

**Property Taxation in Francophone Central Africa:
Case Study of Cameroon**

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Abstract

The Lincoln Institute and the African Tax Institute (ATI), located at the University of Pretoria, South Africa, have formed a joint venture to better understand property-related taxation in Africa. Its goal is to collect data and issue reports on the present status and future prospects of property-related taxes in all 54 African countries, with a primary focus on land and building taxes and real property transfer taxes. Each individual report aims to provide concise, uniform and comparable information on property taxes within a specific country or region, considering both the system as legislated and tax in practice. This paper provides a detailed case study of property taxation in Cameroon.

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1. Introduction

Cameroon is situated at the crossroads of Africa, where the West African and Central African sub-regions meet. It is shaped like a triangle and is bounded in the north by Lake Chad, east by Chad and Central African Republics, west by Nigeria, south by Equatorial Guinea, Gabon, Congo-Brazzaville and the Atlantic Ocean. Cameroon covers a land surface area of 475 400 square kilometers and has a population¹ estimated at slightly above 18 million people. The population of Cameroon is heterogeneous in composition with over 200 distinct ethnic groups.

Cameroon is divided into two main natural vegetations: the equatorial forest having mangrove and rain forest; and tropical grasslands having guinea savannah, dry Sudan savannah and Sahel savannah.

According to 2007 estimates Cameroon has a GDP of US\$40.1 billion and a *per capita* GDP of US\$2,300². The capital city is Yaoundé while the port city of Douala is the economic capital. The population of both these cities exceeds 2 million inhabitants. Rural exodus is rife with more than half of the country's population living in the urban areas.

Cameroon was a German colony prior to World War I and it was at the end of this war that the League of Nations placed it under French and British mandate. France was given a greater part of Cameroon (about 432,000km²), formerly known as French Cameroons. Britain was given an area of approximately 88,000km² (which included southern Cameroon (an estimated 43,000km²)), and British Northern Cameroons which now forms part of the present day Gongola and Borno states in Nigeria. For forty years (1920 – 1960) Cameroon experienced two alien systems of government and culture. The French introduced an assimilation policy which was later changed to that of association in the former French Cameroons. The British on the other hand, introduced a system of indirect rule in the British Cameroon and, for administrative convenience attached British Cameroons to Nigeria during the 40 years of occupation.

On January 1, 1960, French Cameroons became independent under the new name of 'La Republique du Cameroun'. On October 1, 1961, and after a plebiscite organized in Southern Cameroons (Later West Cameroon) by the United Nations, Southern Cameroons gained automatic independence and reunification with La Republique du Cameroun. The Federal Republic of Cameroon was therefore born on that date.

On May 20, 1972, a referendum was held with the aim of achieving political unity, and the federal system of government gave way to a unitary system. The United Republic of Cameroon was born. The country also had its first unitary constitution in June 1971.

¹ 2004 estimates.

² World Fact Book 2007.

In accordance with the 1972 Constitution, as amended up to 1996, the Republic of Cameroon is a decentralized unitary State.³ It has ten provinces, each headed by a Governor appointed by the President. These provinces are further broken down into divisions, each headed by a Divisional Officer.

The President of the Republic is elected by direct, universal and secret suffrage for a seven-year term of office, which may be renewed. He is the Head of State and, together with the Government, holds executive power. In this capacity, he shapes national policy; he is responsible, *inter alia*, for negotiating and ratifying international treaties and agreements and for enacting laws. The President appoints the Prime Minister and, on the latter's recommendation, also appoints the other members of the Government. He is responsible for appointing the members of the Supreme Court and other judicial authorities. The Government is in charge of implementing national policy, as defined by the President. The current ministerial structure dates back to 2004.⁴ In terms of this dispensation the Ministry of State Property and Land Tenure is responsible, *inter alia*, for implementing and monitoring Cameroon's land tenure policy. There are ten provincial services of State Property and Land Tenure located in all ten provincial headquarters. The Ministry of Finance is responsible, *inter alia*, for drawing up and implementing the country's fiscal policy. The Directorate General of Taxes (otherwise "General Directorate of Taxes") is the body placed under the Ministry of Finance charged with the administration of all taxes in the country. The Directorate General of Taxes has services in all the ten provincial headquarters of the country (Taxation centers, provincial department of taxation or provincial service of taxation).

