



# Optimization of Tax Revenue in Cameroon

## *Progress, challenges and prospects*

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# Part 01

## *Introduction: Situation at hand and challenges*



**BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT**

## **Cameroon: A socio-economic snapshot**

**CEMAC Hub:** Strategic Central African location for trade and transit

**Diversifying Economy:** Beyond oil/gas (agriculture, timber, services); commodity vulnerability remains.

**GDP (Current US\$):** 49.28 billion (2023)

**GDP Growth Rate (Annual %):** 4.5%

**Population, Total:** 28.37 million (2023)

**Population Growth (Annual %):** 2.6% (2023)

**Literacy Rate Among Persons Aged 15-24 Years:** 83.3% (2022)



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# Vision and objectives of the Cameroonian Tax Administration



## Main Objective

Modernize the DGT through **ICT to mobilize more resources and improve the business climate.**



## Optimal Mobilization

Increase tax revenues to finance **national development.**



## Socio-economic Promotion

Support **economic growth** and social development.



## Business Climate

Create a favorable tax environment for investments.





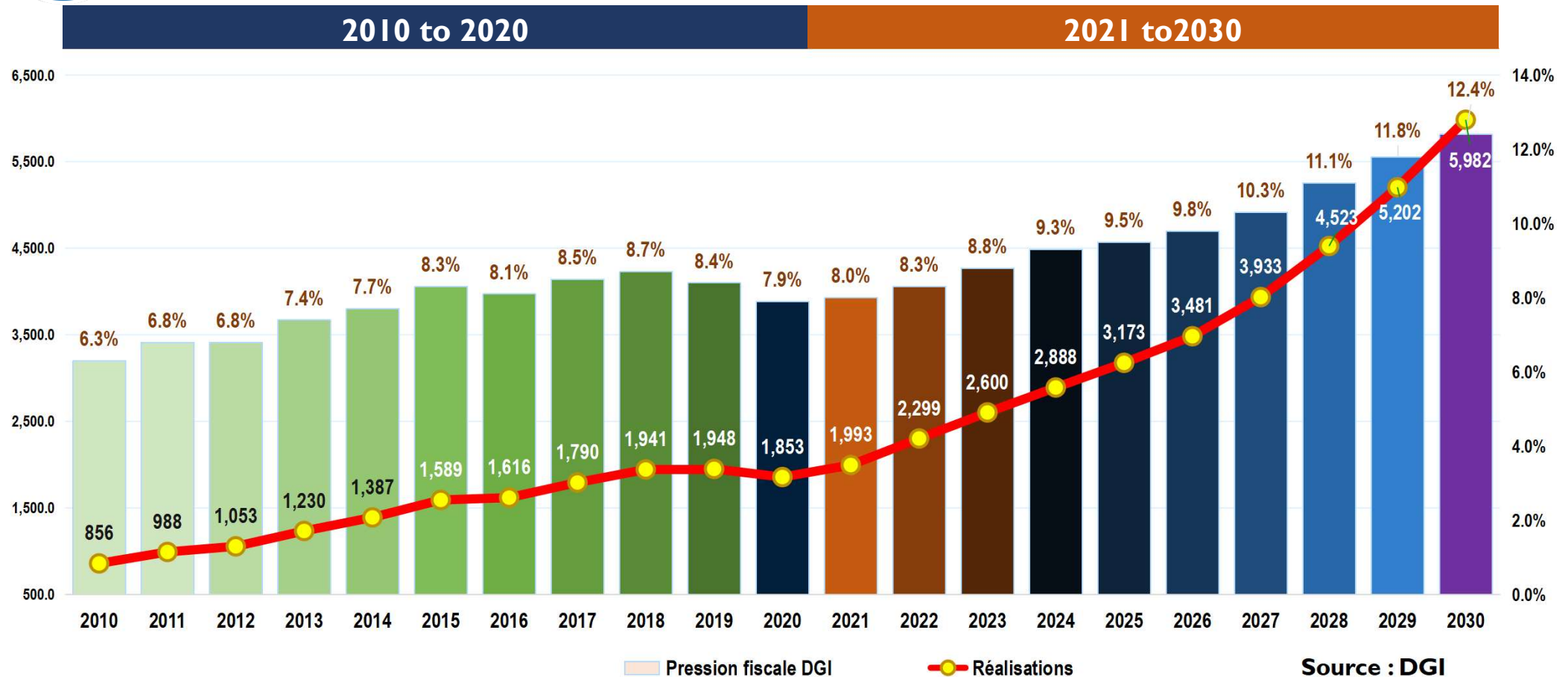
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# Tax modernization pillars





## BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

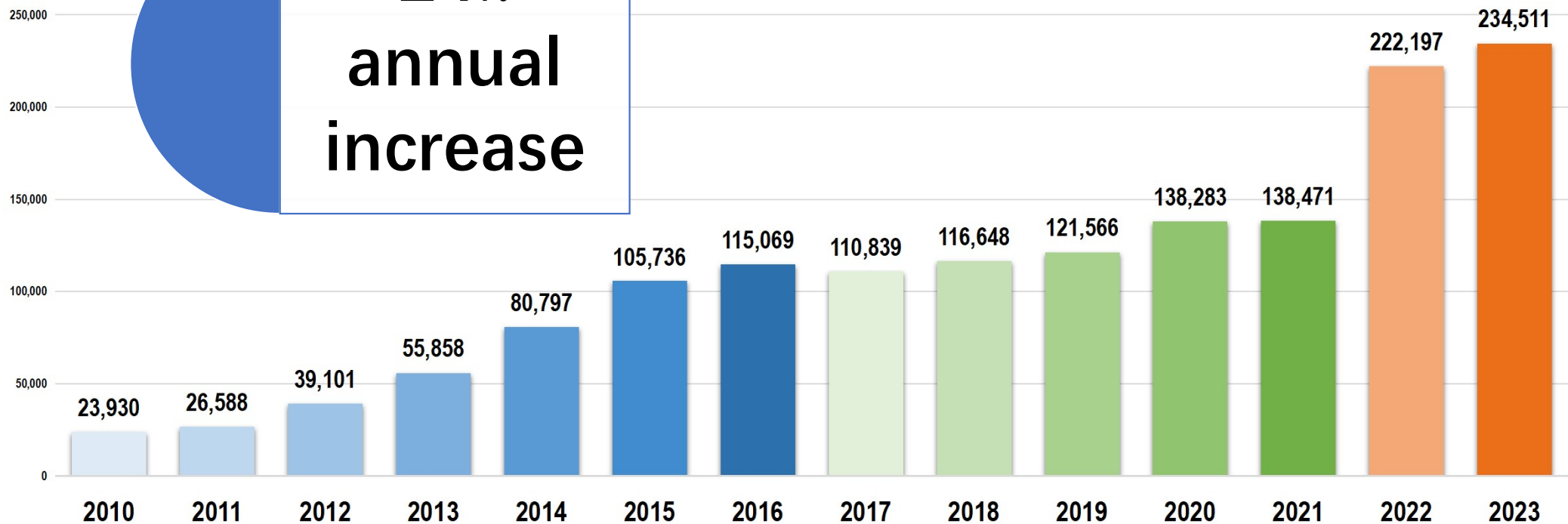


**From 2021 to 2030, non-oil tax revenues collected by the DGT are expected to increase from 2,000 billion to nearly 6,000 billion, and the tax collection rate from 8.0% to 12.4%.**



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## Evolution of the taxpayers index



Source : DGI

**The generalization of e-filing has made it possible to register and retain new taxpayers, significantly increasing the active taxpayers index**





