The Declaration And Payment Of Taxes In Cameroon: A Critical Appraisal
THE DECLARATION AND PAYMENT OF TAXES IN CAMEROON: A CRITICAL APPRAISAL

By

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To cite this report:

THE INSTITUTIONAL BACKGROUND

The Denis & Lenora Foretia Foundation was established to catalyze Africa’s economic transformation by focusing on social entrepreneurship, science and technology, innovation, public health, and progressive policies that create and increase economic opportunities for all.

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FOREWORD

The Nkafu Policy Institute is delighted to share with you the results of a report that critically appraises the declaration and payment of taxes in Cameroon. Indeed, since 2004 the Doing Business Index (DBI) of the World Bank has been ranking national economies based on their performance in several domains. One of these domains includes the “paying taxes” indicator. It records taxes and mandatory contributions that medium-size companies must pay in a given year and equally measures the administrative burden of paying taxes and contributions and complying with post-filing procedures. Therefore, the weight of the tax burden remains a decisive element in the attractiveness of an economy as it encourages or dissuades national and foreign investors, widens or reduces the tax base, stimulates or refrains entrepreneurship.

During the 2009 and 2016 General Census of Enterprises by the National Institute of Statistics, the following key question was asked to top management personnel: “What are the most important obstacles to entrepreneurship in Cameroon?” Taxation was cited as the first major obstacle regardless of cities, according to National Institute of Statistics reports.

Based on this background, this report seeks to answer the questions:

a. What are the procedures involved in declaring and paying taxes in Cameroon?

b. What is the ease of these procedures?

c. How does this influence entrepreneurship in the country?

d. Does the tax policy discriminate against women and foreigners?

This thematic report is comprised of four chapters, including policy recommendations. The first chapter looks at Cameroon's past performance in the “paying taxes” indicator from 2007-2020. Cameroon's rank is analyzed in section one while improving future ranking is suggested in section two. Chapter two examines the influence of tax regimes and the general tax code on entrepreneurship. An overview of the tax regimes and the general tax code is provided in section one, whereas the effects of taxation on entrepreneurship are scrutinized in section two. Chapter three focuses on the governance perspective as regards tax declaration and payment procedures in Cameroon. It examines manual and electronic procedures in sections one and two. It also studies the benefits and problems of online filing and payments systems in Cameroon. Finally, in chapter four, Cameroon's tax policy is analyzed following the principles of a good tax system in the first section, while the second section analyses whether the tax policy discriminates against women and foreigners.

In the final analysis, it emerges that Cameroon has made some progress and reforms on the various components of the “paying taxes” indicator. For example, the number of hours necessary to pay taxes
went from 1300 hours in 2007 to 624 hours in 2020. Also, electronic payment has been established as a compulsory mode of payment of taxes and duties for large companies falling within the portfolio of the management of large companies. On the one hand, the aim is to ease the procedures. On the other hand, it aims at fighting against corruption generally observed in the manual procedure of tax declaration and payment. Moreover, it is observed that the Cameroon tax policy does not discriminate against foreigners and women. The same tax laws bind both men and women. Private sector companies and non-governmental organizations are treated equally according to the tax policy.

However, the analysis in this report brings to light the fact that the aforementioned progress and reforms are not yet significant. The country went from the 143rd position in 2007 to the 181st position in 2020, which shows that the country’s position has rather deteriorated. This is a shred of strong evidence that taxation remains a major constraint to the development of formal business ventures in Cameroon despite the government’s efforts in the 2021 Finance Law to reduce the tax burden on companies.

**Mme Fri ASANGA**

Interim Chief Executive Officer
Denis & Lenora Foretia Foundation
ACKNOWLEDGEMENTS

First of all, the Nkafu Policy Institute would like to thank the Atlas Network for attributing this grant to achieve the Cameroon DBI project. The data were collected from the following sources: (i) World Bank Country Office - Cameroon, (ii) the Directorate General of Taxation - Cameroon, (iii) the African Development Bank, (iv) the International Monetary Fund, (v) Pricewaterhouse-Coopers, and (vi) Business in Cameroon online magazine just to name a few. Our team also conducted field research at the Specialized Taxation Centre in Yaoundé. Without being exhaustive, we would like to thank all those anonymous people who were kind enough to provide us with the information for this report.

Specifically, we would like to thank Dr. Louis-Marie Kakdeu (Director of Nkafu Fellows and Team Lead of the Cameroon DBI Project) for leading the team which realized this work. The team comprised members of the Nkafu Policy Institute's Analysts, who specialize in economic policies. They are:

- Ulrich D'Pola Kamdem, Senior Economic Policy Analyst;
- Dinga Tambi Appollinaris, Research Assistant.

Our thanks also go to the management team of the Nkafu Policy Institute and of the Denis and Lenora Foretia Foundation, who put the means at our disposal to carry out this work.

We finally thank all the reviewers: Dr. Peter Sakwe Masumbe (Policy Fellow at the Nkafu Policy Institute) and Dr. Fuein Vera Kum (Research Fellow at the Nkafu Policy Institute); and the editor: Dr. William Hermann Arrey (Senior Fellow at the Nkafu Policy Institute) for their dexterity in prodding the accomplishment of the task set forth in this work.
LIST OF ABBREVIATIONS AND ACRONYM

CDI: Centre Divisionnaire des Impôts
CEO: Chief Executive Officer
CIT: Corporate Income Tax
DGT: Directorate General of Taxation
FCFA : Franc de la Communauté Financière Africaine
FDI: Foreign Direct Investment
GTC: General Tax Code
IMF: International Monetary Fund
NEF: National Employment Fund
PIT: Personal Income Tax
TLP: Tax on Land Property
VAT: Value-Added Tax
EXECUTIVE SUMMARY

Achieving both the status of an emerging economy by 2035 and the United Nations’ Sustainable Development Goals requires mobilizing more resources to fund public goods and services in Cameroon. Though taxation offers a stable and predictable source of government revenue (approximately 58.63% of Cameroon’s budget in 2020) as compared to other sources such as foreign aid or mineral royalties, expanding the tax-base in an economy is not only associated with more revenue collection. Indeed, more taxes could lead to a more informal system drawing on Arthur Laffer’s principle of “too much tax kill tax.” Also, expanding the tax base could increase the time and the number of payments for tax compliance. Therefore, policymakers are confronted with a dilemma: Attain maximum revenue and economic growth with minimum distortions.

In keeping with its mission, and this report, entitled “The Declaration and Payment of Taxes in Cameroon: A Critical Appraisal” the Nkafu Policy Institute undertakes the fourth in a series of its six thematic reports dedicated to the Doing Business Index Project (DBIP). The report scrutinizes the business environment in Cameroon, specifically about how prospective business owners and investors could declare and pay taxes in the country. It proposes useful suggestions to the Government of Cameroon for improving its fiscal policy, especially those which revolve around the micro- and macro-economic issues. The main objective of this report is to offer informed knowledge in public policymaking, to public policymakers in Cameroon, as the mandatory catalysts for improving or easing the Doing Business Concept in Cameroon’s business, economic, social, and political landscapes.

The following lessons can be drawn from this report:

1. **Cameroon’s Ranking in the “Paying Taxes” Indicator:** Over the past 15 years, the world has seen substantial improvements in the ease of paying taxes, driven largely by advances in technology, but Cameroon has been moving backward and forward regarding the ease of paying taxes. Indeed, some progress has been made on the various components of the “paying taxes” indicator. For example, the number of hours necessary to pay taxes went from 1300 hours in 2007 to 624 hours in 2020. Besides, since February 3rd, 2016, it has been made possible to pay taxes online in the Central African subregion. This system consists of declaring tax revenue through the internet. Initiated by the Directorate General of Taxation (DGT), the objective of the online declaration is to avoid the physical movement of the taxpayer to the tax center to which he/she is attached. But despite the aforementioned progress and reforms, the country went from the 143rd position in 2007 to the 181st position in 2020, which shows that the country’s position has rather deteriorated. Therefore, it becomes extremely important to revisit the online filing and payment system put in place in 2016, which has not been effective. Fiscal authorities should also encourage the use of mobile phones through mobile money to pay taxes. This would help reduce time and make it easier and cheaper for taxpayers.

