3 Cameroon

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1. Introduction

The country's name is derived from Rio dos Camarões ("River of Prawns") the name given to the wouri River estuary by Portuguese explorers of the 15th and 16th centuries. Camarões was also used to designate the river's neighbouring mountains. Until the late 19th century, English usage confined the term "the Cameroons" to the mountains, while the estuary was called the Cameroons River or, locally, the Bay. The French appellation is Cameroun. In 1884 the Germans extended the word Kamerun to their entire protectorate, which largely corresponded to the present state. Despite slow movement toward democratic reform, political power remains essentially Presidential with two presidents since independence. The country is endorse with significant mineral resources, including oil, gas, high value timber species, Maize and Cassava Cocoa and coffee farming. French Cameroon became independent in 1960 as the Republic of Cameroon. The following year the southern portion of neighboring British Cameroon voted to merge with the new country to form the Federal Republic of Cameroon. In 1972, a new constitution replaced the Federation with a unitary state, the United Republic of Cameroon. The country has generally enjoyed stability, which has enabled the development of agriculture, roads, and railways, as well as a petroleum industry

1.1 Geography and climate

The Equatorial area is characterized by abundant rain fall, high and stable temperatures and degrading vegetation as we move away from the equator. The central highlands and south are distinguished with four well-marked seasons**.** Cameroon constitutes part of the African continent with varied relief of highlands like the western highlands, Adamawa plateau, southern low plateau, the Mandara Mountains and the lowlands areas such as the coastal lowlands and the northern lowlands.

The country is equally well known for its contrasting climates of equatorial and tropical climate which gives rise to diverse vegetation evergreen forest and extensive savanna with rich biodiversity of fauna and flora. The soil and sub-soil is rich for multiple agricultural crops and in mineral resources like crude petroleum bauxite, gold, iron ore, etc. Cameroon is located in center Africa, north east of the gulf of Guinea, latitude 02^o N to 13^0 N of the equator and from latitude 08^o E to 16^oE of the Greenwich meridian. It is roughly a triangle with a north to south axis of 1200, and east to west axis of 1800 km, a surface area of 47544 km2. Cameroon is bordered to the West by the Federal Republic of Nigeria, North East by Chad, East by Central African Republic and South by Equatorial Guinea, Gabon and Congo.

1.2 Political and Administrative structure

According to the constitution of 18 January 1996 which has been revised and amended twice, the government type is a presidential Republic with three branches. The unification day(National day) is the 20th of May (1972) As of today, the president of the Republic of Cameroon is H.E Mr. Paul Biya and he has a Prime Minister and Ministers appointed by him. In 1991 he accepted a multiparty system and today there are a host of them with the leading political party being the Cameroon people's Democratic Movement (CPDM) chairman Paul Biya, and the leading opposition is the Social Democratic Party (SDF) and has as Chairman Ni John Fru Ndi.

Cameroon has 10 regions with Yaoundé as the political capital and Douala the economic capital. Each of this region is headed by a governor appointed by the president of the Republic. These regions are divided into 58 Divisions (Prefecture) each handed by a senior Divisional Officer (a Prefect) appointed by the president of the Republic These Divisions are further divided into about 300 subdivisions (sub prefectures) each headed by a Divisional officer. There is equally the local government and the president appoints government delegates to some major urban cities. Each subdivision has a Major elected by the people and he works with the councilors. The government delegate work closely with the grand chancellors from these subdivisions.

The three arms of government are the Executive, the Legislature and the Judicial.

The Executive has; the president, the Prime Minister, Ministers, Minister Delegates and director generals

The Legislation has; the Senate and Parliament each headed by a president appointed by the head of state.

The Judicial has; the Supreme Court, the court of appeal, the high court, the Magistrates court and the customary court.

1.3 History

The earliest inhabitants of Cameroon were probably the Bakas (Pygmies). They still inhabit the forests of the Southern and Eastern Regions of the country. Bantu speakers originating in the Cameroonian highlands were among the first groups to move out before other invaders. During the late 1770s and early 1800s, the Fulani, a pastoral Islamic people of the western Sahel, conquered most of what is now northern Cameroon, subjugating or displacing it largely non-Muslim inhabitants. Although the Portuguese arrived on Cameroon's coast in the 1500s, malaria prevented significant European settlement and conquest of the interior until the late 1870s, when large supplies of the malaria suppressant, quinine, became available. The early European presence in Cameroon was primarily devoted to coastal trade and the acquisition of slaves. The northern part of Cameroon was an important part of the Muslim slave trade network. The slave trade was largely suppressed by the mid-19th century. Christian missions established a presence in the late 19th century and continue to play a role in Cameroonian life.

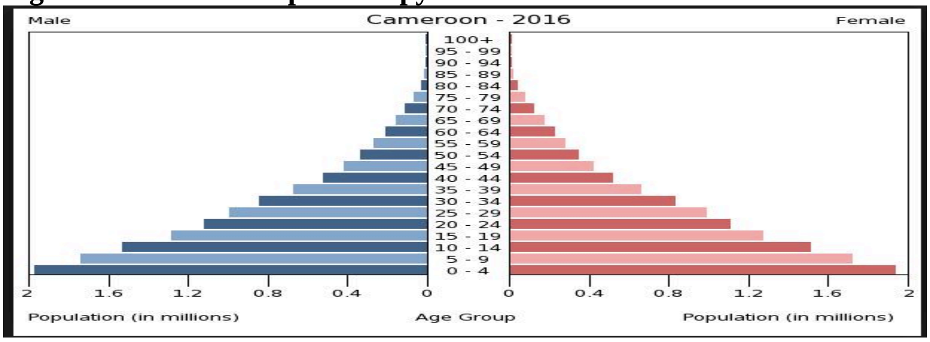
Beginning in 1884, all of present-day Cameroon and parts of several of its neighbors became the German colony of Kamerun, with a capital first at Buea and later at Yaoundé. After World War I, this colony was partitioned between Britain and France under a June 28, 1919, League of Nations mandate. France gained the larger geographical share, transferred outlying regions to neighboring French colonies, and ruled the rest from Yaoundé. Britain's territory--a strip bordering Nigeria from the sea to Lake Chad, with an equal population--was ruled from Lagos. In 1955, the then known outlawed Union of the Peoples of Cameroon (UPC), based largely among the Bamileke and Bassa ethnic groups, began an armed struggle for independence in French Cameroon. This rebellion continued, with diminishing intensity, even after independence. French Cameroon achieved independence in 1960 as the Republic of Cameroon. The following year the largely Muslim northern two-thirds of British Cameroon voted to join Nigeria; the largely Christian southern (British Southern Cameroon) part joined with the Republic of Cameroon to form the Federal Republic of Cameroon. The formerly French and British regions each maintained substantial autonomy. Ahmadou Ahidjo, a French-educated Fulani, was chosen President of the Federation in 1961. Ahidjo, relying on a pervasive internal security apparatus, outlawed all political parties but his own in 1966. He successfully suppressed the UPC rebellion, capturing the last important rebel leader in 1970. In 1972, a new constitution replaced the Federation with a Unitary State. Ahidjo resigned as President in 1982 and was constitutionally succeeded by his Prime Minister, Paul Biya, a career official from the Bulu-Beti ethnic group. Biya won single-candidate elections in 1984 and 1988, but witnessed a multiparty elections in 1992 and 1997. His Cameroon People's Democratic Movement (CPDM) party holds a sizeable majority in the legislature following 2002 elections--149 deputies out of a total of 180. President Paul Biya has ruled since 1982 and was reelected in October 2011 for another seven-year term of office.

1.4 Population and Ethnic groups

The population of Cameroon as of 2016 stood at 23,439,189, which represent an increase of 604,667 as compared to 2015 population of 22,834,422, either 604,667 in absolute terms or 2.65% in relative terms. The country ranks 55 and is having 0, 32% share of the world's population. The median age in Cameroon is 18.4 while the fertility rate has been constant at 4.88 since 2015. The population density is 51 (p/km2) with 56.7% of the population living in urban areas (13,172,658)

Cameroon has a diverse ethnic population comprising of approximately 250 ethnic groups that, form 5 regional/cultural groups. These are western highlanders (also called grass fielders), which include the Bamileke, Bamoun, and many smaller groups in the northwest; coastal tropical forest people, which include the Bassa, Doula, and many smaller groups in the southwest; southern tropical forest people, which include the Beti, Bulu, Fang, and Pygmies; Muslims of the northern semi-arid regions and central highlands, which include the Fulani; and the Kirdi, non-Muslims peoples of the northern desert and central highlands.

Figure 1 Cameroon Population pyramid 2016



1.5 Language, culture and Religion

Cameroon is home to about 250 languages. These include 55 Afro-Asiatic languages, two Nilo-Saharan languages, and 173 Niger-Congo languages. This later group is divided into one West Atlantic language (Fulfulde), 32 Adamawa-Ubangui languages, and 142 Benue-Congo languages (130 of which are Bantu languages) English and French are official languages use , a heritage of Cameroon's colonial past as both a colony of the United Kingdom and France from 1916 to 1960 respectively. The nation strives toward bilingualism, but in reality, very few Cameroonian speaks both French and English, and many speak neither. The government has established several bilingual schools in an effort to teach both languages more evenly. Cameroon is a member of both the Commonwealth of Nations and La Francophonie. "Kamtok," or "Pidgin" English, has in many ways been the lingua franca of Cameroon since the 1880s. It is commonly used as a vehicle for enhancing communication in this bilingual country that has approximately 250 native dialects. There are several variations on 'Kamtok' based upon where it is used -- in grass fields, in the Catholic Church, in the Francophone areas of the country, in the southwest of the country, and among the Bororo cattle traders.

The constitution guarantees freedom of religion. About 10% of the population follows some form of indigenous beliefs, 70% adhere to a form of Christianity, and 20% are Muslim. The various religious groups get along reasonably well, the north of the country is primarily Muslim while the South tends to have more Christians. With so many cultures and traditions, there is general tolerance between groups. Cameroonians tend to be more conscious of a person's region, than their religion. And in some aspects of life, particularly in sport and football, Cameroonians think nationally! Across the different regions, communities pay allegiance to local chiefs who are the auxiliary arms of the government, as well as being ruled by central government.

II. Overview of Macroeconomic activity and Fiscal position.

II.1 Overview of the Economy

Growth stood at 4.7% in 2016, down 1 percent point from 2015. In 2015, actual growth stood at 5.8%, after 5.9% in 2014, in a context of falling oil prices and persisting border insecurity. As regards supply, the majority of sub-sectors were buoyant. Growth was driven mainly by the non-oil sector whose contribution stood at 4.7 points.

Growth in the primary sector was estimated at 5.3%, after 4.7% in 2014, in connection with the "industrial agriculture and export" (+9.3%) and "forestry and logging" (+8.2%) sub-sectors. This progression results from the good performance in cash crops (cocoa, cotton, banana and Robusta coffee) whose production increase was reflected in export volumes. Export of cocoa increased by 38%, cotton by 31% and banana by 7%. The increase in cocoa production results from the entry into production of new plantations and phytosanitary treatment of older farms. Cotton production was boosted by investments carried out by SODECOTON and increased cultivated surface area. Growth in the “food crop agriculture” sub-sector (+4.6%) was driven by domestic demand and that of neighboring countries.

The secondary sector showed the strongest growth, which was consolidated at 8.2% in 2015, after a rate of 6.8% in 2014. The oil sector resumed positive contribution since 2012, in connection with entry into production of new fields. Oil sector value added is up by 27.1%, after 13.9% in 2014. Other sub-sectors, notably "other manufacturing industries" (+4.3% against +3.6% in 2014) and "public works and civil engineering" (+10.4% against +10.8% in 2014), also spurred growth in this sector.

he tertiary sector grew by 4.5% in 2015, against 5.3% in 2014. This deceleration is attributable to the trade, catering and hotels, transport, communication, and banks and financial institutions sub-sectors. Cross-border insecurity, among others, contributed to slow down activity in transportation and tourism.

In terms of demand, growth continued to be driven by domestic demand whose contribution since 2011 has stood at 6.5 points, on average. Domestic demand accounted for 6.1 points in 2015, after 8.1 points in 2014. Final consumption continued to boost economic growth through a progression of 5.5% and contribution of 5.1 points. This progression stems mainly from private consumption that increased by 5.9%, following higher demand for agricultural and agro-food products and catering and transport services.

Investment contributed 1 point to actual growth, after 2.6 points in 2014. This deceleration results from the decline in public investment (-1.2% after +7.5%) and the downturn in private investment (+6.8% after +13.6%). The decline in public investment is due, among others, to the completion of several structuring projects (Lom Pangar storage dam, Memve’ele and Mekin hydroelectric dams, etc.). The downturn in private investment is related in particular to underutilization of established production capacity and completion of works for setting up cement factories and mobile telephony.

External demand dampened growth by 0.3 points in 2015. The volume of export of goods and services increased by 8.9%; that of imports progressed by 6.8%.

Concerning prices, inflation spiraled in 2015, with a rate of 2.7% against 1.9% in 2014. Prices increased notably in goods and transport services (+7.5%), alcoholic beverages and tobacco (+8.9%) and catering and hotel services (+5.9%). However, the rate of inflation remains below the community standard of 3%.