Legislative authority is vested in Parliament, which until now has consisted of one chamber (the National Assembly), composed of 180 members elected for five years. The 1996 constitutional reform also provided for the creation of a 100-member Senate, but in June 2007 it had not yet been set up. Legislation is proposed both by the President and the members of Parliament. The areas reserved to Parliament include the property regime and financial and economic matters.

The President puts draft legislation before Parliament once the texts have been drafted by the competent ministerial departments and discussed by the Cabinet Council. Draft legislation is adopted by simple majority unless, at the request of the President, there is a second reading, in which case an absolute majority of Assembly members is required. The President enacts the laws adopted by the Assembly within 15 days of receiving them from the Assembly, unless a second reading is requested or the President refers the text to the Constitutional Council. In certain special circumstances, the Assembly may give the President of the Republic the power to enact legislation by ordinance.

Judicial authority is vested in the Supreme Court, the courts of appeal and the lower courts. The Constitutional Council, provided for by the 1996 amendments to the

³ Law No. 96/06 of 18 January 1996 amending the 1972 Constitution.

⁴ Decree No. 2004/320 of 8 December 2004 on organization of the Government.

Constitution, was created in 2004⁵, but in June 2008 its members had not yet been appointed. It will rule on the constitutionality of laws, international treaties and domestic regulations, as well as on disputes regarding the competence of State bodies. Pending initiation of its functions, the Supreme Court carries out these tasks.

Another important component of governance in Cameroon is the local government or council. The present organisation of councils in Cameroon dates back only to 1974 when the National Assembly organised them in law No. 74-23 of 5th December 1974. This law has gone through a series of amendments amongst which is law No. 92/003 of 14th August 1992 replacing municipal administrators (who were appointed) with elected mayors in municipal councils. Another important amendment was law No. 95/21 of 8th August 1995 relating to local council resources. The latter scrapped the poll tax and instituted a global tax. In 1987 the Douala and Yaoundé urban councils were transformed into city councils headed each by a Government Delegate appointed by presidential decree. In Cameroon, councils, be they rural, urban or city councils are empowered to vote their own budgets and to collect taxes authorised by regulations in force. No council, no matter its status has the ability to define the kind of taxes it would like to impose and collect.

2. Background to land tenure in Cameroon

The land tenure system in Cameroon has evolved from the period of colonialism, passing through the mandate and trusteeship, the independent federation, and culminating in the in the present supposedly harmonised land tenure of the Republic of Cameroon.

The major rules governing land tenure in German Cameroon (Kemerun, as it was known) were contained in an Imperial Land Decree of June 15, 1896⁶. This decree regarded all lands in Kemerun as *herrenlos lands* (that is, land without master), and therefore, Crown Lands. Only lands over which the private property rights of individuals, chiefs or native communities could be substantiated, as well as lands over which rights of user had been created by agreement with the Kemerun government, were excluded from Crown Lands.

During the era of British rule in Southern Cameroons the Lands and Native Rights Ordinance was introduced in 1948, copying from a similar ordinance already applicable in Northern Nigeria. Under these Ordinances lands were either held by natives as of right without any need for registration or on leases under certificates of occupancy issued by the government. There were also provisions made in this ordinance to accommodate freeholds which had been granted under previous legislations.

Under French Cameroon the principal decree governing land tenure was one signed in 1932 by the Governor of the Territory of Cameroon. It was this same decree that instituted the system of land registration in the territory.

⁵ Law No. 2004/005 of 21 April 2004 laying down the conditions of membership of the Constitutional Council.

⁶ Source: National Archives, Yaounde – Cameroon.

The first national move towards regulating land tenure in Cameroon came through a series of ordinances signed in 1974 by the president of the country. These are ordinances No. 74 -1, 74-2, and 74-3 of July 6, 1974 establish rules governing land tenure – private lands, state lands, taxation of landed property and compensation for private lands acquired by the state. These ordinances were followed by the signing of three presidential decrees, notably Decrees No. 76/165, 76/166 and 76/167 of 27th April 1976 establishing the conditions for obtaining land certificates, establishing the terms and conditions of managing national lands, and the terms and conditions of managing the private property of the state. Another presidential decree (No. 2005-481 of 16th December 2005) was signed in 2005, modifying and completing certain provisions of Decree No. 76/165 above related to the conditions for obtaining land certificates.