## Evolution of the tax to GDP/ratio from 2010-2021

	2010	2011	2012	2013	2014	2015	2016	2020	2021	2022	2023	2024
<b>Cameroun</b>	<b>11,5</b>	<b>12,5</b>	<b>13,0</b>	<b>13,6</b>	<b>13,8</b>	<b>14,1</b>	<b>13,7</b>	<b>14,0</b>	<b>14,2</b>	<b>13,9</b>	<b>13,8</b>	<b>14</b>
<b>Côte d'Ivoire</b>	11,9	11,1	12,8	12,7	12,2	12,6	13,0	13,1	12,9	12,9	13,1	13,9
<b>Ghana</b>	10,8	11,8	12,0	11,3	11,9	12,9	13,1	13,4	13,7	13,2	13,1	14,1
<b>Senegal</b>	15,9	16,0	16,1	15,4	16,2	16,4	17,0	16,7	17,3	18,7	18,6	18,7
<b>Uganda</b>	8,3	8,4	8,5	9,0	9,3	10,5	11,0	11,4	11,7	12,1	11,1	12,2
<b>RDC</b>	8,3	8,7	10,5	9,6	9,1	9,4	8,3	6,7	7,6	7,6	7,3	9,1
<b>Tunisia</b>	25,9	27,7	27,7	28,3	29,3	28,5	27,9	29,2	29,9	32,1	32,5	32,5

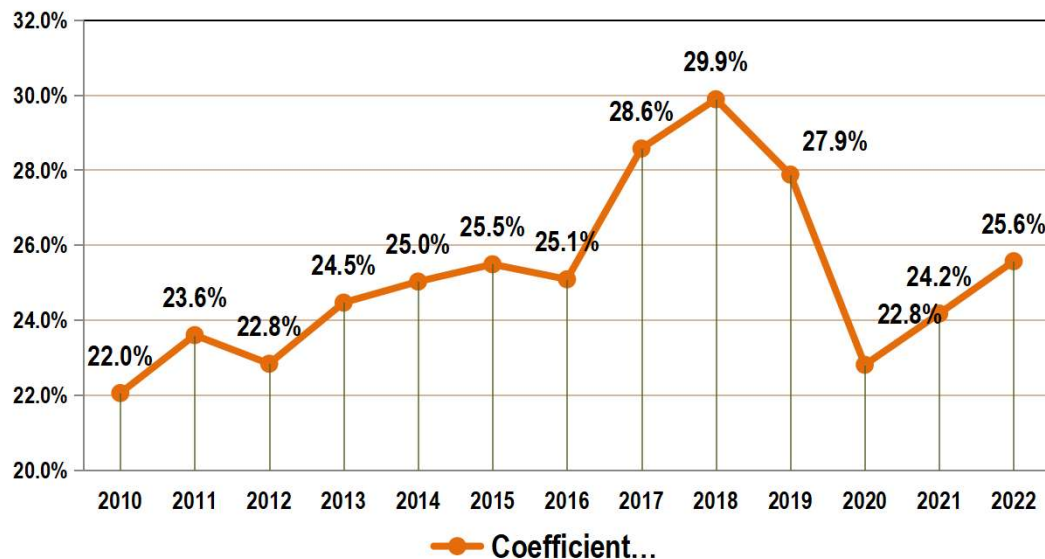
- **Cameroon exhibits a positive growth comparison with nations at a similar development stage, recording a 1.8% growth rate between 2010 and 2021.**
- **The government's objective is to raise the tax-to-GDP ratio to 15% in the medium term, with an aspirational target of 20%.**
- **Realizing these objectives will demand considerable dedication from the tax administration.**



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# Zoom into the major tax revenue streams : VAT and PIT

### VAT: Significant Potential for Revenue Growth



Cameroon's VAT efficiency ratio of **25.2%** (2010-2022 average) lags behind the **35%** international benchmark, indicating significant revenue leakage. Addressing tax evasion, avoidance, and streamlining tax expenditures are essential to capture this lost potential.