2. **Tax Regimes, the General Tax Code, and Entrepreneurship:** In Cameroon, taxes and duties payable are grouped around direct taxes, indirect taxes and local taxes, and para fiscal taxes. The tax legislation distinguishes three tax regimes depending on the turnover, size, and legal form of the company. They include a flat-rate taxation system, a simplified taxation system, and an actual earnings taxation system. But, irrespective of the tax regimes, entrepreneurs consider taxation as the top constraint they face when they want to develop their activities (2009 and 2016 General Census of Enterprises by the National Institute of Statistics). Part of the solution, therefore, is to lower the tax rate to attract more (foreign direct) investors/entrepreneurs and improving the business climate. Cameroon policymakers
are already considering this proposal. For example, in the 2021 Finance Law, the corporate tax rate went from 30% to 28% for companies with a turnover less or equal to 3 billion CFA Francs. When adding up council taxes, the total tax rate for such companies is exactly 30.8% as of 2021. But a 5% cut in the corporate tax rate could be interesting for small and medium-sized companies.

3. **A Declarative Tax System:** Cameroon practices a declarative tax system. In other words, taxpayers have to declare their income and how much taxes they have paid. On the one hand, this can be done manually at the level of small tax units before the 15th of every month. Cash payments are accepted because, most often, the amounts are less than 100 000 FCFA. On the other hand, the declaration can be made online, on or before the 15th of every month, via the payment platform FISCALIS for taxpayers of the large tax unit, medium-size unit, and specialized tax centers. To secure revenues and harmonize procedures, the Minister of Finance, in December 2020, prohibited the payment of taxes and duties in cash to the fiscal network. But, a good number of taxpayers still face difficulties using the online system effectively. This is the reason why some taxpayers still prefer to take stands at tax offices to declare their taxes manually. Consequently, the objective of making easy and rapid the filing and payment of taxes has not been fully attained.

4. **Tax Discrimination:** Cameroon’s tax system does not provide tax outsiders differently from insiders. This also true for women and men. Private sector companies and non-governmental organizations are treated equally according to the tax policy. However, there is a beneficial tax system applicable to diplomatic and consular missions and international organizations and similar bodies based in Cameroon guided by international conventions.

Overall, the report also shows that taxpayers should be nudged towards greater compliance via more financial education to ensure they pay their taxes, thereby applying the principles of fiscal democratization through taxation payment liberalization in Cameroon on the one hand. On the other hand, based on the findings in the report, it is urgent to improve the ethics of the tax administration, which is often perceived by citizens as a nest for embezzlers.
CHAPTER 1

CAMEROON’S PAST PERFORMANCE ON PAYING TAXES INDICATOR: AN ANALYSIS
The Doing Business Index (DBI) of the World Bank, since 2004, has been ranking national economies based on their performance in several domains. One of these domains is the Paying Taxes Indicator. It records taxes and mandatory contributions that medium-size companies must pay in a given year and equally measures the administrative burden of paying taxes and contributions and complying with post-filing procedures (Doing Business Index - World Banks, 2020). Taxes and contributions measured include the profit or corporate income tax, social security contributions and labor taxes paid by employers, property taxes, property transfer tax, dividend tax, capital gains tax, financial transactions tax, waste collection taxes, vehicle and road taxes, and any other small taxes or fee.

Section 1: Analysis of Cameroon’s Ranking in the Paying Taxes Indicator

The Paying Taxes Indicator Measures:

a. Tax payments for a manufacturing company (number per year adjusted for electronic and joint filling and payment)

b. The time required to comply with three (03) major taxes (hours per year)

c. Total tax and contribution rate (% of commercial profits)

d. Post filling index: time to comply with a Value-Added Tax (VAT) refund (hours), time to obtain a VAT refund (weeks), time taken to comply with a corporate income tax correction (hours), time taken to complete a corporate income tax correction (weeks).

Over the past 15 years, the world has seen substantial improvements in the ease of paying taxes, driven largely by advances in technology (PwC, 2020). This has not been the case in Cameroon, which has been moving backward and forward regarding the ease of paying taxes. In this regard, the table below (Table 1) shows Cameroon’s ranking in the last thirteen years.
Table 1: Cameroon Ranking in the Doing Business Indicator as Regards to Paying Taxes (2007–2020)

<table>
<thead>
<tr>
<th>Year</th>
<th>Rank</th>
<th>Payments (number per year)</th>
<th>Time (hours per year)</th>
<th>Total tax and contribution rate (% of the profit)</th>
<th>Post filling index (0-100)</th>
<th>Global DBI rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>143</td>
<td>39</td>
<td>1,300</td>
<td>46.2</td>
<td>-</td>
<td>152</td>
</tr>
<tr>
<td>2008</td>
<td>166</td>
<td>41</td>
<td>1,400</td>
<td>51.9</td>
<td>-</td>
<td>154</td>
</tr>
<tr>
<td>2009</td>
<td>171</td>
<td>41</td>
<td>1,400</td>
<td>51.4</td>
<td>-</td>
<td>164</td>
</tr>
<tr>
<td>2010</td>
<td>170</td>
<td>41</td>
<td>1,400</td>
<td>50.5</td>
<td>-</td>
<td>171</td>
</tr>
<tr>
<td>2011</td>
<td>169</td>
<td>44</td>
<td>654</td>
<td>49.1</td>
<td>-</td>
<td>168</td>
</tr>
<tr>
<td>2012</td>
<td>171</td>
<td>44</td>
<td>654</td>
<td>49.1</td>
<td>-</td>
<td>161</td>
</tr>
<tr>
<td>2013</td>
<td>176</td>
<td>44</td>
<td>654</td>
<td>49.1</td>
<td>-</td>
<td>161</td>
</tr>
<tr>
<td>2014</td>
<td>180</td>
<td>44</td>
<td>630</td>
<td>48.8</td>
<td>-</td>
<td>168</td>
</tr>
<tr>
<td>2015</td>
<td>181</td>
<td>44</td>
<td>630</td>
<td>48.8</td>
<td>-</td>
<td>158</td>
</tr>
<tr>
<td>2016</td>
<td>180</td>
<td>44</td>
<td>630</td>
<td>48.8</td>
<td>-</td>
<td>172</td>
</tr>
<tr>
<td>2017</td>
<td>180</td>
<td>44</td>
<td>630</td>
<td>57.7</td>
<td>48.39</td>
<td>166</td>
</tr>
<tr>
<td>2018</td>
<td>183</td>
<td>44</td>
<td>624</td>
<td>57.7</td>
<td>49.31</td>
<td>163</td>
</tr>
<tr>
<td>2019</td>
<td>182</td>
<td>44</td>
<td>624</td>
<td>57.7</td>
<td>49.31</td>
<td>166</td>
</tr>
<tr>
<td>2020</td>
<td>181</td>
<td>44</td>
<td>624</td>
<td>57.7</td>
<td>49.3</td>
<td>167</td>
</tr>
</tbody>
</table>


From the above table, the post-filling index appeared in 2017 when Cameroon increased the minimum tax rate for companies (DBI, 2017). This was a reform that made it easier to pay taxes in Cameroon according to the government but was the contrary for taxpayers. The same year, the General Tax Code was amended on January 1st. This tax code spelled out the taxpayer’s obligations concerning the need to file a tax return for income earned from their business venture during the period serving as tax base on or before March 15th annually (Section 18(1)).