Table 1 Cameroon Key Economic Indicators

	History			Estimate			projection	
	2012	2013	2014	2015	2016	2017	2018	2019
GDP at current prices (CFAF)	13515	14607	15846	16807	17957	19421	21263	22978
Oil GDP	1075	1060	1086	876	748	805	1037	1044
Non-Oil GDP	12440	13547	14761	15931	17209	18616	20227	21933
GDP at constant prices	9973	10528	11152	11796	12416	13171	13997	14779
Oil GDP	354	384	437	555	570	671	735	735
Non-Oil GDP	9620	10144	10715	11241	11846	12500	13263	14044
Annual Growth (%)								
GDP at constant prices	4,6	5,6	5,9	5,8	5,3	6,1	6,3	5,6
Oil GDP	3,5	8,5	13,9	27,1	2,7	13,0	9,5	0,1
Non-Oil GDP	4,6	5,5	5,6	4,9	5,2	5,7	6,1	5,9
GDP Deflator	3,1	2,5	2,6	0,3	1,6	2,1	3,2	2,5
Oil GDP Deflator	10,3	-9,0	-101	-33,8	-20,8	-8,7	17,5	0,7
Non-Oil GDP Deflator	2,5	3,3	3,2	2,9	3,7	2,3	2,5	2,3
Consumer Prices	2,4	2,1	1,9	2,7	1,3	3,0	3,0	3,0
Export Prices	2,7	-2,9	-2,5	-8,2	-8,3	7,3	7,2	7,1
Including Cameroon Oil prices	9,1	-4,1	-6,7	-30,5	-16,8	14,8	14,7	14,5
Import Prices	10,3	-1,4	1,9	11,7	-0,3	1,8	1,6	1,5
Terms of trade	-7,6	-1,4	-4,0	-19,9	-8,0	5,6	5,6	5,6
Consumption	5,4	5,6	5,9	5,8	3,9	5,9	6,7	6,3
Private	5,4	5,5	5,7	5,9	2,9	6,8	7,2	6,7
Public	5,5	6,5	7,2	4,8	10,1	0,2	3,9	3,4
GFCF	1,4	5,2	12,9	5,9	6,1	6,9	6,0	4,5
Private	0,8	5,6	13,6	6,8	6,6	7,2	6,5	4,6
Public	5,7	2,5	7,5	-1,2	2,5	3,8	1,1	3,3
Export of goods and services	-1,3	26,0	10,0	8,9	3,8	3,6	3,8	4,1
Import of goods and services	1,2	18,3	14,4	6,8	-0,6	4,4	5,7	5,7
As a percentageof GDP								
Sector Distribution								
Primary sector	21,4	21,1	20,4	21,0	21,1	20,9	20,7	20,7
Secondary Sector	27,9	27,6,	27,6	26,2	25,2	25,3	26,2	26,1
Including Oil	8,0	7,3	6,9	5,2	4,2	3,3	3,3	3,1
Tertiary Sector	43,0	43,7	43,9	44,8	46,2	46,2	45,5	45,7
Demand Components								
Consumption	88,4	88,7	88,7	90,0	87,0	87,8	88,7	89,9
Private	77,0	77,2	76,9	78,2	74,3	75,7	76,9	78,2
Public	11,5	11,6	11,8	11,8	12,7	12,1	11,8	11,7
GFCF	19,2	19,4	20,5	20,8	22,8	23,1	22,9	22,7
Private	16,9	17,1	18,2	18,6	20,1	20,5	20,4	20,3
Public	2,3	2,3	2,3	2,2	2,7	2,6	2,5	2,4
Export of goods and services	18,8	20,7	21,7	19,5	18,8	17,4	17,0	16,4
Import of goods and services	26,6	28,9	31,2	30,1	28,6	28,3	28,6	29,0
Government								
Revenue including grants	16,8	17,2	17,2	17,4	14,4	15,1	14,8	14,8
Oil revenue	4,9	4,8	4,3	3,3	1,9	2,3	2,2	2,1
Non-oil revenue	11,9	12,4	13,0	14,1	12,3	12,6	12,5	12,6
Expenditure	18,8	21,9	20,5	20,3	20,1	19,7	18,4	18,0
Current	13,3	14,6	13,8	13,8	11,6	11,6	10,5	10,2
Capital	5,5	7,3	6,6	6,5	8,5	8,0	8,0	7,9
Overall Budget balance	-1,6	-4,3	-2,9	-2,5	-5,1	-4,1	-3,1	-2,7
Balance of trade	-1,0	-0,7	-0,8	-1,3	-0,3	-0,8	-1,6	-2,8
Current account balance	-3,6	-3,8	-3,8	-4,1	-2,6	-3,2	-3,9	-5,0

Source; MINFI/DEA

II.2 International Environment

Cameroon is open to international trade. It is a member of the Commonwealth, the CEMAC (Central African Economic and Monetary Community), as well as the Economic Community of Central African States (ECCAS). The ratio of trade to GDP is around 51% (World Bank, 2016).

Cameroon signed a free trade agreement with the European Union in August 2016. For some years now, Eastern Asian countries (especially China, Japan, India and Thailand) have also been reinforcing their trade ties with Cameroon. Cameroon's main export Partners include, European Union, India, China and Chad. Its main export commodities are agricultural products (including cocoa beans, wood, cotton, bananas, coffee, etc.), fuels (oil and gas) and minerals (coal, aluminum). Its main import suppliers are the European Union, China, Nigeria and Thailand. Cameroon mainly imports manufactured products (vehicles, machinery, electrical and electronic equipment), mineral fuels and oil, as well as food (rice, wheat, seafood, etc.).

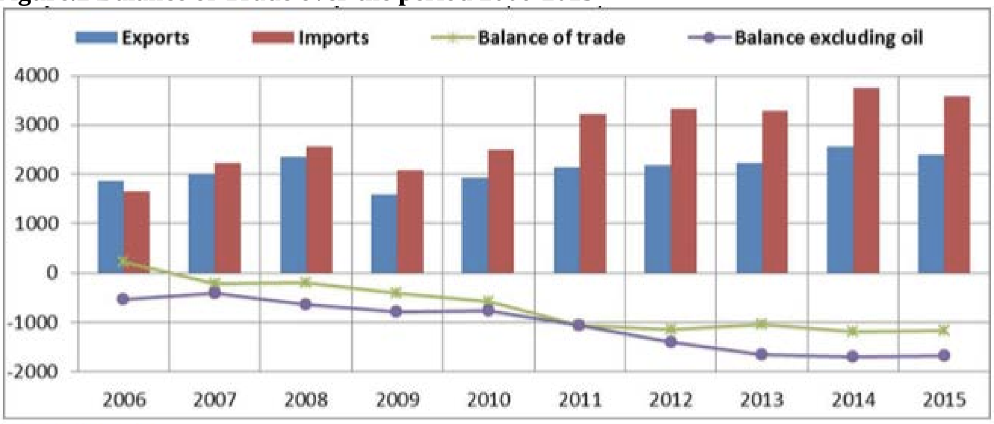
According to the IMF regional report on the economic activities of CEMAC, there is a fall in oil prices, but the share of Cameroon's economy in CEMAC increased by five percent points in 2015.

II.2.1 Trade Balance

In 2015, the balance of trade deficit reduced by 12.5 billion compared to 2014 and stood at 1 174.9 billion. It stems from a larger decrease in imports (-170.2 billion) compared to exports (-157.7 billion). The coverage rate dropped from 68.3% in 2014 to 67.1%. Non-oil deficit decreased by 22.5 billion and amounted to 1680.3 billion. This change reflects a sharper increase in exports than in imports. The coverage rate of imports by exports improved by 2.2 points, to stand at 46.1%. In the first seven months of 2016, the deficit fell by 301.8 billion year-on-year and amounted to 490.4 billion. The coverage rate improved by 6.4 points and totaled 68.6%.

The non-oil deficit shrank by 262.8 billion to stand at 812.4 billion, resulting from a larger decline in imports compared to exports. The coverage rate increased by 4.7 points and stood at 45.7%.

Figure.2 Balance of Trade over the period 2006-2015



Source: MINFI/DEA

When we observe the trends of external Trade, it can be noticed that in 2015, the structure of Cameroon's trade in goods remained stable compared to 2014. Crude oil remained the dominant product despite a reduction in its trade share in value (23.7% as against 30.7% in 2014).

Table 2 External Trade in (Billions)

Item	2014	2015	Jan-July 2015	Jan-July 2016	variations	
	(a)	**(b)**	**(c)**	**(d)**	**(b)/(a)**	**(d)/(c)**
Export	2 55,9	2 400,2	1 301,4	1 069,9	-6,2%	-17,8%
Crude Oil	1 223,7	962,1	552,7	385,3	-21,4%	-30,3%
Excluding oil	1 334,2	1,438,1	748,7	684,7	7,8%	-8,6
Import	3 745,3	3 575,1	2 093,6	1 560,3	-4,5%	-25,5
Crude Oil	708,3	456,8	269,7	63,2	-35,5%	-76,6
Excluding oil	3 037,0	3 118,4	1 827,0	1 497,1	2.7%	-17,9
Balance of trade	-1 187,4	-1 174,9	-792,2	-490,4	12,5%	301,8%
Non-Oil balance	-1 702,8	-1 680,3	-1 075,2	-812,4	22,55	262,8%
Coverage rate (%)	68,3	67,1	62,2	68,6	-1,2	6,4
Coverage rate excluding oil (%)	43,9	46,1	41,0	45,7	2,2	4,7

Source; MINFI/DGD, DEA

II.2 1.1. Exports

The table below shows the quantity of goods exported in thousands of tones and the value in billion likewise the variations in percentages. In 2015, exports decreased in value by 6.2% compared to 2014 and amounted to 2400.2 billion. This trend is attributable to a 21.4% decline in crude oil sales and 35.2% decline in fuels and lubricants sales. Non-oil export revenues rose by 7.8%, mainly owing to the sale of raw cocoa beans (+62.7%), timber and timber products (+14.4%) and raw cotton (+23.3%).

Table 3 Cameroon's exports (Q = quantity in thousands of tones, V = value in billions)

Item	2014		2015		Jan-	Jul 2015	Jan-	2016	variations			
	Q	**V**	**Q**	**V**	**Q**	**V**	**Q**	**V**	**Q**	**V**	**Q**	**V**
Banana	265.3	38.2	283.4	37.3	167.5	22.1	168.5	22.1	6.8	-2.3	**0.5**	0.3
Coffee	31.2	31.7	33.3	31.4	21.6	20.6	24.0	20.1	6.8	-0.8	**10.9**	-2.6
Including Robusta coffee	28.7	27.2	31.2	28.0	20.0	18.0	22.7	18.2	8.6	3.0	**13.6**	1.1
Palm oil	2.5	2.3	2.3	2.1	1.6	1.5	0.8	0.7	-7.6	-10.3	**-49.6**	-50.7
Sugar confectionary, not concerning cocoa	2.4	3.5	3.3	4.5	1.9	2.7	2.6	3.3	34.9	30.2	**39.7**	24.5
Raw cocoa beans	192.6	279.3	265.3	454.3	106.6	169.4	86.4	144.5	37.7	62.7	**-19.0**	-14.7
Cocoa paste	17.4	31.5	15.1	31.3	8.2	16.7	9.6	22.1	-13.0	-0.7	**17.0**	32.8
Cocoa butter	10.1	17.4	9.7	19.9	5.6	11.3	5.6	13.5	-3.3	14.5	**4.9**	19.6
Preparations for soups and broths	6.4	8.7	3.8	507	2.6	3.8	2.0	3.1	-40.5	-35.0	**-2..8**	-17.3
Crude petroleum oil	3 837.7	1 223.7	4 402.9	962.1	2 383.4	552.7	2 598.8	385.3	14.7	-21.4	**9.0**	-30.3
Fuel and lubricants	409.4	159.1	388.5	103.2	179.7	52.6	224.2	39.9	-5.1	-35.2	**24.8**	-24.1
Aluminum oxide other than artificial corundum	126.5	19.3	118.7	24.5	88.0	17.9	49.5	9.0	-6.2	27.0	**-43.7**	-47.4
Bar soap	45.6	26.7	43.6	25.4	24.4	14.4	24.3	14.1	-4.5	-4.7	**-0.1**	-2.2
Raw rubber	57.2	45.5	48.9	36.1	27.2	21.3	22.8	15.2	-14.4	-20.6	**-16.2**	-28.7

Timber and timber products	1195.3	254.9	1 361.3	291.6	823.3	170.2	755.1	164.1	13.9	14.4	**-8.3**	-3.6
Raw timber logs	0.8	87.6	0.9	103.5	0.6	64.7	0.5	52.5	13.5	18.2	**-15.9**	-18.9
Sawn timber	0.6	149.0	0.6	164.6	0.4	92.2	0.4	97.9	7.3	10.5	**6.5**	6.2
Wood vencer	19.2	15.9	23.6	19.0	13.5	10.6	15.0	11.6	22.8	18.9	**11.5**	9
Plywood, vencered panels and similar laminated wood	4.6	2.4	4.7	2.0	2.6	1.2	2.1	1.0	2.0	-14.3	**-17.2**	-22
Raw cotton	90.9	79.6	119.1	98.1	86.6	71.6	76.4	66.5	31.1	23.3	**-11.8**	-7.1
Carboys, bottles and flasks	14.2	5.2	18.1	6.6	8.7	3.2	11.9	4.1	27.6	27.2	**36.9**	26.1
Non-alloy iron or steel bar	36.8	13.0	41.8	14.8	27.1	9.6	18.9	6.6	13.5	13.6	**-30.2**	31.4
Raw aluminums	84.3	73.3	72.7	76.7	40.8	44.8	25.8	25.8	-13.8	4.7	**-36.6**	-42.5
Constructions and parts of construction, in aluminums	4.3	6.1	3.2	5.5	2	3.1	1.0	1.4	-24.9	-9.4	**-51.1**	-53.7
Total non-oil exports		**1334.2**		**1 438.1**		**748.7**		**684.7**		**708**		**-8.6**
Grand total exports		**2557.9**		**2 400.2**		**1 301.4**		**1 069.9**		**-6.2**		**-17.8**

Source; MINFI/DGD/DEA
*quantity in million m3

Crude oil remained the main source of revenue (40.1% of total revenue), followed by raw cocoa beans (18.9%), sawn timber (6.9%), timber logs (4.9%), fuels and lubricants (4.9%), raw cotton (4.1%), raw aluminum (3.2%), banana (1.6%), raw rubber (1.5%), cocoa paste (1.3%) and Robusta coffee (1.2%).