### Personal income tax: An untapped potential

	OCDE	Africa	Cmr
PIT	24%	17%	7%
Company tax	10%	19%	14%
Social security	26%	8%	8%
VAT	20%	28%	32%
Other taxes on goods and services	12%	24%	28%
Others	8%	4%	11%
Total	100%	100%	100%

- Unlike developed economies (where the PIT is a primary revenue driver), PIT in Cameroon contributes a minimal share of total tax revenue.
- Property and property income taxes contributed **less than 7 %** of total tax revenue in 2024, underscoring systemic underutilization.



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# Major Challenges of the Tax System



Predominance of the informal sector

Reduction of the effective tax base



Low contribution from individuals

Imbalance in revenue structure



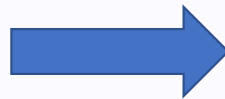
Weight of tax expenditures

Impact on potential revenue



Digitalization of the economy

New forms of economic activities



**Close to 20% of total collection**

Other challenges include taxation of extractive resources and strengthening environmental taxation.



# Part 01

## *Recent Policy Reforms*



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# Tax Policy in Cameroon : Three Pillars

## Socio-economic promotion

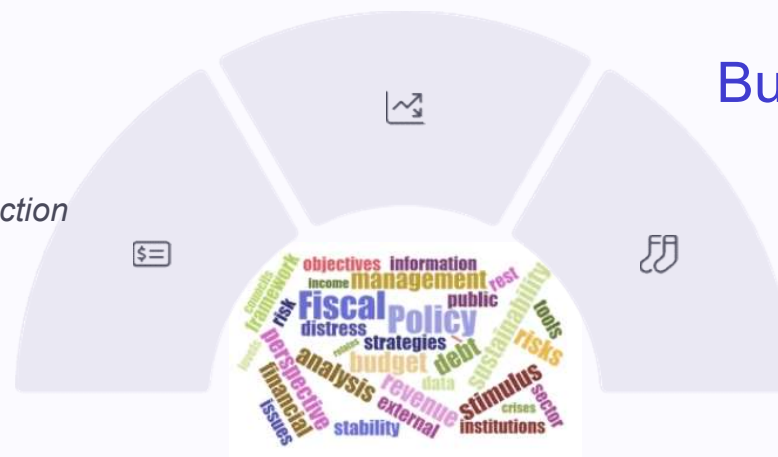
*Tax incentives to stimulate priority sectors*

## Business climate improvement

*Simplification of procedures and reduction of compliance costs*

## Resource mobilization

*Broadening the tax base and improving collection*





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## **Broadening the tax base: new revenue streams**



<i><b>Sector</b></i>	<i><b>Implemented Reforms</b></i>	<i><b>Effective Date</b></i>	<i><b>Revenue</b></i>
<b>ICT</b>	Excise duties 2%	2016	+ 40 billion
<b>Digital Economy</b>	VAT on e-commerce	2021	+ 3 billion
<b>Money Transfers</b>	MoMo Tax	2022	+ 46 billion
<b>NGOs</b>	Taxation of commercial activities	2022	+ 20 billion

# Broadening the tax base: Taxation of goods/services with negative externalities

## Alcoholic beverages

*Dual taxation system (specific and ad valorem excise duties) introduced in 2015.*

## Tobacco products

*Minimum excise duty increased from 2,600 to 5,000 FCFA per 1,000 cigarette sticks*

## Non-returnable packaging

*Specific excise duty of 5 FCFA per packaging unit (Finance Law 2017).*

## Gambling

*Introduction of excise duties on gambling and entertainment games (Finance Law 2018).*





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## Fighting International Tax Fraud



### Transfer Pricing Principles

*Internalization of key transfer pricing principles to control transactions between related entities.*

### Automatic Exchange of Information

*Adoption of the Automatic Exchange of Information (AEOI) standard with voluntary disclosure mechanism.*

### Country-by-Country Reporting

*Implementation of country-by-country reporting for large multinational companies.*

### Anti-Evasion Measures

*Non-deductibility of charges paid to tax haven residents and introduction of the beneficial owner standard.*





# Socio-economic development

## General Incentives

*Law of April 18, 2013 establishing incentives for private investment in the Republic of Cameroon.*