We noticed that between 2016 and 2017, there was an increase of almost 9% of the profit as regarding total tax and contribution rate that can be explained by higher taxes routinely charged by the customs officials in Cameroon.

From the aforementioned table, it appears Cameroon has made efforts throughout the years to reduce the number of hours necessary to pay taxes. It went from 1300 hours in 2007 to 624 hours in 2020. Furthermore, before the 2017 reform on post filling index, Cameroon had made a previous reform in 2016. Since February 3rd, 2016, it has been made possible to pay taxes online in the Central African subregion. This system consists of declaring tax revenue through the internet (Entreprendre Daily, 2016). Initiated by the Directorate General of Taxation, the objective of the online declaration is to avoid the physical movement of the taxpayer to the tax center to which he is attached. The latter will no longer brave long distances to complete its declaration formalities; it will now be able to save time,
energy, and cost. To make this project a reality, the DGT set up earlier 2020 a tax payment system named Syampe dedicated to businesses, students, sellers, employees of all categories through mobile phone operators. On the Syampe platform, there is access to a control panel that gives the user a real report of their most recent operations as well as their progress status: either paid, invalidation, archived, or rejected (Investir au Cameroun, 2020).

If we consider the year 2011, we notice that there has been a drastic reduction in time which went from 1400 hours in 2010 to 654 hours in 2011. Such a sudden change can be explained by the modifications made by the 2011 Financial Law of Cameroon regarding some articles of the General Code on Taxation. These modifications implied a delay in the payment of the Personal Income Tax, which “must be returned by the 15th of the month at the latest” (Article 82). Also, concerning enterprises, tax payment was then supposed to be completed exclusively by bank transfer or online (Article I.7). The whole Financial Law of 2011 modified 52 articles, which reduced the time taken to complete transactions. This improvement moved Cameroon from 170 in 2010 to 169 in 2011. The number of payments per year increased to 44 while the total tax rate was reduced to 49.1% of the profit.

Concerning the number of taxes, DBI data for 2020, as seen from the table above, indicates tax payments for the year 2020 at 44. The Directorate General of Taxation has contested this number of taxes. The DBI was not updated. It was a failure in the DBI data collection system.

It is noted concerning the rank that the country went from the 143rd position in 2007 to the 181st position in 2020, which shows that the country’s position has rather deteriorated despite the existence of these aforementioned reforms. This can be for several reasons. Some of the measures taken to reduce the time spent in filing and payment of taxes, such as the online system instituted in 2016, have not been very effective as the system faces several challenges. It has therefore failed to produce the intended outcome.

Moreover, while Cameroon has been making improvements between 2007 to 2020, other countries that were better than Cameroon have also continued to make tremendous improvements on the paying taxes index. Comparatively, these countries have made more efforts on the ease of paying taxes than Cameroon. For example, in terms of time spent, Kenya has reduced hours spent in paying taxes from 432, Morocco 468, Mozambique 200, Nigeria 1120, hours per year in 2007 to 180, 155, 200, 343, 180 hours respectively in 2020.

Cameroon has made some progress on the various components of the paying taxes index. However, the efforts made by other countries, especially in reducing the time spent in paying taxes, surpasses the efforts made by Cameroon.

Cameroon has also regressed in the payment number per year. In 2007, the payment number was 39 (Paying Taxes 2007). Today the payment number has regressed to 44 (Paying Taxes 2020). As earlier indicated, the Directorate General of Taxation contests this number.

The above-mentioned factors, among other reasons, explain why Cameroon still maintains a poor ranking in the paying taxes index.

Cameroon has also regressed in the number of taxes. Even though some of these countries experienced a slight drop, it is better than Cameroon’s performance from 1300 hours to 624 hours. This was an improvement but not as good as other countries as seen above that reduced the time in paying taxes to less than 400. As concerns the number of payments, Cameroon regressed from 39 in 2007 to 44 in 2020. This has impacted the position of Cameroon on the paying taxes index.

2. Paying Taxes The global Picture by Price Water House cooper/World Bank, can be found at https://www.doingbusiness.org/content/dam/doingBusiness/media/Special-Reports/DB07-Paying-Taxes.pdf
Section 2. What Cameroon can do to Improve its Ranking Regarding the World Bank’s Paying Taxes Indicator

Tax payments for a manufacturing company (number per year adjusted for electronic and joint filling and payment):

Improving on the time required to comply with three major taxes (hours per year) and the tax payments for a manufacturing company (number per year adjusted for electronic and joint filling and payment) relies mostly on the online filing and payment system. Between 2011 and 2012, sixteen economies mandated or enhanced electronic filing, eliminating the need for 196 separate tax payments and reduced compliance time by 134 days3 (DBI Paying taxes 2013 Report). This is evidence of the online filing and payment system.

While Cameroon has made significant strides in reducing the time (hours per year to 624), a lot still has to be done. It is extremely important to revisit the online filing and payment system put in place in 2016, which has not been effective. Its ineffectiveness has failed to reduce the number of hours taxpayers spend in filing and paying taxes per year. The Directorate has failed in the effective management of this system. The government should revisit this system and ensure its effectiveness to obtain the intended outcomes. It will be better for the government to get into a public–private partnership by publishing calls for offers and have the best private–sector party that can effectively manage the online filing and payment system. While ensuring the effectiveness of the online system, the tax authorities should encourage the use of mobile phone operators through mobile money to pay taxes. This would help reduce time and make it easier and cheaper for taxpayers.

Total tax and contribution rate (percentage of commercial profits): To improve on the tax and contribution rate, the government needs to take into consideration the economic realities and make proactive decisions that suit the situation in time. The economy of Cameroon, like every other in the world since early 2020, has been greatly affected by the global pandemic. Some businesses have not been able to survive. In its study devoted to the repercussions of the health crisis on Cameroonian companies, GICAM indicates that “in absolute value, the loss of annual turnover could reach 3,139 billion FCFA compared to 2019 for companies in the modern sector and induce a drop in their capacity to contribute to State revenues of around 521 billion FCFA.”

Celestin Tawamba, president of GICAM, proposed during the 2020 edition of the Cameroon Business Forum that the Government should assist private sector firms during this period, first by clearing its internal debt, and secondly, he proposed that Companies should not be made to pay taxes on their annual turnover. These are recommendations that will help to guarantee the survival of companies that have been in difficulties during this period. The survival of the private sector is a form of guarantee for future tax contributions from commercial profits. Without this, most companies in the private sector might get out of business because of the effects of the pandemic on the economy. This will affect the percentage contribution of taxes from profits in the present and future.

Also, taxpayers should be nudged towards greater compliance to ensure they pay their taxes, thereby applying the principles of taxation in Cameroon.

Post filling index: time to comply with a Value-Added Tax refund (hours), time to obtain a VAT refund (weeks), time taken to comply with a corporate income tax correction (hours), time taken to complete a corporate income tax correction (weeks).

3. https://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB13-Chapters/Paying-taxes.pdf
To facilitate the process of filing VAT returns, the government should partner with private sector companies that can operate automated cloud-based platforms for file transfer, reminders, and sharing information and a single point of contact for all VAT compliance. Global companies such as 1STOPVAT have offered such services. This will facilitate the procedures of the government to control filings and easily carry out refunds.

Corporate tax corrections should be treated upon identification of the problem or errors. This will help to avoid the piling of several corporate income tax corrections to be done.