It was however ordinance No. 74-1 above that that instituted the taxation on landed property in Cameroon. The payment of property tax was first limited to the big towns like Yaoundé and Douala, and as the years went by it evolved into the other towns. However to this date most villages an rural areas are yet to be covered by property taxation. Village lands are still governed by traditional laws and placed under chiefdoms.

For any land or landed property to be taxed in Cameroon, the said land must in practice be registered before it can be taxed. In Cameroon the institution charged with the registration of lands for purposes of taxation is the Land Registry. The Land Registry in Cameroon is a specialized public service institution or organization charged with the elaboration, recording and the issuing of documents and information concerning registered landed property in Cameroon. This institution is headed, at the level of each province, by the Land Registrar. The essence of all the work which is undertaken in the Land Registry is entered into the Land Register⁷

All taxes in Cameroon, no matter their nature or scope, including all property-related taxes at all levels of government are governed by the provisions of the General Tax Code⁸. This code establishes the nature, scope, coverage, and basis of assessment, rates, calculation, exemptions, penalties and all other aspects pertaining to tax administration in Cameroon. The implementation of the provisions of the General Tax Code is overseen by the General Directorate of Taxes. Under the Cameroonian system this code is supplemented by the Finance Law voted by Parliament annually as well as by presidential decrees or ordinances.

With respect to property-related taxes the procedures governing their practice are laid down in the General Tax Code.

This portion of the study examines in detail the relevant legislative provisions governing the property taxes in Cameroon. It expounds the scope of application and the taxable

⁷ Surveys carried out at the level of four different Land Registries (Centre, South West, Littoral and North West provinces) reveal large differences, both procedural and substantive, in the different recordings made in the Land Registers, highlighting the varied experiences of the Land Registrars.

⁸ Except where stated otherwise all references made to the General Tax Code made herein are to the 2007 edition.

items (the category of persons liable to pay such taxes and those exempted from their payment. The section further examines the basis of assessment and the applicable tax rates alongside some illustrations. Other property related taxes shall as well be examined in as much details as specified above.

3. Property tax

3.1 Scope of application and taxable items

A property tax is a tax that is levied annually on built-on and non built-on estates found in Cameroon, in all chief towns of administrative units.

Property tax shall also be levied on the abovementioned estates where they are found in urban areas with urban infrastructure and amenities. In the General Tax Code such urban infrastructure and amenities shall be construed as tarred or earth roads, water supply, electricity and/or telephone networks.

Payment of this tax is obligatory in the case of:

- (a) de facto ownership of landed property
- (b) ownership of:
 - a land title;
 - an administrative or local council document showing the attribution of a parcel of land;
 - a final court judgment on landed property;
 - a certificate of adjudication in the case of sale by auction of landed property.

3.2 Taxable persons

The tax must be paid by all persons or corporate bodies who own developed or undeveloped land. This includes de facto owners. This tax is levied on natural and legal persons who on January 1, (previously July 1) of the fiscal year own developed or undeveloped landed property in Cameroonian territory.

In case of collective ownership, co-owners are jointly liable for the tax issued in the name of their assignees.

The property tax shall be due on the 1st of January of the fiscal year of in which the assessment is done. It shall be voluntarily settled no latter than the 15th of March on the declaration of the taxpayer or his trustee.

3.3 Exonerations and persons exempted

The following shall be exempted from the property tax:

- Property belonging to the state, regional and local authorities and public establishments which are not involved in industrial or commercial activities;

- property belonging to religious institutions, cultural associations or charity organizations recognized as being in the public interest with regard to property used for the public interest and for non lucrative purposes;
- property belonging to international organizations which have signed an agreement with Cameroon to set up a head office, as well as property belonging to diplomatic missions in accordance with the principle of reciprocity;
- property belonging to other persons or corporate bodies, located outside the headquarters of administrative units⁹;
- land used exclusively for farming, stock breeding and / or fishing.

It is worth noting that under Cameroonian law taxable real estate owners as well as those exempted are under the obligation to submit to the taxation office under which they fall a duplicate of the land title, building permit, cost estimates and other relevant documents within one month from the date of notification. The services that issue the abovementioned documents are also required to forward copies to the competent taxation office within three months following the date of issue.