Over the period from January to July 2016, the value of exports stood at 1 069.9 billion, that is, a 17.8% drop compared to the same period in 2015. This trend can be attributed to the fall in world prices of crude oil and other commodities. Excluding oil, the volumes of the main exports reduced. The 14.7% decline in value of cocoa sales was offset by the 32.8% increase in the sale of cocoa paste, which became the eighth export product after fuels and lubricants (3.7%), far ahead of coffees (Robusta and Arabica).

II. 2.1.2 Imports

In 2015, imports value fell by 4.5% compared to 2014 and amounted to 3 575.1 billion. This trend can be attributed to a 35.5% decline in crude oil purchases. Non-oil imports grew by 2.7%.

The main imported products are crude petroleum oils (12.8% of imports), machinery and mechanical appliances (8.7%), cereals (8% including 5.1% for rice), motor vehicles (6.7%), electrical machines and appliances (6.4%), fuels and lubricants (6%). Over the period from January to July 2016 and year-on-year, the value of imports decreased by 25.5% and amounted to 1 560.3 billion, due to a 76.6% fall in crude oil purchases. Import of major product subgroups decreased; in particular, rice imports decreased by 32.7%.

Table 4 Import trends (Q = quantity in thousands of tones, V = value in billions)

Item	2014		2015		Jan-	Jul 2015	Jan-	2016		varia tions		
	Q	V	Q	V	Q	V	Q	V	2016/ Q	2016 V	Jan- Q	July V
Animals and Animal products	**225.8**	**180.9**	**244.7**	**203.9**	**152.5**	**126**	**162.3**	**126.9**	**8.4**	**12.7**	**6.4**	**0.7**
Frozen fish	205.7	145.1	220.4	166.4	137.5	103.4	151.5	111.1	7.2	14.7	**10.2**	7.5
Plant products	1 294.5	288.5	1 463.1	337.6	797.3	191.6	777.6	159.3	13	17	**-2.5**	-16.9
Cereal	1 176.7	241.7	1 339.3	287.4	727.9	162.8	699.1	129.4	13.8	18.9	**-4**	-20.5
Rice	591	140	707.2	181.1	394.9	104.5	302.9	70.4	19.7	29.4	**-23.3**	-32.7
Industrial food products	244.3	154.7	274.7	169.5	147.2	97.5	130.8	80.2	12.5	9.6	**-11.2**	-17.7
Mineral products	4 854.6	1 167.5	4 618.9	840.7	2 545.2	510.6	1 645.4	220.8	-4.9	-28	**-35.4**	-56.8
Clinkers	875.9	45.8	1 341	62.9	788.2	37.8	757.6	32.5	53.1	37.3	**-3.9**	-14.1
hydrocarbon	2 446.6	1 049.4	2 177.8	723.3	1 344.2	450.7	674.6	177.4	-11	-31.1	**-49.8**	-60.6
Crude petroleum oil	1 711.8	708.3	1 464.6	456.8	867.8	269.7	303.1	63.2	-14.4	-35.5	**-65.1**	-76.6
Fuel and lubricants	559.4	273	555.7	215.5	385.3	151.5	223.7	78.8	-0.7	-21.1	**-42**	-48
Chemical industry products	527.5	353.3	610.5	411	388.1	247.6	312.7	208	15.7	16.3	**-19.4**	-16
fertilizer	150.9	32	176.6	40.6	111.4	26.3	110.1	22	17	27.1	**-1.2**	-16.7
Plastic and rubber product	115.4	139.3	125.5	153.5	81.4	94.6	67	74.9	8.7	10.2	**-17.4**	-20.8
Textile and its products	104.2	77.2	131.7	117.9	72.8	60.3	66.1	50.8	26.4	52.8	**-9.3**	-15.8
Second hand goods	76.4	38.6	87.9	43.9	49.5	24.6	45.8	23	15.1	13.6	**-7.4**	-6.7
Base metals and products thereof	287.9	226.9	341	256.3	182.3	143.5	177.2	133.3	18.5	12.9	**-2.8**	-7.1
Iron and steel	84	95.8	68.1	93.9	40.6	55.7	39.7	48.8	-19	-2	**-2.4**	-12.3
Material or electrical machinery and appliances	131	605.4	109.8	539.3	61.4	293.9	55	244.9	-16.2	-10.9	**-10.5**	-16.7
Material machinery and appliances	85	338.8	67.5	311.2	37	161.4	33.8	136.7	-20.6	-8.1	**-8.6**	-15.3
Electrical machinery and appliances	46	266.6	42.3	228.1	24.4	132.4	21.1	108.2	-8.1	-14.4	**-13.5**	-18.3
Transport equipment	130.9	295.6	139.9	269.2	82.1	160.3	74.3	122	6.9	-8.9	**-9.6**	-23.9
Moto vehicle tractors	116.8	213.7	133.1	239.5	78.3	143.7	72.2	117	13.9	12.1	**-7.8**	-18.6
Total import excluding Oil		**3 037**		**3 118.4**		**1 824**		**1 497.1**		**2.7**		**-17.9**
Grand total import		**3 745.3**		**3 575.1**		**2 093.6**		**1 560.3**		**-4.5**		**-25.5**

Source; MINFI/DGD/DEA
*quantity in million m3

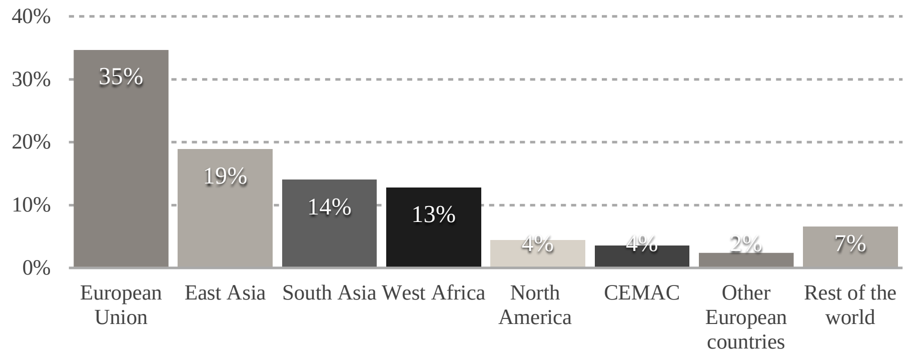
II.2.1c Geographical orientation of Trade

From the figure below, we can observe the geographical orientation of Cameroon's trade was marked by a diversification of trading partners, as all regions of the world are represented in the country’s external trade structure. In 2015, the European Union (EU) remained Cameroon’s leading trading partner with 34.7% of trade in value as against 36.6% in 2014. It was followed by East Asia (18.9%), Southeast Asia (14%), West Africa (12.8%), North America (4.4%) and CEMAC (3.6%). Trade developed with other countries, including India (+50% of exports and +18% of imports), Canada (+25.5% and +4.8%), Turkey (+2.9% and 17.9%), Russia (+26.1% and +38.9%) and Argentina (+48.1% and +15%). Cameroon’s exports to South Africa increased by 16% and its imports from Morocco rose by 59.6%.

In 2015 like in 2014, China remained Cameroon’s leading partner, accounting for 16.6% of its external trade, while India, the fifth partner in 2014, became the second. This was followed by France, Nigeria, the Netherlands, Spain and Italy, in that order. Belgium (11th in 2014) and Portugal (17th) joined the group of Cameroon’s ten major partners. As for major customers, in 2015, the Netherlands were Cameroon's leading customer, accounting for 16.3% of its exports. It was followed by India (15.6%) and China (12.5%).

France remained sixth. Portugal, Belgium and Chad improved on their positions. Conversely, the United States went out of the list of Cameroon’s ten major customers.

Figure 3 Weight of key trade zones in 2015



II.2.1d Balance of payments

The country’s transactions with the outside world were carried out against a backdrop of a security crisis within the country and a humanitarian crisis at the borders with Nigeria and Central African Republic especially for the past few years. The drop in crude oil barrel price and commodity prices led to a deterioration of terms of trade in exporting countries. In 2015, the overall balance of payments recorded a surplus of 483 billion as against 28.9 billion in 2014. The surplus resulted from a 483 billion increase in reserve assets from external financing.

Table 5 Balance of Payments, 2013-20 (billions, unless otherwise indicated)

	Est.		Projections					
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Current account balance	**-568**	**-689**	**-866**	**-955**	**-1,019**	**-1,081**	**-1,169**	**-1,251**
Trade balance	-97	-222	-362	-439	-500	-530	-602	-662
Export of goods	3,004	3,244	3,033	3,104	3,243	3,428	3,481	3,482
Oil and Oil products	1,343	1,353	1,176	1,164	1,217	1,307	1,303	1,265
Non-Oil sector	1,661	1,891	1,856	1,940	2,027	2,121	2,178	2,217
Import of goods	-3,101	-3,466	-3,395	-3,543	-3,743	-3,958	-4,083	-4,144
Services (net)	-306	-310	-281	-304	-308	-326	-337	-338
Income (Net)	-315	-334	-337	-337	-347	-373	-390	-418
Of which: Interest on public debts	-47	-56	-66	-88	-76	-101	-103	-115
Transfers (Net)	150	177	115	125	136	148	159	167
Inflows	274	316	350	361	373	385	399	417
Outflows	-123	-139	-235	-236	-237	-237	-240	-249
Capital and Finance account	597	741	826	915	919	931	969	1,051
Capital account	6	6	25	15	15	15	15	15
Finance account	591	735	801	900	904	916	954	1,036
Official capital	443	577	599	743	719	698	494	488
Long term borrowing	515	677	768	898	898	898	728	728
Of which: central government	487	649	740	870	870	870	700	700
Amortization	-72	-100	-169	-155	-180	-210	-234	-241
Of which: central government	-60	-70	-129	-138	-163	-192	-217	-224
Non official capital(Net)	148	158	202	157	186	228	460	548
Oil sector	97	156	106	104	100	97	95	89
Non-Oil sector	51	2	96	54	86	130	366	460
Errors and omissions	-73	-23	0	0	0	0	0	0
Overall balance	**-44**	**52**	**-40**	**-40**	**-100**	**-150**	**-200**	**-200**
Financing								
Change in imputed reserve (BEAC)	44	-52	40	40	100	150	200	200
Percentage Of GDP								
Trade balance	-0.7	-1.4	-2.2	-2.4	-2.6	-2.6	-2.7	-2.8
Imports	21.2	22.2	20.2	19.6	19.4	19.0	18.3	17.3
Non-Oil exports	11.4	12.1	11.0	10.7	10.5	10.2	9.8	9.3
Current account								
Excluding grants	-4.3	-4.8	-5.7	-5.8	-5.7	-5.6	-5.6	-5.6
Including grants	-3.9	-4.4	-5.1	-5.3	-5.3	-5.2	-5.2	-5.2
Overall balance	-0.3	0.2	-0.2	-0.2	-0.5	-0.7	-0.9	-0.8
		percentage	change	unless	otherwise	indicated		
Export volume	7.1	17.6	13.0	4.7	3.7	5.0	4.1	4.4
Crude oil	8.1	20.6	24.8	0.0	-5.3	-0.2	-5.6	-5.9
Non-Oil sector	6.8	16.9	10.0	6.0	6.1	6.2	6.3	6.4
Import volume	2.1	15.0	10.3	4.8	4.1	4.7	3.9	3.4
Terms of trade	-1.4	-7.3	-8.3	-1.3	-0.7	-0.8	-2.5	-3.0
No-Oil export price index	5.4	-2.6	-10.8	-1.4	-1.5	-0.8	-4.0	-3.5
Export price index (CFAF)	-4.6	-8.1	-17.2	-2.2	-0.8	-0.7	-2.5	-4.1
Import price index	-3.2	-0.8	-9.7	-0.9	1.5	1.5	0.0	-1.2
Exchange rate(CFAF,per US$,period average	493.9	493.6	..	..	..	..	..	..
Gross official reserves(imputed reserves, US$ billion)	**3.4**	**3.2**	**2.8**	**2.8**	**2.6**	**2.4**	**1.9**	**1.7**

Source; IMF 2015 Article IV consultation on Cameroon
Est.; Estimate

II.3 Domestic Environment

II.3.1 Economic growth

In a gloomy National and International economic environment and persisting insecurity issues, the country's economy continued to be resilient, with growth of about 6%. From 5.8% in 2015, growth is 4.7% in 2016, due to the drop in oil production and declining contribution of export-oriented industrial agriculture. In 2017, it is expected to increase by 6.1%, to consolidate at an average of 6% until 2019. With regard to supply, growth will continue to be driven by the non-oil sector whose contribution is projected at 5.5% in 2017 and an average of 5.9% until 2019. In the oil sector, in spite of the drop in oil production, significant rise in gas production forecasted by the National Hydrocarbon Company (NHC) as from 2017 and for the economy as a whole.

II.3.2 Inflation

With an increase of 0.9% in 2016, the tensions on final consumer prices Households are down sharply compared to 2015 where the increase was 2.7%. Household final consumer prices increased by 0.9% in 2016; down almost 2 points compared to 2015, when the increase was 2.7%. This relatively small increase in the general price level can be largely explained by the 3.5% increase in the price of restaurant and hotel services, 3.0% in alcoholic beverages and tobacco, and 1.1% of those of food products and non-alcoholic beverages attributable to the prices of beers having seen increases between 50 and 100 FCFA, the brewing companies pass on thus the base tax introduced on the alcoholic beverages in the law of finance 2015. The rise prices for restaurant and hotel services were impacted by increases in industrial beer prices. On the other hand, it should be noted that the tensions observed in transportation prices a year ago following the 15% upward revision of fuel prices at the pump as of July 1, 2014, have faded; Thus, on January 1, 2016, the price of petroleum products dropped (the liter of super gasoline rose from 650 FCFA to 630 FCFA and that of Gasoil from 600 to 575 FCFA), resulting in a decline of 0,7% of transport prices.