For Cameroon to improve its position in the ranking according to the Paying Taxes Index, we have formulated some recommendations. It must be said that currently, the country occupies the 181st rank out of 190 compared economies. The following actions could be taken:

First, improve the performance of online payment methods. It is necessary to put in place modern and transparent electronic methods of taxation for the tax payment procedures for people not to be robbed through high taxes because the national VAT rate in Nigeria is 7.5%, while Cameroon currently runs a national VAT rate of 19.25%.

Second, encourage the use of mobile phone operators through mobile money to pay taxes. This would help reduce time and make it easier and cheaper for taxpayers.

Next, taxpayers should be nudged towards greater compliance to ensure they pay their taxes, thereby applying the principles of taxation in Cameroon. This can be done via financial education in schools and universities or radio and TV programs on the importance of tax compliance.

Finally, improve the ethics of the tax administration, which is perceived as a nest of embezzlers by citizens.
CHAPTER 2

TAX REGIMES AND THE GENERAL TAX CODE: ARE THEY FAVORABLE TO ENTREPRENEURSHIP IN THE COUNTRY?
The tax system refers to the mode of taxation to which a company is subject. In Cameroon, taxes and duties payable are grouped around:

a) Direct taxes: corporate income tax, personal income tax, patent, license, property tax

b) Indirect taxes: value-added tax, registration and stamp duties, a special tax on petroleum products, special income tax

c) Local taxes and Para fiscal taxes: audio–visual license fee, contribution to the Crédit Foncier, contribution to the National Employment Fund, social security contributions and municipal taxes, such as the Tax on Land Property, liable to any natural or legal person who owns a building, whether built or not, regardless of the amount of its turnover.

The declaration of the tax on land ownership is paid annually to the Tax Center of the location of the building. The rate of the tax on land ownership is set at 0.1% of the value of the building, increased by 10% for additional municipal tax (centimes additionnels communaux). The above tax returns and payments are made at the Tax Center (Centre Divisionnaire des Impots) to which the taxpayer is attributed, determined by the size of the company (capital) or the status.

Section 1. Overview of the Tax Regimes and the General Tax Code in Cameroon

The above tax returns and payments are made at the Tax Center (Centre Divisionnaire des Impots) to which the taxpayer is attributed, determined by the size of the company (capital) or the status. Cameroonian tax legislation distinguishes three tax regimes depending on the turnover, size, and legal form of the company. They include a flat-rate taxation system, a simplified taxation system, and an actual earnings taxation system. These regimes relay to taxes levied on the turnover of companies.

In an interview with business in Cameroon in mid-2020, Emmanuel de Tailly, managing director of Société Anonyme des Brasseries du Cameroun (SABC) and vice-president of employers’ grouping GICAM, led a call for courageous tax decisions. He stated: “This crisis should offer the opportunity for courageous decisions to be taken concerning taxation (...) I think the time has passed for turnover tax. This tax must be replaced by an incentive and stable tax that favors the creation of value and long-term wealth.”

1. Flat Rate Taxation System

This tax is paid by moral or legal persons carrying out industrial or commercial activities with a turnover of less than 10 million FCFA who are neither considered under the basic regime, simplified taxation system, nor the actual earnings taxation system. This tax regime applies most often to sole proprietor kind of businesses because they are typical of turnovers less than 10 million FCFA. This tax is liquidated by the tax services in the application of the tariff adopted by the local public decentralized territorial communities benefiting from the proceeds of this tax within a range fixed by category of activity going from A to D.

2. Simplified Taxation
This is a tax system for sole proprietorships and corporate bodies with annual turnover equal to or above 10 million and below 50 million FCFA. The corporation tax (Impôt sur le Revenu) is a direct tax levied on all profits made by legal persons during a fiscal year, most particularly sole proprietors and corporate bodies. Those liable for corporate tax under this tax system are legal persons, and in particular capital companies, even if they take a single person form; partnerships and financial unions that have opted for corporate tax taxation; public establishments, decentralized territorial communities, and other legal persons governed by public law engaged in lucrative operations.

3. Actual Earnings Taxation System

This is a tax regime for sole proprietors and legal persons that realize an annual turnover equal to 50 million FCFA and above. Generally, the turnover amount of personal and legal persons determines the tax regime under which they will be considered.

Section 2. Examining the Effects of Taxation on Entrepreneurship

2.1. Impact on the Decision to go Into Entrepreneurship

The rate of taxation is an important determinant for entrepreneurship. Of course, other factors are also at play: the passion for entrepreneurship, the presumed prestige, and autonomy associated with it equally determine the rate at which individuals create businesses. Nevertheless, “as research techniques become more sophisticated, the hypothesis that high taxes reduce entrepreneurship (and investment in general) becomes more and more confirmed. Moreover, “taxation has an upstream effect on the decision to become an entrepreneur or not,” which explains why it is imperative to design a malleable tax system that can reflect short-term macroeconomic fluctuations and longer-term development objectives.

According to the 2009 General Enterprises Survey conducted by Cameroon’s National Institute of Statistics, 50% of Cameroonian entrepreneurs considered the business climate as “not good.” Among the many reasons proffered, taxation was the principal challenge, with corruption and access to credit following in descending order. Moreover, according to public opinion, tax service is among the most corrupt services in Cameroon.

For the majority of countries in the world, these are elements that are at the source of different tax incentive policies, better known as “improving the business climate.” For African economies, in particular, attracting foreign investment is critical to stimulating growth. To this end, reducing the tax burden is always at the top of the list of recommendations by international institutions or business indexes. It is, however, important to note that the rate of taxes should be fairer and designed in a manner that doesn’t exacerbate the burden on entrepreneurs.

2.2. The Consequences of a High Corporate Tax Burden

The weight of the tax burden is a decisive element in the attractiveness of an economy. It encourages or dissuades national and foreign investors, widens or reduces the tax base, stimulates or refrains entrepreneurship.

An empirical study carried out in 19 African countries; Cameroon included for a working paper series
published by the African Development Bank\textsuperscript{5} empirically examined the impact of corporate income tax rate changes in foreign direct investments net inflows in Africa. Results revealed that cuts in CIT rates increase FDI net inflows in the host country and the neighboring countries in the short and long run. Therefore, lowering the tax is an economic policy instrument that can attract more FDI.

Moreover, during the 2009 and 2016 General Census of Enterprises, if the CEO of an enterprise was available for an interview, the CEO was asked, “What are the most important obstacles to entrepreneurship in Cameroon?” The responses give a broad view of which constraints are top of mind for businesspeople and allow one to test whether they vary across cities. According to reports, for cities in which at least 20 CEOs were interviewed, taxation, corruption, and access to credit were by far the most common obstacles mentioned, regardless of city.\textsuperscript{6}

The General Tax Directorate (Direction Générale des Impôts) in Cameroon willingly exposes the innovations of the 2020 Finance Law, which go in the direction, among others, of socioeconomic promotion and improvement of the business climate. Some innovations include:

\begin{enumerate}
  \item The extension of the youth employment promotion scheme, given its relevance as a lever in bolstering youth employment (Article 105)
  \item The strengthening of tax benefits granted to companies in economically affected areas, through the exemption of VAT on their inputs and the reduction of 75\% of their tax arrears (Article 121)
  \item VAT exemption for life insurance contracts with a savings component to promote long-term savings (Article 128-13)
  \item The abolition of registration fees on orders from public and Para public companies (Articles 343, 543)
  \item The consecration of tax mediation as an alternative means of settling tax disputes (article L 140 bis)
\end{enumerate}

Nevertheless, concerning the demands of entrepreneurs and recommendations made to improve the business climate, Cameroon remains poorly ranked based on certain indicators as the country is ranked 181\textsuperscript{st} in the world in terms of tax payments.

