

CAMEROON TAX SYSTEM

The Cameroonian concept of income taxation is the same as in industrialized countries. There are two main income taxation systems, one for individuals and the other for entities.

The turnover is also subject to taxation : the turnover tax (Taxe sur le Chiffre d'Affaires), is borne by the final consumer, with a variable rate (general rate : 17%, reduced rate : 8%, ad valorem excise duties : 25%).

I. INDIVIDUAL INCOME TAXATION

Two questions must be answered regarding foreign individuals: the initial question is the liability and the second is the rate.

A) LIABILITY

Three criteria determine whether an individual is a Cameroonian tax resident. According to these criteria, one is liable to individual income tax if :

- one's principal income comes from an entity subject to company income taxation in Cameroon
- one's income is deducted from profits made by the employer in Cameroon
- one spends more than 183 days per year in Cameroon

These rules apply when there is no double taxation treaty otherwise applicable. Cameroon has such treaties with the United States, Canada and France.

B) REGULATION

1. CLASSIFICATION

There are two kinds of individual income taxes: proportional tax (taxe proportionnelle sur les traitements et salaires) and progressive overtax (surtaxe progressive).

a) Proportional Tax (taxe proportionnelle sur les traitements et salaires)

The proportional tax is based on the total gross sum of paid salaries and awarded material advantages deducted by 20% for professional expenses.

These material advantages are evaluated in lump sums.

The proportional tax is calculated at a global tax rate of 6.60 %.

b) Progressive Overtax (surtaxe progressive)

The net taxable income is built on the salaries used as a basis for the proportional tax, deducted by certain expenses.

The net taxable income is divided into a certain number of shares, while taking into account the taxpayer's family.

Each share of income is subject to taxation according to a progressive scale ranging from 0 % to 60 %.

The progressive overtax owed by the taxpayer is equal to the tax produced by the scale and the number of parts.

The progressive overtax cannot fall under 3,000 FCFA.

2. EMPLOYERS' OBLIGATIONS

Outside the monthly declaration of paid salaries and deductions that come with each pay, the employer must also make an annual declaration of the salaries paid before July 31st with identification of the employees and a supply of information permitting the calculation of deductions. The monthly and annual deductions are made with the help of extracts from the staff information document.

3. EMPLOYEES' OBLIGATIONS

The monthly deduction of the proportional tax and the progressive overtax do not release the employees from their obligation to annually declare their income before August 31st.

II. COMPANY INCOME TAXATION

Company income tax must be paid by the sociétés de capitaux (limited companies) and by sociétés civiles (civil partnerships), either when they have chosen the corporation tax regime or when at least one of their partners is a corporation.

Only profits made in Cameroon by way of industrial or commercial activity are subject to taxation. This also applies to foreign companies unless there is a tax treaty between their country and the Cameroon avoiding double taxation.

Taxation is established on the basis of profits made during the former fiscal year ending on June 30th.

There are two main categories of company income taxation :

Proportional tax on income floating capital (PTOFC) – taxe proportionnelle sur les revenus de capitaux mobiliers (TPRCM)

Corporate tax (impôt sur les sociétés)

1. Proportional tax on income floating capital (PTOFC) – taxe proportionnelle sur les revenus de capitaux mobiliers (TPRCM)

There are four categories of income that are subject to proportional tax on income floating capital :

a) income distributed by Cameroonian companies includes :

income-based distributions: all income which has not been reserved or re-incorporated into the company

non income-based distributions: independent sums put at the shareholder's disposal

b) profits made from negotiable interests ;

c) profits made from investments ;

d) profits made by foreign companies in Cameroon.

When these companies do not benefit from a bilateral treaty with the Cameroon, profits are considered as distributed to foreign persons.

2. Company Income Tax

Company income taxation can be classified into two large categories :

a) Company income taxes : the unified UDEAC tax and the internal production tax.

The unified UDEAC tax is paid by industrial companies whose activities extend to other UDEAC countries. This tax is paid only once at the last stage of production

The internal production tax is paid by industrial companies which are of particular interest to Cameroon's development

b) Specific taxes on certain products, the rates of which are independent of the company's income.

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on TTR
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Corporate income tax	13		174	33% on profits or 2.2% on turnover whichever is higher	taxable profit	38.89	
Social security contributions	12		162	13.70%	gross salaries	15.45	
National housing contribution	0	jointly		1.50%	gross salaries	1.69	
National employment fund	0	jointly		1%	gross salaries	1.13	
Stamp duty on contracts	1			XAF 1,000	per page	0.29	
Truck tax	4			XAF 18,750 per quarter	fixed amount per truck	0.22	
Employee Paid social security contributions	0	jointly				0	withheld
Fuel tax	1				included in the price of fuel	0	small amount
Vehicle tax	1			XAF 100,000		0	
Value added tax (VAT)	12		294	19.25%	value added	0	not included
Totals:	44		630			57.7	

Taxes by type	Answer
Profit tax (% of profit)	38.9

Labor tax and contributions (% of profit)	18.3
Other taxes (% of profit)	0.5

	Answer	Score
Postfiling index (0-100)		48.4
VAT refunds		
Does VAT/GST exist?	Yes	
Frequency of VAT/GST refund submission	monthly	
Does a VAT/GST refund process exist per the case study?	No	
Restrictions on VAT refund process	Company must be over 2 years in activity	
Likelihood of VAT audit	N/A	

Time to comply with VAT refund (hours)	N/A	0
Time to obtain a VAT refund (weeks)	N/A	0
Corporate income tax audits		
Does corporate income tax exist?	Yes	
Likelihood of corporate income tax audit	Unlikely	
Time to comply with a corporate income tax audit (hours)	5	93.6
Time to complete a corporate income tax audit (weeks)	0	100
Administrative appeal process		
First level administrative appeal authority	Head of Regional Taxation Center	

<p>Is the appeal authority independent?</p>	<p>Independent department within tax office</p>	
<p>Are appeal guidelines accessible to the public?</p>	<p>Yes</p>	
<p>Source of appeal guidelines</p>	<p>online/in printed publication/in person at tax office</p>	
<p>Is there a legal time limit for the appeal authority to issue a decision on the tax appeal?</p>	<p>Yes</p>	
<p>Legal time limit</p>	<p>30 days</p>	