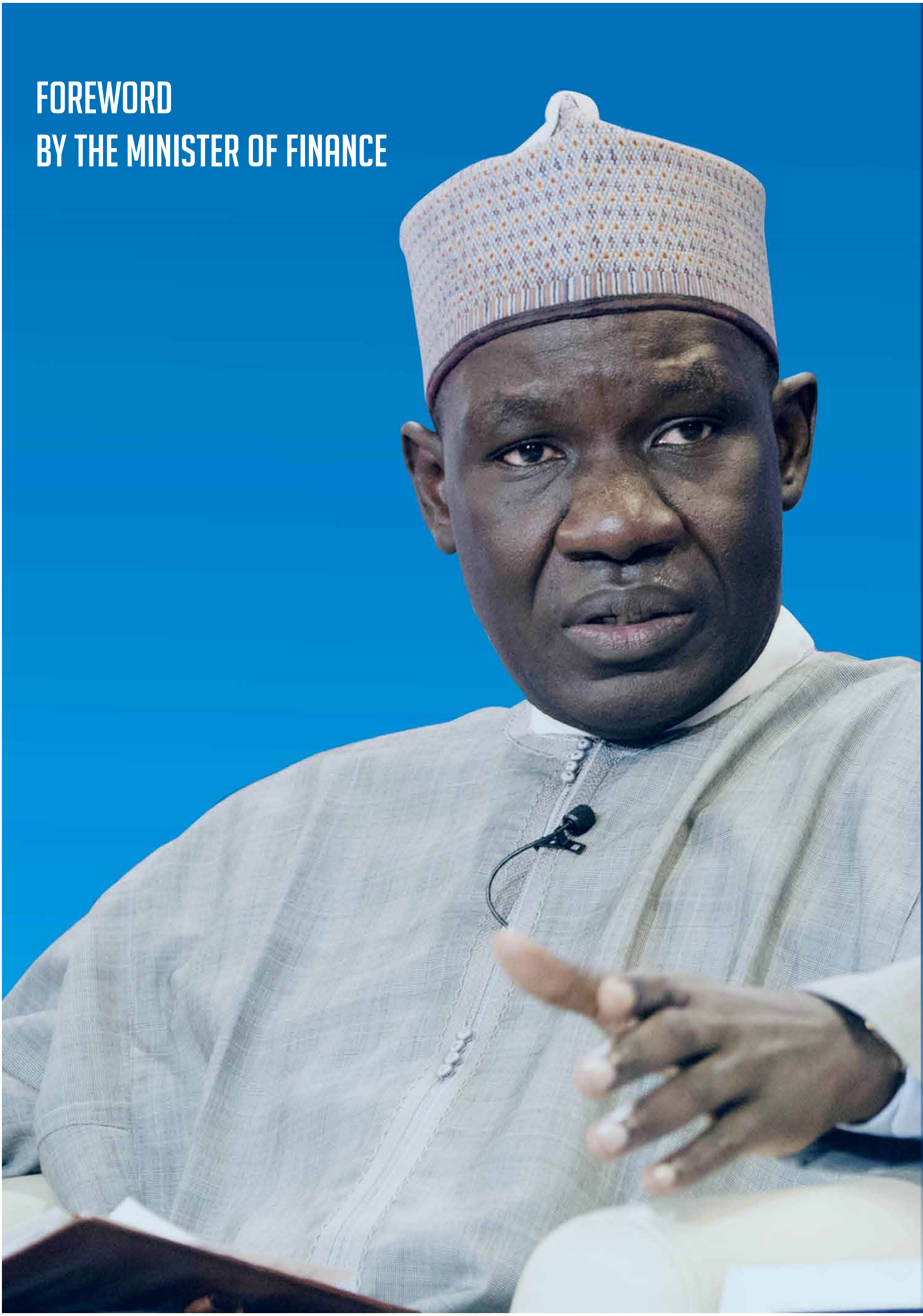
Prime Minister – Head of Government

Mr ALAMINE OUSMANE MEY
Minister of Finance

Mr PAUL ELUNG CHE
Minister Delegate to the
Minister of Finance

M. Gilbert Didier EDOA
Secretary General Ministry of Finance

FOREWORD
BY THE MINISTER OF FINANCE



The morose international economic environment observed in the second half of 2014 continued in 2016 with the lowest oil prices of the past five years, hence a corresponding drop in oil revenue. Cameroon witnessed this drop from 517 billion FCFA collected from the sector in 2014 to 316 billion FCFA in 2016, with a 39% reduction in relative terms.

After making an exceptional leap in 2015 (from 1 387 to 1 589 billion FCFA), with a significant difference in revenue collection compared to the previous years, the tax administration despite the morose economic context, continued to showcase its ability to withstand the various shocks that negatively impact economic activity.

This resilience was all the more important as highlighted by the structural upward trend in the mobilization of internal fiscal revenue triggered by relevant tax management reforms that started in 2013 and continued all the way to 2016.

In the area of tax management, the reorganisation of services continued and was consolidated with the opening of the Medium-size Taxpayer Office (MTO) in Bamenda and the strengthening of the Customs/Taxation relationship with the kickoff of the FUSION data sharing platform and the conclusion of a cooperation protocol with the Customs administration.

The commencement of the pilot phase for the biometric registration of taxpayers, the extension of e-filing to MTOs, the automation of the registration of conveyances and public procurement contracts in Yaoundé and Douala as well as the extension of the pre-filled property tax returns to other regional headquarters besides this two cities led to the enhancement of tax collection as well improving the quality of service offered to taxpayers.

As concerns tax policy, the measures implemented highlighted the other facet of taxation as a favourable tool underpinning government's economic and social policy through incentives for the promotion of youth employment, approved management centres, economic disaster zones, agriculture, fisheries and animal husbandry, local building materials, innovation and the protection of the environment.

At the same time, other new sources for broadening the tax base and enhancing collection were simultaneously explored notably specific duties on telephone communication and the institution of an accommodation tax in hotels and lodging facilities.

These reforms put together, permitted the Directorate General of Taxation to raise 1 9011.1 billion FCFA in 2016 thereby contributing 60% of the State budget and even more as concerns Local Authorities. Finally, like in 2015 and thanks to this performance, our economy was able to successfully resist the external shocks with a real GDP growth rate largely above the CEMAC average of -0.7% during the same period.

This annual report presents and analyses the activities carried out by the taxation services in 2016. It is very accessible to anyone desirous of obtaining the necessary information for a better understanding of the work of the tax administration.

Alamine OUSMANE MEY
Minister of Finance

DGI

Direction Générale des Impôts

SUMMARY

The global economic context proved to be more hostile in 2016 compared to 2015. The central African region was particularly affected with a growth of **-0.7%**. With regards to Cameroon, this situation exacerbated by the continuous decline in oil prices and the persistence of security challenges led to a fall in the GDP from **5.8%** to **4.5%** in 2016.

In this context, the Directorate General of Taxation consolidated its position as the number one source of government revenue by collecting **1 901.1 billion FCFA** gross tax revenue at the end of 2016, for the State, Local Authorities and Public Administrative Establishments.

In terms of budgetary revenues, **1 724.6 billion FCFA** was collected representing **60%** of the resources of the State (excluding grants and loans), as against **56%** in 2015.

The non-oil tax collection target set by the 2016 finance law was met and exceeded by the DGT. Effective collection stood at **1 615.6 billion FCFA** as against the projected **1 565.0 billion FCFA** representing a **103.2%** rate of execution. This collection is on an upward trend of **1.7%** when compared to 2015 where non-oil tax collection stood at **1 588.9 billion FCFA**. Of the 150 billion FCFA initially expected from corporate income tax on petroleum companies, **109 billion FCFA** was actually cashed, representing a realization rate of **72.7 %**. This is as a result of plummeting oil prices on the operations of upstream companies.

Value Added Tax (VAT) remains the main source of tax revenue with **557.0 billion FCFA** collected representing **34.5%** of non-oil tax revenue, followed by Corporate Income Tax (**21.8%**), Personal Income Tax (**17.8%**), Excise Duties (**12.3%**) and the Special Tax on Petroleum Products (**6.5%**).

From an organisational perspective, the Large Taxpayers Office remains the highest collector with **76.5%**, followed by the Centre I Regional Taxation Office (**7.5%**) and the Littoral I Regional Taxation Office (**6.9%**)

Regarding revenues destined to Local Authorities, the DGT mobilized **127.2 billion FCFA**, as against **120.5 billion FCFA** in 2015 representing an increase of **5.5%**. This trend has been strongly impacted by the property tax reform whose collection has progressed by **82.5%** between 2015 and 2016.

With regards to Public Administrative Establishments, the collection has stagnated at **50 billion FCFA**.

The above results were obtained in a continuous pursuit of numerous reforms notably, the reorganization of services, the extension of the e-filing process, the commencement of the pilot phase of biometric registration as well as the completion of the first tax expenditure evaluation exercise.

(*) The DGT collects revenue for the State, Local Authotities and Public Administrative Establishments.

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LISTE DES ACRONYMES

AIT	Advance Income Tax
ATAF	African Tax Administration Forum
BIC	Industrial and Commercial Profits
BPW	Building, Public Works
NCB	Non-Commercial Profits
CAFCAM	French Business Circle in Cameroon
DTC	Divisional Taxation Centre
GTC	General Tax Code
MTO	Medium Size Taxpayer Office
RTC	Regonal Taxation Centre
RTC A	Regonal Taxation Centre Adamawa
RTC C1	Regonal Taxation Centre Centre 1
RTC C2	Regonal Taxation Centre Centre 2
RTC FN	Regional Taxation Centre Far-North
RTC L1	Regional Taxation Centre Littoral 1
RTC L2	Regional Taxation Centre Littoral 2
RTC N	Regional Taxation Centre North
RTC NW	Regional Taxation Centre North West
RTC W	Regional Taxation Centre West
RTC S	Regional Taxation Centre South
RTC SW	Regional Taxation Centre South West
STC	Specialized Taxation Centre
CSPLI	Specialized Tax Centre for Liberal Professions and Real Estate
CTD	Regional and Local Authorities
ED	Excise Duty
DE	Registration Duty
DI	Division for Information and Communication Technology
DEPSC	Division for Investigation, Programming and Monitoring of Tax Audits
DGB	Directorate General of Budget
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 Tax Affairs
DSSI	Division for Statistics, Simulations and Registration
DPR	Pre-filled Returns
APE	Public Administrative Establishments
GEX	Cocoa and Coffee Exporters Union
GICAM	Cameroon Employers' Union
IRCM	Tax on Income from Stocks and Shares
IRPP	Personal Income Tax
FL	Finance Law
TIN	Taxpayer Identification Number
NTIC	New Information and Communication Technologies
OECD	Organization for Economic Cooperation and Development
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 Hydrocarbon Corporation
SONARA	National Refinery Company
TEC	Common External Tariff
ICT	Information and Communication Technology
TPF	Tax on Real Estate Ownership
STPP	Special Tax on Petroleum Products
SIT	Special Income Tax
VAT	Value Added Tax
VGC	General Audit
VP	Partial Audit

01

THE DIRECTORATE GENERAL OF TAXATION IN BRIEF

A. MISSIONS AND ORGANIZATION OF THE DGT

1) Missions of the DGT

The Directorate General of Taxation (DGT):

The secular arm of the State and Local Authorities (LA) in terms of revenue mobilization

The missions of the Directorate General of Taxation as defined by Decree N°2013/066 of 28 February 2013 are as follows:

1 Coordination of Services

Controling, coordinating and monitoring taxation services.

2 Elaboration of tax legislation

The DGT liaises with other relevant government departments to elaborate tax laws and regulations pertaining to direct and indirect taxes, registration fees, stamp duty and trusteeship, royalties and other taxes including petroleum, mining, forestry, agriculture, pastoral and fishing taxes and fees.

3 Registration of taxpayers

Identify, localize and register taxpayers.

4 Assessment of Taxes

Issuance and collection of direct and indirect taxes, registration fees, stamp duty and trusteeship, royalties and diverse taxes.

5 Collection of taxes and duties

Centralization of statistical data upon issuance and collection of direct and indirect taxes.

6 Tax investigation and auditing

- Collect, centralize, transmit and monitor how information for tax purposes is exploited ;
- Collecting and exploiting real estate tax information;
- Auditing and monitoring direct taxes, registration fees, stamp duty and trusteeship, royalties and diverse taxes.

7 Protecting the rights and guarantees of taxpayers

Process appeals of taxpayers on taxes levied.

8 Fight against tax evasion

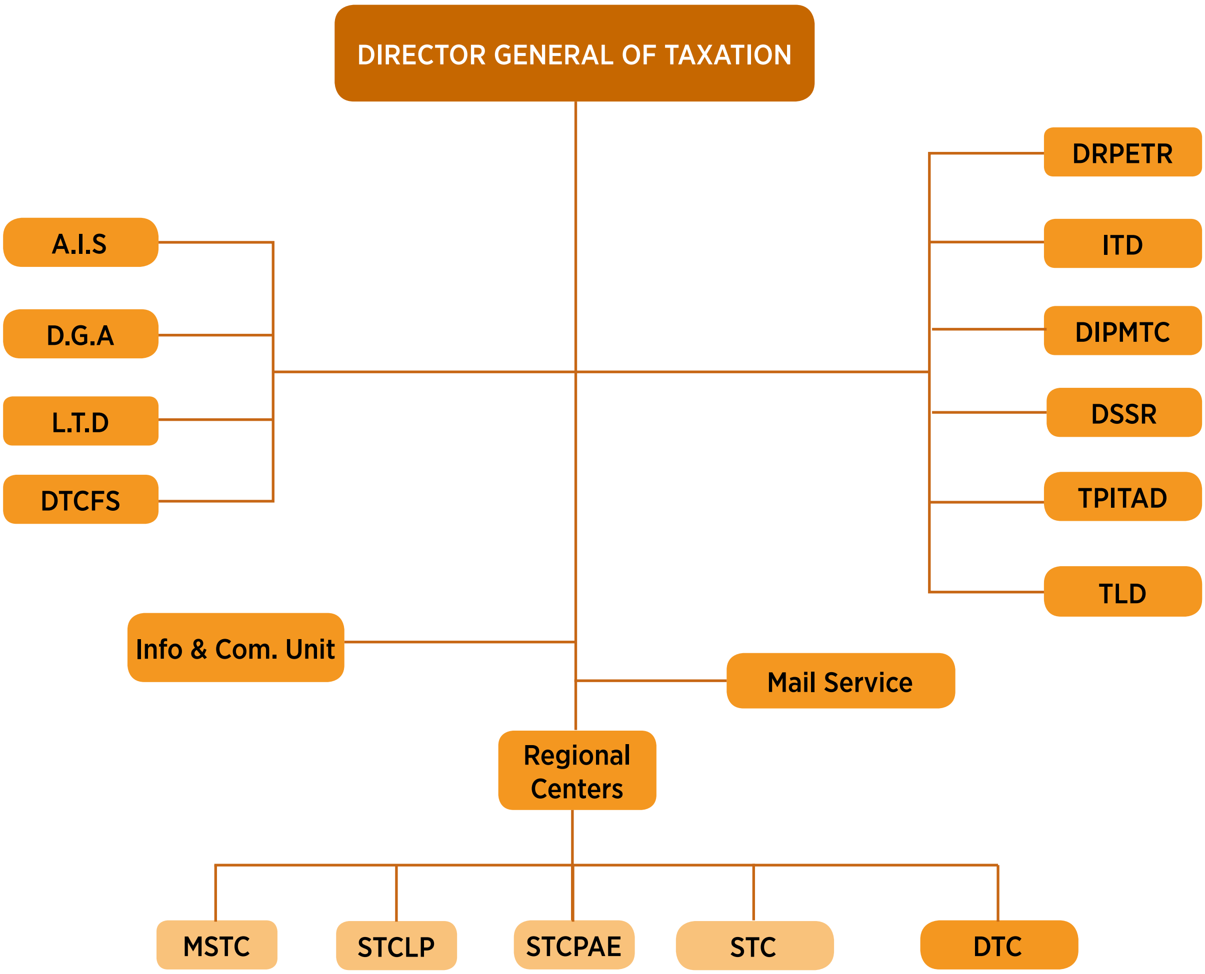
Combat tax fraud and the repression of tax offenses.

9 International tax cooperation

Negotiating and signing tax treaties and agreements.

2) Organizational Chart of the DGT

To accomplish the above mentioned missions, the DGT is organized in Central services (10 departments and assimilated services) and devolved services (12 Regionals Tax Centers [1]).

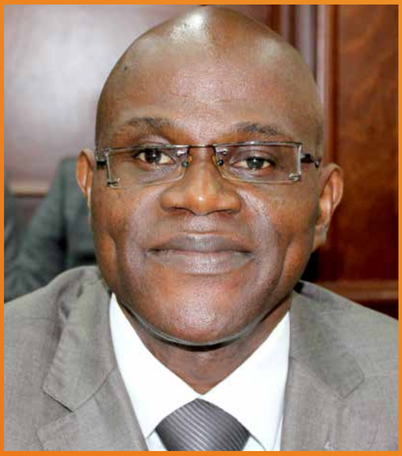


IAS: Internal Audit Service
DGA: Department of General Administration
LTU: Large Taxpayers Unit
DTCFS: Department of Tax Collection Fiscal Values and Stamp Duty
DRPETR: Division of Research, Planning and Elaboration of Tax Reforms
DIPMTC: Department for Investigations, Programming and Monitoring of Tax Audits
DSSR: Department of Statistics, Simulations and Registration
ITD: Information and Communication Technology Department
TPITAD: Division of Tax Policy and International Tax Affairs
TLD: Tax Ligation Division
MTO: Medium Size Taxpayers Office
STCLP: Specialized Taxation Center for Liberal Professions and Real Estate
STCPAE: Specialized Taxation Center for Public Administrative Establishments and other Organisations
STC: Specialized Taxation Centers
DTC: Divisional Taxation Centre

[1] The Regions of the Centre and the Littoral, due to their potential, each of them host two (02) Regional Tax Centers.

