Cameroon Country Profile

Africa Tax Centre: 2020 Fiscal Guide

June 2021

2020 Key tax factors for efficient cross-border business and investment involving Cameroon

CEMAC Member State

Yes.

Double Tax Treaties

With the following countries, territories and jurisdictions:

France	Morocco	CEMAC
Canada	South Africa	OECD
UAE	Tunisia	

Most important forms of doing business

Public Limited Company (PLC), Limited Liability Company (LLC) and the Simplified Joint Stock Company (SAS).

Legal entity capital requirements

The Limited Liability Company (L.L.C) may be formed by several partners (pluripersonal) or a single partner (one person). The Minimum Capital is **1.000.000 XAF.**

Furthermore, with a view to promoting entrepreneurship, Law NO. 2016/014 of 14th December 2016 specifies that the Limited Liability Company may be constituted with a share capital of 100.000 XAF.

The Public Limited Company may take the following forms:

Public Limited Company with a Board of Directors may be formed by several partners or a single partner;
A Joint Stock Company with Managing Director (without a Board of Directors) may be formed by one or more partners;
Public Limited Company with a sole shareholder (Without a Board of Directors) with only one (1) shareholder. The Minimum Capital is **10.000.000 XAF.**
The Simplified Joint Stock Company (SAS) was introduced by the reform of the OHADA Uniform Act relating to commercial companies adopted on 30th January 2014.

A SAS may be constituted by one or more partners, natural or legal persons. The amount of its share capital (as well as the nominal value of its shares) is freely set by the articles of association.

Residence

An entity is deemed resident if its registered office, center of activity, or management is in Cameroon; if it has resident employees in Cameroon that provide services to customers; or if it has a PE in Cameroon.

Compliance requirements for CIT purposes

Minimum tax of turnover realized during each month shall be paid to the tax authorities not later than the 15th day of the following month, except where exemption applies.
Deadline for filing CIT is the 15th March.

Corporate income tax rate

The Standard corporate income tax rate is 30%. An additional council tax of 10% is applied making the total tax charge to be 33%.
Other corporate income tax rates are as follow:

- 33% for entities with a turnover of more than 03 billion XAF;
- 30.8% for entities with a turnover of less than or equal to 03 billion XAF.

Moreover, companies issuing their ordinary shares on the Central African Stock Exchange (BVMAC) benefit from the application of reduced corporate income tax rate of 25% and a monthly minimum tax of 1,5%.

Withholding tax rates	○ **Capital Gains Tax** On dividends paid 16.5 percent to be deducted at source by entities that pay remunerations granted to the board members of public institutions, public corporations, and semi-public companies in any capacity (dividends paid to the resident companies). On interest paid to non-resident companies The interest from foreign loans is subject to 15% WHT. The WHT rate may be reduced under an applicable Double Tax Treaty (DTT). However, the interest remunerating external borrowings of a duration of at least seven (07) years are exempted from this withholding tax. ○ **Special Income Tax** On fees for technical services 15 percent on income paid to natural persons and corporate bodies domiciled out of Cameroon, by enterprises establishments based in Cameroon, the State or regional and local authorities, as remuneration for various services. On patent royalties and certain copyright royalties paid to non-resident companies Royalties paid to non-residents are subject to a 15% WHT (the 10% surcharge is not applicable). The tax rate may vary under some DTTs.
Holding rules	Dividend received from resident/non-resident subsidiaries A total WHT of 16.5% applies to dividends paid to both Cameroon residents and non-residents. The WHT rate may be reduced under an applicable DTT. Capital gains obtained from resident/non-resident subsidiaries Capital gains realized in Cameroon or abroad and derived from the direct or indirect disposal of shares of Cameroonian companies are subject to a final 16.5% tax. Gains arising from company mergers are not subject to tax on income from securities if the company taking over has its registered office in Cameroon or in a CEMAC country (i.e. the Central African Economic and Monetary Community, comprised of Cameroon, Central African Republic, Chad, Equatorial Guinea, Gabon and Congo (Brazzaville). Tax is deducted at source for non-salaried workers and representatives (including those in the insurance sector) at a flat rate of 10% on the amount of the remuneration paid after the deduction of any business expenses.
Tax losses	Any loss sustained each year can be carried forward up to the fourth year following the recording of the loss. The carryback of losses is not permitted in Cameroon. For credit institutions and companies in the State portfolio undergoing restructuring, the excess deficit can be carried over to the 6th year following the deficit year. Losses due to damage in inventories shall be deductible from the taxable basis when they are duly established and validated by a Commissioner of damage in the presence of a taxation officer with the rank of at least controller, under the conditions specified in the Manual of Tax Procedures. However, for damages and breakages incurred by companies in the brewing sector, the related losses are deducted at a flat rate of 0.5% of the total production volume.
Tax consolidation rules/Group relief rules	N/A.
Registration duties	Are subject to proportional fees: – Sales of buildings or businesses 10%; – Lease, sub-lease of buildings for professional, industrial or commercial use, and lease made to companies to lodge their personnel and senior staff 10%; – Other residential lease 5% or 2%; – Lease of moveable's 5%; – Transfer of shares and bonds of companies with registered offices in a CEMAC member country 2%; – Markets and public order signed with the State, Administrative Public institutions and companies from the public: 2% for contracts whose value is greater than or equal to 5 million and 5% for contracts whose value is less than 5 million, unless such contracts have most of their finances from abroad.