Although reforms aimed at reducing the tax burden have been undertaken in 2012, especially for the benefit of small taxpayers, and have led to redefine the number of tax systems (from 4 to 3), and to take into account in determining the tax system, only the turnover regardless of the legal form of the company, there is no perceptible and significant reduction of this burden.
CHAPTER 3

TAXES DECLARATION AND PAYMENT PROCEDURES IN CAMEROON: A CRITICAL ANALYSIS FROM THE GOVERNANCE PERSPECTIVE
The procedure of declaring and paying taxes determines the level of government tax revenues. Tax revenues are, however, indispensable for government spending. The ease in the procedure of declaration and payment determines the effectiveness in the collection of taxes. In Cameroon, the General Tax Code guides taxpayers and tax administrators on the procedures of filing and paying taxes. This chapter provides a comprehensive review of the procedure of declaring and paying taxes. It concludes with the implications of e-filing in a government’s push to digitize the taxation system, improve transparency, accountability, and governance.

Cameroon practices a declarative tax system. Taxpayers in Cameroon have two obligations, viz: (i) the obligation to declare taxes and (ii) the obligation to pay taxes. Taxpayers have up to the 15th of every month to fulfill both obligations, if not suffer penalties. Declaring and paying of taxes can only be done after registration and the issue of a number to the taxpayer. According to the 2020 tax code of Cameroon, obtaining a taxpayer’s number is obligatory for both institutions and citizens and is the 1st step today for every taxpayer, be it moral or physical person.

The General Tax Code for 2020 stipulates that any natural or legal person is liable, as a statutory or actual taxpayer, to payment of tax duty. Each natural or legal person must file an application for registration with the competent tax authority of his area. This should be done within 15 working days following the start of his activities and attach to such application a site plan of the business. A single identification number shall be attributed permanently by the Directorate General of Taxation upon the effective location of the taxpayer. After the completion of the registration procedure, the Tax authority shall issue a taxpayer’s card free of charge to the taxpayer. The validity of the taxpayer’s card shall be 10 years.

Taxpayers, upon obtaining a taxpayer’s number, must declare their returns with the tax administration before the 15th of every month. There are two ways of declaring taxes: Manual declaration and Electronic declaration. The procedures for declaration and payments, therefore, differ depending on the taxpayer. While taxpayers of small tax units (Regime Simplifié) declare their taxes manually and pay by cash, those of Medium size tax Units, Large Tax Units, and Specialised Tax Centres today can carry out declarations of taxes and payments electronically.

Section One: Manual Declaration and Payment Procedure for Taxpayers at Small Tax Units

Taxpayers in small tax Units declare their taxes manually and can pay by cash because most often, the amounts are less than 100 000 FCFA. These taxpayers are required to declare their taxes before the 15th of every month. From field research, taxpayers of this unit go through the following process to declare and pay their taxes.

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10. Term used in the context of personal income tax, where taxation may be imposed by reference to separate individuals or to a group of individuals treated as one unit.
This measure has changed somewhat in the context of the execution of the 2021 finance law, and in particular in the related circular, signed on December 30th by the Minister of Finance, Louis Paul Motaze. Intending to secure revenue, the Minister prescribes “the prohibition of the payment of taxes and duties in cash to the fiscal network and the generalization to the divisional computerized tax centers of the payment methods enforced in the specialized management units, namely payment by bank transfer or electronically.” Also, the Minister establishes electronic payment as a compulsory mode of payment of taxes and duties for large companies falling within the portfolio of the management of large companies. The text exceptionally authorizes the payment of taxes in cash only at bank counters. Also, the circular enshrines the issuance and notification of receipts by electronic means, with the consequence of eliminating manual receipts, which are sources of “various fraud.” But, as always, a governance problem looms in the implementation which is postponed: we can read that “The modalities of implementation of this reform will be defined by a specific text of the Minister of Finance” and this is a way of killing this reform and going back to the old manual mode that we present below.

Two official tax forms are filled for declaration, and after verification and confirmation of income amount for the month following payment and receipt documents, both forms are stamped by the tax administrator with authorization to pay. Upon cash payments at the cash desk of the center, the cashier acknowledges payment by a payment stamp on the declaration form. The taxpayer then deposits one copy of the form with the tax administrator and keeps another copy for future control and audit.

The above steps in declaring, paying, and filing taxes take an average period of two to three business days, especially between the 11th and 15th of every month when taxpayers are trying to avoid deadline penalties. The manual process of declaring and paying process has some drawbacks:

a. Frequent physical interactions between taxpayers and tax administrators often lead to corrupt practices. For example, in 2017, the Minister of Finance had to sanction no less than 137 agents of his administration. The charges against these employees revolved essentially around the production of false receipts and the embezzlement of revenue. These agents used to fabricate false documents attesting to the payment of collected revenue, although these funds did not appear anywhere in the treasury books.
b. Overcrowding at tax centers with long queues between the 11th to 15th of every month when taxpayers are making last-minute declarations.

c. The manual system makes work more difficult and cumbersome for tax administrators with a lot of paperwork involved.

Section Two: Electronic Procedure for Taxpayers at Medium Size Tax Units, Large Tax Units, and Specialised Tax Centers

Book two, manual of tax procedures, section M.2. - (2), and (3) of the General Tax Code refers to the filing by taxpayers of the large tax unit, medium-size tax unit, and specialized tax centers. Returns may be filed electronically. In this case, the generated tax assessment notice shall necessarily be presented at the bank as a supporting document for the payment of the corresponding taxes and duties. This is the case with taxpayers at the large tax and medium-size tax units. Enterprises falling under a specialized management unit shall be required to transmit their statistical and tax returns only electronically using the computer system established by the tax authorities.

The implication of this measure has been an improvement in public sector services in terms of filing taxes and also a step ahead in the process of moving towards a digital economy. Moreover, tax administrators at the specialized tax center of Yaoundé testified that the electronic system has led to an increase in the number of declarations received. It is also perceived that the increase above the expectation of tax revenue in 2016 is a result of the electronic process of filing and paying taxes which contributed to reducing corruption.

According to the results of field research at the Specialised Tax Centre of Yaoundé, where taxpayers have access to the online filing and payment platform, taxpayers of the large tax unit, medium-size unit, and specialized tax centers go through the following procedures to declare and pay taxes electronically:

a. The procedure of online declarations begins with the creation of an online account and password by the taxpayer on the website.

b. Taxpayers of the above-mentioned units can declare their taxes online on or before the 15th of every month. Upon declaration of their income, the system (FISCALIS) automatically generates a document serving as authorization for the taxpayer to make payment of the corresponding amount.

c. The taxpayer is required to print out the authorization document for payment and make payments of the corresponding amount electronically.

d. The taxpayer, after making payments, files all documents online together with the receipts from the payment and also attaches supporting documents as evidence for the declaration and payments made.

e. Tax authorities from their desk can carry out control from the declaration made online, payment, and attach supporting documents.

11. Field research at the Specialised taxation Centre in Yaoundé, by Dinga Tambi, research assistant at the Nkafu policy institute, August 6th, 2020.
The obligation to declare returns does not only apply to moral persons but also apply to public, and private sector salaried employees, foundations, associations, non-profit organizations, managers or beneficiaries of trusts, insurance trusts, or similar entities, as well as foreign taxpayers are operating in Cameroon without a head office there-in. Accordingly, they must appoint a solvent representative accredited by the tax authority.

Most often than not, different employers in different sectors deduct income taxes on the income of their employees, declare these incomes at the end of every month, and make the corresponding payments on behalf of the employees. This is similar to the act of large public corporations or private companies with government authorization to deduct and retain taxes such as value-added tax and income tax from payments they make to other smaller institutions or businesses and therefore declare and pay the corresponding taxes to the state.