3.4 The tax base

The basis for the assessment of property tax shall be determined by the value of the lands and buildings and buildings declared by the owner¹⁰. Where the property is undeveloped the basis shall be the surface area of the land. Where the property is developed the basis shall be the surface area developed, which shall include the land itself plus the surface area of each floor.

There is thus the requirement for each property owner to fill a valuation or declaration form - provided by the Department of Taxation¹¹ - each year¹² and hand same to evaluation officials of the department. All relevant information concerning the taxable property must be provided in this form. Failure to fill and submit the declaration form, or in the event of a deliberate reduction of the value, the taxation department shall resort to an administrative assessment of the property, which usually includes additional charges and a possible penalty to be incurred by the taxpayer.

Where there is disagreement on the administrative assessment mentioned above, the parties may resort to expert assessment. Requests for expert assessment shall be lodged by a simple petition to a Civil Court in the area in which the property is situated¹³.

Essentially the annual property tax declaration form shall contain and data pertaining to the land and any constructions thereon depending on whether it is developed or undeveloped. With respect to the land the information to be provided are: the name of the

⁹ Property not located in chief administrative towns are not taxed; Section 577 (1) of the General Tax Code.

¹⁰ Section 580(1) of the General Tax Code.

¹¹ Departments of Taxation, also known as Taxation Centers are located in all chief administrative units; that is all provincial headquarters and most divisional headquarters.

¹² This declaration must be done before the 15th of March each year.

¹³ Ad to Section 546 of the General Tax Code.

town, neighborhood, street number, cadastral reference, land certificate number and date of issue, length of façade, surface area, value, as well as information on the availability of water, electricity, telephone and access roads around the property.

Where there is a building on the land, information pertaining to the building must also be provided on a separate column provided on the form, such as the type of building¹⁴, type of material used for the construction¹⁵, number of floors, accessibility to the building, the state of the building in terms of its age and maintenance, its surface area, cost, as well as information on the availability of water, electricity and telephone.

In addition to providing the abovementioned information the taxpayer is also required to provide his taxpayer's identification number. This number is inscribed on a taxpayer's card obtainable upon an application lodged with the taxation department and payment of a fee¹⁶. This card is obtained only prior to the first declaration and used in all subsequent annual declarations as well as for declarations concerning any other property registered in the name of the taxpayer¹⁷.

3.5 The tax rate

Prior to the year 2006 the calculation of property tax rates was based on the surface area of the property, be it developed or undeveloped. The law provided for a given amount to be paid depending on the surface area of the property. In 2006 changes were made in the General Tax Code changing the system to one based on a fixed percentage of the property, no matter the category. However during the study it was noticed that there are still instances where the pre 2006 system is still being practiced, though such cases are reportedly dwindling in number due to mass sensitization and anticorruption campaign being carried out by the various governmental departments concerned.

In light of the above, and to present a clearer picture, the pre 2006 system of establishing property tax rates based on surface area is presented, followed by the new system in place since 2006 and which is based on a fixed percentage.

3.5.1 Tax rates based on surface area

Under this system the tax rate is graded and fixed as indicated in the two tables below:

Table 1: Tax structure for undeveloped landed property:

Surface area	Amount per year in FCFA
Surface area below or equal to 400m ²	2,500
Surface area between 401 and 1,000m ²	5,000

¹⁴ Hut, storey building, block of flats, villa, etc.

¹⁵ Durable, semi-durable or temporal.

¹⁶ The fee is fixed at 25,000 FCFA, except where mentioned otherwise.

¹⁷ This shall be discussed further below.

Surface area of between 1,001 and 3,000m ²	7,500
Surface area of between 3,001 and 5,000m ²	12,000
Above 5,000m ²	An additional 5 FCFA per m ² without exceeding 50,000 FCFA

Table 2: Tax structure for developed landed property:

Surface area	Amount per year in FCFA
Surface area below or equal to 400m ²	5,000
Surface area between 401 and 1,000m ²	10,000
Surface area of between 1,001 and 3,000m ²	15,000
Surface area of between 3,001 and 5,000m ²	24,000
Above 5,000m ²	An additional 10 FCFA per m ² without exceeding 100,000 FCFA.

Under this system a special additional council tax equivalent to 25% of the principal tax had to be paid directly to the local council area under which the landed property is situated. Conversely it could be paid to the competent paymaster who subsequently pays it to the beneficiary council.