OFFICIALS OF THE DGT CENTRAL SERVICES

Modeste MOPA FATOING
Director General



Jean Paul MENGUELE
Head of the Internal Audit Service

Thérèse DZOZONG
Director of General Administration

Mariamou KASSIMOU
Director of Tax Collection, Fiscal Values and Stamp Duty

Roger MEYONG
Director of Large Taxpayers Unit

Central services of the Directorate General of Taxation comprise ten (10) departments and similar ranking outfits

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

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

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

OUMAR ALI
Head of the Division for Disputes

Joseph ODI
Head of the Division for Investigations, Programming and Monitoring of Tax Audits

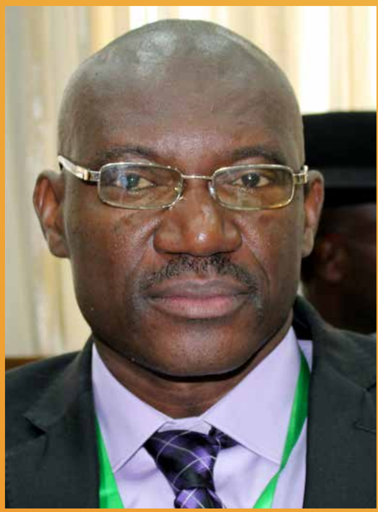
John KINYUY
Head of the Division for Information and Communication Technology

DEVOLVED SERVICES

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

OUSMANOU NASSOUROU
Head of RTC Adamawa

Ali ALHADJI ABBA
Head of RTC Centre 1



Jean Martial AKONO
Head of RTC Centre 2

Charles KOGE DJANG
Head of RTC East

Jean MPOUOGOU
Head of RTC Far North

KUIATE née FOSSO Sylvie
Head of RTC Littoral 1

AND THEIR OFFICIALS

TANYI née TAMBI Agnès
Head of RTC Littoral 2

Josué LIHINACK
Head of RTC North

FONYUY FIDELIS BERNSAH
Head of RTC North-West

Luc Désiré NKONO
Head of RTC West

Paul Longin ETOGO
Head of RTC South

Augusta Clémence EKWELLE
Head of RTC South-West

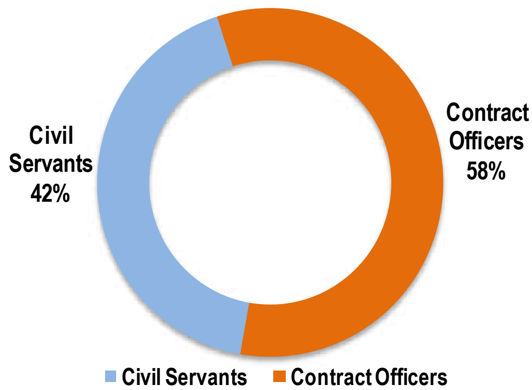
B. HUMAN RESOURCES OF THE DGT

1- Human resources: Staff distribution per status in 2016

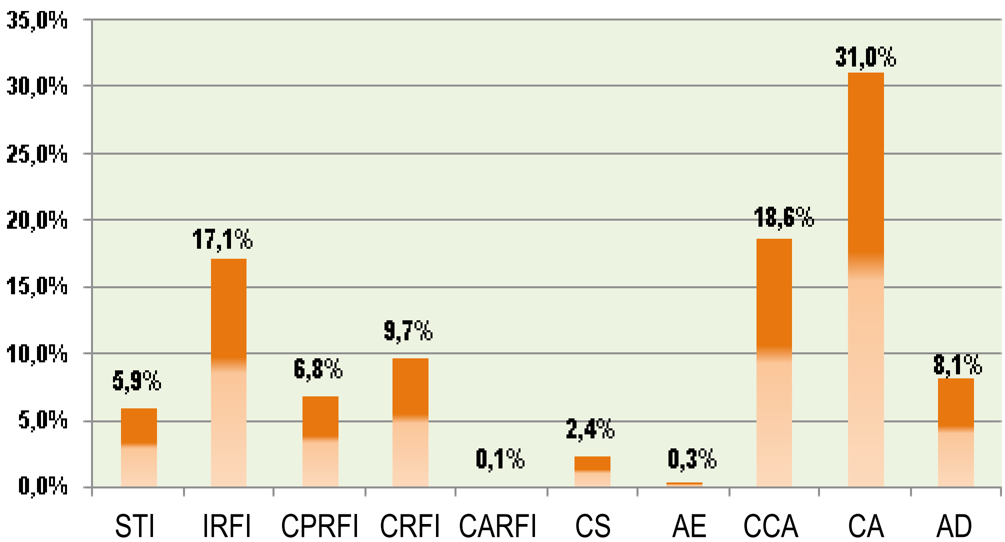
The total number of staff at the Directorate General of Taxation decreases from **3 662** in 2015 to **3 575** in 2016, a decrease of **87** in absolute terms and an **2.4%** in relative terms. The number in 2016 is partitioned as follows:

- **1 510** civil servants comprising **1 227** experts, **85** support executives and **12** State agents;
- **2 065** contract workers.

Statut	Number	Rate
Civil Servants	1 510	42.2%
Contract Officers	2 065	57.8%
Total	**3 575**	**100%**



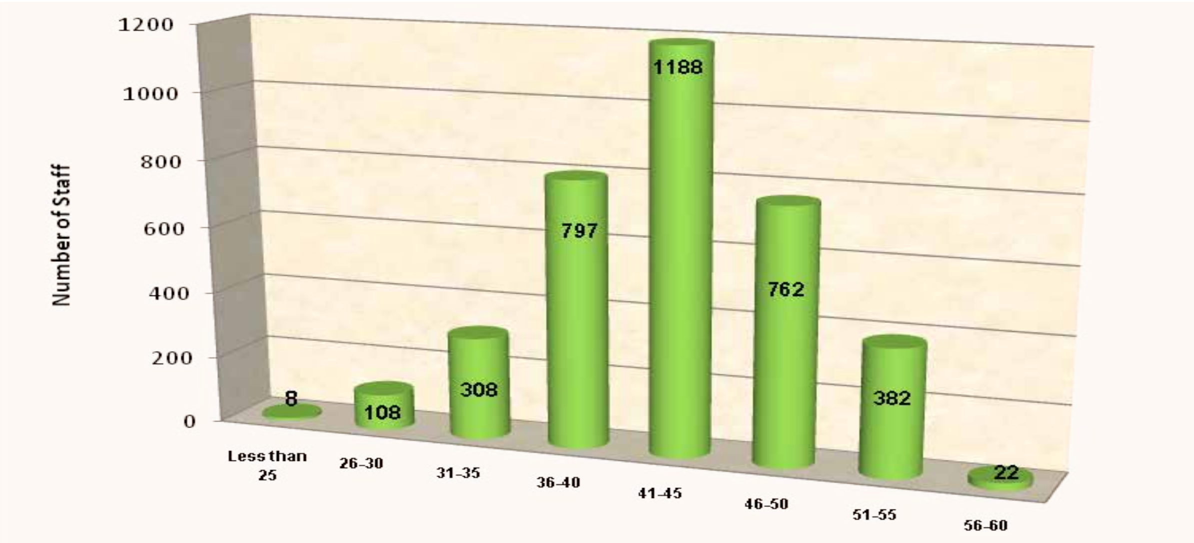
	Ranks	Number	%
Civil servants	Senior Tax Inspectors (STI)	210	5.9%
	Tax Inspectors (IRFI)	612	17.1%
	Senior Tax Controllers (CPRFI)	242	6.8%
	Tax Controllers (CRFI)	346	9.7%
	Assistant Tax Controllers (CARFI)	3	0.1%
	Support Executives (CS)	85	2.4%
	State Agents (AE)	12	0.3%
	Total Civil servants	**1 510**	**42.2%**
Contract officers	Senior Contract Officers (CCA)	665	18.6%
	Contract Officers (CA)	1 110	31.0%
	Clerks (AD)	290	8.1%
	Total Contract Officers	**2 065**	**57.8%**
Total of employees of the DGT		**3 575**	**100.0%**



2- Human resource: Staff distribution per Age

With more than 2/3 of the personnel aged less than 45 years as presented on the table below, the workforce at the Directorate General of Taxation is of average age.

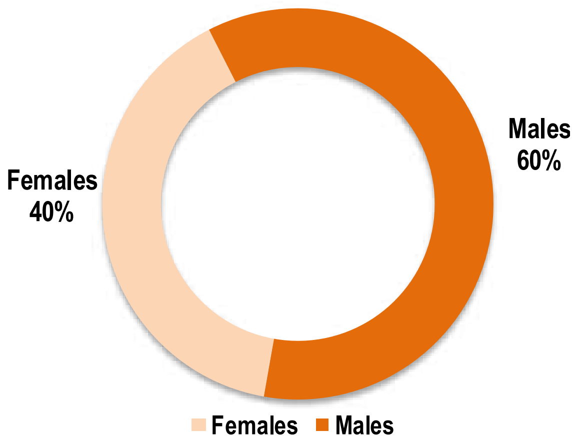
Age threshold	IPRF	IRF	CPRF	CRF	CARF	CS	AE	CCA	CA	AD	Total Staff	%
Less than 25	0	0	0	4	0	1	0	0	1	2	8	**0.2%**
26-30	0	38	4	45		5	3	0	6	7	108	**3.0%**
31-35	2	108	21	80	1	13	0	16	46	21	308	**8.6%**
36-40	10	187	68	84		4	1	139	235	69	797	**22.3%**
41-45	59	196	78	76	0	19	0	236	413	111	1 188	**33.2%**
46-50	75	72	41	20	2	6	7	197	262	80	762	**21.3%**
51-55	59	11	28	36	0	23	1	77	147	0	382	**10.7%**
56-60	5	0	2	1	0	14	0	0	0	0	22	**0.6%**
TOTAL	**210**	**612**	**242**	**346**	**3**	**85**	**12**	**665**	**1 110**	**290**	**3 575**	**100.0%**



3- Human resources: Staff distribution per gender

Males account for **60%** of the DGT staff representing **2 155** employees as against **40%** for females, **1 420** employees.

Gender	Number	Taux
Males	2 155	60.3%
Females	1 420	39.7%
Total	3 575	100.0%



4- Human resources: distribution per structure

Structures		Number	Rate
Central Services	Central Structures DGT	420	12%
	Large Taxpayers Unit	168	5%
	Revenue Enhancement Programs	241	7%
	Sub-total Central Services [I]	829	23%
Regional Taxation Offices (RTO)	RTO CENTRE I	830	23%
	RTO CENTRE II	191	5%
	RTO LITTORAL I	538	15%
	RTO LITTORAL II	139	4%
	RTO FAR NORTH	70	2%
	RTO ADAMAWA	83	2%
	RTO NORTH-WEST	139	4%
	RTO WEST	149	4%
	RTO NORTH	65	2%
	RTO EAST	120	3%
	RTO SOUTH	143	4%
	RTO SOUTH-WEST	171	5%
	Sub-total RTO [2]	2 638	74%
Other Administrations	Staff on secondment in other administrations and MINFI [3]	108	3%
Total DGT		**3 575**	**100%**

23% of the Staff work in the Central Services

77% of the Staff work in operations

With a Staff of 830 personnel

RTO Centre 1 has the highest number of staff in the DGT

5) Capacity building in 2016

In 2016, the DGT trained **2 289 staff**, which is approximately **63%** of the total workforce. The various training sessions were conducted both at the national and international levels with the support of inbound and outbound resources as shown on the table below.

N°	Strategic axes	Training topics		Number of trained staff	Number of services involved
		Nber	themes		
1	Dissemination of tax law	10	Seminar on the dissemination of the 2016 Finance law in the twelve regional services	1 302	12
2	Broadening tax base and enhancement of revenue	03	• Sensitization seminar on the modalities of collection and remittance of the IRNC and other taxes; • Training of Community agents charged with the distribution of Pre-filled Returns on Property tax in 2016; • Training of Compliance and Audit officers at the LTU on OHADA Commercial Companies Law.	280	12
3	Amelioration of the quality of services	4	• Training on e-filing at the LTU; • Implementation of e-filing at the CSIPLI; • Training on e-filing in MTOs; • Training on modern procedures of registration and transfer of immovable property.	150	05
4	Strengthening tax functions	5	• New orientations pertaining to tax audit; • Seminar on VAT refunds; • The Practice of forceful recovery, guarantees and civil and penal responsibilities Debt Recovery Officers ; • Seminar on Transfer Pricing ; • Training of the Staff of MTO Bamenda.	205	15
5	Support functions and cross-sectional activities	3	• Statistical processing of tax data on EXCEL; • Capacity building of Tax Inspectors and Controllers of the 2013-2015 badge ; • Training on the interfacing of MESURE and FISCALIS software.	171	13
6	International trainings	5	• Human resources (Libreville-Gabon); • Implementation of the methodological manual on the assistance of evaluating tax expenditure and the ECOWAS decision (Abidjan-Ivory Coast); • Country Specific Program on Public Administration (Seoul-South Korea) ; • Training, a tool for capacity building and enhancement of reforms (Guinée Conakry); • The tax administration and taxpayer services for developing countries (Beijing-China).	11	08
Total		**30**		**2 289**	
Rate of trained personnel				**63%**	

Human resource: strategic bedrock of the DGT

The Human resources (HR) is at the core of the revenue mobilization strategy of the DGT, because she relies on a human resource of good quality to better face the challenges of optimal revenue mobilization as well as amelioration of service quality. Cameroonian authorities provide to the taxation administration a staff and agents that are capable of easly adapting themselves to the various envronmental and economic mutations, to different changes and transformations and that are capable of responding to demands of performance.

The DGT hence has highly qualified tax expert, capable of responding efficiently to the practical expectations in matters of management, audit and recovery, but also as concerns the conduction of reforms, the modernisation of procedures and the animation and coordination of operational services.

To this effect, Inspectors and Controllers af taxes serving in the DGT after their intial training at the National School of Administration and Magistracy (ENAM), persue capacity buildig trainings throughout their professional career thanks to the tax administration and itspartners. Continuous training permits to permanently match available human resources with the competences required to attain the objectives targetted nd to carry on the reform of the present and future.

Apart from the personnel proper of tax career, the DGT is also open to other professional corps, especially that concerns specialised support skills (statistics, computing...).

In addition to her two (2) categories of personnel, the DGT also has numerous support agents. These agents at the time of the integration into the fiscal administration benefit from a traning that facilitates their impregnation into the corps, which is reinforced from time to time by specific trainings in relation to the various tax functions and on-going reforms.

BOX .1.1.

Coordination meeting of the central and devolved services of the DGT.

02

THE MOBILISATION OF TAX REVENUE IN THE YEAR 2016

A. REPORT ON MOBILISATION OF TAX REVENUE BY THE DGT IN 2016

Following the collection of **1 901.1 billion FCFA**, the DGT is the biggest source of tax resources for the State, Local Authorities (LA), as well as Administrative Public Establishments (APE).

1 901.1

billion mobilised by DGT in 2016 presented as follows:

1 724.6 billion for the State;

176.5 billion for the other bodies.

1) DGT, biggest source of State revenue in 2016

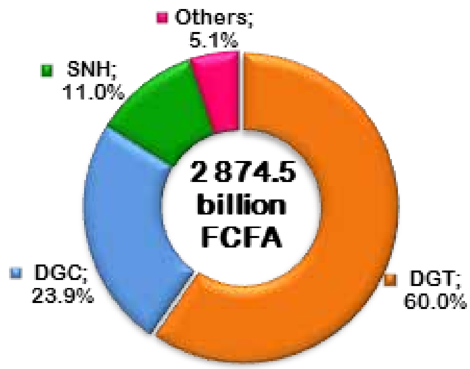
a) With regards to State revenue

In 2016, State budgetary revenue (excluding grants and loans) stood at **2 881.6 billion FCFA**, with the DGT contributing **1 724.6 billion FCFA**, representing about **60.0%** of the State resources. The table below details the different sources of contribution to the State budget.

Table 1 : Situation of revenue mobilization of State resources in 2016

Unit: billion FCFA

Administrations	2016	Contributions
DGT	1 724.6	60.0%
DGC	685.9	23.9%
SNH	316.0	11.0%
Others	148.0	5.1%
Total revenue	**2 874.5**	**100.0%**



The DGT contributes more than **60%** of the State budget in 2016

In 2016

1 724.6

FCFA billion mobilised by DGT for the state

b) With regards to gross state revenue

The gross revenue mobilised by the State in 2016 amounted to **3 093,6 billion FCFA**, with **165,0 billion FCFA** representing loans and **54,1 billion FCFA** being grants as detailed below:

Table 2 : Gross revenue situation in 2016 (in billion FCFA)

	Administrations	2016	Contributions
Internal State revenue	DGT	1 724.6	**55.7%**
	DGD	685.9	**22.2%**
	SNH	316.0	**10.2%**
	Others	155.1	**4.8%**
Total internal state revenue		**2 881.6**	**92.9%**
Loans & grants	Loans	165.0	**5.3%**
	Grants	54.1	**1.7%**
Total of loans and grants		**219.1**	**7.1%**
Total revenue		3 093.6	100.0%

The sources of the State budget revenue

The State budget of Cameroun is composed mainly of:

- domestic taxes & duties;
- custom duties;
- oil revenue;
- other revenue;
- grants and loans.

Revenue from domestic taxes includes compulsory deductions, derived from revenues and activities carried out within the national territory whether direct (company tax (CT) and personal income tax (PIT) or indirect (Value Added Tax (domestic VAT), Special Tax on Petroleum Products, Exercise Duites,….). The collection of this revenue is done by the DGT, representing **59.8%** of the State budget (excluding grants and loans) in 2016.

Customs revenue constitutes duties collected from the application of external tariff (REC), VAT on imports, excise duties and other withholding taxes collected at the border. The collection of these revenue is done by the DGC, representing **23.8%** of the State budget (excluding grants and loans) in 2016.

Oil revenue principally is composed of royalties remitted to the State Treasury by SNH, representing **11.0%** of the State budget in 2016.

Other revenue is made of non tax resources like services revenue and pension contributions, including pipeline transit fees and revenue from privatization. The collection of this revenue representing **5.4%** of the State budget (excluding grants and loans) in 2016 is done essentially by the DGB.

Grants represent non-refundable cash disbursements from other national or foreign public administrations or international organisations. Loans are made up of refundable disbursements to public administration arising from contractual engagements.

The notion of budgetary revenue excludes deductions whose proceeds are attributed to structures other than the State, precisely Regional and Local Authorities (RLA) and Public Administrative Establishment (APE) although the DGT collects the bulk of resources assigned to these structures.

The revenue assigned to Local Authorities (LA) comprises, among others, additional Council Tax (ACT), which is calculated from the main budgetary revenue, a share of the registration duties, wind screen license, property tax. Those collected for APE comprise of Audio visual royalties (RAV) and contributions to the National Employment Fund (NEF) and to Housing Loans Fund (CFC.), the total collection in the year 2016 amounted to **176.5 billion FCFA**.

In summary at the close of the year 2016, resources mobilised by the DGT (for the State and other State structures) stood at **1 901.1 billion FCFA**.

Box 2.1.

c) Detailed analysis of resources collected by the DGT in 2016

c.1. Non-oil tax revenue

The Finance Law of 2016 set a target for the collection of non-oil tax revenue at **1 565.0 billion FCFA** (see box 1.2. bellow). At the close of the year, the DGT collected **1 615.6 billion FCFA**, representing a surplus of **50.6 billion FCFA** in absolute terms and a **+3,2%** in relative terms. As compared to the year 2015 during which revenue collected stood at **1 588.9 billion FCFA**, non-oil revenue witnessed an upturn of **2.0%** in relative terms.

Box 2.2.

Procedures for setting objectives for the DGT

Non-oil tax revenue constitutes the core of resources mobilised by the DGT and they form the basis on which the capacity of the tax administration is measured.