Few initiatives have been made to facilitate the procedures of declaring and paying taxes. Notably, the adoption of electronic means of declarations for Large Tax Unit, Medium Size Taxpayers Office, and taxpayers in the specialized tax centers for public establishments or enterprises. This, however, has not facilitated the process because the electronic system has been facing several challenges ranging from the inefficiency of the website to internet problems, among others which have rather made the procedure difficult. As concerns the small taxpayers’ unit, they still face the challenge of queuing up in tax centers for declarations and payments.

In the fifth review under the extended credit facility, the IMF continues to demand changes to Cameroon’s taxation policy, designed to improve government tax revenues whilst bolstering productivity.

Section Three: The Benefits and Problems of Implementing Online Filing and Payment Systems in Cameroon

Tax administration is a basic function of a successful state, and taxation is essential for sustainable economic development. An efficient method of filing and collection of taxes is very important to the government and taxpayers. The concept of e-filing has been widely accepted by most governments to ease the process of filing and paying taxes. According to corporate accountants of some Medium size enterprises in Cameroon, with the manual system, it took an average of 2 days for medium and large companies to declare, make payments, and file documents with tax administrators, especially between the 11th- 15th of each month. E-filing, a simplified procedure, allows taxpayers to file their returns without using the paper templates and without going to tax offices. This system aims at facilitating the filing of returns via the reduction of compliance costs and time spent filing taxes. Countries such as Mauritius, Gambia, Rwanda, and Morocco have made remarkable progress on the ease of filing and payment of tax. The Gambia, with a score of 88.9, ranks 17th out of 190 countries on the 2020 doing business Index from a position of 47 before it implemented e-filing and payment of taxes in October 2013. The progress can be justified from increased usage of Tax electronic services over time. The ease of filing and paying taxes with a focus on the administrative burden of paying taxes and contributions and complying with post-filing procedures (VAT refund and tax audit) is a major factor considered as concerns the ease of doing business in different countries.

Cameroon is yet to improve its ranking on the Paying taxes indices. It was ranked 181st out of 190 countries in the paying taxes indices of the DBI report for 2020, with a score of 36.3 on 100.

Over the years, tax returns were filed manually. This paper-based form of declaring taxes made it mandatory for taxpayers 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. The pilot phase of this process began in 2014 with the taxpayers 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. As such, in a bid to reduce compliance costs, the Directorate General of Taxation in the course of the 2016 fiscal year, extended the e-filing of tax returns to all Medium Size Taxpayers Office, introduced and consolidated the e-filing of public contracts, and initiated the e-filing of deeds of conveyance for landed properties. 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 of December 30th, 2016, 100% of companies in the LTU filed their returns electronically.

Modeste Mopa Fatoing, Managing Director of Tax Administration, announced to taxpayers using the "tele-declaration" system that the online system could enable them to submit annual declarations (statistics and tax declarations), generate tax notifications, and pay the corresponding tax amount due.

The Taxation Head office in Cameroon has taken a few steps towards facilitating the online filing and payment of taxes with the hope of a better position in the paying taxes index. Some tax administrators have received training on the use of the online system. For example, from August 20th to 31st, 2019, training a session on the e-filing of the statistical and tax returns was carried out in the Large Taxpayers Office, Medium Size Taxpayers Office, and those of specialized Tax Centres. Non the less, the technical challenges and malfunctions that arise with the system are beyond the control of the tax administrators.

Efforts have also been made to make available manuals. The website for the Directorate General of Taxation contains manuals and guides for electronic procedures of filing and payment online, such as the guide to simplify online registration, manual on the process of online statistics, and fiscal declaration. A good number of taxpayers still face difficulties using the online system effectively. This is the reason why some taxpayers still prefer to take stands at tax offices to declare their taxes manually. Consequently, the objective of making easy and rapid the filing and payment of taxes has not been fully attained. Similar to the case with tax administrators, technical malfunctions of the site are beyond the control of the taxpayers.

The efforts made by the Directorate General of Taxation, to a greater extent, have not impacted the taxpayers, tax administration, and the Country. This can be seen from Cameroon’s poor ranking in the 2020 paying taxes index at 181st position.

22. [https://www.impots.cm/fr/documents/44](https://www.impots.cm/fr/documents/44).
3.1. **Benefits of Making the Online Filing System Effective**

The online filing and payment system, apart from facilitating the payment, would have several secondary benefits if it was effective and serving its purpose at full capacity. Some of these benefits which should be outlined to emphasize the need and importance of the effectiveness of the system include:

a. A drastic reduction in the time spent in filing and paying from between 24–48 hours averagely (this is considering the usual large crowds of taxpayers at the centers between 11th to 15th of each month) to less than 5 hours, everything being equal.

b. A large possibility is the reduction of corruption in the tax service, which is considered one of the most corrupt in Cameroon by public opinion. There will be less physical interaction between taxpayers and authorities which is always the opportunity for bribery and corruption. Though ineffective, the e-filing and payment, which first started with the Large Tax Unit in 2014, saw an increase of 18.2% from 1,054,576.3 million FCFA in 2014 to 1,245,996.9 million FCFA in 2015. Part of this increase is attributed to the electronic filing and payment system.

c. It will facilitate the traceability of all filings online and the possibility to identify and justify errors easily. Making the online system effective with lead to an increase in the number of taxpayers using the system for filing. This will ease the identification and resolution of problems within short periods.

d. While tax administrators at the specialized tax center, it has increased the rate of tax declaration to more than 90%, more can be achieved if the system is more effective than it is today. More taxpayers will declare their taxes, especially among taxpayers who have to declare nil.

Payment rates will increase because the system will automatically generate penalties on late declarations and must be paid. Bribery that takes place between taxpayers and administrators in cases of late filing and payments will be eliminated. On a general note, non-oil tax revenue has been increasing at a larger rate from 2016 to 2019.

![Figure 2. Evolution of non-oil tax revenues (2016 to 2019)](source)

**Figure 2. Evolution of non-oil tax revenues (2016 to 2019)**

<table>
<thead>
<tr>
<th>Year</th>
<th>TOTAL TAXE REVENUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2316.56</td>
</tr>
<tr>
<td>2017</td>
<td>2519.13</td>
</tr>
<tr>
<td>2018</td>
<td>2712.03</td>
</tr>
<tr>
<td>2019</td>
<td>2924</td>
</tr>
</tbody>
</table>

**Source:** Realised by authors (Data from the Finance Laws of the State of Cameroon (2016–2019)).

The non-oil revenue will possibly increase by a higher proportion of all taxes that can be effectively filed and paid online. Considering the advantages attributed to operating an effective online filing and payment mechanism for taxes, the government should highly consider taking into consideration the complaints from tax administrators and taxpayers.

3.2. **Challenges of Making the Online Filing System Effective**

The results of field visits\(^24\) at the tax administration specialized center of Yaoundé, where taxpayers have access to the online filing and payment platform, there have been major challenges making the electronic filing and payment as well as other online services about taxes very ineffective. The intention of the government is putting in place the online filing and payment system of taxes was to facilitate the process of filing, and payments, among other advantages, have failed to fully serve their purpose. These tax administrators attest to the fact that the online filing and payment system has created more confusion and has made work more difficult because of continuous irregularities in the system. The government has not been able to manage the online platform for filing effectively.