Table 6 Evolution of the index (base 100 Year 2011) of the prices of the various consumer functions during the year 2016

Consumption function	**year - 2014**	**year - 2015**	Jan-16	Feb-16	Mar-16	Apri-16	May 16	Jun-16	Jul-16	Aug-16	Sept-16	Oct-16	Nov-16	Dec-16	**Year - 2016**	Year 2016/ 2015	Year 2015/ 2014
Food and non-alcoholic beverages	**107.6**	**109.8**	110.1	110.3	110.1	110.7	112.0	111.2	111.4	111.6	111.8	111.8	110.8	110.4	**110.9**	1.1%	2.0%
Foodstuffs	**107.6**	**109.8**	110.1	110.3	110.1	110.7	112.0	111.2	111.4	111.6	111.8	111.8	110.8	110.4	**110.9**	1.1%	2.0%
non-alcoholic beverages	**104.1**	**107.9**	108.7	109.1	108.8	107.9	108.0	108.1	108.0	108.3	108.3	108.5	108.3	108.4	**108.4**	0.5%	3.6%
Alcoholic drinks and tobacco	**107.2**	**116.7**	120.0	119.6	119.9	120.0	120.6	120.5	120.3	119.9	120.5	119.9	120.9	120.8	**120.2**	3.0%	8.9%
Clothing items and shoes	**105.1**	**105.2**	105.1	104.9	105.1	104.6	104.7	105.0	105.6	105.7	105.8	105.6	105.0	106.7	**105.3**	0.1%	0.2%
Housing, water, gas, electricity and other fuel	**108.2**	**111.4**	112.4	111.6	112.9	112.8	113.6	112.5	112.6	113.8	113.1	113.4	113.2	114.1	**113.0**	1.4%	2.9%
Furniture, household items and maintenance, household current	**103.9**	**105.5**	105.7	105.8	106.6	106.3	106.1	105.9	105.6	105.9	106.0	106.4	106.5	106.7	**106.1**	0.6%	1.5%
Health	**101.6**	**102.0**	101.9	101.8	101.7	102.0	101.6	101.5	101.6	101.5	101.6	101.8	101.9	102.0	**101.7**	- 0.3%	0.5%
Transport	**112.3**	**120.7**	119.6	119.3	120.0	119.7	119.9	120.0	119.7	120.3	119.8	119.9	120.0	120.1	**119.9**	- 0.7%	7.5%
Communication	**94.0**	**91.4**	90.6	90.5	89.5	89.2	89.0	89.2	88.9	89.0	89.0	88.8	89.5	89.5	**89.4**	- 2.2%	- 2.7%
Leisure and culture	**101.0**	**101.5**	102.6	102.5	102.6	102.9	102.9	102.7	102.7	102.8	103.4	103.5	103.2	103.5	**102.9**	1.5%	0.4%
Education	**107.5**	**109.9**	112.1	112.1	112.4	112.4	112.4	112.6	113.0	113.1	113.8	113.0	113.1	113.2	**112.8**	2.6%	2.2%
Restaurants and hotels	**108.3**	**114.6**	117.8	118.3	117.8	118.4	118.3	118.7	118.3	118.9	119.2	118.9	118.9	119.1	**118.6**	3.5%	5.9%
Divers goods and services	**103.5**	**106.3**	107.6	107.3	107.4	107.8	107.7	107.0	108.4	108.5	108.7	108.9	108.9	109.2	**108.2**	1.8%	2.7%
General indices	**106.4**	**109.3**	**109.8**	**109.7**	**109.8**	**110.0**	**110.5**	**110.2**	**110.3**	**110.6**	**110.6**	**110.3**	**110.3**	**110.5**	**110.2**	**0.9%**	**2.7%**

Source; National Institute for Statistics. Cameroon

II.3.3 Interest Rate

The Bank of Central African States known by its French acronym (BEAC) defines and implements the common monetary policy for all it Member States. It issues currency, guarantees its stability and supports economic policies formulated by Member States. Monetary stability entails controlling inflation and maintaining money average rate above 20%. To successfully carry out its missions, BEAC uses two instruments, namely the refinancing policy and the mandatory reserve policy. Since 10 July 2015, the main intervention rates in the money market have remain unchanged. The bidding interest rate (TIAO) as well as the rate for advances to Treasuries stood at 2.45%. The interest rate on bank deposits at BEAC and the interest rates of public deposits remained the same. Within an economic context marked by the reduction of inflationary pressures and slump in economic growth in the CEMAC region, the Monetary Policy Committee reduced the BEAC's intervention rate on 9 July 2015. The minimum deposit rate is 2.45% since 9 July 2014.

II.3 .4 Financial Market

At the end of December 2015, the capitalization of the Douala Stock Exchange was 419.4 billion, an increase of 17.2% compared to 31 December 2014 that is 166.2 billion for equities and 253.2 billion for bonds. In addition, 8 securities are listed on the official list, of which 3 shares and 5 bonds. The contribution of the stock market to the financing of the economy, assessed in terms of ratio of market capitalization to GDP, rose to 2.5% in 2015 and that is why the stock market capitalization rose by 4.8%

compared to 2014. This trend is attributable to the good performance of “SOCAPALM” and “SEMC” stocks which rose by 18.9% and 2.6% respectively

Table 7 Trends in the Capitalization of the DSX (in billion)

Items	2013	2014	2015	Variation 2015/2014 (%)
	(a)	(b)	(c)	(c/b)
SEMC	11.96	11.90	12.22	2.6
SAFACAM	54.64	62.10	53.40	-14.0
SOCAPALM	67.11	84.68	100.66	18.9
TOTAL	**133.71**	**158.68**	**166.29**	**4.8**

Source; DSX

The overall number of securities traded increased from 42 261 in 2014 to 13 607 in 2015, that is a decrease of 67.8%. The market recorded a turnover of 380.2 million in 2015, against 1 998.9 million in 2014. The “SOCAPALM” share is the most active on the stock market with 79% of the volume of transactions and 61% of total turnover.

Table 8 Trends Shares Traded at the DSX

Issuer	Number of	Transactions	(Number)	Transactions	value	(in millions)
	2014	2015	Variation (%)	2014	2015	Variations (%)
SEMC	329	483	46.8	20.4	30.3	48.5
SAFACAM	2 828	2 309	-18.4	292.6	116.2	-60.3
SOCAPALM	39 104	10 815	-72.3	1686.0	233.7	-86.1
TOTAL	**42 261**	**13 607**	**-67.8**	**1998.9**	**380.2**	**-81.0**

Source: DSX

In terms of performance, the SEMC share price rose by 2.65%. The SAFACAM share sold at CFAF 50 001 at the beginning of the year, then peaked at CFAF 53 100 before falling to CFAF 42 998 at the end of the year. The SOCAPALM share stood at CFAF 18 506 at the beginning of the year and CFAF 22 000 at the end of the year. SAFACAM and SOCAPALM shares have remained virtually stable since 24 January 2016.

II.3.4.1 Bond Market

At the end of 2015, bond market capitalization fell by 71.1 billion to stand at 253.2 billion. This drop is attributable to the total amortization of the “ECMR 5.6% net 2010-2015” bond on 29 December 2015.

The bond market now has only 5 stocks, namely: “FAGACE 5.25% net. 2014-2019”; “ECMR 5.5% net. 2014-2019; “ECMR 5.9% net. 2013-2018”; “BDEAC 5.5% net. 2010-2017”; and “CHAD 6% net.

2013-2018". In addition, 1,893,483 bonds changed ownership in 2015 or a total amount of 8.1 billion, against 1.1 billion in 2014.

Table 9 Trends in Bonds Traded on the Bond Market

Issuers	Number of	transactions	Transactions	Values (CFAF)
	2014	2015	2014	2015
ECMR 5.60%	13 341	1 434 949	66 705 000	3 656 732 500
BDEAC 5.5%	0	0	0	0
ECMR 5.9%	102 740	418 902	1 027 400 000	4 188 090 156
Chad State 6%	2 270	39 632	22 700 000	297 056 000
FAGAGE 5.25%	30	0	300 000	0
ECMR 5.5%	0	676 994	0	6 771 079 300
TOTAL	**118 381**	**1 893 483**	**1 117 105 000**	**8 142 656**

Source DSX

II.3.4.2 Issuance of Government securities

Within the framework of the diversification and promotion of the domestic debt market, the State issues public securities depending on cash requirements and project profitability. This concerns three categories of instruments, namely treasury bonds (TB), treasury bonds with an initial maturity (OAT) and fungible treasury bonds (FTB). Within the framework of the Eurobond, 463.8 billion was mobilized to finance the investments of SONARA and PLANUT in particular.

Decree No. 2016/113 of 1 March 2016 empowered the Minister of Finance to issue public securities amounting to a maximum of 300 billion to finance development projects. In that regard, the state of Cameroon launched bond issue 2016-2021 on 20 September 2016 amounting to 150 billion at the net interest rate of 5.5% per annum. Similarly, a total of 203 fungible treasury bonds will be issued in 2016, 70 of them repaid during the year.

Table 10 Revised Indicative Schedule of the Issuance of Government Securities in 2016 (in billion)

Instruments	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	total
Issuance of public securities	14	14	29	14	29	14	14	14	22	7	15	15	300
Treasury bills	14	14	14	21	14	21	14	21	21	14	21	14	203
Reimburseme nt bonds	-	-	-	-7	-	-7	-7	-7	-7	-14	-14	-7	170
Treasury bonds with initial maturity	-	-	15	-	15	-	-	-	15	-	15	-	60
Treasury bonds	-	-	-	-	-	-	-	-	**150**	-	-	-	**150**

Source; MINFI/DGTCM

II. 4. Fiscal Position

The State budget of Cameroun is composed mainly of; Domestic taxes & duties, Custom duties, Oil revenue, other revenue, Grants and loans.

Revenue from domestic taxes includes compulsory deductions, derived from revenues and activities carried out within the national territory whether direct; company Income tax (CIT) and Personal Income Tax (PIT) or indirect; Value Added Tax (domestic VAT), Special Tax on Petroleum Products, Exercise Duties,....). The collection of this revenue is done by the Directorate General of Taxation (DGT), representing 59.8% of the State budget (excluding grants and loans) in 2016. Customs revenue constitutes duties collected from the application of external Tariff (REC), VAT on imports, excise duties and other withholding taxes collected at the border. The collection of these revenue is done by the Directorate General of Custom (DGC), representing 23.8% of the State budget (excluding grants and loans) in 2016. Oil revenue principally is composed of royalties remitted to the State Treasury by the National Hydrocarbon Company (NHC), representing 11.0% of the State budget in 2016. Other revenue is made of non-tax resources like services revenue and pension contributions, including pipeline transit fees and revenue from privatization. The collection of this revenue representing 5.4% of the State budget (excluding grants and loans) in 2016 is done essentially by the Directorate General of Budget (DGB). Grants represent non-refundable cash disbursements from other national or foreign public administrations or international organization. Loans are made up of refundable disbursements to public administration arising from contractual engagements.

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

The revenue assigned to Local Authorities (LA) comprises, among others, additional Council Tax (ACT), which is calculated from the main budgetary revenue, a share of the registration duties, wind screen license, property tax. Those collected for PAE comprise of Audio visual royalties and contributions to the National Employment Fund (NEF) and to Housing Loans Fund, the total collection in the year 2016 amounted to 176.5 billion FCFA., Resources mobilized in 2016 fiscal year by the DGT (for the State and other State structures) stood at 1 901.1 billion FCFA.

III. Tax Structure

III.1 Tax Administration

The Cameroonian tax system is based on the legality principle. Article 26 of the Constitution specifies that a Tax may be instituted only based on a law. The constitution equally guarantees the fiscal equality of all citizens and requires everybody to contribute to the public expenses in accordance with his or her ability to pay. The tax rules apply to all taxpayers based on legal provisions that are general in scope. Despite the preponderance of the legislative form, a significant role in the country's tax system is played by administrative case law, which primarily takes the form of a circular and instruction issued by the Minister of Finance and the Director General of Taxation.

Provision for the imposition of taxes and duties is made in the General Tax Code which was established by law No. 2002/003 of 19 April 2002 on the General Tax Code and comprises three Books. One relates to the tax and duty base. The second covers all fiscal procedures and the third is concern with local taxation. The General Tax Code contains the tax provisions relating to all economic activities, including extractive industries, investment incentives, taxes and duties credited to the national budget and to local taxation. This implies that the tax law is applies uniformly throughout the national territory.

The procedures for tax examination, tax litigation and enforced recovery of tax debts are regulated in part by the Tax Procedure Book of the general tax code, which lays down specific measures for inspection, litigation and enforcement, but in part by the OHADA Uniform Act concerning simplified recovery procedures and enforcement channels known and common litigation measures.

By the hierarchy of norms, the tax provisions most be in conformity with the constitution as well as with the international conventions and treaties signed and ratify by Cameroon. Almost 80% of the Cameroonian tax system is aligned with the Regional (CEMAC) instructions which are modelled on the system of treaties, directives, regulations and decisions. These applies to VAT, Income tax and stamp duty

The collection of taxes and duties is the sole responsibilities of the tax administration, the Directorate General of Taxation (DGT).

The DGT is divided into the central departments and decentralized departments. The central department is structure around the Director General of Taxation. And deals primarily with conception planning, co ordination and auditing. The directorate comprises department as shown on the organizational chart below.

The country's tax system distinguishes between Direct taxes and Indirect taxes. The main direct taxes are the business taxes and personal income tax. The tax system is based on the taxation of global income of individuals who, for tax purposes are residents of Cameroon. Companies are taxed on their receipts of territorial regime. The rate of business tax is 30%. rising to 33% when a 10% additional surcharge is added, while individuals receiving employment income are taxed on the bracket scale of income tax with top marginal rate of 35%, to which is added the additional local surcharge amounting to 10% of the individual tax liability. The main indirect taxes comprise of Value added Tax (VAT) excise duties and various specific duties (gaming and entertainment tax, amendment tax and special tax on petroleum products) and stamp duty. VAT is levied at a rate of 17.5%, the local 10% surcharge brings the total to 19.5%.

