

# Business in Cameroon



The republic of Cameroon is the largest economy in the Central African Economic and Monetary Community (CEMAC). In 2017, Cameroon signed the OECD Multilateral convention to combat Base Erosion and Profit Shifting (BEPS). In addition, the country is part of Global Forum on Transparency and Exchange of Information for tax purposes. Its membership comprises OCDE countries and jurisdictions, including Cameroon.

As far as business with overseas countries are concerned, the new CEMAC Regulation n°02/18/CEMAC/UMAC/CM of December 21, 2019 organises the foreign exchange control within the region. Foreign Direct Investments must be reported to the Central Bank (BEAC) and the Ministry of finance 30 days before or after the transaction and/or its completion. The rest of the transactions or operations are either free or subject to a prior authorization.

In order to attract investors, the laws and regulations in force set a series of tax, customs, and administrative incentives. As a result, eligible companies may benefit from tax exemption and tax reduction up to 75%.

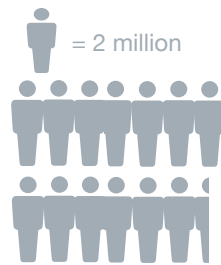


## Currency

XAF (BEAC)

## Population

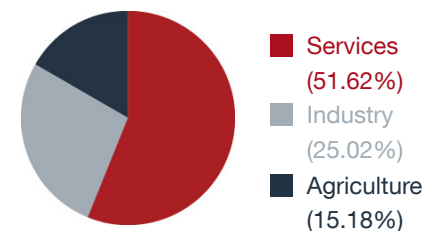
27  
million



## Foreign Direct Investment (est. 2022)

888.5 million (USD)

## GDP Breakdown by Sector



## GDP Growth (est. 2022)

3.8%

## Business Climate

The Republic of Cameroon is a country in west-central Africa covering an area of 475.442 sq.km. It is bordered by Nigeria to the west and north; Chad to the northeast; the Central African Republic to the east; and Equatorial Guinea, Gabon and the Republic of the Congo to the south. Its coastline lies on the Bight of Biafra, part of the Gulf of Guinea and the Atlantic Ocean.

The country is sometimes identified as West African and other times as Central African, due to its strategic position at the crossroads between West and Central Africa, with a population of over 25 million (2018).

With a gross domestic product of USD 40.13 billion a year, Cameroon is the 15th largest economy in Africa, the third in Central Africa, and the first in CEMAC.

In regards to intellectual property, it is worth mentioning that Cameroon is a member State of the African Intellectual Property Organisation (OAPI), which includes other 16 African countries. The Bangui Accord of from 1977, as amended on 1999, regulates intellectual property practice.

As for the commercial relationship with other jurisdictions, the government of Cameroon has signed numerous trade/investments conventions with other countries located in Africa, Europe, Asia, North America, and Latin America.

The Central Bank (BEAC), assisted by the Ministry of Finance, plays a pivotal role in supervising and monitoring the banking sector and foreign exchanges as well.

## International Trade

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As a GATT member since May 1963 and accession to the World Trade Organization (WTO) since the December 1995, Cameroon has been doing business with foreign countries. The CEMAC Custom Code regulates the exchanges when it comes to custom duties. In addition, actors of commercial transactions should comply with the CEMAC Exchange Control Regulation in order to avoid administrative and pecuniary sanctions related to input and output fund transfers.

### Trade Agreements

In 2009, Cameroon signed an Economic Partnership Agreement (EPA) with the EU in order to secure duty-free, quota-free access to the European market in exchange for the gradual removal of duties and quotas for European goods entering Cameroon. In March 2021, Cameroon signed another EPA with the UK, after its exit from the EU. On December 7, 2020, Cameroon became the 33rd country to formally ratify the African Continental Free Trade Area (AfCFTA) Agreement. Nigeria and Cameroon have signed a series of agreements to strengthen trade and commerce relations between the neighbouring countries. In addition, Cameroon has bilateral

investment/or commercial agreements with Austria, Belgium, Canada, China, Denmark, France, Germany, Greece, Italy, Japan, Russia, South Korea, Spain, Switzerland, and the US.

### Free Trade Zones

According to the local legislation, free trade zones includes airports and seaports.