The level of collection of non-oil resources reflects the capacity of the tax administration to bridge the tax gap which is the difference between the total revenue to be collected as set by the laws and regulations in force and revenue effectively mobiised by operational structures at the close of the fiscal year. Likewise, it helps to determine the capacity of the tax administration to meet the target assigned to it by the finance law.

Each year, the finance law assigns to the Directorate General of Taxation, a mobilisation target for non-oil taxes. This target is fixed taking into consideration the following elements:

- the output of non-oil 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 GDP growth rate and GDP deflator);
- new fiscal measures contained in the finance law aind aimed at increasing resources;
- extra revenue derived from measures aimed to improve the tax administration.

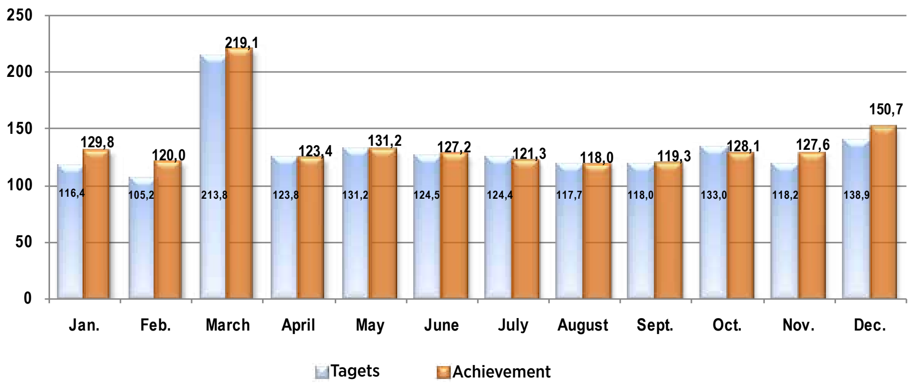
i. Monthly distribution of non-oil revenue mobilised by the DGT in 2016

The revenue collected by DGT for a fiscal year is not linear. However, the monthly average non-oil revenue mobilised stood at **133.4 billion FCFA** in 2016, peaking in March 2016 at **219.1 billion FCFA**.

Table 3 : Collection of non-oil tax revenue in 2016 (in billion FCFA)

	Jan.	Feb.	March	April	May	June	Juily	August	Sept.	Oct.	Nov.	Dec.	Total
Targets (FL)	116.4	105.2	213.8	123.8	131.2	124.5	124.4	117.7	118.0	133.0	118.2	138.9	1 565.0
Achievement	129.8	120.0	219.1	123.4	131.2	127.2	121.3	118.0	119.3	128.1	127.6	150.7	1 615.6
Achievement rate	111.5%	114.0%	102.5%	99.7%	100.0%	102.2%	97.5%	100.3%	101.1%	96.3%	107.9%	108.5%	103.2%
Contribution	8.0%	7.4%	13.6%	7.6%	8.1%	7.9%	7.5%	7.3%	7.4%	7.9%	7.9%	9.3%	100.0%

Figure 1 : The evolution of non-oil tax revenue of the DGT per month in 2016



The months of March and December constitute the peaks of revenue collection by the DGT. The first is the month for payment of outstanding balance of non oil company tax and the second is the month for adjustment of revenue collected but not computed during a given fiscal year.

Table 4 : Comparison of the monthly tax collection between 2015 and 2016 (in FCFA thousand million)

	Jan.	Feb.	March	April	May	June	Juily	August	Sept.	Oct.	Nov.	Dec.	Total
Achievement 2015	106.6	100.1	248.6	122.7	130.8	120.8	118.6	114.4	111.5	128.2	111.0	175.6	1 588.9
Achievement 2016	129.8	120.0	219.1	123.4	131.2	127.2	121.3	118.0	119.3	128.1	127.6	150.7	1 615.6
Evolution 2015/2016	+21.8%	+19.9%	-11.9%(*)	+0.6%	+0.3%	+5.3%	+2.3%	+3.1%	+7.0%	-0.1%	+15.0%	-14.2%(**)	+1.7%

Source : MINFI/DGT & Treasury Accounts

(*) A fall in the amount of expected non oil company tax balance remitted in the month march as a result of the change in the modalities of collection of these taxes through advance payments with the rate stepped up from 1,1% to 2,2%.

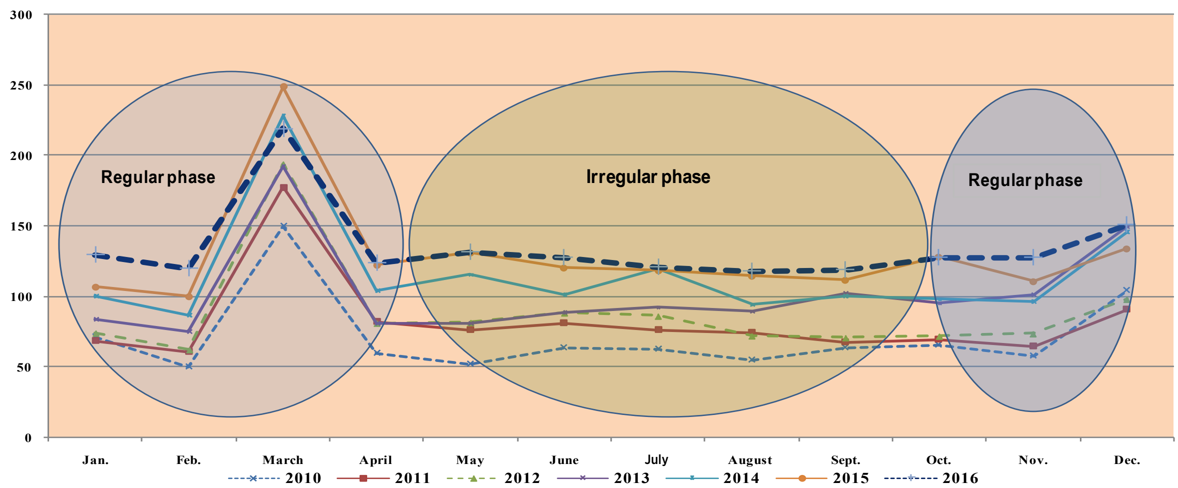
(**) An improvement of the system of recording revenue led to a fall in the volume of adjustment done at the end of the year.

Box 2.3.

The structure of non-oil revenue of DGT

The infra-annual evolution of the performance of DGT reveals three (03) phases : two regular phases and one irregular phase.

As for the two irregular phases, it should be specified that the first spreads from January to April and the second from October to December. Likewise, the evolution of its curve takes a repeated form. (the same movement is noticed every year). The rise is noticed each time in March and December while it declines in February and November. The phase of irregular evolution commences from the month of May and extends to September. During this period the rise or decline in payment varies from one month to the other. The graph below illustrates theses phases:



ii. Evolution in the non-oil tax revenue of the DGT per operational structure in 2016

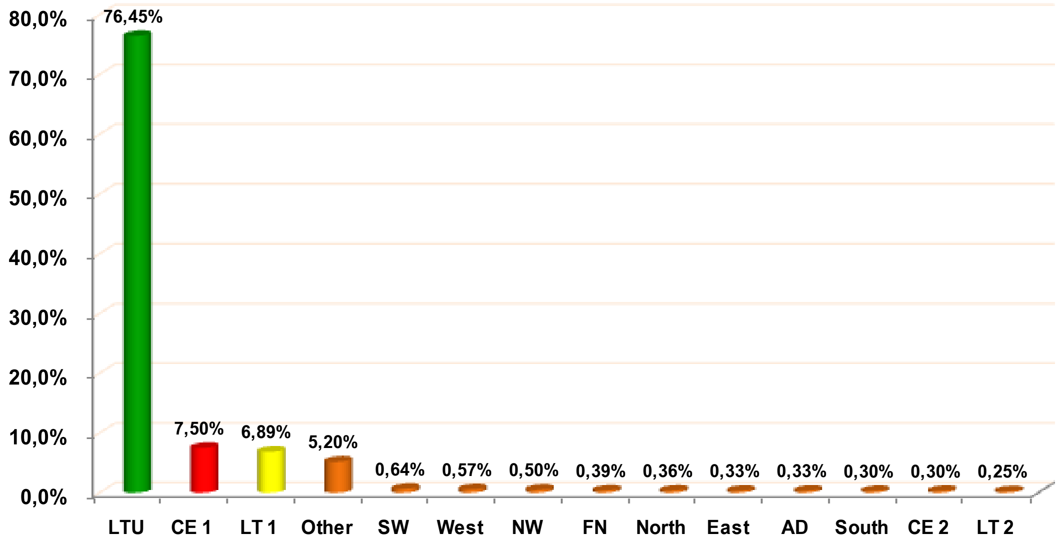
Field structures of DGT contribute variously in the collection of revenue. ***Table 5*** below indicates the weight of each structure in the collected revenue.

Table 5 : Contributions of operational structures
Unit: FCFA million

Structures	Achievement	Contribution
Large Taxpayers Unit (LTU)	1 235 084.3	76.45%
RTC Adamawa	5 398.7	0.33%
RTC Centre 1	121 091.9	7.50%
RTC Centre 2	4 880.0	0.30%
RTC East	5 398.9	0.33%
RTC Far North	6 243.0	0.39%
RTC Littoral 1	111 235.5	6.89%
RTC Littoral 2	3 982.2	0.25%
RTC North	5 797.8	0.36%
RTC North-West	8 014.0	0.50%
RTC West	9 178.7	0.57%
RTC South	4 900.6	0.30%
RTC South-West	10 344.6	0.64%
Others	84 026.5	5.20%
Total DGT	1 615 576.7	100.00%

Source : MINFI/DGT & Treasury Accounts

In 2016
76.5 %
of DGT collection comes from the LTU



The contribution of each structure depends on the potential of its taxpayer index (as demonstrated in figure 2.4. below).

Potential of the DGT operational structures

The Large Taxpayers Unit (LTU) with **407 taxpayers** in 2016 represents the leading structure in terms of revenue mobilised by DGT, representing close to **77.1%** as against **75.6%** in 2015 and **76.0%** in 2014. The LTU has national competence and groups the biggest enterprises across the national territory, defined as those that have a turnover (CA) above 3.0 billion FCFA. Besides, almost all the companies authorised to withhold taxes at source (VAT, AIT) are registered at the LTU, which helps to boost its potential to mobilise tax revenue alongside the operational structures of the DGT.

The Regional Taxation Centres for Centre 1 (administrative territory of Mfoundi) and that of Littoral 1 (administrative territory of Wouri) constitute the second and third revenue mobilisation structures of the DGT thanks to the performance of their Medium Size Taxpayer Offices (MTO). The MTO groups taxpayers with an annual turnover that varies between 50.0 million FCFA and 3.0 billion FCFA. The Regional Tax Centre for Littoral 1 (RTCL1) has three (03) MTOs and that of Centre 1 (RTCC1) has two (02) MTOs. The 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 the economic activity drawn from the private sector.

During 2016, a new MTO was created in Bamenda alongside two (02) MTO created in 2015 in the towns of Limbe and Bafoussam respectively. Based on this reform, the MTOs of South west, West and North West have emerged the fourth, fifth and sixth operational units in terms of the level of revenue mobilised.

The other seven (07) Regional Tax Centres have potential that varies depending on the level of economic activities.

Other actors that contribute in the mobilisation of resources for the DGT include public accountants in terms of taxes withheld at source from the salaries of State employees (**30.9 billion FCFA** in 2016), VAT withheld at source from public contracts and the others from externally funded contracts (**62.2 billion FCFA** in 2016) as well as the Livestock and Fishery Revenue Enhancement Programs (PSREP) (**0.9 billion FCFA**). These other actors are grouped under the column « Others».

Box 2.4

iii. The evolution of non-oil tax revenue of the DGT operational structures between 2015 and 2016

As compared to the year 2015, the output of all the DGT operational structures increased in 2016 as illustrated in the table below:

Table 6 : Evolution in the output of operational structures as compared to 2015
Unit: FCFA million

Structures	Achievement		Variation 2016/2015
	2016	2015	
Large Taxpayers Unit (LTU)	1 235 084.3	1 245 996.9	-0.9%
RTC Adamawa	5 398.7	4 993.3	+8.1%
RTC Centre 1	121 091.9	103 271.1	+17.3%
RTC Centre 2	4 880.0	6 095.5	-19.9%
RTC East	5 398.9	5 842.9	-7.6%
RTC Far North	6 243.0	5 849.4	+6.7%
RTC Littoral 1	111 235,5	108 311.4	+2.7%
RTC Littoral 2	3 982.2	3 595.1	+10.8%
RTC North	5 797,8	5 347.4	+8.4%
RTC North-West	8 014.0	7 600.4	+5.4%
RTC West	9 178.7	8 340.9	+10.0%
RTC South	4 900.6	4 711.2	+4.0%
RTC South-West	10 344.6	9 173.6	+12.8%
Others	84 026.5	69 770.9	+20.4%
Total DGI	1 615 576.7	1 588 900.0	+1.7%

Source : DGT

In 2016, RTCC1 occupies second place and comes just after LTU and above CRIL1 by **FCFA 10.0 billion**. The exceptional performance of RTCC1 representing an increase of **17.3%** between 2015 and 2016 is as a result of a close follow up of CSI-APE whose output represents **48.1%** of the RTCC1.

iv. Distribution of non-oil tax revenue collected by the DGT per fiscal function

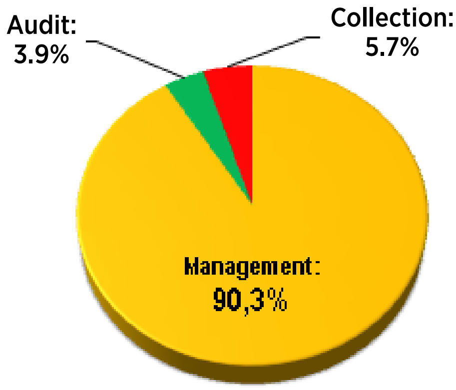
• Non-oil tax revenue of the DGT per fiscal function in 2016

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

Table 7 : DGT Output per fiscal function (Unit: billion FCFA)

Function	Achievement 2016	Contributions
Management	1 459 624.6	90.3%
Audit	63 623.6	3.9%
Collection	92 328.5	5.7%
Total	1 615 576.7	100.0%

Source : DGT



In 2016

90.3%

of revenue mobilised by the DGT is derived from the management function (voluntary payments done by tax payers)

• Evolution of non oil revenue of DGT per fiscal function between 2015 and 2016

The table bellow illustrates the trend in revenue per fiscal function between 2015 and 2016.

Table 8: Trends in revenue per fiscal function between 2015 and 2016
(Unit : million FCFA)

Function	Achievement 2016	Achievement 2015	Evolution 2016/2015
Management	1 459 624.6	1 433 386.3	+1.8%
Audit	63 623.6	47 371.2	+34.3%
Collection	92 328.5	108 142.5	-14.6%
Total	1 615 576.7	1 588 900.0	+1.7%

Source : DGT

The table reveals that of the revenue generated from all fiscal functions, «management and audit» witnessed an increase year-over-year. The drop in the output of the «collection function» by **-14.6%** as compared to 2015 is explained mainly by a fall in budgetary provisions of about **15.9 billion FCFA**, between 2015 and 2016.

[3] This mainly concerns the consideration of tax revenue arising from debt swapping between the State and certain public enterprises as well as the defrayment of VAT on external financing by the State.

Fiscal functions within the DGT

The management function enables the collection of taxes and duties filed and paid voluntarily by taxpayers notably taxes and duties levied on monthly and annual returns. Revenue derived from this function is considerable given that the Cameroonian tax system is based on self assessment. In 2016, the management function contributed 90.3% of the total revenue collected by the DGT compared to 90.2% in 2015 and 88.8% in 2014, representing an output of **1 459.6 billion FCFA**, in absolute terms. In detail, the tax administration collected **1 283.9 billion FCFA**, in terms of monthly voluntary payment; as tax balances paid annually, **101.4 billion FCFA**; VAT and income tax (IR) in commitment voucher zone (ZBE), **43.4 billion FCFA** tax on wages and salaries of State employees (T/WS), **30.9 billion FCFA**.

The audit function, for its part, enabled the collection of extra revenue derived from tax adjustments, subsequent to flaws in the tax returns of taxpayers. In 2016, **63.6 billion FCFA** was collected as a result of tax audits as against **47.4 billion FCFA** in 2015, representing an increase of 34.3%.

As for the collection function, it handles acrued taxes generally derived from returns that are not accompanied by means of payment or arrears resulting from tax disputes filed by taxpayers at the conclusion of which the tax is considered due by the competent structures. The collection function contributed in 2016 revenue worth **92.3 billion FCFA**, representing a contribution of 5.7% of the total amount of revenue collected.

Box 2.5.

[1] *The taxpayer freely files his turnover and pays the corresponding taxes. Later, the tax administration simply exercises the right to audit the taxpayer's declaration in order to determine its sincerity.*

v. Evolution of non-oil tax revenue of the DGT per tax type

Taxes collected within the Cameroonian system do not contribute on equal terms to the global output of the tax administration.

• Non-oil tax revenue of the DGT per tax type in 2016

The performance of the main taxes (see box 1.5. below) and the contributions to total output of the DGT is presented in the table below:

Table 9 : DGT output per tax type *(in FCFA thousand million)*

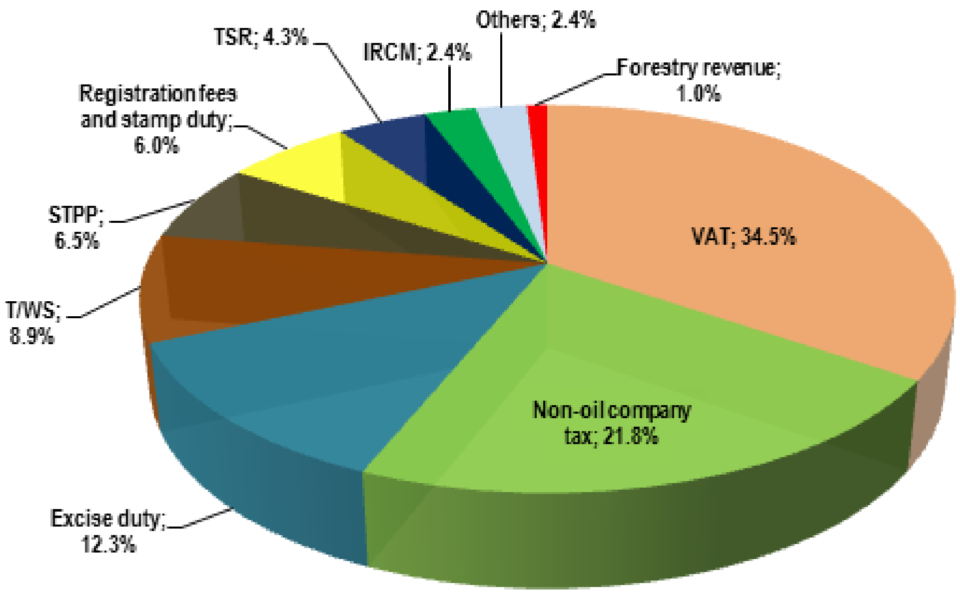
Taxes and duties	Achiev.	Contrib.
Value Added Tax (VAT)	557.0	34.5%
Non-oil company tax	351.8	21.8%
Excise duty	198.3	12.3%
T/Wages and salaries (T/WS)	143.6	8.9%
Special tax on petroleum products (STPP)	105.6	6.5%
Registration fees and stamp duty	96.3	6.0%
Special income tax (TSR)	68.7	4.3%
T/Revenue from movable capital (IRCM)	39.3	2.4%
Forestry revenue	15.7	1.0%
Others	39.3	2.4%
Total	1 615.6	100.0%

In 2016

VAT represents

34.5 %

revenue collected by DGT



Source : MINFI/DGT& Treasury Balance (BCT)

Main taxes and duties of the Cameroonian tax system in 2016

Like any other tax system, that of Cameroon relies on a structure compulsory levier assed on revenue, consumption as well as capital.