Cameroon has a network of tax treaties covering about 98 jurisdictions even though only a few of these treaties are effective. The country acceded to the Global Forum in 2012 and is committed t apply the international transparency standards. On the 25 of June 2014, Cameroon signed the Multilateral convention, thereby sharply increasing the number of jurisdictions with which it tax agreements from 9 to 98, this multilateral convention entered into forced on the 1st October 2015 in Cameroon.

The competent authority in Cameroon is the Ministry of Finance, which has delegated that power to the Director General of Taxation by Degree No.2013/006 of February 2013 on the Organization of the Ministry of Finance. Lets now examine some of the above mention issues in more detail

III.1.1 Missions and organization of the Directorate General of Taxation (DGT)

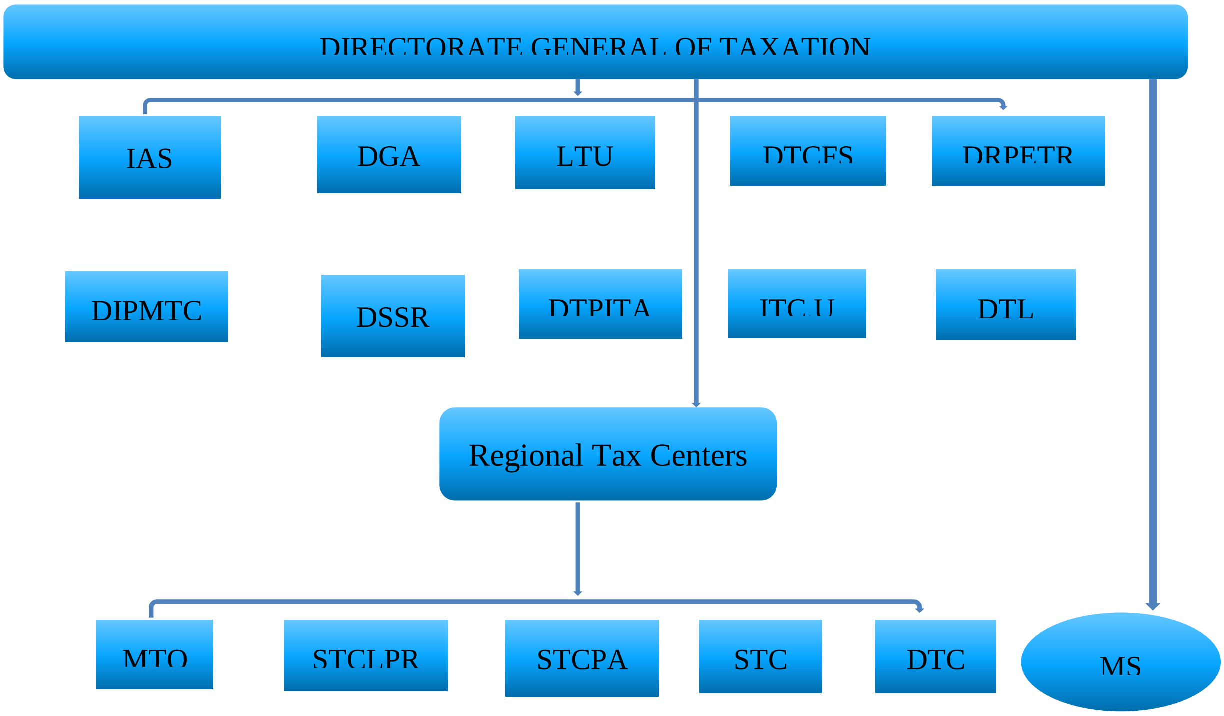
The Directorate General of Taxation is a secular arm of the State and Local Authorities (LA) in terms of revenue mobilization. It missions as defined by Decree N°2013/066 of 28 February 2013 are as follows:

Coordination services; Controlling, monitoring and coordination the services of Taxation Nationwide.
Elaboration of Tax legislation; The DGT liaises with other relevant government departments to elaborate tax laws and regulations pertaining to direct and indirect taxes, registration fees, stamp duty and trusteeship, royalties and other taxes including petroleum, mining, forestry, agriculture, pastoral and fishing taxes and fees.
Registration of taxpayers; Identification, location and Registration of New taxpayers.
Assessment of Taxes; Issuance and collection of direct and indirect taxes, registration fees, stamp duty and trusteeship, royalties and diverse taxes.
Collection of taxes and duties; Centralization of statistical data upon issuance and collection of direct and indirect taxes.
Tax investigation and auditing; Collect, centralize, transmit and monitor how information for tax purposes is exploited, Collecting and exploiting real estate tax information, Auditing and monitoring direct taxes, registration fees, stamp duty and trusteeship, royalties and diverse taxes.
Protecting the right and guarantee of taxpayers; Processing of tax appeals of taxpayers for either clemency or litigations.
Fight against Tax evasion; Fight against tax fraud and repression of Tax offences
International Tax Cooperation; Negotiating and signing tax treaties and agreements.

III.1.2 Organizational Chart of the Tax Administration called the Directorate General of Taxation

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

Figure 2 Organizational Structure of the Directorate General of Taxation



Full mean of the abbreviations on the chart

IAS: Internal Audit Service
DGA: Department of General Administration
LTU: Large Taxpayers Unit
DTCFS: Department of Tax Collection Fiscal Values and Stamp Duty
DRPETR: Department of Research, Planning and Elaboration of Tax Reforms
DIPMTC: Department for Investigations, Programming and Monitoring of Tax Audits
DSSR: Department of Statistics, Simulations and Registration
ITCU: Information Technology and Communication Unit
DTPITA: Division of Tax Policy and International Tax Affairs
DTL: Tax Ligation Division
RTC. Regional Tax Centers
MTO: Medium Size Taxpayers Office
STCLPRS: Specialized Taxation Center for Liberal Professions and Real Estate
STCPAE: Specialized Taxation Center for Public Administrative Establishments and other Organizations
STC: Specialized Taxation Center
DTC: Divisional Taxation Centre
MS; Mail services

It is important to note that the DGT is headed by a Director General appointed by the president of the Republic. Central services of the Directorate General of Taxation comprise ten (10) departments and similar ranking outfits

III.1.3 Human Resource of the Tax Administration

The total number of staff at the Directorate General of Taxation decreases from 3,662 in 2015 to 3,575 in 2016, a decrease of 87 in absolute terms and a 2.4% in relative terms. The number in 2016 is partitioned as follows: 1,510 civil servants comprising 1,227 experts, 85 support executives and 12 State agents; 2,065 contract workers.

Table 11 Human resources: distribution per structure

	Structures	Number of workers	Rate (%)
Central Services	**Central Structures DGT**	**420**	**12%**
	Large Taxpayers Unit	168	5%
	Revenue Enhancement Programs	421	7%
	Sub-Total Central services (1)	**829**	**23%**
Regional Taxation Centers (RTC)	RTC CENTRE I	830	23%
	RTC CENTRE II	191	5%
	RTC LITTORAL I	538	15%
	RTC LITTORAL II	139	4%
	RTC FAR NORTH	70	2%
	RTC ADAMAWA	83	2%
	RTC NORTH-WEST	139	4%
	RTC WEST	149	4%
	RTC NORTH	64	2%
	RTC EAST	120	3%
	RTC SOUTH	143	4%
	RTC SOUTH-WEST	171	5%
	Sub-Total RTC services (2)	2,638	74%
Other Administrations	Staffs on second in other administrations and MINFI [3]	108	3%
	TOTAL DGT workers	**3,575**	**100%**

Source; DGT Annual report 2016

III.1.4 Potential of the DGT operational structures

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

The Regional Taxation Centers for Centre 1 (administrative territory of Mfoundi) and that of Littoral 1 (administrative territory of Wouri) constitute the second and third revenue mobilization structures of the DGT thanks to the performance of their Medium Size Taxpayer Offices (MTO). The MTO groups taxpayers with an annual turnover that varies between 50.0 million FCFA and 3.0 billion FCFA. The Regional Tax Centre for Littoral 1 (RTCL1) has three (03) MTOs and that of Centre 1 (RTCC1) has two (02) MTOs. The RTCC1 covering the city of Yaoundé relies on an important network of public establishments and State service providers. 0n the contrary, the fiscal resources of RTCL1 depend more on the economic activity drawn from the private sector.

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

The other seven (07) Regional Tax Centres have potential that varies depending on the level of economic activities. Other actors that contribute in the mobilization of resources for the DGT include public accountants in terms of taxes withheld at source from the salaries of State employees (30.9 billion FCFA in 2016), VAT withheld at source from public contracts and the others from externally funded contracts (62.2 billion FCFA in 2016) as well as the Livestock and Fishery Revenue Enhancement Programs (0.9 billion FCFA). These other actors are grouped as « Others ».

III.2 Non-Oil Revenue

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

III.2.1 Procedure for setting target for the DGT

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

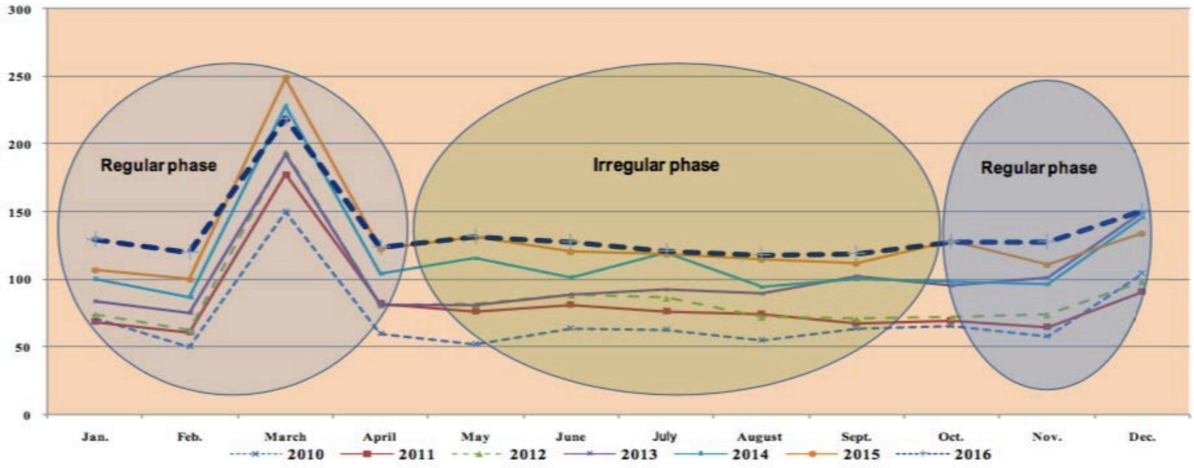
The level of collection of non-oil resources reflects the capacity of the tax administration to bridge the tax gap which is the difference between the total revenue to be collected as set by the laws and regulations in force and revenue effectively mobilized by operational structures at the close of the fiscal year. Likewise, it helps to determine the capacity of the tax administration to meet the target assigned to it by the finance law. Each year, the finance law assigns to the Directorate General of Taxation, a mobilization target for nonoil taxes. This target is fixed taking into consideration the following elements: the output of non-oil revenue for the year *n-1*; the real non-oil GDP growth rate of the period concerned; the non-oil GDP deflator of the period concerned; the non-oil GDP nominal rate (combined effect of GDP growth rate and GDP deflator); new fiscal measures contained in the finance law and aimed at increasing resources; extra revenue derived from measures aimed to improve the tax administration.

III.2.2 The Structure of Non-Oil revenue of DGT

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

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

Figure 3 Performing phases of DGT 2016



III.2.3 Fiscal Function of the DGT

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

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

As for the collection function, it handles accrued taxes generally derived from returns that are not accompanied by means of payment or arrears resulting from tax disputes filed by taxpayers at the conclusion of which the tax is considered due by the competent structures.

The collection function contributed in 2016 revenue worth 92.3 billion FCFA, representing a contribution of 5.7% of the total amount of revenue collected.

III.3 Current Tax system

The tax system is self-assessment and the tax administration work towards accompanying taxpayers to comply voluntarily. The DGT has objectives toward the state and toward the taxpayers; by helping taxpayers fulfil their tax obligations properly and smoothly. This is done through the enhancement of the services provided to taxpayers and the enforcement of taxation and collection.

With regard to the registration of taxpayers, When an individual, company or any entity undertaking business within the Cameroonian territory has to report this business activities to the Tax office of his/her territorial jurisdiction within fifteen working days as from the day of the start of the business. When he report to the tax office of his/her business jurisdiction with the required documents (leases, incorporation documents and status etc.) He is then issue a Taxpayer Identification Number (TIN) and a Business

License to attest that he is now a full taxpayer. It is worth noting that assessment and payment of taxes in Cameroon are monthly.

But a finally income statements and balance sheets and other related documents are file at the end of the year, on or before the 15th of March for the activities of the previous year.

III.3.1 Main taxes and duties in Cameroon

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

Income Tax is composed of: Personal Income Tax (PIT) levied on wages and salaries (on a progressive scale ranging from 10% to 35%), revenue from movable capital (at 15%), profits from industries, handicraft, businesses, agriculture and land revenue (at 30%), Company Income Tax (CIT) levy on the profits of companies operating in Cameroon at the rate of 30%, Special Income Tax (SIT) at the rate of 15% applicable to revenue paid abroad for services rendered to Cameroon entities.

Taxes and duties on consumption are composed mainly of: Value Added Tax (VAT at 17,5%, Excise duties on beverages, tobacco and certain luxury products (jewels, luxury cars, etc.), at

25%. Specific excise duties are based on quantity and applicable to alcoholic beverages, Special Tax on Petroleum Products (STPP) which sales at 80 FCFA per liter of super and 60 FCFA per liter of Diesel.

Taxes on capital: It includes registration duty on conveyances or bonds (at proportional, progressive, digressive rates and fixed fees as the case may be). The different taxes and duties contribute unevenly to the total output of the revenue. Because of their contributions to output, consumption taxes (VAT, Excise duties, STPP) constitute the most important in the Cameroonian tax system, followed by Company Tax (CT) and personal income tax (PIT) thanks mostly to the Tax on Wages and Salaries (T/WS).

