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Global Mobility Services: **Taxation of International Assignees - Cameroon**

*Taxation issues &
related matters for
employers &
employees 2017*



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This document was not intended or written to be used, and it cannot be used, for the purpose of avoiding tax penalties that may be imposed on the taxpayer.

Country: Cameroon

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Additional Country Folios can be located at the following website:
Global Mobility Country Guides

Introduction:

International assignees working in Cameroon

PwC is the world's leading provider of professional services. The People and Organisation group works together with its clients to find solutions for the challenges they encounter when transferring people from one country to another.

This brochure is intended to inform foreign nationals and their

employers about tax, social security and immigration issues in Cameroon.

This guide is not exhaustive and cannot be regarded as a substitute for professional advice addressing individual circumstances.

Nevertheless, answers will be found to most of the questions raised by

an expatriate or his/her employer. More detailed advice should be sought before any specific decisions are made about these issues.

More information can be obtained from our Cameroon office specializing in People and Organisation, Global Mobility (see Appendix D).

Step 1:

Understanding basic principles

The scope of taxation in Cameroon

1. A foreign national working in Cameroon will, in general, become liable to personal income tax and social security contributions. Personal income tax is based on the following categories of income:
 - Salaries, wages, pensions and life annuities;
 - Income from stocks and shares;
 - Income from real estate;
 - Profits from handicraft, industrial and commercial activities;
 - Profits from agricultural activities;
 - Profits from non-commercial and related professions.

The tax year

2. The tax year in Cameroon runs from January 1st to December 31st.

Partners

3. Partners of expatriate employees are independently liable to personal income tax (on employment). Where the spouse is tax resident, the assignee and the spouse would need to file their personal income taxes and file separately.
4. For couples married under the joint property regime, any real estate earnings may be declared by either spouse.



Determination of residence

5. The following are considered to be tax resident in Cameroon:

- Persons having a home or principal place of residence in Cameroon (this includes persons who stay in Cameroon for more than 183 days in a calendar year);
- Persons engaged in a salaried or non salaried professional activity in Cameroon, unless they can prove that this is being done only accessorially;
- Persons who have the core of their economic interest in Cameroon;
- Persons whose tax residence is situated out of Cameroon are liable to personal income tax for any profits made in Cameroon;
- Persons of Cameroonian or foreign nationality with or without tax residence in Cameroon, who earn profits or income taxable by Cameroon under the terms of an international convention to avoid double taxation are liable to personal income tax;
- The staff of international organizations, diplomatic and consular missions recruited locally or not and not having the status of diplomatic personnel pursuant to international conventions are liable to personal income tax.

Step 2:

Understanding the Cameroonian tax system

Taxation of employment income

Taxable income

6. Taxable income is composed of salaries, wages, allowances, emoluments and benefits in kind perceived by the employee after deduction of:

- The employee's annual social security contributions of a maximum of XAF 378,000 for Old age, invalidity and death pensions;
- Professional expenses of 30%;
- A flat rate abatement of XAF 500 000 annually.

7. Benefits in kind are taxable for personal income tax according to their evaluated value. The benefits in kind are valued according to the following scale, applicable to the gross taxable wage:

- Housing – 15%
- Electricity- 4%

- Water – 2%
- Each servant- 5%
- Each vehicle- 10%
- Food- 10%

Capital Gains

8. Capital gains are taxable in Cameroon at the rate of 16.5%.

Other

9. The following incomes are also taxable in Cameroon and will be combined in order to determine the annual taxable income:

- Real estate income;
- Industrial and commercial income;
- Agricultural income;
- Non-commercial and professional income; and
- Movable assets income.

10. Social security contributions are assessed on salaries, allowances, bonuses, premiums, benefits in kind as follows:

- **Family benefits:** 7% (charged on a monthly salary capped at XAF 750,000 entirely supported by the employer);
- **Old age, invalidity and death benefits:** 4.2% by the employee and 4.2% by the employer (charged on a monthly salary capped at XAF 750,000);
- **Industrial accidents and occupational diseases:** 1.75%, 2.5% and 5% (in accordance to the level of risk bound to the activity and charged on the monthly salary without cap) paid solely by the employer.

Social security contributions are withheld at source by the employer every month.

Step 3:

What to do before you arrive in Cameroon

Immigration/employment formalities

11. A foreign national who wants to reside and/or work in Cameroon must apply for an entry visa into Cameroon at a Cameroonian embassy or consulate.
12. For nationals from countries where Cameroon does not have a diplomatic mission, they can obtain an entry visa at the immigration post upon arrival at the frontier or in practice at the nearest embassy or consulate to the residence of the applicant.
13. The following documents are required to obtain an entry visa:
 - a valid passport for at least six (6) months;
 - an air ticket or other ticket valid up to Cameroon;
 - required international vaccination certificates;
 - repatriation deposit;
 - a contract of employment or assignment letter;
 - proof of marital link for the spouse;
14. Citizens from Chad, Central African Republic, Congo, Equatorial Guinea and Nigeria do not need an entry visa into Cameroon.
15. An assignee intending to stay and work in Cameroon for more than six (6) months must obtain a work permit.
16. In principle, a work permit must be obtained before the employee can commence work.
17. In applying for a work permit for the first time, an assignee must have a long stay entry visa of 6 months. Any other type of entry visa with an inferior duration leads to the rejection of the application of a work permit.
18. The employer has the obligation to apply for a work permit for his employee.
19. In employing foreigners to work in Cameroon, the employer must respect the quota for employment of nationals and foreigners.
20. Indeed the Prime Minister's circular letter no. 005/PM of 13th June 2012 specifies that, *In any case, jobs must be occupied by Cameroonian nationals qualified and skilled if it exists there up to:*
 - 50% at least for management positions (Category 10 to 12);
 - 60% at least for supervisory positions (Category 7 to 9);
 - 85% at least for executing agents (Category 1 to 6).

Step 4:

What to do when you arrive in Cameroon

Registration with social security and tax authorities

21. The employer has the obligation to register the employee with the National Social Insurance Fund (N.S.I.F) within eight (8) days of the start of employment.

22. The employer also has the obligation to declare the employees before the tax within eight (8) days of start of employment and with employment authorities (in practice, this is usually made within eight (8) days of recruitment).

Work permit procedure

23. In principle, the duration for obtaining a work permit is two (2) months from the date of deposit of the application file. However, in practice it may take six weeks.

24. The following documents are required for the application of a work permit:

- Six copies of the local work contract signed by the employee and the local company;
- A non-conviction dated less than three (3)

months of the employee delivered by the competent authorities of his/her country of origin;

- The curriculum vitae of the employee;
- A medical certificate dated less than three (3) months by an accredited Cameroonian medical authority;
- A certified copy of the entry visa and the passport page containing the picture (Must be a six (6) month entry visa);
- Copies of the diplomas of the employee;
- The organigram of the company highlighting all senior positions and foremen with their corresponding profile; A descriptive note detailing the employment, highlighting the corresponding profile;
- A Cameroonisation plan approved by the Minister of Employment and Vocational Training;

- The overall size of the labour force divided by nationality and category;
- The positions held by foreign national workers together with their profiles and their seniority in the company;
- A copy of the contract or convention or any other document justifying the occupation of the post by a foreigner;
- The recruitment envisaged in the short term by the company highlighting corresponding profiles;
- A descriptive note on the promotion of the national workforce;
- The article of association of the copy is usually requested in practice.

Residence permit

25. Within three (3) months from entry into Cameroon for a stay exceeding 3 months, the assignee must establish a residence permit, under pain of being escorted to the border.
26. One of the most important documents that the assignee and dependant must have in order to apply for a residence is a certified true copy of valid passport no more than three (3) months old bearing evidence of **six (6) months long stay visa**.



Step 5: **What to do at the end of the tax year**

Tax and social security returns

27. Employers withhold payroll taxes and social security contributions from employees' salaries each month and remit the corresponding amount to the tax authorities.
28. At the end of the year, the employer must file tax regularization latest by March 15 of each year and social security regularization latest by January 15 of each year.



Step 6: **What to do when you leave Cameroon**

Reporting departure

29. The assignee on leaving Cameroon must obtain a social and tax clearances from the social security and tax authorities respectively within thirty (30) days to the application of an exit visa.

Other issues

30. The assignee may be required to obtain an exit visa before leaving the country.



Step 7:

Other matters requiring consideration

Exchange controls

31. Cameroon is a member of CEMAC which has BEAC as its Central Bank; therefore there are regulations for transfer of funds in the CEMAC zone where the central bank regulates the movement of money to help fight against money laundering, terrorism financing or funds diversion.
32. Tax rate for transfers inside the “BEAC zone”: not above 0.25%. Tax rate for transfers outside the “BEAC zone”: not above 0.5%.



Appendix A:

Rates of tax

Personal income tax rates

Personal Income Tax is calculated according to a schedule provided by the General Tax Code. This is a progressive rate system and for each bracket, the rate is applied to the corresponding part of the taxable income as shown in the table below:

Bracket	Taxable income over (XAF)	Not over (XAF)	Income tax rate
1	0	2 000 000	10%
2	2 000 001	3 000 000	15%
3	3 000 001	5 000 000	25%
4	More than 5 000 000		35%

The personal income tax is calculated after deduction of:

- Professional expenses calculated at a flat rate of 30% on the annual gross taxable income;
- A flat rate abatement of 500 000 XAF annually;
- A maximum of 378 000 XAF of the employee's annual social contribution for Old age, invalidity and death pensions benefit to the N.S.I.F

Note that an Additional Council Tax is calculated at the rate of 10% on the amount of Personal Income Tax.

Appendix B: Double-taxation agreements

*Countries with which
Cameroon has double-
taxation agreements:*

France	Tunisia	Canada	Morocco ¹
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¹ This treaty has not yet been ratified by Morocco.

Appendix C:

Social security agreements

*Countries with which
Cameroon has social
security agreements:*

France			
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Appendix D:

Cameroon contacts and offices

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