### Foreign Direct Investment Policy:

The investment code and subsequent amendments encourage investment in Cameroon through several alluring incentives and guarantees. It is a liberal law in which the legislator calls on natural persons or corporate bodies of Cameroonian or foreign nationality, irrespective of their place of residence, to undertake economic activity in Cameroon. The code goes further to give foreign nationals the right to enjoy the same liberties and protection of the law as those granted to Cameroonian natural persons or corporate bodies. However, foreign investors should obey the local content provisions, which vary from one sector of activities to another.

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## Tax Regime

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**Corporate Income Tax (CIT):** CIT is levied on all profits or income made by companies and other corporate bodies established in Cameroon, subject to international conventions, tax treaties and the exemptions set out by the General Tax Code or the agreements duly signed with the State. Net taxable profit is established after deduction of all charges directly entailed by the exercise of activities subject to assessment in Cameroon.

There is no complete list of deductible or non-deductible expenses. The General Tax Code provides for rules for deductibility of expenses. Some expenses are fully deductible, while others are partially or entirely non-deductible for corporate tax purpose.

The rate of the corporate tax is 30%, plus 10% council tax on corporate tax, which gives 33%. However, for companies whose turnover equals to or is less than three billion, the rate is 28%, plus 10% council tax, which gives 30.8%.

**Personal Income Tax (PIT):** PIT applies to Tax Residents in Cameroon on the worldwide income basis, subject to the exemptions laid down by the tax legislator and international conventions.

Taxable income corresponds to the gross amount of salaries, premiums, benefits in kind and related sums paid to the employee after the deduction of the employee's part of the social security contributions and the professional fees. PIT is paid monthly and there may be an annual regularization.

**Non-Resident Tax:** Remunerations paid to suppliers of services located abroad as well as some restricted deliveries of goods are subject to withholding tax known as Special Income Tax (SIT). The basis of assessment is the gross amount of remunerations. SIT is retained at source and the balance is paid to the provider or the vendor.

**Other Levies on Salaries:** The levies below are calculated, withheld, and paid by the employer within the same deadlines as PIT:

- Contributions to the National Housing Fund: The tax basis includes the gross amount of salaries, premiums, related sums, and taxable portion of benefits in kind.
- Contributions to the National Employment Fund: The basis includes the gross amount of salaries, premiums, related sums and benefits in kind for their actual amount borne by the employer.
- Local Development Tax: The tax base is the amount of the basic salary. The amount of the levy shall vary between XAF 0 to 30,000 (annually).

## Establishing a Business

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There are many types of companies that may be created in Cameroon. They are organised by the OHADA and local legislation. Three of the existing structures are the most common.

### Limited Liability Company (SARL):

A limited liability company is a company in which the partners' rights are represented by the quantity of shares they hold. Their liability for company debts is also limited to their contribution to the business. Limited companies can be instituted by a natural or legal person, or between two or more natural or legal persons.

### Public Limited Company (SA)

Like limited liability companies, a public limited company is one in which the investors' rights are represented by their shares and their liability for social debt is limited to the amount of their contributions. A public limited company may have a single shareholder. The minimum share capital is XAF 10,000,000 (15,245 Euros) and the appointment of one permanent external reviewer and one alternate external reviewer is compulsory.

### Simplified Joint Stock Company (SAS)

A simplified joint stock company is a company established by one or more partners, whose articles of association freely provide for the organization and functioning of the company, subject to mandatory rules applicable to Public Limited Companies. The partners are only liable for social debts up to the amount of their contributions and shares represent their rights.

Foreign companies usually carry on business in Cameroon via a branch, which is established for two years renewable once.

## Employment Affairs

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Nationals of 21 years old can freely work in Cameroon. Minors cannot work before the age of 14, unless the Ministry in charge of employment grants an authorization by means of Order. From 14 to 20 years, the parents or the legal representatives can sign their children's employment contracts. For foreigners to work in Cameroon, they should secure a work permit after they have signed an employment contract and the duration does not exceed two years, renewable.

The minimum wage in Cameroon is XAF 36.270 (55.30 Euros).

The laws and the regulations in force in provide for various employment benefits such as:

- Benefits in kind: house, car, food, fuel, etc.
- Benefits in cash: housing allowance, water allowance, electricity allowance, transport allowance, representation allowance (for senior staff as they meet and receive people on behalf of the company), domesticity allowance, etc.


Benefits in kind and in cash of the same nature are not cumulative. Insurance Organization.

## Contact Us

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