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

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

Table 12 Trends in Non-Oil tax collected by the DGT from 2014 to 2016 (in million FCFA)

NOMENCLATURE	2014	2015	2016
INCOME/TAX.PERSONAL INCOME TAX (PIT)	**312 974.7**	**315 897.3**	**287 529.3**
Salaries, Wages and life annuities	142 618.2	144 806.3	143 568.6
Special Income Tax	97 511.0	84 412.3	68 690.6
Income from stock and shares	44.488.9	48 774.1	39 349.9
Industrial and commercial profits	13.648.5	21 009.6	15 673.3
Real estate income	13 246.7	12 404.5	12 715.0
Noncommercial profits	592.3	2 875.2	5 685.9
Income from property	830.5	1 297.4	1 803.0
Agricultural profits	27.0	55.6	31.2
handicraft profits	10.6	260.7	9.0
Income from other capital gains	1.1	1.6	2.8
CONSUMPTION TAX	**683 538.9**	**798 416.5**	**861 475.6**
VAT	458 031.9	523 744.2	557 028.3
Excise Duties	98 326.7	170 153.6	198 331.7
Special Tax on petroleum products	118 514.8	103 772.7	105 579.1
Tobacco, wine and spirit sticker	8 665.5	735.9	536.6
CORPORATE/TAX	**297 990.2**	**367 077.7**	**351 816.2**
Corporate Tax on Non-Oil companies	297 990.2	367 077.7	351 816.2
REGISTRATION FEES	**37 198.6**	**49 474.4**	**50 080.6**
Registration fees on Public contracts	22 594.8	31 218.8	28 868.4
Registration fees on Transfer inter vivo	586.2	391.1	376.1
Registration fees on transfer of death	214.3	61.6	159.5
Registration fees on other transfer	13 803.4	17 802.9	20 676.6
REGISTRATION TAX	**1 984.6**	**2 213.1**	**2 204.8**
Axle Tax	1 984.6	2 213.1	2 204.7
Tax on Insurance contracts	0.1	0.0	0.2
STAMP DUTY	**36 568.8**	**37 987.1**	**44 014.6**
Stamps on passports and visa	14 298.5	15 574.8	19 881.3
Stamps on paper size and graduated stamp	13 133.6	14 520.7	15 012.1
Airport stamp duty	4 513.7	4 106.9	5 034.5
Stamp duty on transport contracts	1 431.0	1 673.0	1 641.0
Stamp duty on advertising	708.7	919.7	1 297.2
Stamp duty on national identity cards, residence permits	2 228.9	929.6	880.1
Stamp duty on originals	228.9	251.4	258.2
Registration fees in debit	25.5	11.1	10.3
FOREST TAXES	**14 548.2**	**15 446.0**	**15 697.7**
Annual forestry royalties	8 566.0	8 558.9	9 245.1
Felling tax	5 532.2	6 516.9	6 397.0
Other forestry taxes	450.0	370.1	55.5
MINING TAXES	**1 692.1**	**1 966.6**	**2 196.8**
Annual area royalties	1 040.7	926.5	1 352.3
Extraction tax on quarry products	293.6	395.8	475.7
Fixed fees for the grant, renewal or transfers of all mining instruments	16.1	87.1	228.0
Ad valorem tax on mineral substances	0.0	360.1	80.9
Royalties on the production of spring,, mineral and thermal water	165.2	4.7	25.8
Other mining taxes	167.4	189.4	32.3
Taxes on precious metals	9.2	2.9	2.0
TAXES ON WILDLIFE AND FISHERY RESOURCES	**509.2**	**324.8**	**335.2**
Veterinary inspection tax	433.7	240.9	237.2
Animal production fee	24.9	38.6	54.7
Fishery products inspection Tax	44.3	35.6	22.6
Fishery production fee	3.8	8.4	17.4
Fishery products vehicle transportation tax	2.5	1.3	3.3
OTHER REVENUE	**94.7**	**109.5**	**131.2**
TOTAL REVENUE	**1 387 100.1**	**1 588 913.1**	**1 615 576.7**

Source: MINFI/DGT and Treasury Balance

III.4 Type of Taxes

III.4.1 Company Income Tax (CIT) for Non-Oil Revenues

Company Income Tax is a direct tax on the profits made by legal persons, which is levied on all the profits; It is a Tax set over a period of twelve (12) months, corresponding to the fiscal year. However, companies that start operations within six (6) months before the end of the fiscal year are allowed to make their first eighteen (18) month balance sheet. Concerning who is a taxable person or liable to the payment of this tax, The taxpayers of Corporate Tax are legal entities, including: capital companies, even when they are unipersonal, Partnerships and financial syndicates that have opted for corporate income tax, Public institutions, decentralized territorial communities and other legal persons of public law engaged in lucrative operations, Civil companies having opted for the CIT. Regarding the taxable profit, the profits subject to CIT are determined with sole regard to profits earned by entities located in Cameroon (for residents) or transactions effected in Cameroon (for non-residents having a permanent establishment [PE] in Cameroon).

The net taxable profits are established after deduction of all charges directly entailed by the exercise of activities subject to assessment in Cameroon. Only the income of enterprises normally engaged in a commercial, industrial, craft or agricultural activity in Cameroon is taxable. These activities must be carried out either as part of an establishment or through a representative who does not have a professional personality distinct from that of the company. Resident corporations in Cameroon are taxed on their worldwide income; non-resident corporations are taxed only on Cameroon-source income. The following shall be deemed to be operating in Cameroon and subject to CIT; Undertakings headquartered in Cameroon or with an effective management office in Cameroon, Undertakings that have a PE in Cameroon or with an effective management office in Cameroon, Undertakings that have a dependent representative in Cameroon, and Undertakings that carry out activities that form a full commercial cycle in Cameroon.

However, when operations in Cameroon form a complete business cycle, they are taxable. Regarding the rate, the Company Income Tax rate is 30%, plus 10% for additional municipal taxes.

This Company Income Taxpayers and Exempt Persons have the obligation are to file a return for the results of the taxable period by March 15 of each year. But Taxes are paid in monthly instalments equivalent to 2.2% of the monthly turnover on or before the 15th of the month following the month of completion of the transactions. The balance must be regularized within the same period as the declaration of results. Taxable persons must keep the accounting documents as prescribed by the Organizations for the Harmonization of Accounting Law (OHADA).

It should be noted that the Cameroon tax code does not provide for taxation of local group companies, each company is evaluated and taxed independently.

III.4.2 Corporate Income Tax on Oil Companies

A part from the non-oil tax revenue, the tax administration equally produces oil tax revenue composed exclusively of corporate taxes on petroleum companies which is revenue derived from corporate tax on oil companies. In 2016 the tax administration collected from Oil Company's tax worth 109.0 billion FCFA as compared to 150.0 billion FCFA in 2015, representing an achievement rate of 72, 7%. The decline in oil prices by close to 15.1% in dollars had a negative impact on the results of enterprises of the oil sector and subsequently on their payment of corporate tax on oil companies. This drop is due to an increase in supply despite the prevailing geopolitical tension in the Middle-East, and the very high level of United States crude oil stocks.

The corporate tax on oil companies constitutes one of the taxes that must be paid by oil companies in Cameroon. Basically dependent on the market forces (price levels and quantity produced), the tax is calculated based on the international posted price rule. It stems from two different legal sources in Cameroon. According to the company tax regime;

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

For the «Oil contracts» regime: Law n°99/013 of 22 December 1999 on to the Petroleum Code (Section 96)

As for the rates, the Mining Conventions regime rate varies from 38.5% to 57,5% and that of the petroleum Contracts regime, the rate varies from 38.5% to 40,0%
Terms of payment, for the «Mining Conventions» regime: Payment is done on yearly basis N+1 in three instalments known as « provisional one-third instalment» after each quarter of the calendar year: April, July and October.

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

III.4.3 Value Added Tax (VAT)

Value-added tax (VAT) was introduced in Cameroon during the 1990s, and it has proven to be one of the most important tax reforming Cameroon. It came into effect on 1 January 1999, Cameroon's VAT is a reclaimable indirect tax which replaced the Turnover Tax. According to the positive theory of taxation, VAT is an indirect tax that is likely to minimize excess tax burdens substantially. It is a tax on consumption that strikes expenses. If we can say something about the characteristic of VAT, we will easily think of the following, It is an indirect tax because it is not paid directly to the public treasury by the consumer, who is actually liable, but by the those who are in charge of collecting it, they are legally liable, It is a real tax because it does not take into account the personality of the consumer, but the operations carried out, It is a tax with split payments, because it is cashed by the Public Treasury in several payments at each stage of the economic circuit and finally it is equally a unique tax, because in reality, the good is taxed only once at the time of final consumption.

Regarding the taxable persons on VAT, A taxable person is one who is or should be registered for VAT, because they carry out taxable transactions. According to section 125 of the GTC, all natural (individual or physical) and artificial (legal or moral) persons whatever their legal status-who independently, usually or occasionally carry out taxable transactions that fall under the domain of VAT in Cameroon are liable to the application of VAT. As for natural persons, the states that only those who realize a minimum annual turnover of 50,000,000 CFA Francs should be registered for VAT.

Any natural or legal persons, including public authorities and bodies, which carry out taxable transactions within the scope of VAT.

VAT taxable transactions can be from production, Service provider, Distribution, the imports and exports, Real estate activities and the Games of chance and entertainment. Considering the nature of transactions, taxable transactions should fulfil the following conditions as indicated; Be profitable and valuable delivery of goods or provision of services, carrying a financial compensation from the beneficiary, Be undertaken by taxable person, it should be part of an economic activity and it should not appear on the list of transactions exempt from VAT as provided by finance law.

These are transactions that would normally not have fallen within the domain of VAT, but the law in section 127 of the GTC makes them taxable. They include; Supplies for own use (production for own use), The renting of undeveloped lands by professionals (real estate agents), The sales of second handed items by professionals in this domain, the importation of goods, all transactions on landed properties carried out by real estate agents, The disposal of tangible fixed assets not found on the list of items exempt from VAT, the sale of petroleum products, whether imported or produced in Cameroon, Games of chance and entertainment.

As far as the taxable base is concern, overall, it is the cost of the transaction (goods, service rendered, and exchanges) For the supply of goods, it is constituted by all sums or values, by all the benefits or services received or to be received in return for delivery, as for the services, it is the all sums and benefits received.

As for the exchanges, it is the value of the products received in payment of the delivered goods, increased if necessary of the balance; concerning real estate work, it is the number of contracts, memos or invoices.

In Cameroon VAT has two (2) rates; The VAT standard rate is 19.25%, broken down as follows:

17.5% in principal and 1.75% in respect of additional municipal fees. Then exports are taxed at zero (0) rate.

How is the VAT determined? VAT registered businesses charges VAT on their sales (output tax) and recover VAT on their purchases (input tax) and settle the difference with the country's revenue authorities. It is worth noting that Cameroon has the invoice system of VAT and for any input VAT to be reclaimed or recovered, it most explicitly mentions on the invoice. This difference may either be VAT payable or VAT credit, if the later, the taxpayer may either claim it or carry forward. Taxpayers subject to VAT are required to file a tax return to the Tax Administration on or before the 15th of the month following the end of the completion of the transactions.

III.4.3.1 VAT Invoice System

Cameroon practice the invoice system of VAT whereby this tax is issued on the invoice by sellers of goods and services. To ensure quality postings and on-time payment, as well as tax deduction purposes, invoices and credit notes received must have the following information

Supplier Information; Supplier Name, Supplier Address, Supplier's VAT registration number, Supplier's telephone number, supplier's Tax Identification number, contact person and email address, Bank information (must have SWIFT for USD and IBAN for EUR, Bank name,

Address and account number)

Client Information; Legal entity and Invoice address as stated in the purchase order, Tax registration number, purchase order number (one purchase order per invoice)

Content of Information; The word INVOICE or CREDIT, Invoice number (must be unique), Invoice date (please specify the format used), Currency must be the same currency as stated in the Purchase Order, Specification of goods and services delivered; Line items and description in the purchase order should match the invoice, Total net amount, Tax amount. If multiple taxes (VAT/WHT) are applicable, the tax rate for every net amount should be specified most, Total payable amount, For credit notes, invoice number being credited must be stated (one credit note per invoice)On completion of service or final delivery of goods, Vendor and client have to sign to make it more authentic.

Note that VAT is invoiced only by natural and legal persons whose turnover (taxes excluded) is equal to or above XAF 50 million and who are under the tax regime of actual earnings

III.4.3.2 VAT Refunds

Cameroon like many other countries through the Ministry of Finance and initiated by the Tax Administration has a scheme on VAT refunds, Eligibility is open to the following; Taxpayers subjected to VAT who have: exported taxable products, undergone withholding at source of the invoiced VAT by their clients, carried out investments in industrial activities or leasing with the cumulative input VAT not o set within a year, carried out inter-CEMAC transportation and Diplomatic and consular missions as well as non-profit-making Organizations whose public utility has been declared.

Table 13 Refunds as per the origin of the tax credits

ORIGIN OF CREDIT	Amount In FCFA	%
Exportations	33,313,643,739	59.5%
Withholding at source	18,792,474,028	33.5%
Investments	3,052,108,091	5.4%
Tax exemptions	861,947,279	1.5%
TOTAL	560,20,173,137	100.0%

Source; Data from; DGT Annual report 2016

III.4.4 Excise Duty.

The excise duty is an ad valorem tax based on consumption expenditure and collected when certain products are delivered to the local market. These are mainly imported or locally produced goods including; Malt beers, Soft drinks, mineral waters, Natural fruit juices, Wine of fresh grape the whole tariff position, Vermouth and other wines of fresh grapes, Other fermented drinks (cider, Perry, mead, for example);

Brandies, whiskeys, rum, gin and spirits, etc. except for: 2208 90 10 "indentured ethyl alcohol, Cigars, cigarillos and cigarettes, of tobacco or tobacco substitutes, chewing tobacco and snuff, Other manufactured tobacco, Foie grass, Caviar and its substitutes, Salmon, Atlantic and Danube salmon dried, salted or in brine, Fine pearls, precious stones, Precious metals, Jewelries stores and Passenger car with a cylinder capacity greater than or equal to 2000 cm3.