3.5.2 The new rate

The property tax rate fixed by the law and put in place since 2006 is 0.11% of the value of the property, referred to as the general rate. This general rate has two components: firstly there is the property tax rate fixed at 0.1%¹⁸, referred to as the state's share as it goes to add to the revenue of the national government. The main tax determined by applying the above rate shall be increased by 10 % to include additional council tax paid directly to the council of the area where the property is located. This is the local council's share and constitutes the second element.

For example, property X is valued at 40,000,000 FCFA; the tax to be paid on property X shall be calculated as follows (amounts in FCFA):

- 0.1 % x 40,000,000 = 40,000. This 40,000 is the state's share.
- 10% x 40,000 = 4,000. The 4,000 is the local council's share.

The overall or general property tax is therefore 4,000 + 40,000 expressed as a percentage of 40,000,000. Thus, 44,000 / 40,000,000 x 100 = 0.11.

0.11% is therefore the tax to be paid by the owner of property X and the tax amount calculated at this rate is 44,000.

¹⁸ Section 581(1) of the General Tax Code.

The law does not make provision for distinguishing between developed and undeveloped landed property in the application of the above tax rate. The same rate applies to both categories of property.

3.6 Place of assessment

According to section 582 of the General Tax Code property tax returns shall be filed and the tax paid in the taxation service of the place where the property is located.

However Chapter Three of the 2007 Finance Law of Cameroon,¹⁹ on the amendment of certain provisions of the General Tax Code, makes provisions for companies under a ‘specialized management unit’ to pay taxes and duties exclusively by bank transfer or certified cheque.

3.7 Obligations of the taxpayer

The General Tax Code lays down general principles guiding all taxpayers as well as special obligations of property taxpayers.

3.7.1 General principles

These general principles are laid down in the manual for tax procedures annexed to the substantive section of the General Tax Code. As a general rule any natural person or corporate body statutorily liable as a tax payer to pay a tax, duty or levy or an installment thereof, by virtue of the provisions of the General Tax Code, must file an application for registration with the competent tax authority of his area, within 15 (fifteen) working days following the start of his activities. After such application is lodged the Directorate General of Taxes shall issue the taxpayer with a taxpayers’ card bearing a Single Identification Number, also known as Taxpayer’s Number.

Furthermore, any person or corporate body liable to pay a tax or levy, or any installment thereof, must pay their dues directly to the Tax Revenue Office of the Taxation Center of their area, within the time limit fixed by the law.

Where the tax or duty referred to above amounts to 200,000 (Two hundred thousand) CFA Francs or above, the said amount is to be paid through certified cheque. However companies under a specialized management unit are required to pay their taxes and duties exclusively by bank transfer or certified cheque.

3.7.2 Special obligations of the property taxpayer²⁰

Landed property tax declaration is obligatory and the tax is paid to the taxation office of the area under which the property falls.

¹⁹ Law N° 2006/013 of 29th December 2006 on the Finance Law of the Republic of Cameroon for the year 2007.

²⁰ These obligations are briefly outlined under section 583 of the General Tax Code.

Instruments pertaining to property mortgages, change of ownership or tenure documents for real estate can only be registered upon presentation of documents showing the regular declaration and payment of the property tax either by the former or the new owner. This tax is due on the 15th of March each year. It must be paid spontaneously on the basis of the declaration made by the tax payer or his assignee.

Registration in any real estate register can only take place after the presentation of a receipt showing payment of the property tax or of an exemption certificate issued by the competent taxation service.

Persons liable to pay property tax as well as those exempted therefrom are under the obligation to lodge with the taxation service having jurisdiction a copy of title deeds, building permits, building cost estimates and any other similar documents, within one month of the date of issue thereof.

The services issuing the documents referred to above shall also forward a copy thereof to the relevant taxation service, within three months of the issue thereof. Where such documents are issued in the name of a collection or group of people, the co-partners shall be jointly and severally liable for payment of the tax assessed in the name of their agent. The same obligation shall apply in the case of jointly owned buildings.

3.8 Modes of collection or declaration

The mode of payment is by spontaneous declaration or declaration, without which the taxation authorities shall proceed with arbitrary assessment.