Income tax is comprised of:

(1) Personal income tax (PIT) levied 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) levier on the profits of companies operating in Cameroon at the rate of 30%*;

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

Taxes and duties on consumption are comprised mainly of:

(1) Value Added Tax (VAT at 17,5% ;

(2) Excice duties on beverages, tobacco and certain luxury products (jewels, luxury cars, etc), at 25%. Specific excise duties are based on quantity and applicable to alcoholic beverages ;

(3) Special tax on petroleum products (STPP) at 80 FCFA per litre of super and 60 FCFA per litre of diesel.

Taxes on capital: It includes registration duty on conveyances or bonds (at proportional, progressive, degressive rates and fixed fees as the case may be).

The different taxes and duties contribute unevenly to the total output of the DGT. Because of their contributions to output, consumption taxes (VAT, Excise duties, STPP) constitute the most important in the Cameroonian tax system, followed by company tax (IS) and personal income tax (PIT) thanks mostly to the tax on wages and salaries (T/WS).

For the 2016 fiscal year, VAT, non-oil company tax, T/WS, STPP and excise duties have contributed 84,0% to the total output of the DGT.

* **The company tax rate dropped by 05 points in the 2015 Finance Law.**

Encadré 2.6.

• **Evolution of non-oil revenue collected by DGT per tax type between 2015 and 2016**

The table below portrays the trends in non-oil tax revenue per tax between 2015 and 2016.

Table 10 : Output of main taxes of the DGT
Unit : FCFA billion

Taxes and fees	Achievement		Evolution rate
	2016	2015	
Value Added Tax (VAT)	557.0	523.7	+6.4%
Non-oil company tax	351.8	367.1	-4.2%
Excise duty	198.3	170.2	+16.5%
T/Wages and salaries (T/WS)	143.6	144.8	-0.8%
Special tax on petroleum products (STPP)	105.6	103.8	+1.7%
Registration fees and stamp duty	96.3	89.7	+7.4%
Special income tax (TSR)	68.7	84.4	-18.6%
T/Revenue from movable capital (IRCM)	39.3	48.8	-19.5%
Others	39.3	40.9	-3.9%
Forestry revenue	15.7	15.5	+1.3%
Total	**1 615.6**	**1 588.9**	**+1.7%**

Source: MINFI/DGT& Treasury Balance (BCT)

The good performance of DGT in 2016 is based on an increase in consumption taxes. In this regard, the contribution of domestic VAT to the output of our tax system has remained very significant. The proceeds from the tax increased remarkably in absolute terms. Also, its remarkable contribution to the total output of DGT was noticed, which moved from **33.0%** in 2015 to **34.6%** in 2016. This evolution is due to the insignificant contribution of non-oil company tax whose contribution rate moved from **23.1%** in 2015 to **22.2%** in 2016, special income tax and tax from income on stocks and shares witnessed a fall of 19% between 2015 and 2016.

c.2. Oil tax revenue

Apart on non-oil tax revenue, the DGT produces oil tax revenue comprised exclusively of corporate taxes on petroleum companies.

i. Revenue derived from corporate tax on oil companies in 2016

In 2016 the DGT collected from oil companies tax worth 109.0 billion FCFA as compared to 150.0 billion FCFA, representing an achievement rate of **72,7%**.

The decline in oil prices by close to **15.1%** in dollars had a negative impact on the results of enterprises of the oil sector and subsequently on their payment of corporate tax on oil companies. This drop is due to an increase in supply despite the prevailing geopolitical tension in the Middle-East, and the very high level of United States crude oil stocks.

Corporate tax on oil companies

1. Definition

The corporate tax on oil companies constitutes one of the taxes that must be paid by oil companies[1] 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 «Mining conventions» regime:

- Law n°64-LF-3 of 6 April 1964 relating to the mineral substances regime in the Federal Republic of Cameroon (Section 37) :
- Law n°78/14 of 29 December 1978 to supplement as concerns hydrocarbons, Law n°64-LF-3 relating to the mineral substances regime in the Federal Republic of Cameroon (Section 34).

b) For the «Oil contracts» regime:

- Law n°99/013 of 22 December 1999 on to the Petroleum Code (Section 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 installments known as « provisional one-third instalment» after each quarter of the calendar year: April, July and October.

b) For the «Petroleum Contracts» regime:

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

[1] **Enterprise whose corporate objective is the exploration and production of crude petrol.**

Box 2.7.

ii. Trends in the output of corporate tax on oil companies between 2015 and 2016

This tax witnessed a significant drop between the two years. **109 billion FCFA** was collected as against **171.9 billion FCFA** the previous year thereby representing a drop of **62.9 billion FCFA** in absolute terms and **36.6%** in relative terms. This is due to the continuous decline in oil prices.

ANNEXE 1 : Trend in non-oil taxes collected by the DGT between 2014 and 2016
(in million FCFA)

NOMENCLATURE	2014	2015	2016
1- INCOME/TAX. PERSONAL INCOME TAX (PIT)	**312 974.7**	**315 897.3**	**287 529.3**
- Salaries, wages, pensions and life annuities	142 618.2	144 806.3	143 568.6
- Special Income Tax	97 511.0	84 412.3	68 690.6
- Income from stocks and shares	44 488.9	48 774.1	39 349.9
- Industrial and commercial profits	13 648.5	21 009.6	15 673.3
- Real estate income	13 246.7	12 404.5	12 715.0
- Non commercial profits	592.3	2 875.2	5 685.9
- Income from property	830.5	1 297.4	1 803.0
- Agricultural profits	27.0	55.6	31.2
- handicraft profits	10.6	260.7	9.0
- income from other capital gains	1.1	1.6	2.8
2-CONSUMPTION/TAX	**683 538.9**	**798 416.5**	**861 475.6**
- VAT.	458 031.9	523 744.2	557 028.3
- Excise duties	98 326.7	170 163.6	198 331.7
- Special Tax on Petroleum Products (STPP)	118 514.8	103 772.7	105 579.1
- Tobacco, wines and spirits stricker	8 665.5	735.9	536.6
3- CORPORATE/TAX	**297 990.2**	**367 077.7**	**351 816.2**
- Corporate tax on non-oil companies	297 990.2	367 077.7	351 816.2
4 – REGISTRATION FEES	**37 198.6**	**49 474.4**	**50 080.6**
- registration fees on public contracts	22 594.8	31 218.8	28 868.4
- Registration fees on transfer inter vivos	586.2	391.1	376.1
- registration fees on transfer on death	214.3	61.6	159.5
- Registration fees on other transfers	13 803.4	17 802.9	20 676.6
5 – REGISTRATION TAXES	**1 984.6**	**2 213.1**	**2 204.8**
- Axle tax	1 984.6	2 213.1	2 204.7
- Tax on insurance contracts	0.1	0.0	0.2
6 – STAMP DUTY	**36 568.8**	**37 987.1**	**44 014.6**
- Stamps on passports and visa	14 298.5	15 574.8	19 881.3
- Stamps on paper size and graduated stamp	13 133.6	14 520.7	15 012.1
- Airport stamp duty	4 513.7	4 106.9	5 034.5
- Stamp duty on transport contracts	1 431.0	1 673.0	1 641.0
- Stamp duty on advertising	708.7	919.7	1 297.2
- Stamp duty on national identity cards, residence permits	2 228.9	929.6	880.1
- Stamp duty on originals	228.9	251.4	258.2
- Registration fees in debit	25.5	11.1	10.3
7 - FORESTRY TAXES	**14 548.2**	**15 446.0**	**15 697.7**
- Annual forestry royalties	8 566.0	8 558.9	9 245.1
- Felling tax	5 532.2	6 516.9	6 397.0
- Other forestry taxes	450.0	370.1	55.5

NOMENCLATURE	2014	2015	2016
8 - MINING TAXES	**1 692.1**	**1 966.6**	**2 196.8**
- Annual area royalties	1 040.7	926.5	1 352.3
- Extraction tax on quarry products	293.6	395.8	475.7
- Fixed fees for the grant, renewal or transfers of all mining instruments	16.1	87.1	228.0
- Ad valorem tax on mineral substances	0.0	360.1	80.9
- Royalties on the production of spring,, mineral and thermal water	165.2	4.7	25.8
- Other mining taxes	167.4	189.4	32.3
- Taxes on precious metals	9.2	2.9	2.0
9- TAXES ON WILDLIFE AND FISHERY RESOURCES	509.2	324.8	335.2
- Vertinary inspection tax	433.7	240.9	237.2
- Animal production fee	24.9	38.6	54.7
- Fishery products inspection Tax	44.3	35.6	22.6
- Fishery production fee	3.8	8.4	17.4
- Fishery products vehicle transportation tax	2.5	1.3	3.3
10- OTHER REVENUE	94.7	109.5	131.2
TOTAL REVENUE	**1 387 100.1**	**1 588 913.1**	**1 615 576.7**

Source : MINFI/DGT and Treasury Balance

2) DGT, biggets collector of resources for Local Authorities (LA) and Administrative Public Establishments (APE) in 2016

Besides collecting State budget revenue, the DGT mobilised **176,5 billion FCFA** as assigned revenue for LA (see box 1.8.) and APE (see box2.9.).

a) Revenue assigned to LA in 2016

i. Revenue ollected by the DGT for LA in 2016

In 2016, DGT collected **127 billion FCFA** revenue assigned to LA as illustrated in the table bellow:

Table 11 : Collection of revenue assigned to local authorities in 2015
Unit: million FCFA

	Achievement	Contributions
Additional council tax (ACT)	95 083.3	74.7%
Annual forestry royalties (AFR)	5 963.5	4.7%
Windscreen license	7 860.9	6.2%
Property Tax (TPF)	3 904.8	3.1%
Business License	3 737.2	2.9%
Local development tax (TDL)	3 532.7	2.8%
Real estate transfer charges	2 920.8	2.3%
Leases	2 424.8	1.9%
Global tax (IL)	1 069.7	0.8%
Liquor License	706.4	0.6%
Tax on games of chance and entertainment	27.0	0.0%
Total	**127 231.1**	**100.0%**

Revenue assigned to LA

The Camerooninan tax system distinguishes assigned tax from tax levied by local authorities. This distinction is done at the level of the government structure responsible for the collection of the tax revenues concerned. Assigned tax revenue includes revenue collected by the State tax revenue services and remitted to local authorities (mostly shared taxes or revenue shares). Prior to the enforcement of Law N° 2009/019 of 15 December 2009 relating to local taxation, revenue assigned to LA comprised business license, graduated tax and additional council tax. The first three deductions are council taxes levied and collected by the tax administration exclusively for LA, while additional council tax constitute (10%) share added to certain State taxes (personal income tax, company tax and value added tax) this share levied and collected simultaneously and subjected to the same procedures as those applicable to budgetary share and transferred to LA..

The law on local taxes has broadened the scope of tax revenue assigned to LA. Since 2010, apart from the four deductions cited above, the following tax revenues are earmarked for LA : property tax, tax on games and entertainment, duties on the transfer of real estate, windscreen licences, annual forestry royalties, stamp duty on publicity, local development tax and fees on leases. To this list, should be added stamp duty on vehicle registration certificates, airport tax, axle tax, and certain royalties on the development of natural resources, which are earmarked for the Regions (Local authorities termed “Regions” is however not yet effective).

Some of these revenues are wholly assigned to LA (business licence, liquor licence, global tax, additional council surtax, property tax, local development tax……). While others are assigned partially (40% of annual forestry royalties are assigned to councils).

A level of distribution exists among the LA that benefits from assigned revenue. Such distribution includes a deduction at source (percentage of the revenue earmarked directly for council, corresponding to the jurisdiction or taxpayer jurisdiction) and a centralisation system within an institution: the Special Council Support Fund (FEICOM), in view of distribution to all councils. This distribution is made proportionately to the population of each council.

Box 2.8.

ii. Evolution in revenue assigned to LA between 2015 and 2016

Table 12 : Evolution in revenue assigned to RLA between 2015 and 201
Unit: FCFA million

	Achievement 2016	Achievement 2015	Variation (2016-2015)
Additional council tax (ACT)	95 083.3	90 468.1	+5.1%
Annual forestry royalties (AFR)	5 963.5	5 424.2	+9.9%
Windscreen license	7 860.9	7 387.7	+6.4%
Property Tax (TPF)	3 904.8	2 139.6	+82.5%
Business License	3 737.2	4 195.9	-10.9%
Local development tax (TDL)	3 532.7	3 440.8	+2.7%
Real estate transfer charges	2 920.8	3 080.0	-5.2%
Leases	2 424.8	2 364.1	+2.6%
Global tax (IL)	1 069.7	1 213.8	-11.9%
Liquor License	706.4	832.3	-15.1%
Tax on games and entertainment	27.0	22.8	+18.4%
Total	**127 231.1**	**120 569.3**	**+5.5%**

In 2016, measures were taken to improve the output of revenue assigned to LA. They stepped up from **120.6 billion FCFA** in 2015 to **127.2 billion FCFA** in 2016, representing an evolution of **6.6 billion FCFA** in absolute terms and **+5,5%** in relative terms. This substantial growth was propelled by Additional Council Tax (ACT), which recorded an Increase of **5,1%** up from **90,5 billion FCFA** in 2015 to **95,1 billion FCFA** in 2016. Other deductions also contributed to this evolution: vehicle stamp duty (**+6,4%**), the Annual Forestry Royalties (AFR) (**+9,9%**) and the Local development Tax (TDL) (**+2,7%**). Business licence (**-10,9%**), liquor licence (**-15,1%**) and global tax (**-11,9%**) on their part witnessed a sharp decrease compared to 2015.

b) Revenue assigned to Administrative Public Establishments (APE)

i. Revenue collected by the DGT for APE in 2016

Revenue assigned to APE recorded a decrease (-1.7%), moving from **50.1 billion FCFA** in 2015 to **49.3 billion FCFA** in 2016 as illustrated in the table bellow:

Table 13 : Revenue assigned to APE for the 2015 and 2016 fiscal years
Unit: million FCFA

	Achievement 2016	Achievement 2015	Variation (2016-2015)
CRTV	16 643.8	17 194.7	-3.2%
CCF	24 372.1	24 624.3	-1.0%
FNE	7 995.0	8 008.3	-0.2%
CCIMA	250.1	275.9	-9.4%
Total revenue APE	**49 293.7**	**50 130.9**	**-1.7%**

This fall in revenue assigned to APE is explained by a fall in withholdings on wages and the different components of business license.

Revenue assigned to APE

Box 2.9.

Revenue collected by the DGT for APE is assigned to them to cover their specific expenses defined by the laws and regulations in force.

Assignment of revenue to APE is part of government policies designed to encourage and accompany the development of certain activities of proven general or socio-economic interest. Such is the case of:

- the contribution to the National Employment Fund (NEF) is a tax collected by the DGT and assigned to the NEF, to help promote employment in Cameroon. It is paid by employers of the public, parapublic and private sector. The rate of contribution is fixed at 1% of the total sum of salary, indemnities and emoluments paid by employers;
- the contribution to the Housing Loan Fund (CCF) serves to provide financial assistance to the execution of house construction projects. It is supported by employees and employers of the public, parapublic and private sector. For employees, the contribution is based on the amount received. For employers, it stands at 1,5% of the amount of the salary, indemnity and emolument paid out;
- Audio-visual tax (RAV) is collected by the DGT and assigned to the Cameroon Radio Television Corporation (CRTV). It is designed to promote the development of audio-visual activity in Cameroun. RAV is due by employers of the public, parapublic and private sector. As for wage earners, the deduction is based on the gross total sum of more than 500 000 received. For employers, the tax is levied on taxpayers who are liable to business license. The amount which is equal to the principal of the business license.
- the additional tax allotted to the Chamber of Commerce and Industry, Mines and the Handicraft (CCIM) and the Chamber of Agriculture, Fisheries, Animal (CAPEF) is calculated on the business license and liquor license. The share of additional tax paid by commercial and industrial companies is allotted to CCIMA, meanwhile that which is paid by forestry and agricultural companies is assigned to CAPEF.

B. EVOLUTION OF THE MOBILISATION OF TAX REVENUE BY THE DGT

1) Evolution of revenue in absolute terms

a) Evolution of non-oil tax revenue

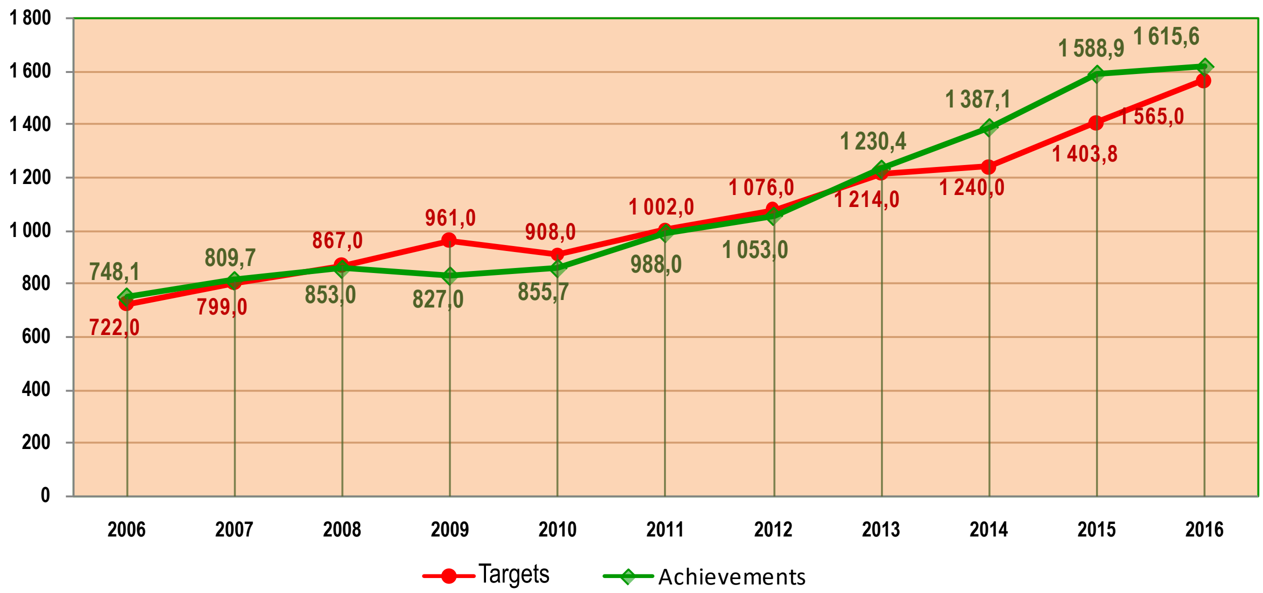
a.1. The global tax revenue

Table 14 : Evolution of non-oil tax revenue in Cameroon from 2015 to 2016
Unit : billion FCFA

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Targets (FL)	722.0	799.0	867.0	961.0	908.0	1 002.0	1 076.0	1 214.0	1 240.0	1 403.8	1 565.0
Achievement	748.1	809.7	853.0	827.0	855.7	988.0	1 053.0	1 230.4	1 387.1	1 588.9	1 615.6
Rate of realisation	103.6%	101.3%	98.4%	86.1%	94.2%	98.6%	97.9%	101.4%	111.9%	113.2%	103.2%
Growth rate of realisation	-	+8.2%	+5.3%	-3.0%	+3.5%	+15.5%	+6.6%	+16.8%	+12.7%	+14.5%	+1.7%

Revenue collected by the **DGT** increased by more than **50%** in **four years**, between 2012 and 2016.