The generating event of this duty is the delivery of goods and merchandise by the producer or the wholesaler, in respect of sales or exchanges and regarding imports, it is the crossing of the customs frontier.

The excise duty is payable on the delivery of the goods in respect of the sales and on the import declaration, with regard to imports. Concerning the base of this duty, As regards imports, the base is determined by adding to the taxable value as defined by Articles 23 to 26 of the CEMAC Customs Code, the amount of the customs duty. For goods and merchandise coming from a CEMAC Member State, it consists of the ex-works value, excluding outright costs. Excise duty has 2 rates; the reduced rate of 12.5% applied to passenger vehicles; the 25% rate that applies to all other products listed above. For the specific case of tobaccos, the minimum collection is 2,600 CFA per 1000 stalks of cigarettes.

Excise taxpayers are required to declare and pay tax in the same forms and times as Value Added Tax.

III.4.5 Personal Income Tax (PIT)

What is the Personal Income Tax? This is a tax levied on the gains made by any taxable individual.

The personal income tax has existed since 1973. But it has just been reformed by Law No. 2002/014 to make it more modern and simple following its adaption to current economic requirements, the simplification of the method of taxation, securing state revenues and finally to resolve the issue of redistribution of the tax burden between households. The above mention are some of the stakes of the reform on Personal Income.

But there have been some major innovations of the reformed on PIT which includes; the introduction of a single level of taxation instead of two, The removal of the family quotient, raising the threshold of exempt wages from 25,000 to 52,000 FCFA, The abolition of household taxation and the generalization of separate taxation, The reduction of the marginal tax rate from 35% to 30%,The exemption from the obligation of d filing of return for the taxpayers whose sole income is salary or income from movable capital.

Under the Cameroonian tax system PIT is categorized as follows, Salaries wages pensions and life annuities, Income from stocks and Shares, Income from Real Estate, Profits from Handicraft, Industrial and Commercial Activities, Profits from Farming Business, Profits from Non-commercial and Related Professions. Income distributed by a capital company to persons whose identity it does not reveal to the tax authorities.

The law provides some exemptions depending on the categories of income. Examples include, Monthly wages of less than 52,000 FCFA, Interest savings accounts for investments not exceeding 10 million FCFA, Interest of cash certificates, Scholarships, Global net capital gains less than CFAF 500,000 resulting from the sale of shares, bonds and other equity shares by individuals, Bonds issued by the companies, Compensation generally having a character of repair of the damage suffered.

The tax base is the total net income including all other advantages in kind or in cash (for the categories of salaries, wages and annuities) earn by a taxpayer in a fiscal year after deduction of FCFA 500,000. After this deduction we have the net taxable income. The amount of Tax due is obtained by applying the following scale to the overall net income rounded to the nearest thousand francs:

Table 14 Personal Income Tax Bracket

	Income Tax rates for Individuals	
Taxable income as exceeds	**But does not exceed**	**Rates**
0	2 000 000	10%
2 000 001	3 000 000	15%
3 000 001	5 000 000	25%
5 000 000		35%

Source: General Tax Code

The amount thus calculated is increased by additional municipal centimes (CAC) at a rate of 10%. It should be noted that these additional council tax apply only to some categories of PIT. It is worth noting also that PIT for all government workers are withhold by the state and only the net salary is paid, meanwhile for private companies and enterprises, it is withheld by the employer within the threshold permitted by the law.

The payments and rates are made as follows; Employment income and income from commercial activities carried out in Cameroon follows the ordinary rates of personal income tax, As for dividends, interest and directors' fees 16.5% (includes 10% local tax), Special income, such as royalties and fees for technical services and professional activities is tax (Special income tax) at a rate of 15%

Capital gains derived from the sale of real property by individuals are subject to personal income tax at a flat rate of 10%, which is withheld by the notary in charge of executing the deed of conveyance.

Income derived from the rental of real property is subject to a 10% withholding tax if the rent is paid by government bodies and public establishments, corporate bodies or self-employed individuals assessed under the actual earnings or simplified systems. Rent paid to enterprises assessed under the actual earnings system and depending solely on a Specialized Management Unit (Large Size Taxpayer Unit (LTU] or Medium Size Taxpayer Office (MTO) is not subject to this withholding tax. These units are subject to the Directorate General of Taxation (DGT).

III.4.6 Registration fees and stamp duty

In the fiscal sense, the notion of "public contract" refers not only to public contracts as envisaged by Decree No. 2004/275 of 24 September 2004 relating thereto, but also to the entire public order. Indeed, the Finance Act for the financial year 2005 devoted the submission of contracts and public orders lower than 5 million to the formality of the registration and the payment of the related rights. The affixing of the registration details gives rise to the collection of a Taxes called "registration fee". Registration fees are levied on supply contracts, service contracts and works contracts, According to its importance, the public order is made through:

A public contract (orders over 30 million FCA), A letter order (orders over 5 million and less than or equal to 30 million), Purchase order (orders under 5 million)

Taxes, duties and taxes applicable on public contracts consist of, Registration fees, applicable rate is 2% on the value excluding taxes of the contracts for letters order and public contracts (public orders equal or superior to 5 million CFA francs), 5% of the value excluding taxes for purchase orders (public orders less than 5 million CFA francs) and Fixed duty of 50 000FCFA and graduated stamp duty for jointly financed public contracts for which external financing exceeds 50% of the contract price.

Dimension stamp duty are equally payable on any type of contract. Withholding taxes to operate on public contracts (following the terms indicated above). The procedure for registering public contracts is the presentation of the contract for registration formalities by the successful tenderer of the public contract. Full payment of the fees through bank transfer or check. When payment is done, the inscription of mentions by the Head of the Main Tax Center or by the Head of the Division of Large Enterprises.

Regarding the place of registration of public contracts, there are Special Registration Units, the Main Tax Center of the contract place, Special registration units with public ministries and institutions for purchase orders. The deadline for registering public contract is One (01) month from the date of notification of the award of the contract to the successful tenderer.

Regarding Prerequisites for the commitment and payment of a public contract; The registration information, The requirement of the secure receipt as proof of the payment of registration fees, of an amount equal to 2 or 5% of the value excluding tax of the public order according to its nature, The signature of the authority empowered to issue the registration formality, Documents required at the time of the commitment and payment

It is worth noting that there are other taxes that are collected such as valued Added Tax and Income tax which is collected during the registration of this contract.

III.4.7 Forestry Revenue

Annual Forestry Royalty (AFR) is one of the taxes paid by holders of valid and notified logging license on standing volume. It is calculated on the basis of the area covered by the logging license and made up of a minimum price and financial offer. In accordance with the provisions of section 243 of the General, Tax Code, the payment of AFR is done according to the following time-limit: forty five (45) days following the date of notification for approval or renewal of the license on standing volume; in three (03) equal instalments fixed on the 15th March, 15th June and 15th September.

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

III.4.8 Withholding Taxes

This withholding tax applies to directors’ fees, non-deductible expenses and adjustments of profits following a tax examination. The withholding tax also applies to allowances granted to members of commissions, ad hoc or permanent committees and to members of public, semipublic, regional or local bodies and apply as well to residents and non-residents. Interest on savings of up to XAF10 million is exempt from withholding tax. Interest on state bonds is exempt from corporate income tax and the tax on movable capital (this tax is withheld at a rate of 16.5% from income on shares and negotiable bonds and from certain other income). The 2014 Financial Law confirms that interest on loans paid to non-resident lenders or creditors is exempt from withholding tax. Special income tax applies to all types of deliveries that are part of public contracts or orders and that are paid for by state, regional or local authorities, public institutions, public corporations or semi-public companies, or that are paid for through external financing. The rate is 15%, which is withheld at source. This withholding tax equally applies to non-residents. The 2012 Financial Law provides that this tax also applies to “software,” which is defined as computer applications and programs relating to the operation or functioning of an enterprise. Withholding tax applies to fees, commissions, emoluments and remuneration for services that are paid to resident individuals or companies. These payments include the following: Payments made to persons in the self-employed professions, such as consultants, experts, architects, physicians, auditors in charge of damages, trade intermediaries and salesmen, Payments made to magistrates and representatives of the law (attorneys, bailiffs and notaries), Payments made to forwarding agents, customs brokers, stevedores, accounting firms and internet service providers.

Table 15 summary of withholding tax

Description	Rates
Dividends	16
Interest	16.5
Rents	15
Royalties from patents, Know how etc.	15
Fees from technical services, Digital services and professional activities	15
Specific payments to resident individuals or companies	5.5
Branch remittance Tax	16.5

The withholding tax does not apply to payments made for services related to transport, bank interest, insurance premiums and commissions, air ticket expenses and commissions, and water, electricity and telephone expenses. The 10% surtax applies to the withholding tax rate of 5%, resulting in a total withholding tax rate of 5.5%.

III.4.8 Evolution of main Taxes

Table 16 Trends in main taxes from 2006 to 2016

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

Source; RA DGE 2016

III.4 International Taxation

III. 4.1 Double Tax Treaties

Cameroon has DTTs with Canada, France, Morocco, Tunisia, and members of CEMAC (Cameroon, Gabon, Equatorial Guinea, Congo, Chad, and Central African Republic).

Table 17 Double Tax Treaties with Cameroon and the % of withholdings

Recipient	Dividends % (%)	Interest (%)	Royalties (%)	Head office expenses and technical assistance (%)
CEMAC	16.5	16.5	N/A	N/A
Canada	16.5	16.5	16.5	15
France	15	15	N/A	7.5
Morocco	10	10	10	10
Tunisia	12	15	15	15
South Africa	10-15	10	10	N/A

Source; DTG Annual report 2016

In general, foreign tax credits are not allowed; income of residents and non-residents subject to foreign tax that is not exempt from Cameroonian tax under the territoriality principle is taxable, net of the foreign tax. The French tax treaty, however, provides a tax credit that corresponds to withholding tax on passive income. Revenues from a foreign source that are subject to tax at source on the payment in the country of origin are not subject to tax in Cameroon in case of existence of bilateral agreement. Non-resident legal entities are taxable on their origin source income. Relief from foreign taxes in Cameroon depends on whether a double tax treaty has been concluded by Cameroon

III.4.1.1 Special Income Tax (SIT)

Subject to Double Tax Treaties (DTTs), a Special Income Tax (SIT) is levied on income paid to natural persons and corporate bodies domiciled abroad by enterprises or establishments based in Cameroon, by the state or regional and local authorities. The tax is withheld at source by the Cameroonian entity that pays the remuneration.

Subject to DTTs, the SIT rates are fixed as follows: The general rate of 15% is applicable to remunerations paid abroad in respect of various services provided and used in Cameroon, The average rate of 10% is applicable to remunerations for ad hoc material services paid to non-domiciled companies (undertaking short-term operations in Cameroon) that have a PE in Cameroon and waived the tax in accordance with the tax returns and The reduced rate of 5% is applicable to remunerations under public procurement where the successful bidders are not domiciled in Cameroon.

III.4.2 Transfer Pricing

Transfer pricing legislation was introduced in Cameroon by virtue of 1 January 2012 Finance Law and has been updated through the Law No. 2014/026 of December 2014, which lays down a documentation requirement and the mandatory submission of a certain level of documentation to substantiate the transfer price. Prior to these regulations, anti-avoidance regulations existed in the Cameroon General Tax Code (GTC) e.g. the Finance Law of 2007.

The Finance Law of 2012 on non-deduction of payments for Corporate and Income Tax purposes made to countries deemed as a tax haven sets the tone for Transfer Pricing and anti-avoidance in the Legislation. The Law defines a tax haven as any territory where the corporate tax or marginal tax rate is less than 11.66% (a third of Comparative Corporate Tax rates in Cameroon). And, any country qualified as non-cooperative for fiscal transparency and exchange of information by International financial institutions also falls under this category.

In order to prevent tax evasion and combat tax fraud, the Cameroon Tax Administration is using, inter alia, transfer pricing control of which rules are set-forth in the General Tax Code. These rules are strongly inspired from the OECD transfer pricing guidelines.

Transfer pricing control rules in Cameroon considerably strengthened since their institution by the 2012 Finance Act. However, the implementation of the control as established by the 2012 Finance Act has not in practice reached the expected results. Indeed, in the absence of any data base of financial information available on companies, it has been quite difficult for the Cameroonian Tax Administration to challenge intra-group transactions reviewed by it and prove the absence of any arm's length price used to value such transactions. Despite these difficulties, transfer pricing controls are becoming more and more recurrent in tax audits carried out in Cameroon.

Cameroon has recently signed two conventions; that on Mutual Assistance in Tax Matters and the multilateral convention for the implementation of measures to fight tax fraud by multinational Companies. In her capacity as an associate member of the Inclusive Framework of the OECD, Cameroon must speed up the implementation of the minimum standards. It means adjusting its legal and administrative framework to suit the norms defined by the «Whole BEPS Package» in its entirety and more precisely on; measures related to the abuse of international tax treaties, harmful tax practices, transfer pricing documentation and Country by Country Reporting, modifying the preambles of bilateral tax treaties by incorporating the engagement of party states not only to fight against double taxation but equally double non-taxation

Regarding Documentation requirements, 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. The code further empowers the Tax authorities to demand audited companies to provide detailed information on the group's transaction. These documents are to be provide at the same time as the company deposit it accounting documents at the end of the year (on or before the 15th of March for activities of the previous year)

There are currently no Advanced Pricing Agreement (APA) rules in Cameroon.

However, a taxpayer prior to completion of a transaction via a contract, a legal act or any project, may seek the opinion of the Administration on the tax regime applicable to it. The Tax Administration's position on the transaction guarantees the taxpayer against any subsequent change of interpretation of the Tax law.