3.8.1 Spontaneous or voluntary payment

The declaration of property tax is obligatory, and any person or corporate body liable to pay the tax, or any installment thereof, must pay their dues directly to the Tax Revenue Office of the Taxation Center of their area, within the time limit fixed by the law. This tax has to be declared and paid spontaneously by the taxpayer or his assignee. This is the norm stated in the General Tax Code. According to the provisions of Section 9 (2) of the 2007 finance law of Cameroon, the service in charge of property and registry shall be responsible for the tax basis and collection of property, cadastral and land revenue. On the other hand, Section 9(2) of the same finance law stipulates that the taxation services shall be responsible for controlling property, cadastral and land revenue. However Section 9(3) obliges major enterprises to pay property, cadastral and land taxes by direct transfer from their bank account into the state treasury at the Central Bank.

The relationship between the above mentioned services concerned with the issuing, collection and control of property income is governed by a data exchange protocol.

Where the tax or duty referred to above amounts to 200,000 (Two hundred thousand) CFA Francs or above, the said amount shall be paid through certified cheque. However

companies under a specialized management unit are required to pay their taxes and duties exclusively by bank transfer or certified cheque.

3.8.2 Arbitrary assessment procedure and forceful recovery

Taxpayers who do not file their tax returns within the legal time limit specified in the General Tax Code in their capacity as liable persons shall be subject to arbitrary assessment. Pursuant to the provisions of the General Tax Code²¹ the taxation department must give prior notice to remind the taxpayer of his obligations before proceeding to arbitrary assessment. The duration of this notice is fixed at 15 working days following the reception of the reminder, and it is only at the end of this period that arbitrary assessment is possible.

This arbitrary assessment procedure also applies where the taxpayer is deemed to have declared a value lower than the actual value of the property, and when he fails to respond within the time limit specified above to a request for clarification.

Where arbitrary assessment is used, the bases used or information used to calculate the taxes imposed arbitrarily is made known directly to the taxpayer, through an adjustment notice specifying the methods of determination. The tax concerned is then issued for collection forthwith and is mentioned in the adjustment notice.

The notice of issue for collection is an attachment for forceful collection issued by the head of the competent tax office, and is handled by the relevant Tax Revenue Collector. The notice of issue for collection is given force of law by the competent court and is served by the Tax Collector. The Tax Collector is required to issue a receipt upon payment of the tax due. Where the taxpayer remains obstinate, ordinary law proceedings are instituted against him. These comprise three phases which constitute legal proceedings (the warning representing an order to pay, distraint and sale), and only the law courts shall be competent to rule on the validity of the instruments.

4. Other property-related taxes

4.1 Tax on income from property

The General Tax Code specifies the following as constituting taxable income from property:

- income from the letting of built-on or non-built-on property situated in Cameroon;
- capital gains made by natural persons from built-on and non-built-on property acquired against payment or free of charge.
- Interest earned by shareholders of a realty partnership that did not opt for the company tax.

²¹ Section M.29

4. 1.1 Personal income tax from letting of landed property

This is personal income tax on real estate earnings.

(a) Ascertainment of the taxable bases

What constitutes income from landed property?

The net taxable income from property is the difference between the gross income made from letting the property (amount actually collected as rents) for the year, and charges on the property for the same year. In determining this income, account is taken, not only of the rents collected regularly as they become due, but also of arrears collected as well as rents collected in advance²².

The charges attached to property that are deductible in assessing the net income are fixed at 30% of the gross income, unless where real expenses are justified. The General Tax Code accords a further deduction of 500,000 (five hundred thousand Francs CFA) from the net income, for miscellaneous expenses (such payments for security guards, janitor, insurance costs, and management fees) to obtain what is known as the 'Adjusted basis'.

(b) Method of payment

The norm specified in the General Tax Code is that the tax is paid on a quarterly basis at the taxation . However taxpayer can opt either for an annual declaration, in which case in can make a one-off payment.

With regards to quarterly declarations the taxpayer has to make the first payment (of at least 5%) no latter than the 15th of April. He has up to the 15th of July, 15th of October and 15th of January to make the second, third and fourth payments respectively.

Where the taxpayer opts for annual declaration, he has to file in his returns latest the 15th of March of the year in question.

(c) The tax rate

The personal income tax is calculated by applying the following scale to the overall net income rounded down to the nearest thousand francs CFA – as indicated in the table below:

Table 3: Progressive income tax rates

From 0 to 2,000,000 francs	10 %
From 2,000,001 to 3,000,000 francs	15 %
From 3,000,001 to 5,000,000 francs	25 %
More than 5,000,000 francs	35 %

²² Section 48 of the General Tax Code

It is worth noting that the calculation of the tax is cumulative.