According to some tax administrators at this center, electronic filing, declarations, and payment are not very effective. Since the implementation of the electronic system, they encounter the following challenges:

i. Frequent break down on the website, especially towards the deadline for filing and payments when the site is crowded with taxpayers trying to avoid deadline penalties.

ii. Frequent maintenance work and changes on the website without notification have been frustrating to tax administrators and taxpayers with the shutdown of the website, which sometimes persists for two to three weeks.

iii. The electronic system sometimes causes irregularities. Taxpayers declare and forward their electronic declarations and payments, which most often the tax administrators have difficulties visualizing the declarations in the system. Consequently, the tax administration might consider a particular taxpayer to be a defaulter.

iv. Internet connection is a major challenge faced as concerns the electronic system. Tax administrators complain of unreliable internet connection, which most often is very poor and makes work extremely difficult.

v. Frequent blackout is an issue. It disrupts the process of online declaration and causes irregularities because most tax offices do not have any other alternative source of power.

vi. Moreover, there is a limit on the volume of documents that can be uploaded on the e-filing system. Generally, taxpayers have to submit receipts and documents to justify the amount they declare as taxes. This was possible during the manual system but impossible with the electronic system considering the limit on the volume of documents that can be submitted. Consequently, tax administrators cannot carry out desk control based on documents submitted online.

\(^{24}\) Field research at the specialised taxation Centre in Yaounde by Dinga Tambi, research assistant at the Nkafu policy institute, August 6\(^{th}\), 2020.
vii. Taxpayers find difficulties printing out the authorization for transfer payment generated by the system. At the end of the day, they have to get the authorization from the tax office.

viii. Numerous errors are made at the level of taxpayers because they have to declare and upload payment orders without onsite assistance from tax administrators as previously. Taxpayers sometimes pay the wrong taxes and amounts unknowingly.

ix. Tax account managers have more work making calls to taxpayers to confirm declarations made online because the volume limit makes it impossible for taxpayers to upload all supporting documents needed by tax administrators.

x. The purpose of the e-filing and payment system was to permit taxpayers to declare and upload their payment orders online. An administrator at the specialized taxation Centre Yaounde testified that she is yet to receive a single successful submission of payment order online. Another estimated that only one out of 100 taxpayers succeed in uploading payment orders. Taxpayers, after declaring online, still have to visit the tax office to deposit their payment orders.

xi. Some taxpayers are adamant about changing and continue with the manual declarations and payments.

xii. State Institutions such as the National Assembly and decentralized entities are recommended to file and pay electronically to ease the process and reduce contact, but unfortunately, they are reluctant to use the e-platform. They insist on declaring manually.

xiii. Determining late declarations from taxpayers has become more difficult. Tax authorities sometimes cannot tell if the system is the problem or the taxpayer has not declared his taxes. Tax account managers have to make frequent calls to rectify this.

The purpose of the e-filing and payment system is to bridge the gap of movement between the tax administrators and the taxpayers and reduce stress and save time. Unfortunately, due to the above challenges, the online platform does not fully serve the purpose for which it was intended. This is one of the reasons why the paying taxes index ranking of Cameroon has not improved because measures taken to facilitate the filing and payments are not efficient and create more problems than a solution.

The government has been making efforts concerning the website, which is the major source of most of the challenges. Unfortunately, this has not been very fruitful, and taxpayers are rarely informed before website maintenance or repairs. However, notwithstanding the challenges, tax administrators at the Special Tax Centre acknowledge the fact that over 90% of online declarations of taxes are done following the right procedure and assuming excellent internet connection and accessibility to the website are successful. The problem is usually at the stage of payments and uploading of receipts.

To conclude, a lot still has to be done to ensure the e-filing system fully serves its purpose. Considering the challenges outlined above, the government has to ensure the website (FISCALIS) is reliable for the services it should perform. This is because over 90% of the challenges encountered are related to the website. Electronic systems for filing and paying taxes, if implemented well and used by all taxpayers, will benefit tax authorities, taxpayers, and the State.
From another dimension, the e-filing system put in place has reduced the rate of the tax deduction on an annual basis. This is because manually, taxpayers registered expenses, including unlawful expenses (bribes to tax administrators). At the end of the year, companies incorporate all these expenses in their yearly financial report, thereby portraying lesser taxable net profit at the end of the year. This is not the case with the e-filing system, where taxpayers have lesser contact with tax officials with lesser expenses.
CHAPTER 4

DOES CAMEROON TAX POLICY DISCRIMINATE AGAINST WOMEN AND FOREIGNERS?
According to Mason and Knoll (2012), states may be accused of "tax discrimination" when they tax outsiders differently from insiders. Insiders refer to nationals, resident individuals, and resident companies. However, in this chapter, our focus is on two categories, including women and foreigners. We will seek to find out if the above-listed categories are differently taxed from other socioeconomic categories in Cameroon.

Section One: Examining Cameroon’s Tax Policy Following the Principles of a Good Tax System

A good tax system should meet five basic conditions: fairness, adequacy, simplicity, transparency, and administrative ease. Most importantly, these principles should not differ or discriminate against women and foreigners, and in consideration that most taxpayers are legal persons. Opinions might slightly differ on what key elements should be taken into consideration to ensure a good tax system. Nevertheless, there are five basic conditions that every good tax system should respect to the greatest extent to be efficient. Cameroon tax system, just like every other economy in the world, takes into consideration the most important principles necessary for efficiency in the tax system.

However, just like most other Sub-Saharan economies, Cameroon faces several challenges in establishing an efficient tax system. This is because of the large proportion of the population involved in informal economic activities such as agriculture and small businesses, most especially women. These informal sector businesses are not consistent in their operation. It becomes extremely difficult to determine or track business and personal incomes, mindful of the fact that some of these businesses are not registered. On a general note, the most prominent of these principles include:

i. **Fairness**: According to the principle of equity, everybody should pay a fair share of taxes based on two concepts: horizontal and vertical. Cameroon practices the proportional tax system and the progressive tax system. Regardless of the tax system practiced high tax rates in Cameroon inconvenience taxpayers. The consequence of this is a high level of tax evasion, a phenomenon that stifles government efforts in realizing its tax objectives. An empirical study sought to investigate the causes of tax evasion in Cameroon and propose remedies was carried out. Data was collected through a survey carried out in the cities of Douala, Bafoussam, and Bamenda and analyzed using the Ordinary Least Square estimation technique. The empirical results were of positive and statistical significance and revealed that tax evasion in Cameroon is caused by high tax rates, complex and opaque tax laws, inefficient and corrupt tax inspectors, low income of taxpayers, evasion benefits outweighing detection penalties, poor perception of the judicial system and dissatisfaction with the quality and magnitude of public services and goods.

25. [https://scholarship.law.upenn.edu/cgi/viewcontent.cgi?article=1403&context=faculty_scholarship](https://scholarship.law.upenn.edu/cgi/viewcontent.cgi?article=1403&context=faculty_scholarship)
ii. **Adequacy**: Setting up an efficient and fair tax system is, however, far from simple. The ideal tax system in developing countries should raise essential revenue without excessive government borrowing and should do so without discouraging economic activity and without deviating too much from tax systems in other countries. This does not seem to be the case with Cameroon. Budget deficits over the past years have left the government unable to meet up with public expenses and infrastructural investments. The government has been depending largely on external financing for most if not all of its infrastructural projects.

iii. **Simplicity**: The manual procedure of paying taxes in Cameroon has identified procedures. The challenge arises from the fact that, towards monthly deadlines for tax filing and payments, tax offices become extremely crowded with taxpayers trying to avoid paying penalties after the deadline. The government since 2016 has been taking progressive steps towards the effective implementation of the online filing and payment system for large, medium-sized, and specialized taxpayers. The online filing and payment system has not been very efficient and faces several challenges ranging from website breakdown, unreliable internet connection, and electricity. This has rendered tax filing and payment very cumbersome.

iv. **Transparency and Visibility**: The Cameroon tax system maintains some degree of transparency and visibility. Most especially in terms of information on tax requirements, the official website of the Tax headquarters carries valuable information on tax procedures, and this information is accessible to the general public. The tax code also a detailed document on all information concerning different taxes in the country that is available online and accessible to all taxpayers. However, corruption is still a major problem in the taxation services even though most taxpayers are informed on the taxes that exist when it is supposed to be paid and the true cost of transactions. Constant physical contact between taxpayers and tax administrators has been fuelling the rampant corruption that takes place between both entities. The government becomes the victim because funds meant for government coffers fall into private hands and bank accounts. The rate of corruption in the taxation services has been one of the motives for the online filing and payment systems adopted by the government.