III.5 Tax Collection

Tax collection in Cameroon has proven to be a difficult procedure over the years. This process involved several steps and many actors (the taxation and the treasury departments), based on the type of taxes involved. In addition, the payment of taxes was usually carried out in cash or by check. The inconveniences of such a system were countless: First of all, with regard to tax payers: the multiple actors involved, the risks of unrealistic tax assessments by certain units who were not concerned by the collection and the subsequent rise in tax disputes. With regard to the tax administration: the long circuit of assessment and collection leading to risks of insolvency by certain tax payers, evasion, the non-localization of others and as such the accumulation of bad debts. Moreover the taxes collected via such modalities were not secured leading to several distortions.

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

In the mid-2000 and precisely in 2004, with the advent of the large Taxpayer Unit (LTU), the payment of taxes via bank transfers was instituted as the sole means for the payment of taxes by taxpayers of this new department. This method of payment has been extended to Medium-size Taxpayer's Office (MTO) which have been created all over the national territory since 2014.

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

III.6 Fiscal Penalties

III.6.1 Assessment penalties

The inadequacies, omissions or inaccuracies affecting the tax base or data, and which have led the tax authority to make adjustments shall give rise to the application of a 1.5% interest in arrears per month up to a maximum of 50%, calculated on the basis of charges to be borne by the taxpayer following the notification of the last procedural deed in case of control, in addition to the interest in arrears mentioned above, there shall attract the following additional penalties; 30%in case of good faith, 100% in case of bad faith and 150% in case of fraud, without prejudice to the criminal proceedings provided for in this Manual.

It is worth noting that there are other fines and penalties with respect to tax collection.

VI. Country specific Fiscal Issues

Cameroon is facing serious challenges from growing external and fiscal imbalances.

The global collapse of commodity prices - along with economic pressure caused by security threats in the Lake Chad Basin and border with Central African Republic, and recent civil domestic unrest in the Northwest and Southwest Anglophone regions - have negatively impacted Cameroon's external and fiscal balances. Cameroon donors acknowledge the country's economic resilience in how it weathered and absorbed these shocks. However, public finances have deteriorated. Cameroon responded by organizing a regional summit in Yaoundé to lobby for a regional strategic response to the crisis. Subsequently, an International Monetary Fund (IMF) team visited Yaoundé from February 20–March 6, 2017, to discuss a three-year economic and financial program for Cameroon. The team and authorities discussed measures to enhance the business environment to boost private sector investment and economic diversification

The twin shocks of falling export prices and security threats since 2014, together with expansionary policies to support growth, have led to widening fiscal deficits, rising public debt, dwindling international reserves, and weakening competitiveness. Redressing these imbalances while preserving growth will require a careful calibration of policies, particularly regarding the composition of the fiscal correction. Over the medium term, further economic diversification and enhanced competitiveness will be the key to continued resilience and sustained growth, as the external stability assessment shows only modest overvaluation of the real effective exchange rate.

Tax Education in Cameroon

This is one of the most fundamental issue with regard to taxes in Cameroon, many Cameroonians don't pay taxes not because they don't want to pay, but because they do not have sufficient knowledge on tax related issues. Sufficient education on tax related issue is lacking. From the elementary to the university, taxation proper is not taught thus many growth up without the moral consciousness of paying taxes. I strongly recommend that tax education be introduced into the country's school curriculum. Another issue of education is regarding tax personals who are exposed everyday with the growing challenges of tax related matters and they need constant capacity build in order to measure up with this challenges. Education and constant training of the tax personnel is vital if the tax administration want to improve on it productivity.

Transfer pricing Issues

Cameroon is the more and more involve and engage in transfer pricing related issues as trans-border trade increases. In order to measure up with this increasing issues, sufficient training of tax professional on transfer matters, create a special unite at the Large Taxpayer Unit (LTU) in charge solely on transfer pricing related issues. Added to the above, one of the fundamental characteristics of the transfer pricing rules is to distinguish "controlled transactions" from free market transactions. The Cameroon tax administrations is face with the uncertainties and difficulties in conducting comparability analyses. Even though the World Bank Group has been at the forefront of tax administration and domestic resource mobilization reform for many years. Now, with the increased international attention on this agenda from the G20, the United Nations and its forthcoming Sustainable Development Goals, and the OECD BEPS initiative, the World Bank plans to step up its engagement in this area. Forums such as TAXGIP which facilitate discussion of issues and best practices in the tax area will continue to play a useful role, the issues is still very alarming especially with the increasing network of e-commerce.

Few double Tax treaties

One simple tool for keeping tax resources within a country's borders are "withholding" obligations. In a situation where a firm is operating in another country, that host" country—say, for instance, the country with the customers, as opposed to the one with the headquarters—withholds a certain portion of income before it is transferred back to the "resident" headquarters country. Withholding instruments can generate revenue or be a simple safeguard against profit shifting. Considering this analyses, and since Cameroon has very few double tax treaties or convention with other countries, it is an issue. It is important to widen the scope of double tax treaties in order to capture more cross border income. When signing such tax treaties, we should make sure that these double tax treaties makes economic sense and how it will fit within a government's overall tax and fiscal policy framework. A better practice, maybe to develop a model treaty before entering negotiations, to have a clear idea of what we are getting into and how it will profit the country interns of capturing revenue.

The government of Cameroon is seeking foreign direct investment to develop vital economic infrastructure. The government estimates that FDI represented as much as 18.5% of the GDP in 2015. According to Cameroon's ministry of economy, in 2015, incoming FDI was mainly directed to the oil sector, manufacturing, the financial sector and transport. The national policy on FDI is outlined in a country strategy paper "Growth and Employment Strategy Paper" or GESP (2009), in which Cameroon targets an FDI level of 25% of GDP. In another strategy paper: "Vision 2035", which charts the country's road map to economic emergence by 2035, the government, seeks FDIs for major industrialization projects. In this context, Cameroon passed a new investment code in 2013, which has provisions to attract and protect foreign direct investment. In December 2015, the government also announced that the 2016 finance law will contain additional tax provisions to attract investment. But Cameroon does not have laws that prohibit, limit or condition foreign investment in specific economic sectors even though the investment code has several general minimum requirements, which qualify the investor for some benefits. But even with these benefits, the target for investment seems to still be dragging behind, therefore there is need for the revision of these incentives.

Instability of commodity Prices

Cameroon is one of the developing countries, strongly affected by the food crisis. This is largely because it is primarily an agro-based economy. Almost 70% of the population is engaged in agriculture and related activities. This suggests that this sub-sector, indisputably, occupies a strategic place in the national economy in terms of foreign exchange earnings.

Another commodity apart from agriculture that has drastically affect the economy of Cameroon is the fall in oil price in 2014. The oil sector constitutes an important component of the country's economy. For several years, it has contributed substantially in injecting revenue into the budgetary trail. But since 2014, the global drop in prices on the World market has had serious repercussions on Cameroon. In 2016 the tax administration collected from oil companies tax worth 109.0 billion FCFA as compared to 150.0 billion FCFA, representing an achievement rate of 72,7%. The decline in oil prices by close to 15.1% in dollars had a negative impact on the results of enterprises of the oil sector and subsequently on their payment of corporate tax on oil companies. This drop is due to an increase in supply despite the prevailing geopolitical tension in the Middle-East, and the very high level of United States crude oil stocks.

The informal sector

The relative impression of a high tax pressure in Cameroon is due to the fact that until recently, a small number of taxpayers bore almost all the tax burden, because of the large informal sector. The informal sect is observe in all sector of activity but what I consider so prominent is the Informal financial sector (IFS)

Commonly called in "Njangi" in Cameroon is an important part of the informal financial sector that provides individuals who are unable to access money from formal financial sectors with cash. This Informal Financial Sector (IFS) is a local traditional banking system. Although this has fostered development and helped individuals overcome extreme poverty, the IFS is yet to address macroeconomic problems. The Cameroon government has tolerated the practice, but "*Njangi*" currently operate outside the law. Legal regulation is a necessity for the IFS. The IFS will only be able to influence the global development process if it can enforce transparency and accountability in the enterprises it funds as well as undergo fiscal declaration and contribute to tax revenue.

The Notion of Tax Burden

The tax burden defines the relative importance of compulsory deductions in the economy. It is a macroeconomic quantity whose rate is defined in relation to the GDP (Gross Domestic Product) and reflects efforts by State revenue collection to meet its expenses. The method used in calculating the tax burden is that of the OECD. The method involves two criteria that characterize compulsory deductions, namely: the entity benefitting from the deduction and the absence of direct compensation for economic agents. • the beneficiary entity must be a public administration that comprises a central administration and bodies whose operations are under its effective control, local authorities, social security institutions and autonomous public entities; • the absence of direct compensation in that, the services rendered by the administrations to economic agents are not proportional to the compulsory deductions.

This rate is averagely 34.4% in member countries of the Organization for Economic Cooperation and Development (OECD) in 2015. The tax burden ratio is also low in developing countries and reflects the difficulties faced by the tax administrations of these countries in the optimal collection of resources from compulsory deductions. This is often attributed to the predominance of the informal sector as well as that of sectors that heavily contribute in building the GDP (agriculture), but are not taxed. The same applies to major developemental projects that propel economic growth and which are, for the most part, exempted from taxes. It is generally admitted that the share of compulsory deductions in national wealth must at least attain 25% to be significant and impulse genuine development.

Incentive issues

To meet the goal of becoming an emerging economy by 2035, Cameroon would have to double its growth rate and keep a lid on a widening fiscal account deficit (5.6% of GDP in 2016). The government is trying to address governance issues in the public service, which continue to undermine economic efforts by creating a deleterious business climate. These reforms would send a strong positive signal to foreign investors. Although Cameroon laws enable foreign investors to create, own and operate their business without limitations, the public administration remains an important player in the economy with a large portfolio of State-owned companies, which create virtual monopolies in many economic sectors and contribute to the distortion of the competitive landscape.

Cameroon's 2013 investment law lists several types of investment incentives for investors and specifies the conditions that they have to meet, in order to benefit from those incentives. This law lays down incentives applicable to Cameroonian or foreign legal entities, whether established in Cameroon, conducting business therein, or holding shares in Cameroonian companies, with a view to encouraging private investment and boosting national production. For example, during the establishment phase (which cannot exceed five years), the new code provides for exemptions from VAT and duties on key services/assets (including an exemption from stamp duty on the lease of immovable property). During the operation phase (which cannot exceed 10 years), further exemptions from or reductions of other taxes (including corporate tax), duties (such as stamp duty on loans) and other fees are granted. Overall, this law seeks to facilitate, promote and attract productive investment to develop activities geared towards strong, sustainable and shared economic growth as well as job creation. In addition, companies may carry forward losses to the fifth year following the year in which the losses are incurred.

In as much as incentives are encourage but it must be review because some companies take advantage of these incentives. They create companies after benefiting from these incentives, they close and create another company

V. Conclusion

Where we stand and way forward

Cameroon has been hit hard by the drop-in export prices especially Oil Prices and by security threats since end 2014. The economy has initially shown resilience owing to its greater diversification, however, with oil revenue gradually declining over time, the non-oil revenue base needs to expand to create fiscal space for infrastructure and other priority spending. The authorities intend to introduce new tax policy measures in the 2018 budget, focused on three main areas: broadening the tax base of certain sectors using better collection procedures, reducing the number of exemptions to improve the VAT yield, and streamlining tax incentives. The broadening of this tax base will go a long way to ease the tax burden as it will bring out those still in the informal sector.

The next stand is the flow of information between related administrations should be reinforced. Enhancing tax and customs administration efficiency would be essential to support further revenue mobilization. These include; continuing to broaden the income tax base among Small and medium sized enterprises through easier physical and electronic access, and simple forms, enhance VAT administration by accelerating VAT refunds and eliminating automatic withholding, strengthen controls by cross-checking taxpayer information between the customs and tax administrations, and finalizing implementation of the biometric taxpayer identification. At the level of customs, the implementation of more efficient audit and exemption monitoring procedures should be encouraged.

In the domain of public finance management, despite recent progress, significant weaknesses have been observed, as there is currently a disconnection between the budget passed by parliament , which systematically underestimates actual spending needs, spending commitments , which include off-budget activities by the national oil company (SNH) , and actual cash implementation , which includes payments of previous year’s arrears. In the show term, this issue will be address as follows by the competent authorities; enhancing the credibility and transparency of the budget, strengthen treasury management, by broadening the scope of the Single Treasury Account, and preparing more reliable annual Treasury plans, which would be attached to annual budget laws (CEMAC Directive) and enhancing public investment efficiency.

Another major issue is how to maintain debt sustainability and addressing the fiscal risk. According to the IMF country Report no. 17/185 of July 2017, Public debt has more than doubled since 2012. Total public debt reached 34.1 percent of GDP in 2016, a sharp increase from 15.6 percent of GDP in 2012 as the authorities embarked in large infrastructure projects, mostly financed with non-concessional loans. The pace of contracting new loans has exceeded implementation capacity: the stock of contracted, but undisbursed external loans was estimated at 20 .8 percent of GDP at end 2016 , increasing the risk of a debt overhang .The rapid accumulation of public debt in recent years calls for a better alignment of new borrowing with absorption capacity. Moreover, there is an **i**ntention to strengthen the monitoring of fiscal risks linked with public enterprises and PPPs. Public enterprises account for a sixth of public sector employment and hold monopolies in key sector

Cameroon is ranked 163 among 190 economies in the ease of doing business, according to the latest World Bank annual ratings. The rank of Cameroon improved to 163 in 2017 from 166 in 2016. Ease of Doing Business in Cameroon averaged 165.80 from 2008 until 2017, reaching an all-time high of 171 in 2009 and a record low of 161 in 2011.The Cameroon Investment Promotion Agency (CIPA) is a State-owned institution in charge of the promotion of private investments. The CIPA's mission, in collaboration with ministries, agencies and private companies, is to contribute to the development and implementation of government policy in the field of investment promotion in Cameroon. The CIPA offers assistance and guidance to foreign and domestic investors, at all stages involved in setting up their investment projects. It is committed to connecting investors with relevant institutions, relevant technical services and to simplify administrative procedures for activities required by the investment code. But more is still to be done in this domain if the country want to attract investors.

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