*Tax reductions for investments that create jobs and add value.*

## Sectoral Incentives

- *Agriculture, livestock and fishing*
- *Agro-industry*
- *Stock market sector*
- *Social housing*
- *ICT, research and innovation*

## Specific Incentives

*Special economic zones, COVID-19 measures, special transactions.*

*Targeted benefits to address specific challenges or stimulate certain activities.*



## Part 03

### *Tax administration reforms*



# Data-Driven Administration: Three Pillars

## Data Collection

*Gathering comprehensive tax-related data from various sources to build a robust database.*

## Data Analysis

*Analyzing collected data to identify trends, patterns, and areas for improvement in tax administration.*

## Data Evaluation

*Evaluating the impact of tax policies and procedures based on data analysis to ensure effectiveness and compliance.*



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## Automation and Information Exchange



### Automation of certificates

*Automated issuance of withholding tax certificates, reaching its maturity phase in the second half of 2024.*



### Information exchange

*Implementation of an automated data exchange system with DGB, DGTCFM, DGD and ARMP for an integrated fiscal vision.*



### Universal declaration

*Restoration of the universal income declaration for individuals with a deadline set for November 30, 2024.*

**These automation measures represent a crucial step in modernizing the tax system. They will reduce processing times and improve the quality of service offered to taxpayers while ensuring better coordination between the various financial administrations.**





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## Reorganization and compliance

### Record reorganization

*Systematic updating and verification of taxpayer information to ensure accuracy and completeness of the tax database.*

### Prerequisite condition

*Being registered in the taxpayer records becomes a prerequisite for conducting customs operations and accessing public procurement.*

### Tax optimization

*Revision of procedures for taxing business restructuring operations to better adapt to current economic realities.*

**The reorganization of taxpayer records constitutes an essential lever for broadening the tax base and improving tax compliance. This approach aims to ensure that all economic entities equitably participate in the financing of public services, while facilitating the identification of potential taxpayers.**



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# Support for Small Taxpayers and *eCommerce*

## Approved Management Centers

*Deployment of a network of AMCs offering technical assistance to small taxpayers for their tax, accounting, and administrative obligations.*

*These centers act as intermediaries between the tax administration and small businesses, thus facilitating their formalization and tax compliance.*

## *eCommerce*

*Implementation of a tighter monitoring system for electronic commerce operations to ensure their fair taxation.*

*Development of specific tools for the identification and traceability of digital transactions, adapted to the particularities of online commerce.*

## Integrated Tax Partner

*Consolidation of the integrated tax partner reform to facilitate the taxation of the informal sector and broaden the tax base.*

*This collaborative approach aims to reduce reluctance and establish a relationship of trust with informal economic actors.*

# Recovery of Tax Arrears



## Special tax settlement

*Continuation of the exceptional settlement procedure for claims issued before December 31, 2022, offering favorable conditions to taxpayers willing to regularize their situation.*



## Individualized monitoring

*Implementation of a personalized tax claim monitoring strategy, adapted to the risk level and specific profile of each debtor.*



## Clearance of public debts

*Priority processing of tax debts from public entities and VAT on externally funded contracts through the budgetary coverage mechanism.*



## Multi-year agreement

*Development of a long-term settlement agreement to address a significant portion of public entities' debts, in collaboration with the General Budget Directorate.*



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# Revenue Security and Electronic Payment



## Widespread implementation of electronic payment

*Large-scale deployment of electronic payment solutions for all types of taxes, facilitating taxpayer procedures while securing financial flows.*



## Electronic monitoring of operations

*Implementation of a digital traceability system for economic transactions enabling real-time control and better understanding of taxable matter.*



## Security of tax documents

*Strengthening of security protocols in the electronic issuance of Tax Compliance Certificates and payment receipts to prevent document fraud.*