The post 2008-2012 period (05 years), marked the end of a trend of revenue collection short of achieving the target assigned to the DGT by the Finance Law, when the DGT in 2013, started to redress its achievement curve of non-oil tax revenue thanks to the mobilisation of **1 230.4 billion FCFA** in absolute terms representing an achievement rate of 101.4% and an increase by +16.8% of annual collection. This trend was consolidated in the year 2014 just like in 2015 with the mobilisation of **1 387.1 billion FCFA** and **FCFA 1 588.9 billion FCFA**. Also in 2016, the target of **1 600 billion FCFA** was achieved as illustrated in the graph bellow:



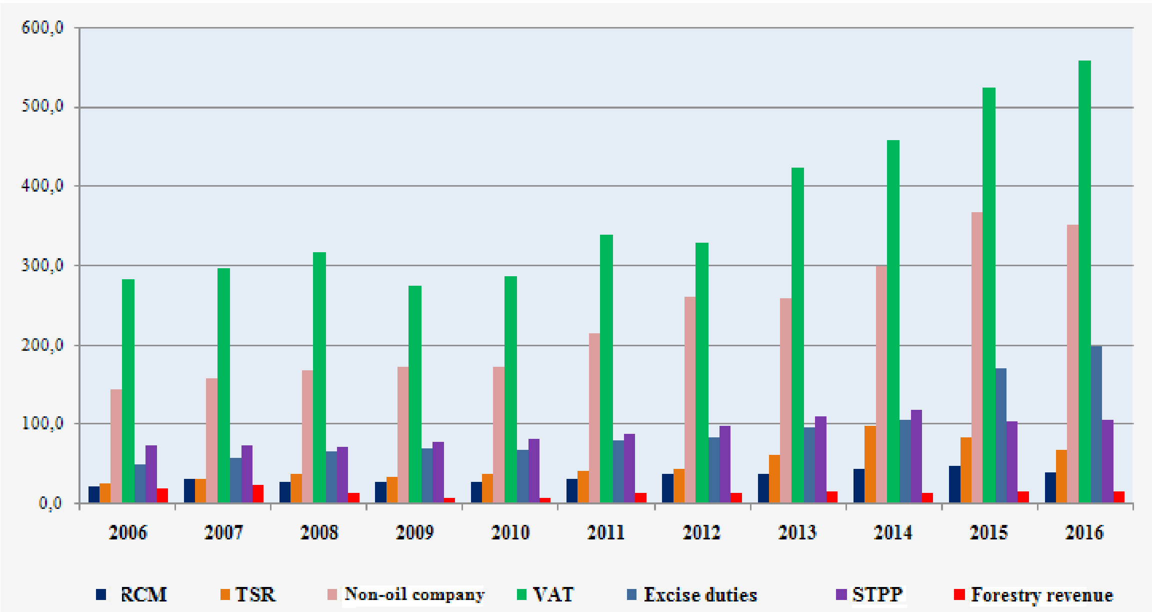
Extra 600 billion collected between 2012 and 2016

a.2.Evolution of main taxes

The evolution of main taxes is illustrated in the table bellow :

Table 15: Trend in main taxes between 2006 à 2016
Unit: billion FCFA

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
I/ Wages and salaries	58.1	64.6	76.3	88.7	84.3	94.3	98.9	118.0	141.2	144.8	143.6
I/Tax on income of stocks and shares (RCM)	21.5	31.3	27.8	29.0	27.7	32.5	38.3	39.0	44.5	48.8	39.3
Special Income Tax (TSR)	25.1	31.5	37.3	33.9	38.9	42.6	43.6	61.6	97.6	84.4	68.7
Non-oil company tax	144.1	159.3	168.1	172.5	172.4	214.7	261.3	258.4	298.0	367.1	351.8
VAT	283.8	296.7	316.7	275.4	286.8	340.0	329.4	423.2	457.9	523.7	557.0
Excise duties	49.7	57.3	65.4	69.6	68.5	81.2	84.1	95.8	106.4	170.2	198.3
STPP	74.1	73.4	71.5	78.0	83.0	87.6	97.4	109.6	118.5	103.8	105.6
Forestry revenue	19.1	24.7	14.2	7.7	9.0	14.1	13.5	15.1	14.0	15.5	15.7



Excise duties have had the most important evolution in the past ten years

b) Evolution of oil revenue

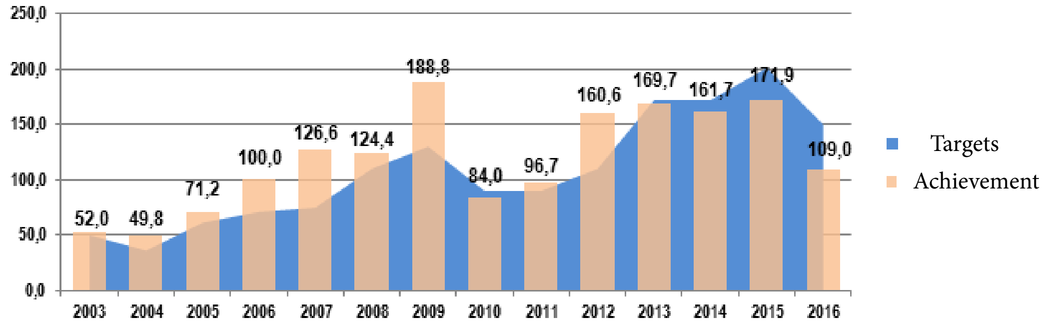
The table below potrays revenue from the corporate tax on oil companies over the past thirteen (13) years.

Table 16:Evolution in the oil sector corporate tax (Unit: billion FCFA)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Targets	71.0	75.0	110.0	130.0	90.0	90.0	110.0	172.0	172.0	201.3	150.0
Achievement	100.0	126.6	124.4	188.8	84.0	96.7	160.6	169.7	161.7	171.9	109.0
Achievement rate	140.8%	168.8%	113.1%	145.2%	93.3%	107.4%	146.0%	98.7%	94.0%	85.4%	72.7%

Source : MINFI/DGT & BCT

Figure 2 : Evolution in the collection of the oil sector company tax



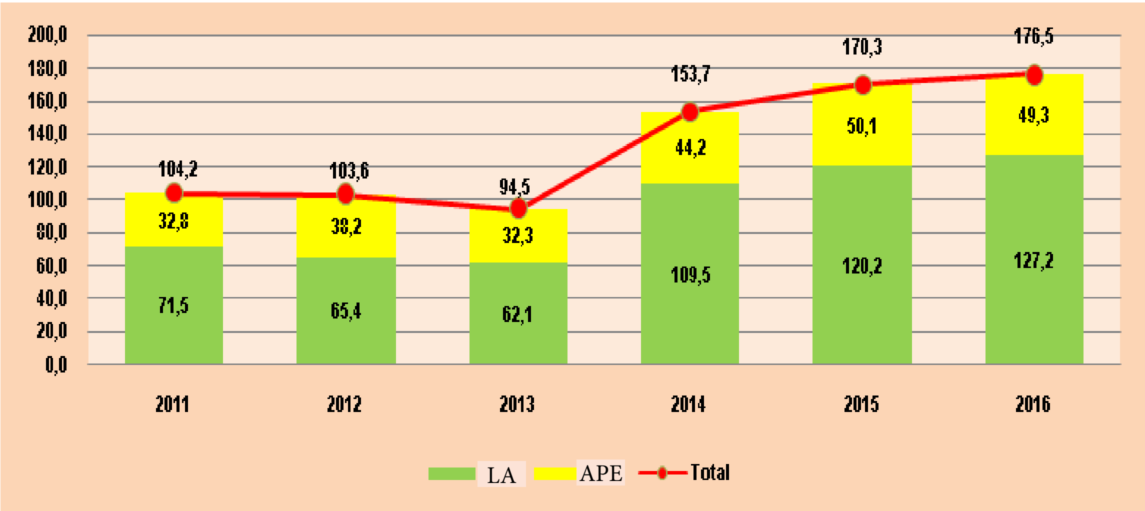
c) Evolution of assigned revenue

c.1. Evolution of total revenue assigned from 2011 to 2016

Table 17 : Evolution of revenue assigned (Unit: million FCFA)

	2011	2012	2013	2014	2015	2016
LA	71 483.9	65 384.8	62 141.7	109 521.4	120 172.8	127 231.0
APE	32 755.4	38 199.6	32 321.3	44 193.3	50 130.9	49 293.7
Total	**104 239.3**	**103 584.4**	**94 463.0**	**153 714.7**	**170 303.7**	**176 524.7**

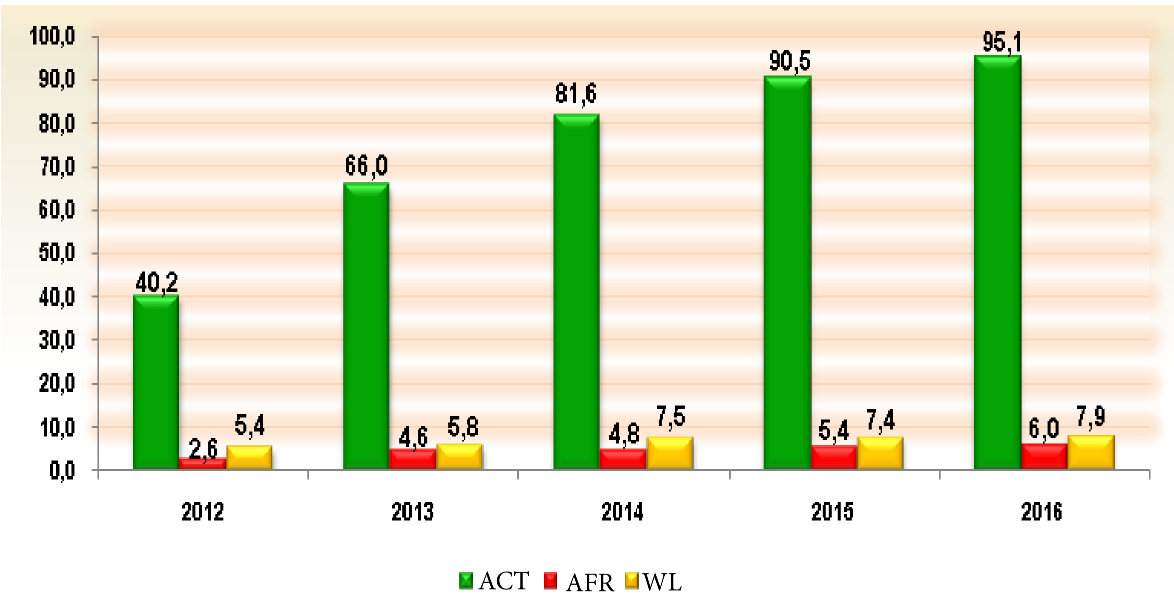
Source : DGT



c.2. Evolution of the main components of revenue assigned to LA from 2012 to 2016

The Additional Council Tax, Windscreen licence, Annual Forestry Royalties contributes more than 90% to the output of revenue assigned to LA. The table below illustrates their evolution.

Figure 2 : Evolution of ACT, AFR and vehicle stamp duty from 2012



This evolution and continuous increase of revenue assigned to LA portrays the DGT as the primary source of funding of decentralisation in Cameroon.

The financing of decentralisation

As per Section 22 of law n° 2004/017 of 22 July 2004 on the orientation of decentralisation, «resources required by Regional and Local Authorities (RLA) to exercise their powers shall be devolved upon them either through a sytem of tax transfer, or endowment funds or both methods concurrently».

Tax transfer takes two (02) forms:

- The assignment of the whole or part of certain taxes collected by the taxation services of the State (Directorate General of Taxation; Directorate General of Customs). The taxes involved are additional council tax, business license and liquor licence contributions, property tax on real estate, tax on games and entertainment, ...

- The handing to RLA, of the competence to levy and recover certain taxes known as Council tax, which could be direct or indirect. These council levies and local taxes collected directly by LA comprise amongst others, temporary occupation fees, felling tax, fees for the occupation of parking lots, transit and transhumance communal tax.

The law on the orientation of decentralisation institutes in its section 23, a common decentralisation fund (Cdf) whose amount is fixed each year on the recommendation of the government, by the Finance law. In the year 2016, the amount of the Cdf was fixed at 10 billion FCFA. This is comprised of provisions for general functioning and general expenditure. Provisions for general functioning of decentralisation take the form of funds transferred or handling of certain expenditures of LA such as salaries of the Head of councils and their assistants.

Box 2.10.

Likewise, through the mobilisation of enormous resources such as the Annual Foretry Royalty (AFR), the DGT contributes greatly to the financing of council projects.

The Annual Forestry Revenue

Annual Forestry Royalty (AFR) is one of the taxes paid by holders of valid and notified logging license on standing volume. It is calculated on the basis of the area covered by the logging licence and made up of a minimum price and financial offer. In accordance with the provisions of section 243 of the General Tax Code, the payment of AFR is done according to the following time-limit:

- forty five (45) days following the date of notification for approval or renewal of the license on standing volume;
- in three (03) equal instalments fixed on the 15th March, 15th June and 15th September.

The proceeds of AFR are shared as follows :

- 50% to the State ;
- 50% goes to Councils that is 27% for Councils of the area in which the logging licence is situated, 18% is shared to all the Councils in Cameroon and centralised at FEICOM, 5% represents support to recovery. The share assigned to the Council of the license area is used to realize projects for the community.

Box 2.11.

2) Evolution of revenue in absolute terms: the tax to GDP ratio in Cameroon

a. Evolution of the tax to GDP ratio

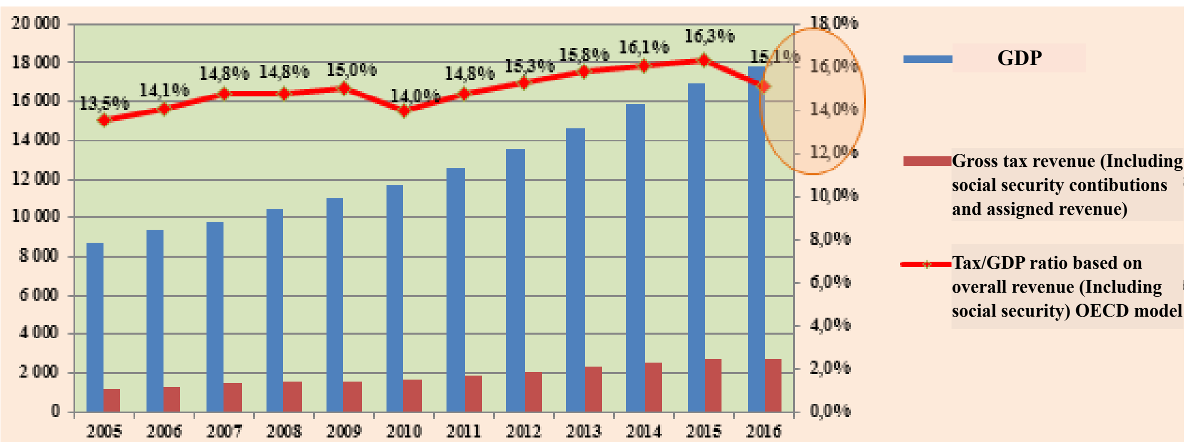
After observing a continuous evolution between 2010 and 2015, tax/GDP ratio witnessed a decline in 2016 following a fall in total revenue collected whose growth was less than the GDP. Tax/GDP ratio in 2016, stood at 15,1% of the GDP as against 16,3% in 2015, representing a drop of more than 1 point.

Unit : billion FCFA

VARIABLES RETAINED TO DETERMINE THE TAX/GDP RATIO												
Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Current PIB [1]	8 749	9 387	9 792	10 444	11 040	11 700	12 546	13 515	14 608	15 846	16 901	17 796.8
Revenue from taxes and duties (including company tax on oil companies) [2]	752	848	955	977	1 016	940	1 085	1 214	1 400	1 550	1 761	1 724.6
Revenue from customs [3]	349	376	400	442	467	504	545	596	597	700	678	685.6
Tax budgetary revenue	1 101	1 224	1 355	1 419	1 483	1 444	1 630	1 810	1 997	2 250	2 439	2 410.2
[4]=[2]+[3]	84	84	90	100	109	136	144	144	160	150	154	154.0
Assigned revenue+Social security contributions (public+private) [5]	1 185	1 308	1 445	1 519	1 592	1 580	1 774	1 954	2 157	2 400	2 593	2 564.2
Total tax revenue + social security contributions [6]=[5]+[4]	1 185	1 328	1 446	1 546	1 652	1 640	1 855	2 068	2 304	2 547	2 760	2 740.7
RATE OF TAX PRESSURE DETERMINED ACCORDING TO THE ABOVE VARIABLES												
Taxe/GDP ratio 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%	10.4%	9.7%
Taxe/GDP ratio based on budgetary revenue (DGD)	4.0%	4.0%	4.1%	4.2%	4.2%	4.3%	4.3%	4.4%	4.1%	4.4%	4.0%	3.9%
Taxe/GDP ratio based on budgetary revenue (DGI+DGD)	12.6%	13.0%	13.8%	13.6%	13.4%	12.3%	13.0%	13.4%	13.7%	14.2%	14.4%	13.5%
Tax/GDP ratio based on total revenue (including social security contributions) OECD model	13.5%	14.1%	14.8%	14.8%	15.0%	14.0%	14.8%	15.3%	15.8%	16.1%	16.3%	15.1%

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

Trend in the evolution of the rate of tax/GDP ratio between 2005 and 2016



The notion of tax burden

The tax burden defines the relative importance of compulsory deductions in the economy. It is a macroeconomic quantity whose rate is defined in relation to the GDP (Gross Domestic Product) and reflects efforts by State revenue collection to meet its expenses.