Cameroon should consider reducing its tax rate. The corporate tax rate on profits, which stands today at 30% (Cameroon General Tax Code 2020) plus an additional council tax of 10% applied to make it a total tax rate of 33%, is a burden for most taxpayers and discourages economic activities. Secondly, there is a need for the simplification of tax laws and, creation of a more conducive business environment to boost business income, strictly follow up with payment of tax penalties into public accounts, make the judiciary to be truly independent to show proof of fairness and transparency in the treatment of tax matters while identifying and bringing corrupt tax authorities to justice. Government authorities should be transparent and should be accountable in the use of public funds.
Section Two: The Non-Discriminatory Nature of the Cameroon Tax System

The Cameroon tax policy does not discriminate against foreigners. Taxpayers, especially the private sector companies and Non-Governmental Organizations are moral persons, and no emphasis is laid on their origin. These taxpayers are treated equally according to the tax policy. Furthermore, it does not discriminate against foreigners operating businesses in Cameroon. The same tax rates are applied to all businesses. However, there is a beneficial tax system applicable to diplomatic and consular missions and international organizations, and similar bodies based in Cameroon guided by international conventions.

2.1. Concerning Value Added Tax

According to the provisions of Section 128 (16) of the General Tax Code, all goods and services destined for the official use of foreign diplomatic and consular missions and international organizations are exempted from value-added tax subject to reciprocity, headquarters agreement and quotas laid down by the competent authorities. The VAT rate in Cameroon which applies to other taxpayers is 19.25%.

The scope of this exemption includes furniture purchased for the equipment of official premises as defined in the 1961 and 1963 Vienna Conventions on diplomatic relations and privileges. These are, specifically, household furniture, functional objects, and services attached to this furniture, office furniture as well as services provided for the functioning of the mission (maintenance, repairs).

The diplomatic missions and related organizations can request from the Director-General of Taxation the issuance of a certificate of exemption from VAT when acquiring the above-mentioned goods and services based on pro forma invoices established by suppliers. The said certificate will enable them to settle the different invoices exclusive of taxes.

2.2. The Cameroon Tax System and Women

The Cameroon tax system is non-discriminatory when it comes to gender. The same tax laws bind both men and women. However, the gender phenomenon always has a way to influence the realities with economic variables. This is most particularly in most parts of Africa, where women still face economic discrimination.

This has impacted the contribution of women to national tax revenue. In Cameroon, just as the case with several other African countries, women are less likely to be inside the tax net because they earn less income and make up a larger percentage of the informal sector. They are most often self-employed or are unpaid family workers, where their earnings are not reported and therefore more likely to escape tax.

Moreover, like the case in some other African countries, in some cultures in Cameroon, women are less likely to own land titles and other properties. They, therefore, contribute a lesser quota of taxes from land and property.

On a general note, discrimination against women in different economic circumstances has increased their likelihood to escape taxes and reduced their contribution to national tax revenue.

2.3. Concerning the Special Tax on Petroleum Products

Fuel consumptions destined for the official use of diplomatic and consular missions are admissible for exemptions. Therefore, only official vehicles used by Heads of missions and other senior personnel who have diplomatic status are concerned by this provision.

2.4. Concerning Registration Fees

Diplomatic and consular missions are exempted from registration fees when acquiring or leasing landed property or houses for their official use subject to reciprocity and according to the provisions of the Vienna Convention on diplomatic privileges and immunities and Section 338 (24) of the General Tax Code. The above exceptions apply only to diplomats and consulates and are bound by international conventions such as the Vienna Convention. Private foreign companies are considered moral persons and are treated like every other company.
CONCLUSION AND POLICY RECOMMENDATIONS
In 2020, Cameroon occupied the 181st rank out of 190 economies in the Paying Taxes Index of the World Bank’s Doing Business Index. Indeed, paying taxes in Cameroon requires a huge number of hours and payments per year on the one hand; and creates a huge constraint on companies' profits on the other hand. Specifically, it requires 44 payments per year in Cameroon as compared to 36.6 payments in Sub-Saharan Africa and only 10.3 payments in countries members of the Organization for Economic Cooperation and Development (OECD). Also, paying taxes in Cameroon requires 624 hours per year as compared to 208.6 hours in Sub-Saharan Africa and 158 hours in the OECD. Finally, the total tax and contribution rate (expressed as a percentage of profit) is estimated at 57.7% in Cameroon, whereas it is 47.3% in Sub-Saharan Africa and 39.9% in the OECD. Based on this background and following the facts and statistics presented in the chapters of this report, a major question remains: What can Cameroon do to improve its ranking regarding the World Bank’s Paying Taxes Indicator? To answer this question, we believe the following actions should be taken:

1. **Reducing Tax Rates to Encourage Private Savings, Private Consumption, and Private Investments:** Indeed, entrepreneurs pay the corporate tax, and consumers pay the added value tax (19.25%). Put together, these rates are very high compared to those of a growing economy like Nigeria. In this country, for example, the corporate tax is 30%, and the added value tax is 7.5%. Because of these structural differences, it will be very difficult for Cameroonian entrepreneurs to compete with their colleagues in Nigeria. Rwanda, for example, reduced its corporate tax rate by 5%, from 35% in 2006 to 30% in 2007. This tax rate reduction has had a direct consequence in sustaining the economic boom of the last decade, helping to make the country a major destination for foreign direct investments in Africa.

2. **Reinforcing the E-Filing System to Reduce the Time Spent Paying Taxes and the Number of Payments per Year:** Indeed, a lot still has to be done to ensure the e-filing system fully serves its purpose. Considering the challenges outlined in this report, the government has to ensure the website (FISCALIS) is reliable for the services it should perform. This is because a large majority of the challenges encountered in the e-filing system are related to the website. And yet, it is generally admitted that electronic systems for filing and paying taxes, if implemented well and used by all taxpayers, will benefit tax authorities, taxpayers, and the State.

3. **Improving the Financial Regulatory Framework With Simplified Tax Laws and the Creation of a More Conducive Business Environment to Boost Businesses’ Incomes:** This should be accompanied by the following measures: strict follow up with payment of tax penalties into public accounts, make the judiciary to be truly independent to show proof of fairness and transparency in the treatment of tax matters while identifying and bringing corrupt tax authorities to justice, i.e., making government authorities transparent and accountable in the use of public funds.

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32. [https://www.doingbusiness.org/content/dam/doingBusiness/country/c/cameroon/CMR.pdf](https://www.doingbusiness.org/content/dam/doingBusiness/country/c/cameroon/CMR.pdf) (page 39).
4. Improving the Performance of Online Payment Methods: It is necessary to put in place modern and transparent electronic methods of taxation for tax payment procedures so that people will not be robbed. For example, fiscal authorities should encourage the use of mobile phone operators to pay their taxes promptly. This would help reduce time and make it easier and cheaper for taxpayers. This practice is already going on amongst Cameroon’s fiscal authorities, who successfully collect land taxes via mobile money. Such good practice should be generalized to other taxes, including registration fees or municipal taxes, just to name a few.

5. Catalyzing Taxpayers’ Compliance and Improving the Ethics of the Tax Administration: Taxpayers should be nudged towards greater compliance via more financial education to ensure they pay their taxes, thereby applying the principles of fiscal democratization through taxation payment liberalization in Cameroon on the one hand; and on the other hand, it is urgent to improve the ethics of the tax administration which is often perceived by citizens as a nest for embezzlers.
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