Transfer duties	On the transfer of shares The direct and indirect transfer of shares and other securities are levied at the reduced rate of **2%.** On the transfer of land and buildings Transfer duty applies to the sale of immovable property situated in Cameroon at a rate of **10%** of the price indicated in the transfer deed. Stamp duties Stamp duties in Cameroon are established independent of registration fees, on all papers to be used for civil and legal instruments and documents which may be brought before lax courts as proof. It shall be collected on the basis and in accordance with the rules laid down in the General Tax Code. Real estate taxes Cameroon property tax is payable annually on real estate with or without an ownership certificate or an administrative or judicial order issued. Tax is charged at 0.1% of the assessed property value. Properties belonging to clubs, associations, or sporting bodies' accredited properties intended for sports and sports facilities are exempt from real property tax.
Controlled Foreign Company rules	We are not aware of any special provisions for CFCs. Indeed, subject to the provisions of international conventions and the provisions relating to group taxation mentioned above, revenue from stocks and shares held in a company based abroad shall be subject to income tax in Cameroon.
Transfer pricing rules	General transfer pricing rules The regulations on transfer pricing have been improved in the last four finance law with the aim to ensure that related party transactions are conducted on arm's length terms. For this purpose, the General Tax Code specifies that for the assessment of the company tax payable by companies which are controlled by, or which control an undertaking established outside Cameroon, the profits indirectly transferred to the latter by increasing or reducing the purchase or selling price, or by any other means, shall be incorporated in the results shown by their accounts. The same shall apply to undertakings which are controlled by an undertaking or group likewise in control of undertakings established outside Cameroon. Furthermore, since 2012, the Cameroonian Tax Administration has introduced the filing of the Transfer Pricing documentation prior to the execution of tax audits and has extended the duration of tax audit involving Transfer Pricing issues. Since the 2019 finance law, the submission of the transfer pricing documentation is required prior to the reception of annual tax return. Documentation requirement Documentation requirements on related party transactions are quite stiff. The taxpayer has an automatic obligation to produce documentation at the beginning of a tax audit (for companies registered with the Large Taxpayer Unit), and an obligation to produce documentation only on request by the Tax Administration for all other taxpayers. Companies to provide detailed information on the group's transaction, including: – Details of the operating relationship between group companies and information of Company (s) in the group based out of Cameroon; – The Methods used in determining the prices for intercompany transactions and a justification for its use thereof; – Activities carried out by companies, corporations or group entities in the intercompany transactions; – The fiscal, legal and administrative treatment pertaining to the transactions in the group company's resident outside Cameroon, while identifying the group companies involved; the countries concerned, and the total amount for the transaction in question; – The contractual agreements governing repatriation of cost and any pre-established agreements including advanced rulings if any; and; – An analysis of the comparative information used where applicable.

Thin capitalization rules	The thin capitalization rules have been clearly defined by the Cameroonian legislator. In this regard, it is specified in the General Tax Code that interests on current accounts of partners or shareholders provided that their rates do not exceed the TIAO rate advances increased by 2 points. However, such deduction shall be possible with respect to partners who directly or indirectly own at least of 25% of the share capital or corporate voting rights only if: – The sums of money made available by all the partners do not exceed two and half times the amount of equity. Otherwise, interest on excess amount shall not be deductible; – The interest paid to said partners does not exceed 25% of profits before corporate tax and before deduction of the said interest and depreciation taken into account in determining such profit. Otherwise, the excess amount of interest shall not be deductible.
General Anti-Avoidance rules (GAAR)	There are no GAAR rules applicable in Cameroon.
Specific Anti-Avoidance rules/Anti Treaty Shopping Provisions/Anti-Hybrid rules	Qualifying participations (at least 5 percent of the equity of the subsidiary) No. Deductible dividends of foreign subsidiaries No unilateral double taxation relief is granted under domestic tax law in respect of foreign taxes paid. Bilateral relief is provided under Cameroonian tax treaties. Restrictions on the deductibility of interest and royalties No unilateral double taxation relief is granted under domestic tax law in respect of foreign taxes paid. Bilateral relief is provided under Cameroonian tax treaties. Hybrid arrangements No.
Advance Ruling system	No.
IP / R&D incentives	No.
Other incentives	The private investment tax incentive regime instituted by Law No. 2013/04 of 18 April 2013 applies to investment operations relating to the creation, extension, renewal, refurbishing of assets, and/or the transformation of activities carried out in Cameroon. The major tax advantages related to the private investment regime in Cameroon are the following: o During the installation phase: Tax incentives for a maximum period of five years. o During the exploitation phase: Tax incentives for a maximum period of ten years. o For the development of existing companies: Tax incentives for a maximum of five years. o Possibility of specific advantage for prioritized sectors. Tax and customs incentives granted to investors consist of exemptions from or reductions of payment of several taxes, duties, and other fees listed. According to the 2017 Finance Law, conventions and agreements signed by the authorities that provide for customs and tax exemptions and waivers shall, under pain of unenforceability, be subject to prior approval by the Minister in charge of finance.

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VAT	The standard rate is 19.5 percent and the export rate is at 0 percent.
Other relevant points of attention	No.
Mandatory Disclosure Rules Updates	For country specific information and updates on the EU Mandatory Disclosure Rules please visit KPMG's EU Tax Centre's MDR Updates page.
COVID-19 Resources	An overview of tax developments being reported globally by KPMG member firms in response to the Novel Coronavirus (COVID-19) is available here. For further insight into the potential tax, legal and mobility implications of COVID- 19, please refer to the dedicated KPMG page.

Source
Cameroon tax laws and regulations, updated 2021.

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