The method used in calculating the tax burden is that of the OECD. The method involves two criteria that characterise compulsory deductions, namely: the entity benefitting from the deduction and the absence of direct compensation for economic agents.

• the beneficiary entity must be a public administration that comprises a central administration and bodies whose operations are under its effective control, local authorities, social security institutions and autonomous public entities;

• the absence of direct compensation in that, the services rendered by the administrations to economic agents are not proportional to the compulsory deductions.

This rate is averagely* 34.4% in member countries of the Organisation for Economic Cooperation and Development (OECD) in 2015.

The tax burden ratio is also low in developing countries and reflects the difficulties faced by the tax administrations of these countries in the optimal collection of resources from compulsory deductions. This is often attributed to the predominance of the informal sector as well as that of sectors that heavily contribute in building the GDP (agriculture), but are not taxed. The same applies to major developemental projects that propel economic growth and which are, for the most part, exempted from taxes.

It is generally admitted that the share of compulsory deductions in national wealth must at least attain 25% to be significant and impulse genuine development.

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

Box 2.12.

03

THE REFORMS UNDERTAKEN IN 2016

Direction Générale des Impôts

In the course of the 2016 fiscal year, besides consolidating the tax administration reforms already carried (A), significant new tax policy measures were initiated (B).

A. TAX ADMINISTRATION REFORMS

Administrative reforms for the 2016 fiscal year were realized on the organization of services (1) taxpayer registration (2), filing processes (3), research (investigations) (4) and tax audit.

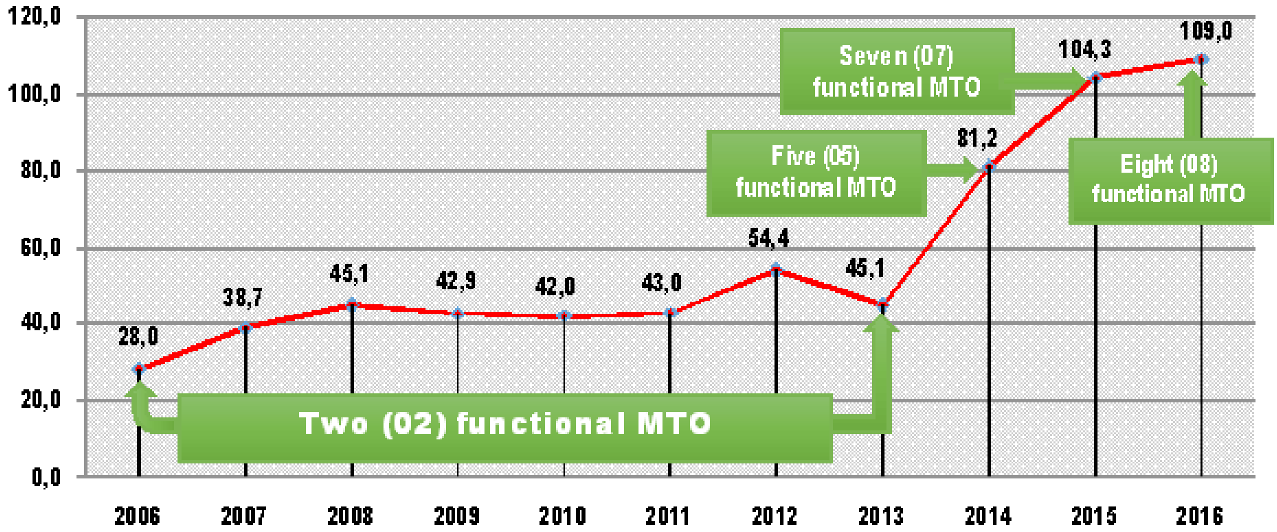
1) The organisation of services

i) The Medium size Tax payer Offices (MTO)

The reform which ushered in the creation of new MTO continued in 2016 with the creation and the operationalization of the Bamenda MTO. At the end of the 2016 fiscal year, the number of MTO within the national territory grew from (07) to eight (08). The MTO reform made it possible to secure and increase the return from these structures from **28 billion FCFA** in 2006 to **109 billion CFAF** in 2016 as indicated on the following table and graph.

Table 18 : Evolution of revenue mobilization in MTO since 2006

MTO	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Number of MTO	2	2	2	2	2	2	2	2	5	7	8
Output (in billion)	28.0	38.7	45.1	42.9	42.0	43.0	54.4	45.1	81.2	104.3	109.0
Evolution (in billion)		+10.7	+6.4	**-2.2**	**-0.9**	+1.0	+11.4	**-9.3**	+36.1	+23.1	+4.7



ii) The restructured Divisional Tax Centers (DTC)

The 2016 work plan provided for the reform of the DTC. This basically entailed aligning these centers with the organisation of the MTO and constructing new buildings. At the end of the fiscal year, it can be noted that at the functional level, these centers have fully embraced the front and back office model.

Overall, the reorganization of services enabled the tax administration improve on its revenue collection to **1 615.6 billion FCFA** and at the same time, enhancing the proceeds collected.

2) Taxpayer Registration

Weaknesses observed in the current system marked by its porous nature and double registration led to the reform of the taxpayer registration system.

After years of preparation, the pilot phase of the new TIN finally took off on September 13, 2017 with the registration of **4000 taxpayers** to date in five tax centres (LTU, MTO Yaoundé West, MTO Yaoundé East, CSIPLI Mfoundi and CSI EPA). Besides the registration of taxpayers, this phase was used to create links with the other information systems of the Ministry of Finance (DGD, DGTCFM and DGB).

The taxpayer registration reform

The overhaul of the IDU system is in line with the two main thrusts of Cameroon's fiscal policy orientation, namely the modernization (improvement of the quality of services) and optimization of the tax yield. This new system, which aims at redesigning the national taxpayer index, seeks to improve the monitoring of taxpayers by assigning a secure identifier associated with biometric parameters on one hand, and by strengthening exchanges of information between the various IT programs of the Ministry of Finance, on the other hand.

With regards to the prospects, 2017 will be devoted to the generalization of this system throughout the national territory, with the ultimate objective of enrolling all taxpayers of the DGT in this new system.

Box 3.1.

3) Tax returns

Over the years, tax returns were filed in manually and on paper. This state of affairs made it mandatory for tax payers to go to the tax services for the filing of their returns, and as such there existed a lot of physical contact between the latter and tax officials.

Since 2014, there has been a resounding effort to attain full automation of procedures within the tax department. As such, in a bid to reduce compliance costs, the DGT in the course of the 2016 fiscal year, extended the e-filing of tax returns to all MTO, introduced and consolidated the e-filing of public contracts (b) and initiated the e-filing of deeds of conveyance for landed properties (c).

84%

of the tax yield of the DGT is obtained from e-filing

E-filing

E-filing is a simplified procedure which allows taxpayers to file in their returns without using the paper templates and without going to tax services. This system aims at facilitating the filing of returns via the reduction of compliance costs. E-filing equally makes it possible to increase the productivity of the tax administration as tax officials now focus more on productive tasks (risk analysis, follow-up of the trends of the tax returns filed in, management dialogue, etc.), due to the fact that they have been relieved of unnecessary manual tasks (collection of printed tax returns, typing and archiving the said returns). The pilot phase of this process began in 2014 with the tax payers of the Large Tax Unit. The reform aims at reducing the number of trips (an average of 12 per year) made by these companies to fulfill their filing obligations.

Its implementation was carried out in two phases, a pilot phase limited to a sample of 50 companies, followed by a second phase, during which the reform was extended to all large enterprises. As regards the technical work for the implementation of the infrastructure, a specialized program (FISCALIS) was developed, as well as a secure data transmission network from the companies to the tax administration.

As at the 30th of December 2016, 100% of companies in the LTU filed their returns electronically.

Box 3.2.

100%
of the companies of the LTU file in their returns electronically

i) The extension of the e-filing of taxes to all MTOs

During the 2016 fiscal year, the DGT extended the e-filing process to all MTOs and the major specialized tax centers nationwide.

In terms of results, the e-filing process is now effectively operational in all 08 MTOs and 95% of taxpayers' recourse to this system to file in their taxes. This high rate of compliance is sustained by the recognition of the tax assessment notice as a preliminary to the payment of taxes via bank transfers (the sole recognized means for the payment of taxes).

95%
of the taxpayers of the MTO file in their returns electronically

The e-filing of tax returns in MTOs

The deployment of this modern process to all MTOs required several activities, taking into consideration the specificities of meduim size companies including:

- the creation of user accounts for the receipt of returns ,
- the installation of support kiosks,
- the training of taxpayers on the new tool,
- Training of customer relationship officers of tax centers,
- the implementation of the network infrastructure,
- modulation and installation of the e-filing application,
- the automatic switching of the e-filing data in the MESURE system for clearance.

It should be noted that the effective interconnection between the FISCALIS and MESURE applications allowed for a speedy processing of tax returns.

Box 3.3.

ii. The e-filing of public tenders

The registration process of public tenders hitherto required a lot of time and was excessively cumbersome, leading to several complaints by contractors. This process required the filing of a lot of paperwork, several red tapes and many trips to the tax services. In 2016, this formality underwent a significant reform, in the form of the e-filing of these tenders.

The statistics for the financial year 2016 show that the deadline for completing this formality was substantially reduced, from over 11 days to an average of 02 days (48 hours) for the vast majority of cases (70%), with a few cases requiring five (05) days due to certain delays.

The e-filing of public tenders

Box 3.4.

The registration formality of public tenders is carried out in the Special Registration Units of each Regional Tax Centre. The reform of the administrative procedures of public tenders is shaped by two major land marks: the reduction of paper work (i) and the simplification of procedures (ii).

i. the reduction of paperwork

Since 2016, taxpayers have benefited from a substantial reduction in the documents to be submitted in connection with the registration of public contracts. The extensive list of documents required is now reduced to three instead of seven previously. These include the administrative purchase order, the administrative contracts, the tax assessment notice and the bank transfer certificate. Only these essential documents are now required.

ii. Simplification of the procedure

In addition to the reduction of the paper work mentioned above, there has been a reduction in the procedures relating to this important formality in Cameroon's tax system. As such, thanks to the automation of this process, taxpayers can assess upstream their tax liability (and the penalties should these be applicable) without any third party intervention. As a result, the tax payer is only required to visit the tax services once for the administrative purchase order (in order to deposit the said order) and twice for the contracts (in order to deposit and to withdraw the said documents upon registration).

Another progress in this process lies in the fact that the specialized management units can now directly forward the registered vouchers to the Finance Controllers of the public entities which signed the public tenders.

All in all, the numerous contacts between the taxpayers and the tax officials have been significantly curbed.

Since 2016,

tax payers do not need to visit their tax offices for the registration of public contracts

iii. The e-filing of real estate conveyance deeds

The e-filing of real estate conveyance deeds has been effective since the 1st of June 2016. For the second half of the 2016 fiscal year **195 deeds** were filed electronically for a total tax yield of **FCFA 442.2 million**.

Box 3.5.

The e-filing of real estate conveyance deeds

The e-filing of real estate deeds of conveyance, effective since the 1st of June 2016 was done after the following requirements were met:

- The institution of an administrative price list for real estates;
- The institution of the payment of registration duties on the sale of real estates exclusively via bank transfers:

These changes were done on the heels of consultations between the major stakeholders (i) and after legislative amendments (ii).

i. A concerted approach to the reform

The digitalisation of the procedures for registration of real estate deeds of conveyance is the product of a series of consultations organized between the tax authorities and all the technical and administrative entities concerned, namely notaries, surveyors, cadastral services, land conservators. These consultations helped fine tune the implementation modalities of the reform, manage its transition phase and sensitize the various stakeholders on its stakes.

ii. The subsequent legislative amendments

The institution of an administrative price list to guarantee the integrity of taxable bases allowed the authorities drop the tax rates for transactions relating to real estates. As such, in areas covered by these administrative price lists, the rates for the registration of deeds of conveyances for built on properties dropped from 15 % to 10 %, those for landed properties in urban areas dropped from 10 % to 5 % and landed properties in rural areas witnessed a three point drop with the rate falling to 2%. The rates remained fixed in areas not bestowed with the administrative prices.

Since 2016,

Tax payers do not need to visit their tax offices for the registration of transactions on landed properties

4) Tax audits

Tax audits which represent the flip side of self-assessment system were over the years done mechanically without any consideration of the level of compliance of the audited tax payers. This led to a feeling of harassment and uncertainty at the level of tax payers. Moreover, the output from tax audits never exceeded 3% of the general tax yield of the DGT.

The year 2016 heralded a major change in the manner of executing tax audits at the Directorate General of Taxation, with the institution of the principle of one intervention at most per tax payer per annum.

The rationalization of tax audits aims essentially at reinforcing the coherence and efficiency of the audit function and the need to develop a programming processes based on risk assessment.

Another objective is to encourage the operational units to focus on the quality of the returns filed in by taxpayers of their portfolios in the bid to ensure pertinent and equitable tax audits.

As of the 31st of December 2016, 2092 audits were carried out as detailed in the table below:

Table 19 : Tax audits conducted in 2016

Units	General audits	Partial audits	Punctual audits	Desk audits	BEF	Total
Large Taxpayers Unit (LTU)	141	0	18	44	0	203
RTC Adamawa	0	0	0	0	0	0
RTC Centre 1	84	0	170	270	0	524
RTC Centre 2	26	0	70	87	0	183
RTC East	0	0	5	10	0	15
RTC Far North	11	0	1	1	0	13
RTC Littoral 1	168	0	109	109	0	386
RTC Littoral 2	17	0	32	55	0	104
RTC North	23	0	32	27	0	73
RTC North-West	10	0	54	89	0	153
RTC West	74	0	72	145	0	291
RTC South	17	0	12	36	0	65
RTC South-West	22	0	24	27	0	73
Total DGT	**593**	**0**	**599**	**900**	**0**	**2 092**

Source : DGT

The new approach to tax audits

Circular No 011/MINFI/DGI/DEPSCF of June 3rd 2016 outlining the tax audit modalities marks a major turning point in the execution of tax audits within the DGT. For once, the tax administration clearly outlined the principle of a single intervention on the part of the tax administration per tax payer per fiscal year.

Based on the aforementioned circular, intervention refers to any field (general audit of accounts, partial audits and eventually spot check), or desk audits, tax investigations or stock controls carried out on the enterprise by virtue of the provisions of sections L 9, L 11 et seq., L 16 a, L 21, L 22 et seq of the manual of tax procedures of the General Tax Code.

However, certain exceptions to the principle of a single audit may arise. These include:

- The validation of VAT credits which are usually done at the behest of the tax payers;
- The right to information (confer section M 42 et seq of the General Tax Code);
- The fight against tax fraud after due authorization from the Director General of Taxation.

The implementation of this reform on the tax audit process requires the issuance of an audit number for all the files validated for tax audits. This number is issued by the DGT and inscribed on all corresponding correspondences linked to the audit including those at the disputes and recovery phases.

The follow-up of tax audits is done in the course of meetings organized at the level of the central services, regional services and management units on the basis of harmonized follow-up tables.

The evaluation of the implementation of the audit programs are based primarily on the following criteria:

- The level of execution of the validated program;
- Compliance with procedures;
- Performance per case, stakeholder and audit squads;
- The tax waiver index;
- The rate of recovery of taxes assessed;
- The impact of the audit on the tax payer's subsequent returns.

This whole system is irreversibly involved in improving the partnership between tax administration and taxpayers.

Box 3.6.

Since 2016,

a single intervention by tax officials at the tax payers' premises per fiscal year.

5) Tax collection

The delays and numerous malfunctions witnessed in the issuance of tax receipts upon the payment of taxes have for long been one of the major preoccupations of the authorities and the tax payers.

With the ongoing automation and simplification of processes at the level of the tax administration, significant progress was made in this area in 2016. Adjustments were made in the method of issuance of receipt upon the payment of taxes via bank transfers.

The new process for the issuance of receipts

In the bid to simplify the issuance of receipts upon the payment of taxes, certain adjustments were made upstream with regards to the payment procedure and downstream regarding the issuance of the receipts. This reform equally clarified the method of calculating deadlines for the payment of taxes.

The new modifications in the issuance of tax receipts involved certain prerequisites to the payment modalities upstream prior to the issuance of receipts downstream regardless of the date of the payment of the taxes due via bank transfers.

i. The changes in the payment procedure

With effect from the 1st of January 2016, the payment of all taxes and duties by bank transfers ought to make mention of:

- The complete address of the taxpayer including the business name, tax identification number, postal address etc. ;
- The type of payments made (VAT, AIT, ED, RD) and the corresponding amounts;
- The subject of the bank transfer (voluntary payment of taxes, payment upon tax debt notification).

These precisions are required from the tax payer to ease the automation and accounting process..

ii. The new process for the issuance of receipts

Once the bank transfer order is executed by the bank (this is materialized by a duly stamped transfer order slip) the taxpayer deposits the transfer order at the revenue collector's office. This can equally be attached to the online return filed by the taxpayer. On the basis of this document, the revenue collector automatically issues the tax receipt. This process leads to an quasi automation of the payment of taxes and issuance of receipts as pledged by the tax administration.

iii. The calculation of deadlines

The date mentioned on the bank transfer certificate is that inscribed on the tax receipt. As such the calculation of the deadlines shall be done based on the aforementioned date. Likewise, any subsequent penalties and late payment interests shall be assessed based on this date.

Box 3.7.

Since 2016

tax receipts are automatically generated upon the presentation of bank transfer certificate

Tax collection

Tax collection has proven to be a difficult procedure over the years. This process involved several steps and many actors (the tax and treasury departments), based on the type of taxes involved. In addition, the payment of taxes was usually carried out in cash or by cheque. The inconveniences of such a system were countless:

- First of all, with regards to tax payers: the multiple actors involved, the risks of unrealistic tax assessments by certain units who were not concerned by the collection and the subsequent rise in tax disputes.
- With regards to the tax administration: the long circuit of assessment and collection leads to risks of insolvency by certain tax payers, evasion, the non-localization of others and as such the accumulation of bad debts. Moreover the taxes collected via such modalities were not secured leading to several distortions.

The institution of a single tax conciliator in the year 2000 marked the first major reform in the tax collection procedures. From that date, The DGT was made the site administration with responsibility for assessing and collecting all taxes. The advantages of this reform can be observed in the deadlines for the assessment of taxes, the follow-up of the collection process and the effective collection of taxes due. Likewise, the quality of tax assessments has significantly been improved bearing in mind that the tax administration is now charged with the collection of the taxes it levies. In addition the difficulties linked to the localization of tax payers have been overcome due to the fact that tax services are in contact with the tax payers on a daily basis.