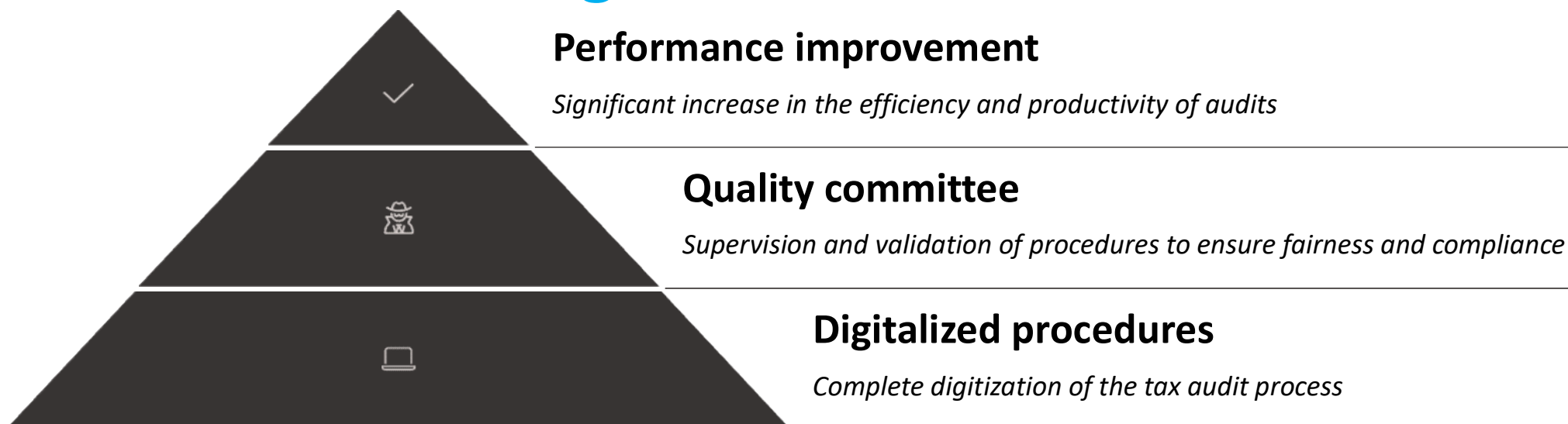
**The digital transformation of payment processes and issuance of tax documents represents a strategic axis to improve collection and reduce fraud risks. These technological innovations are accompanied by enhanced security measures to ensure the integrity of the tax system.**





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# Digitalization of Tax Audits



The complete digitalization of tax audit procedures constitutes a major advancement for the tax administration. This digital transformation not only allows for the optimization of human and material resources, but also improves the quality and relevance of conducted audits.

The establishment of a Quality Committee strengthens this system by ensuring constant supervision of procedures and guaranteeing respect for taxpayers' rights. This dual approach, combining technological modernization and quality assurance, should lead to a significant improvement in the performance of this essential tax function.



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# Improving the business climate

## Tax for an Enabling Business Climate



### **Simplification of procedures**

*Reduction of administrative steps and processing times.*



### **Digitalization**

*Transition to online procedures to reduce contact and delays.*



### **Fast certifications**

*Accelerated issuance of tax certificates and attestations.*



### **Taxpayer assistance**

*Strengthening of tax help and information services.*



## BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

# User-Oriented Administration



### Adapted Organization

*Structure aligned with tax population segmentation.*



### Online Services

*Electronic delivery of certificates and generalization of remote procedures.*



### Payment Diversification

*Multiplication of tax payment channels.*



### Alternative Conflict Resolution

*Tax mediation and compliance dialogue to prevent disputes.*





# Part 04

## *Conclusion: prospects*



## BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

### Electronic Invoicing

*Finalization and generalization of the electronic invoicing system*

### Tax Innovations

*Exploration of new revenue sources*



### Online Transactions

*Optimization of digital transaction revenues*

### TADAT Reforms

*Implementation of evaluation recommendations*

***The recent TADAT evaluation (03/2025) shows promising preliminary results with significant improvement since 2017.***



# THANKS