In the mid-2000 and precisely in 2004, with the advent of the LTU, the payment of taxes via bank transfers was erected as the sole means for the payment of taxes by taxpayers of this new department. This method of payment has been extended to MTO which have been created all over the national territory since 2014.

Recently the advancements in the information technology sector have allowed for the improvement of the payment of taxes via more secure, simple and modern methods, thereby improving on the country's business climate. This has notably been the case with the new modalities of issuing tax receipts upon payments via bank transfers.

Encadré 3.8.

6) The tax and customs departments

One of the strategic areas of focus identified by the cameroonian authorities in a bid to improve on the collection of revenue has been the enhancement of the cooperation between the taxation and customs departments. The powers that be have come to the understanding that a close partnership between these two departments would help in broadening the tax base and fighting against tax evasion.

Based on the above, a partnership agreement was signed between these two departments on the 14th of June 2016. This agreement demonstrates the increasing willingness of both administrations to attain their objectives notably: the pooling of their risk management and prevention systems, the enhancement of the follow-up of tax and customs combined services and the development of the human capacities of both administrations.

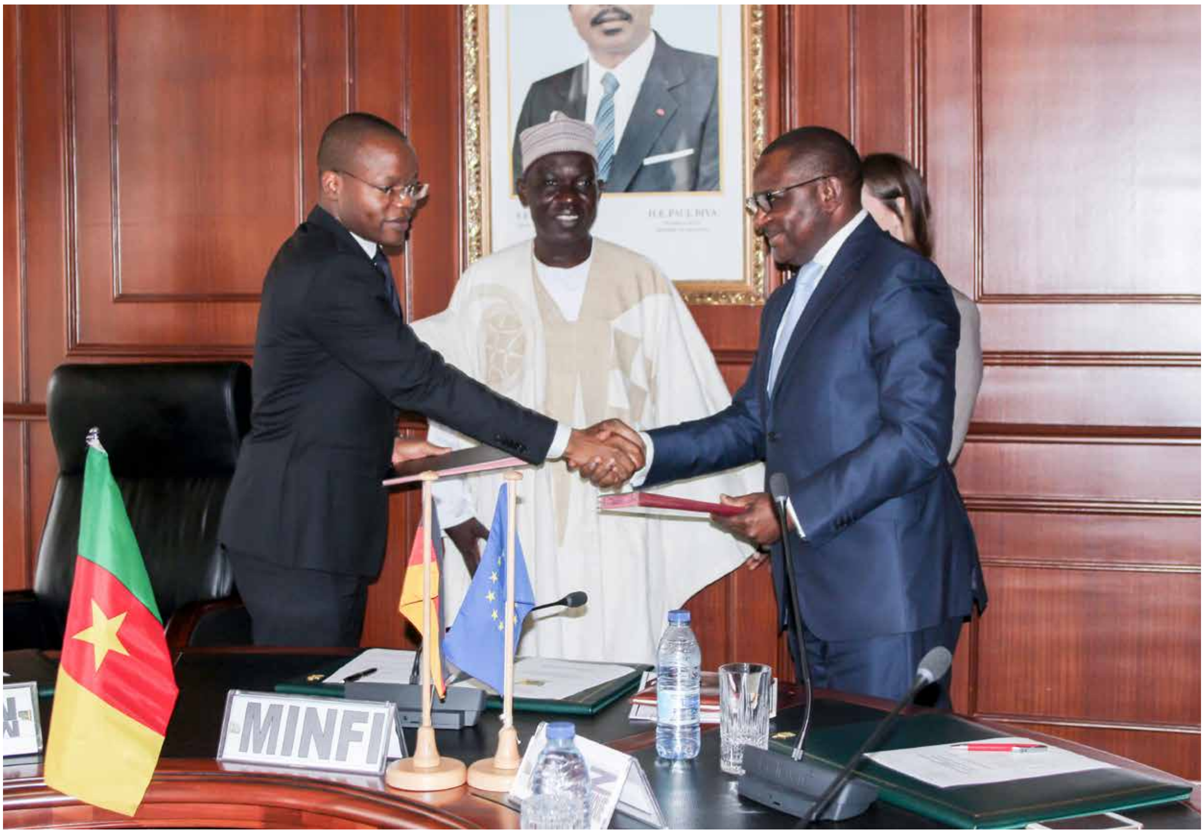
Box 3.9.

The “FUSION” software application

Fusion is a system designed to manage the risks associated with the administration of VAT, a tax collected jointly by the tax and customs departments. The system consolidates DGD and DGT data, which can be viewed and processed to enable both administrations to improve their compliance monitoring, analysis and activities.

Moreover, fusion brings a major technical breakthrough in the sense that the company profiles available in the system allow an overview of all company data grouped by profile, search and find documents related to the company.

This system also allows one to generate flexible company/tax comparison reports in a given business sector, produce scorecards to improve service steering, detect discrepancies or abnormalities in cross-comparisons of data and contribute to the strengthening of the information quality of the two financial administrations



The DGT, the DGC and the MOF during the signing of cooperation protocol.

B. TAX POLICY REFORMS

The tax policy reforms undertaken in the course of the 2016 fiscal year remain coherent with the quest for optimum tax collection via the broadening of the tax base (2) have been instrumental in the socio-economic advancement (1).

1) The promotion of socio-economic development via taxation in 2016

a) The promotion of youth employment

The fight against unemployment is one of the major challenges faced by the authorities. In order to reduce the rate of unemployment, the government, in the course of the year 2016 reduced the tax burden on the employment of young graduates.

Since 2016

the tax liability for the employment of young persons under the age of **35** is **Zero**.

Box 3.10.

The promotion of youth employment

The Cameroonian tax system is resolutely engaged in accompanying the public authorities in the fight against unemployment with emphasis on the reduction of youthful unemployment.

In this regard, law No 2015/019 of December 21st 2015 on the finance law of the Republic of Cameroon for the 2016 fiscal year instituted a series of tax reliefs notably the exemption from the payment of all payroll taxes (with the exemption of social security contributions) due by companies who employ young graduates aged under 35 (confer section 105 of the GTC).

b) The promotion of social housing

The 2016 finance law instituted the exemption of VAT on the interests on loans obtained by individuals for the acquisition of their first residential homes.This exemption equally holds for the purchase of social houses.

Since 2016
the purchase of social houses is **VAT exempt**

The promotion of social housing

In Cameroon, the access to housing is one of the major concerns of the public authorities. In this regard the tax leverage was activited in seeking an appropriate solution to this concern. To improve the supply of housing, substantial tax benefits have been provided to real estate developers to stimulate the interest of investors in this sector to reduce construction cost and ultimately improve supply of social housing.

On the demand side, low income earners have been encouraged to benefit from the ongoing major real estate developments carried out by the State such as the "10 000 social housing and 50 000 landed property project" via the following measures:

- the exemption of VAT on interest on mortgages contracted by individuals in connection with the construction of their first homes;
- the exemption of VAT on the acquisition of social housing by individuals in connection to their first dwelling-homes.

Box 3.11.

c) The promotion of SME's via Approved Management Centers (AMC's)

In order to provide tax assistance for promoters of approved Management Centers, those with at least one hundred (100) active members are entitled to (within the limit of the minimum tax) a 50% reduction in the income tax derived from the activities of their AMCs. As of December 31st 2016, there are twenty-three (23) AMCs with a total of **4,017 members**.

Approved Management Centers (AMC)

Established by the 1996/97 finance law, Approved Management Centers (AMCs) aim to promote and support small and medium-sized enterprises (SMEs). Until 31 December 2015, these incentives were granted only to members excluding their promoters.

In order to enhance their attractiveness, the public authorities, through the 2016 finance law, have reinforced the advantages granted to the Approved Management Centers (AMCs) so as to enable their promoters draw new members.

With regards to AMC members, in addition to the 50% tax reduction granted to them, the 2016 finance law provided additional benefits to the latter such as the reduction of the membership fees and the exemption from tax audits for periods which are not time barred, exemption from VAT on services invoiced to members by promoters and the application of bona fide penalties for audits realized after membership.

Box 3.12.

2) Broadening the tax base

a) Excise duty in the telecommunications industry

In the search for innovative sources of broadening the tax base, mobile telephone communication was subjected to excise duty just as it is the case in countries with similar level of development.

8.8 billion

revenue from **excise duty** was collected in 2016.

Box 3.13.

Excise duty in the sector of telecommunications

As from 2016, mobile telephone communications and internet services are liable to excise duty. The category of telephone communications set aside by the DGT refers to wireless communication networks (GSM, WCDMA, CT phone) provided by telephone operators, excluding fixed telephone and wired communications.

Internet services subjected to excise duty include access to internet network provided by specialized enterprises and telephone operators. Therefore, telephone operators and providers of access to internet are liable to the said duty.

Excise duty is applied on the tax exclusive turnover of these enterprises which is made up of their total sales excluding those from telephones and accessories as well as payments from mobile services. Excise duty is included in the tax base to calculate VAT on the same operation. It is collected at the rate of 2%.

b) The new regime of non commercial income (RNC)

In 2016, the rate applicable in the domain of non commercial profits was reduced by 5 points, dropping from 15% to 10% exclusive of additional council tax.

4.1 billion

collected from **allowances** and **gratifications** in 2016

Box 3.14.

The new regime of non-commercial income (RNC)

The setting up of the new regime of RNC is aimed at providing tax equity and the enhancement of revenue collected by DGT.

Generally the types of revenue referred to are: allowances, gratifications, honorarium and commissions paid alongside salaries by public and Parapublic entities. This excludes bonuses and allowances of a statutory character appearing in the list published by a decision of the Minister of Finance.

The rate of commercial profits dropped within the framework of the 2016 finance law. Henceforth, it shall be 10% increased by 10% additional council tax, (ACT) therefore, 11% including ACT.

These taxes are paid mainly through the mechanism of withholding at source done by the structures that make the payment.

The main difficulty encountered with the said tax concerns the process of its collection. Generally it is withheld at the source by the debtor who most often does not remit it, thereby creating a gap. Also, the said tax is withheld at source by public enterprises and the different government structures that generally do not proceed with its remittance.

c) The first study carried on tax expenditures

The first study on tax spending was realized in 2016 and concerned VAT.

According to the study, essential goods for health and livelihood were most touched by the spending which represented about 0, 51% of the GDP. This was followed by the importation of rice (0.16% of GDP). The exoneration of fish (0.14% of GDP) and the agricultural sector (0.01% of GDP).

Qualitatively, the results were as follows:

- the absence of a balance between tax expenditure and VAT: the later is based on consumption and not revenue:
- households benefit from tax expenditure based on their level of consumption and not revenue:

The State abandoned **173 billion** worth of VAT to essential goods.

Tax expenditures

Tax expenditures constitute tax advantages offered by the State in order to encourage natural or moral persons or public entities who freely resort to invest part of their revenue in a bit to achieve a given objective. It takes different forms and could be applied either directly on the taxable base, on the tax rate or as well indirectly on the treasury of the enterprise. With regard to the taxable base, the derogatory measures are related to total, partial or temporary exemptions, deductions, abatement and provisions . Concerning the rates, the difference between the preferential rate granted to certain activities and the normal rate is considered as tax spending.

In view of improving on the quality of tax spending, the Minister of Finance by decision N° 00005341/MINFI/DGI of 1st December 2015, created the tax expenditure project, charged with evaluating the impact of tax spending.

In summary, tax expenditure refers to the tax provisions stemming from a reference tax regime previously defined. The reference tax system regroups the fundamental regimes of the different taxes which fall under the common law. Tax expenditure represents the difference as compared to the established reference, in other words the loss incurred by the collectivity. The publication of the estimate of tax spending helps to promote to a larger extend budgetary transparency.

Concerning the evaluation of tax expenditure, the methodology prescribes that after the definition of the perimeter of evaluation, the evaluation team shall proceed with the evaluation proper.

Box 3.15.

04

THE DGT AT THE SERVICE OF THE TAXPAYER

A. THE DGT AND TAXPAYERS' RIGHTS

Apart from the mobilization of resources, the DGT also plays a vital role in service deliverance, which is highly solicited by its users in various capacities. The number of requests for tax clarifications, administrative appeals or litigation requests received from its users in 2016, of which a response was generated, sufficiently illustrates the objectives of this service.

For practical reasons, data presented here concerns the Central services and more especially the Director General of Taxation to the exclusion of the LTU and the RTO. For example, **13 140** written requests forwarded to the DGT in 2016 received written responses.

The DGT received
13 140
different requests in 2016

1. Generally accessible documents

The Director General of Taxation signed 118 service notes, 31 decisions and 2 circulars in 2016.

In 2016

The DGT signed:

- 118 Services Notes;
- 31 Decisions;
- 02 Circulars.

2) Individual tax documents and acts

General or specific authorisations are granted to the taxpayer in the execution of their operations.

a) Requests for clarification

Thirty-six (36) requests were received in 2016.

b) Advance rulings

Thirty (30) advance ruling requests were received and processed in 2016.

Box 4.1.

ADVANCE RULING

This mechanism which is consecrated by Section L 33 of the Manual of tax procedures, subsequently modified in 2008, gives the taxpayer the opportunity prior to the conclusion of a contract, agreement or project to seek clarification on the applicable regime from the tax administration in order to avoid future repressive measures. The response of the administration protects the taxpayer under the laid down conditions against subsequent changes in interpretation.

c) Export clearance

The DGT received requests in this light from forestry companies and issued 484 export clearances in 2016.

In 2016

The DGT issued 484 export clearances to forestry companies

Box 4.2.

EXPORT CLEARANCE

Section 247 bis of the General tax Code lays down the obtention of the export clearance from the Director General of Taxation as condition for the exportation of timber and non-timber products .The export clearance is proof subject to subsequent audits that the taxpayer has paid all domestic taxes.

The validity of the clearance depends on the tax compliance of the taxpayer and varies between three (03) and six (06) months. The export clearance is not issued to high risk companies.

3) Derogatory schemes

In the implementation of incentives contained in the various contracts and agreements, different instruments are used such as exemption attestations with regards to contracts and defrayment attestations for externally funded contracts and public private partnerships.

a) Exemption attestations

The number of exemptions issued by the DGT has been on steady increase moving from **158** in 2014 through **244** in 2015 to **251** in 2016.

251

exemption attestations were issued by the DGT in 2016

b) Defrayment attestations

Out of **485** request received by the DGT, **472** attestations were issued.

472

defrayment attestations were issued by the DGT in 2016

c) Authorisations granted within the framework of the April 2013 Law

Law n°2013/004 of 18 April laying down private investment incentives aims at promoting and attracting productive investments that can lead to a sustained and shared economic growth. In this light a Customs/Taxation Committee was set up to process such requests by decision n° 00429/MINFI/SG/DGI/DGD of 27th November 2013. A total of **101** requests were received as against **49** processed favourably by the MOF.

49
favourable opinions granted by the MOF to authorisation requests under the April 2013 Law

d) AMC authorisations

Seven (**7**) requests to operate Approved Management Centres (AMC) were received with five (**5**) granted.

05
Approved Management Centres granted authorisation

ATTESTATIONS GRANTED WITHIN THE SET UP PHASE OF PROJECTS

It is worth noting that besides the opinions granted by the DGT within the framework of authorisations under Law n°2013/004 of 18 April laying down private investment incentives in the Republic of Cameroon, other documents have to be issued afterwards during the implementation phase of the projects with regards to general, specific or derogatory tax schemes such as:

- The exemption attestation which is issued for VAT and Registration fees in the implementation of the particular scheme;
- Defrayment attestation for VAT alone and for which budgetary credits to cover it have been set aside;
- Excess payment attestation which is issued as a tax credit to a taxpayer who has wrongfully paid a tax;
- Attestation of exemption from the payment of taxes that arises from an exceptional agreement between the State (MOF) and a contractor whereby it is clearly stated that the latter agreement is exempted from the payment of any tax. The unique example is the construction of an emergency power plant in 2015 for which the attestation was issued in 2016.

Box 4.3.

4) The processing of administrative appeals and litigations

i) Litigations registered in 2016

A total of **2 444** appeals were received for a cumulative amount of **145.6 billion FCFA** principal, penalties and fines included. As of December 31st 2016, **1 840** written responses (**75.3%**) were effectively produced with **1 201** revised leading to reliefs worth **57.7 billion FCFA** and adjustments maintained to the tone of **83.4 billion FCFA** thereby representing a **40.9%** rate of relief.

2 444
litigations received in 2016

Table 20 : Evolution of litigations in all the structures of the DGT

INDICATORS	2015		2016	
	Number	Amount	Number	Amount
Appeals received	2 567	255 500 252 577	2 444	145 635 150 343
Appeals processed	2 441	254 282 377 096	1 840	141 150 483 379
Reliefs	1 489	64 878 834 023	1 201	57 740 476 541
Amounts maintained		189 403 543 073		83 410 006 838

THE EVOLUTION OF JUDICIAL LITIGATIONS IN 2016

The finance law for the 2016 financial year has brought some important changes in the judicial litigation procedures. This includes the framing of the manner through which additional supporting documents could be introduced during the administrative phase of litigation; linking the litigation procedure of registration stamp duty with that of other taxes contained in the Manual of Tax Procedures and also reducing the amount of caution required in the litigation of municipal taxes.

Guidelines for the admissibility of supporting documents during litigation procedures

With the coming into effect of the 2016 finance law, additional supporting documents during the adversarial phase after audits are inadmissible.

In order to do so, a formal request must be sent to the taxpayer who has seven (7) days to respond. In the event of the latter's silence, the administration notifies the taxpayer via a formal notice, asking the said taxpayer to produce the requested documents within fifteen (15) days of its reception. If at the end of this period the taxpayer has still not provided the necessary information, a report is drawn up by the service in order to establish the inadmissibility of the disputed documents in the litigation phase.

Matching the litigation procedure on the registration of stamp duty with that of other taxes

Previously issued on the basis of a specific debt instrument called the collection document the registration fees have also been included on the Recovery Notice (AMR), just like the other taxes, since the coming into force of the 2016 Finance law. Similarly, the litigation of these duties, which had previous specificities (separate special deadlines, direct referral to the MINFI, jurisdiction of the judicial judge, etc.), now obey the same procedure as all other traditional taxes in particular, notably the conditions of admissibility, the jurisdictional thresholds, the various competent authorities during the litigation procedures, conditions for granting stay of executions and the procedure before the administrative jurisdiction.

The reduction from 50% to 15%the rate of deposit in litigation procedures of municipal taxes.

The 50% caution required prior to the 2016 Finance law for the admissibility of an appeal in respect of municipal tax disputes was reduced to 15%. Thus, the taxpayer who intends to contest the municipal taxes charged will henceforth only pay 15% of the contested taxes in principal and penalties, in addition to all uncontested taxes.

All other prior conditions necessary for the admissibility of disputes as contained in Section L138 of the General Tax Code remain unchanged.

Box 4.4.

ii) Waiver requests in 2016

Concerning requests for waiver of penalties, the DGT received **1361**, which amounted to FCFA 33.6 million. The moderation granted amounted to FCFA 10.0 million, representing a discount rate of about 30%.

1 361

Waiver requests were processed in 2016

5) VAT refunds

56.0 billion FCFA was refunded to tax payers in 2016.

The situation of the refunds per origin and sector of activity is as follows:

Table 21 : Refunds as per the sectors of activities

Sector of activity	Refund	
	Amount	%
Forestry	14 367 808 471	25.6%
Building and civil engineering together with other service providers	17 052 921 659	30.4%
Industry	17 053 148 517	30.4%
Transporters	4 256 169 508	7.6%
Car dealers	3 013 494 277	5.4%
Diplomatic missions and others	276 630 705	0.5%
TOTAL	**56 020 173 137**	**100.0%**

Table 22 : Refunds as per the origin of the tax credits

Origin of the tax credits	Refund	
	Amount	%
Exportations	33 313 643 739	59.5%
Withholding at source	18 792 474 028	33.5%
Investments	3 052 108 091	5.4%
Tax exemptions	861 947 279	1.5%
TOTAL	**56 020 173 137**	**100.0%**

ELIGIBILITY TO VAT REFUNDS

Box 4.5.

Eligibility is open to the following:

1. Taxpayers subjected to VAT who have:
   - exported taxable products;
   - undergone withholding at source of the invoiced VAT by their clients;
   - carried out investments in industrial activities or leasing with the cumulative input VAT not offset within a year;
   - carried out inter-CEMAC transportation.
2. Diplomatic and consular missions as well as non profit-making organisations whose public utility has been declared.

REFORMS AIMED AT SPEEDING UP VAT CREDITS REFUNDS

The two reforms undertaken in this aspect are related to the creation of a more stable deposit fund specially dedicated to the refund of VAT credits and the improvement in the level of transparency in the processing mechanism, thus enabling taxpayers to subscribe and follow-up the level of their applications online.

i. Automatic monthly crediting of the special VAT account held at the BEAC

The project aims at achieving two objectives: to increase the amount of the monthly allocation for VAT credit refunds which prior to the reform was settled at FCFA 6 billion, and to automate this allocation as to make it permanent.

For this to be achieved, a review of the Convention signed between the State/ BEAC of 1999 governing the operation of the said account was carried out. The monthly supply amount has thus increased from FCFA 6 billion to 9 billion FCFA. In addition to this, 6 billion FCFA will be irrevocably allocated to this effect on the 15th of every month. In addition to that, the sum of FCFA 3 billion will be transferred between the 25th and the 30th of each month depending on the situation of the State`s treasury. The modified Convention, was signed in January 2017.

ii. As regards on-line subscription and processing of applications for the refund of VAT credits

The project aims at establishing transparency in the processing of VAT refund files, the dematerialization of the procedure, the digital subscription and the monitoring with regards to the legal deadlines set by the tax administration for VAT credit refunds.

This project which began in January 2016 was made available to the public in June 2017. As from the 1st of July 2017, taxpayers were able to subscribe their VAT credit refund requests online, they could also follow-up the level of progress on the processing of their files through the DGT's IT platform.

Box 4.6.

Private sector representatives with the DGT and his collaborators.

B. THE DGT AND THE IMPROVEMENT OF THE BUSINESS CLIMATE

As in the past, the DGT continued building partnerships with the private sector as well as other public administrations (1) while broadening its communication outreach (2).

1) Partnership with the private sector

i) Cameroon Business Forum-2016

The DGT took part in the proceedings of the 7th edition of the Cameroon Business Forum on March 15th 2016 chaired by the Prime Minister, Head of Government under the theme «For a better perception of the business climate in Cameroon.»

The tax administration did a presentation on measures for the improvement of the business climate especially the automation of procedures (e-filing, payment of taxes via «mobile money», collection modalities of the windscreen licence), the streamlining of tax audits and measures to promote youth employment.

Proceedings of the 7th edition of CBF chaired by the Prime Minister, Head of Government.

The DGT meeting with representatives of the private sector.

ii) Cameroon Employers Union (GICAM)

The improvement of the business climate and the simplification of procedures were once more on the table during discussions with private sector representatives under the banner of GICAM.

They were at the centre of discussions in a working session held by the Director General of Taxation at the GICAM Douala premises on March 30th 2016. The preoccupations of GICAM on these issues were equally examined within the domestic taxes sub-committee of the MOF-Employers Union working group in order to prepare proposals for the 2017 finance law.

iii) Cameroon Association of Insurance Companies (ASAC)

Partnership with the private sector was further solidified with the transfer of windscreen license collection to insurance companies that belong to ASAC by the 2016 finance law.

An interministerial working group with ASAC as member was set up by ministerial Service Note n°000037/MINFI/DGI/DLRI of 13^{th} January 2016 to prepare the entry into force of the new modality for collecting the windscreen license. The ensuing recommendations helped a lot in the effective implementation of the reform.

Beyond the furtherance of compliance, joint DGT-ASAC windscreen license controls envisaged in 2017 will go along in strengthening collaboration with the insurance sector.

iv) Cameroon Association of Professional Credit Establishments (APECCAM)

Collaboration with the members of APECCAM (banks) led to the implementation and generalisation of the payment of taxes through bank transfers.

This facilitated the issuance of tax receipts upon presentation of the transfer attestation and the summary of taxes and duties paid. Guidance on the fees to be paid to banks for the transfer of tax payments will help in disseminating this method of payment.

v) Professional Marketers Association (GPP)

Downstream issues raised by GPP were examined within the framework of an ad hoc group created by service note n°00024/MINFI/DGI/DLRFI of January 6^{th} 2016.

This culminated in proposals to better tax the income of marketers as well as ease the refund of their VAT credits.

vi) Cameroon Association of Timber Producers (GFBC)

The committee created by service note n° 799/MINFI/DGI of October 20th 2015 served as a forum for the examination of the concerns raised by operators of this sector.

The concerns of the GFBC such as the fight against illegal sale of wood, improving the mechanism for collecting the Annual Forestry Royalty and streamlining the various taxes in the sector were integrated in the finance law.

vii) Transporters syndicates

These syndicates participated heavily in the dissemination of the new collection modalities of the license within their associations as well as bringing to the attention of the administration preoccupations of their sector.

The already existing concertation framework will be upgraded in order to create a platform dedicated to examining the concerns of this sector so as to put in place an appropriate taxation system for this sector.

Sensitisation workshop with transporters syndicates on the Windscreen License reform.

2) Communication, a vital tool for the improvement of the business climate

i) The production of numerous tax-guides for users

In order to better accompany users in their day-to-day activities within the taxation services, the DGT published in the 2016 fiscal year, a Guide for the refund and Compensation of VAT Credits and a Guide on Tax Litigation and rebates (tax relief). More so, two (02) Guides on e-filling procedures of real estate and public procurements were also established. These publications presented a more simplified approach to file the said taxes, the different stages and all the obligations to be respected during the filing process.

ii) Internet

In a bid to reinforce a strong link of communication in support of the reforms of the DGT, the web site www.impots.cm ,which is regularly updated, provides useful and credible information to users. It also serves as a support for the e-filling of taxes and the national taxpayer index is also published there. Thus, users can consult the General Tax Code, legal and regulatory texts, press releases, announcements, practical guides and various tax related publications.

iii)) Radio and television adverts

By producing and broadcasting radio and television adverts on ongoing reforms since 2013, the DGT has been able to reach out to taxpayers on the different current practices. These micro programmes with teaching aims have helped in sensitising lots of taxpayers on their compliance obligations as well tax modifications to the finance law. Thus adverts on the business license, VAT refund, tax clearance certificate, AMCs, prefilled property tax returns and the windscreen license were widely broadcasted by partner radio and television stations. Television screens installed in the central and decentralized services of the DGT equally helped in carrying these programmes to staff and taxpayers.

iv) Tax-Info

The magazine « ImpôtsInfos », which reports on a regular basis on all the activities of the DGT, is already on its fourth edition at the end of 2016.

05

THE DGT ON THE INTERNATIONAL SCENE

In 2016, the Directorate General of Taxation was on the international scene where it carried out a series of activities within international organizations and continued with related activities on the intensification of its network of international treaties and agreements.

Cameroon was awarded the organisation of the 2017 **Global Forum**

A. Multilateral Cooperation

1) OECD

Cameroon through the Ministry of Finance has confirmed her associate membership of the Inclusive Framework of the OECD and as such marks her engagement of implementing the basic minimum standards of the BEPS project (Base Erosion and Profit Shifting).

Box 5.1.

Cameroon and the Basic Minimum Standards

In her capacity as an associate member of the Inclusive Framework of the OECD, Cameroon must speed up the implementation of the minimum standards.
It means adjusting its legal and administrative framework to suit the norms defined by the «Whole BEPS Package» in its entirety and more precisely on:

- measures related to the abuse of international tax treaties;
- harmful tax practices;
- transfer pricing documentation and Country by Country Reporting;
- modifying the preambles of bilateral tax treaties by incorporating the engagement of party states not only to fight against double taxation but equally double non-taxation.

Plenary of the Global Forum in Barbados.

What is the BEPS Project?

The BEPS project by its acronym stands for « Base Erosion and Profit Shifting ».BEPS is an action plan jointly put in place in 2013 by members of the G20 and the Organization for Economic Cooperation and Development (OECD). This acronym shows the tax planning strategies that exploits gapes and mismatches in national and international tax laws to artificially shift profits to a country or territory where the enterprise has no real business or have a lower tax rate. This practice creates heavy losses in State revenues of both developed and underdeveloped countries.

It is comprised of fifteen (15) action plans conceived to stifle this mechanism of tax fraud and evasion. There are as follows:

Action 1: This action works towards the surmounting of tax challenges posed by the digital economy and to identify the main difficulties it poses in the application of existing international tax rules.

Action 2: Deliberations have as objective to neutralize the effects of a hybrid set up by elaborating specific conventional provisions and recommendations regarding the design of domestic laws.

Action 3: Discussions are centered on strengthening the rules applicable to Controlled Foreign Companies (CFC).

Action 4: Here focus is on a set of recommendations and best practices in conceiving rules aimed at stopping the erosion of the tax base through the use of interest expenses.

Action 5: From the basic notions of transparency and economic substance, this action is aimed at putting an end to harmful tax practices, reshaping previous works and giving priority to the improvement of transparency.

Action 6: The approach here is to stop the abusive use of tax treaties, hence the elaboration of new treaty provisions.

Action 7: Work done was aimed at taking steps to prevent the avoidance of permanent establishment thus allowing for the redefinition of the notion of permanent establishment.

Action 8-10: To ensure that transfer pricing aligns with the creation of value, discussions came up with a complete set of measures aimed at preventing the practice of eroding the tax base and the transfer of profits.

Action 11: This approach was aimed at updating the methods that would permit the collection and analysis of data on the phenomenon of base erosion and the transfer of profits.

Action 12: In order to force taxpayers to declare their aggressive tax planning mechanism, recommendations were made for a fine tune of rules on the compulsory declarations of their transactions.

Action 13: There was the issue of updating the rules governing transfer pricing documentation in order to enhance the transparency of companies.

Action 14: Deliberations were centered on enhancing the efficiency of the mechanism for settling of disputes and coming up with solutions to clear obstacles that could hinder countries from settling their treaty-related differences.

Action 15: It analyzed the possibility of elaborating a multinational convention that allows countries to speedily modify their tax treaties in a bid to share the recommendations pertaining to the tax treaty.

At the end of the deliberations, the basic standards were adopted as an appropriate response since the stay of action by some countries would have had negative effects for the other countries. These standards constitute the pillar of the putting in place of the BEPS Project.

Box 5.2.

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

Within the framework of enhancing the fight against international tax fraud and evasion, Cameroon ratified on April 20, 2015, the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. In this light, our country was evaluated on the practical adoption of a legal and regulatory framework by its peers of the Global Forum. Cameroon was awarded a mark of "conform to the essential" after the 2nd phase peer review of 2016 in Oslo Norway.

Elsewhere, the DGT ensured the participation of our country at the 9th plenary session of the Forum as well as the 3rd session of the "Africa initiative" held at Tbilissi in the Republic of Georgia from November 1 to 4, 2016. During this meeting, the wish by Cameroon to host the 10th plenary session scheduled for 2017 was openly presented with the approval of the President of the Republic.

With this impetus boosted by global tax coordination organizations, the DGT took an offensive on the international scene with the objective of actively participating in the global crusade against international tax fraud and evasion.

3) The African Tax Administration Forum (ATAF)

With ATAF, the DGT participated at the 5th Annual Conference of Senior Staff of Tax Administrations. During this session, participants discussed on the deployment of ATAF, the propagation of its technical assistance programs, capacity enhancement as well as best practices in tax administration matters.

4) CREDAF

CREDAF's activities that saw the participation of our country in 2016 and which led Cameroon to ameliorate some of its tax administration functions were centered on the following themes:

- What are the human resource strategies for a modern and efficient administration?
- Training: A tool for enhancement of performance , capacities and support of reforms;
- Support on the Manual of refund of VAT credit.

CREDAF international colloquin in Libreville, Gabon.

Scrutiny of Cameroon by its peers at OECD.

5) Commonwealth Association of Tax Administrators (CATA)

The Commonwealth Association of Tax Administrators (CATA) was created in 1978 by a decision of Commonwealth Finance Ministers. This organization assists member countries through conferences, publications and sharing of knowledge on the development of more efficient tax administrations and the promotion of sustainable good governance. Forty seven (47) countries at the moment make up the membership of CATA.

Cameroon has been a member since 1997. It hosted the 29th Annual Technical Conference of this organization from November 9 to 14, 2008 in Yaoundé.

6) Multilateral treaties

a) The revision of the CEMAC Multilateral Convention : Cameroon participated in the different sessions on the revision of this convention. The issues pending will be analyzed during the forthcoming session scheduled for Malabo in 2017.

b) The participation of Cameroon in the elaboration of the Multilateral Convention: This was thanks to the membership of Cameroon in the Inclusive Framework of the implementation of the BEPS Project matters. The initial signatures are expected in 2017.

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

In 2016, Cameroon was designated to host the 10th Plenary Meeting of the Global Forum in November 2017.

Cameroon in 2016
became the 2nd African country to be awarded the organisation of the Global Forum Conference

B. BILATERAL TREATIES

1) The intensification of the network of bilateral and double non taxation treaties

a) Bilateral treaties

1- The start of negotiations : 2016 saw the start of negotiations especially with two countries:

- The Socialist Republic of Vietnam;
- The Federal Republic of Nigeria.

Preparatory works in prelude to the holding of the first round of negotiations billed for 2017 were started.

2- The entry into force: the tax treaty with the Kingdom of Morocco ratified in December 2014 entered into force on January 1, 2016.

2) Cooperation with Germany

Through GIZ, German cooperation provided lots of support to the DGT in 2016 through:

- Staff training in the FUSION-UPLOAD project;
- technical assistance and capacity building in project management through the organisation of training sessions on the elaboration of project log frames;
- evaluation of phase I of the Public Finance Modernisation Support Programme (PAMFIP) and the preparation of phase II.

3) Cooperation with France

Senior staff of the DGT took part in a training seminar on tax collection organised by «Ecole Nationale des Finances Publiques», Noisy-le-Grand in 2016.

A delegation from the «Direction Générale des Finances Publiques» (DGFiP) was equally received within the framework of the review of existing ties between the two administrations.

4) Cooperation with Senegal

A delegation from the «Direction Générale des Impots et des Domaines» carried out a benchmarking visit to Cameroon from May 25th to June 1st 2016. The visit focused on Cameroon's reforms in the reorganisation of services and the management of taxes. The programme was centred on the understanding of these reforms, the legal arrangements underpinning their implementation and an appraisal of the capacity of operational services in availing them. They expressed satisfaction on the observed synergy between the tax policy orientations given by management and the engagement of the personnel in their implementation.

5) Cooperation with Benin

Led by its Director General of Taxation, a delegation from Benin visited Cameroon from October 31st to November 3rd 2016 to benchmark on the taxation of small enterprises. During their stay, discussions were focused on measures taken to follow-up and accompany this segment of taxpayers through the system of Approved Management Centres (AMC) as well as measures to broaden the tax base and enhance tax revenue especially through the reform of the taxpayer index follow-up.

06

THE OTHER HIGHLIGHTS OF 2016

Direction Générale des Impôts

A. THE CONSTRUCTION OF NEW BUILDING OF THE DGT

The construction site of the new building of the DGT having the shape of a rangy and rugged rectangle is found between the Narvik and the Maréchal Foch streets in Yaoundé. For a built area of about 19 850 m^2, the future headquarters of the DGT is a building complex comprising of a story building with a ground floor, eleven (11) stories and three (3) underground floors making a total of 15 floors, an attachment with a ground floor, four (4) stories and three (3) underground floors making 8 floors. A foot walk and two main gates complete the décor.

The execution of this project took off in 2016 with:

- The signing on march 9 2016 of the contract on one hand on the construction works and on the other that of the partial works supervisor (control and surveillance), followed by the notification on march 14,2016 of the service order for the start of both works awarded respectively to China First Highway Engineering CA (CFHEC) and INTEGC/BUBAN NGU DESCO – URBATECH Consortium;
- The notification on 14 march 2016 of the service order for the start of technical control of risk norms in a bid to obtain the ten year warranty, awarded in 2015 to Bureau VERITAS;
- The setting up of the construction site after moves to put at the disposal of the contractors the appropriate site;
- The start of studies for execution (topographic, geotechnical and architectural studies);
- General excavation;
- The installation of equipment and machinery necessary for the execution of concreted pillar works.

The total tax inclusive cost of the project, supervision and control as well as technical control inclusive is FCFA 21 409 233 757 and will last for a period of 38 months.

Note should also be taken of the putting in place of a supervisory committee with the role of ensuring the coordination of actions and surveillance within the framework of this important project.

Design of the new DGT Head Office Building.

Work underway at the construction site.

Work underway at the construction site.

B. THE MUNDI CLUB

The National Mutual Assistance Fund for Taxation Workers (MUNDI) carries out activities in conformity with its engagements that center and remain the preservation of achievements and consistency in innovation.

In order to increase its offer of services to the taxation staff, MUNDI has equally started a construction project of a multipurpose club for its members. This project is destined to offer mundi infrastructure that would give its members and their families an ideal environment for leisure, distraction and wellness. Furthermore, an ideal place for seminars and workshops, the MUNDI club will be an appropriate avenue for the extension of the activities of the staff of the Directorate General of Taxation.Phase I of works to last for 18 months was launched in January 2017.

This phase will enable MUNDI to build on the site of 10 hectares obtained at NTOUN in the Mefou and Akono Division within the vicinity of the Yaoundé- Nsimalen International Airport, a series of ultra-modern infrastructure comprising of a hotel, a swimming pool with Olympic dimensions, a football stadium with a tribune of 500 seats, an annex stadium for training, five lawn tennis courts and a two hectare virgin forest leisure park.

Design of the MUNDI Club.

DGI

Direction Générale des Impôts

DGI

Direction Générale des Impôts