Income from real property owned by the state or local and regional governments are exempted from personal income tax.

4.1.2 Capital gains tax

Pursuant to the relevant provisions of the General Tax Code,²³ the taxable capital gain is calculated using the difference between the price declared by the parties and the value of the property at the last transfer. The value of the property at the last transfer includes, where applicable, any building or transformation costs duly justified.

With respect to inherited property, there is presently no legislative provision under Cameroon law placing a Capital Gains Tax on inherited property. However if the heirs eventually sells the property they would have to pay capital gains tax on the profit they make on this transaction.

(a) The tax rate

Up to the end of 2006, the capital gains made by natural persons from built-on or non-built-on property in Cameroon was subject to a flat rate deduction of 25%. The 2007 finance law of Cameroon fixed the new rate 10%, and this is the applicable rate throughout the territory.

However sections 48(3) of the General Tax Code and M9 of the Manual on Tax Procedures, gives taxation authorities the right to control when they estimate that the taxpayer has reduced the taxable base. Furthermore, for pending files deposited in 2006, the taxpayer may apply to benefit from the new rate.

(b) Method of payment

The practice in Cameroon is for the said tax to be deducted by the Notary during the sale or transfer, as the case may be. Without such deductions the formalities of registration of the property can not be carried out.

4.1.3 Realty tax on interest of shareholders of a realty partnership

The rate here is fixed, pursuant to the General Tax code²⁴, at 15 % of the taxable income. This rate is fixed at 10 % for the capital gains from the transfer of securities whose total net value is over 500 000 francs.

4.1.4 Graduated stamp duty

²³ Section 46(2)

²⁴ Section 70

Under Cameroon law land certificates and land registration booklets are subject to graduated stamp duty. The registrar of landed property who issued the land certificate or land registration is the official who estimates the value of the landed property on which stamp duty is assessed.

Basis of assessment and Rates

Graduated stamp duty is charged at the following rates, depending on the value of the property:

- 10,000 francs for values between 0 and 1,000,000 francs;
- 25,000 francs for values between 1,000,001 and 20,000,000 francs
- 50,000 francs for values between 20,000,001 and 50,000,000 francs
- 100,000 francs for values between 50,000,001 and 100,000,000 francs
- 200,000 francs for values between 100,000,001 and 500,000,000 francs
- 300,000 francs for values over 500,000,000 francs.

The graduated stamp duty is paid by machine stamping, or exceptionally by endorsement for stamp duty.

4.1.5 Value Added Tax (VAT)

Real estate operations carried out by professional real estate firms are subject to the VAT for operations valued at 15,000,000 francs and above.

The tax rate is 19.25 % and is collected and paid into the state treasury by the firm. The tax burden is borne by the buyer of the property.

(a) Exemption from the VAT

The 2000/2001 Finance Law of Cameroon, as well as the General Tax Code expressly exempts real estate operations of any nature carried out by non-professionals from the VAT.

5. Sanctions

Property tax has to be paid spontaneously latest the 15th of March, after which date a penalty is inflicted on the taxpayer. The penalty is 30% of the tax where there is no case of evasion, and there is good faith. The penalty is raised to 100% where there is bad faith, and 150% where there is bad faith and evasion.

With regards to stamp duty, the failure to submit documents or copies of documents as provided for in the Registration Stamp Duty and Trusteeship Code is punishable with a fine of 5,000 (five thousand) francs CFA.

In the case of insufficient assessment of the tax base or an insufficient taxation a penalty of 100 % will be imposed on the amount of the tax evaded.

In addition to the specific penalties section M107 of the Manual of Tax Procedures provides for a prison term of from 1(one) to 5 (five) years, or a fine of from 500,000 (five hundred thousand) francs to 5,000,000 (five million) francs, or both such fine and imprisonment, to be inflicted on any one who evades fraudulently the issue, payment, total or partial repayment of the taxes and duties referred to in the General Tax Code. An equal punishment is reserved for any one who refuses expressly to file his returns within the prescribed timeframe, or who conceals part of the taxable amount²⁵.

6. Appeals procedure

6.1 Contentious jurisdiction

Claims relating to taxes and penalties determined by the Directorate General of Taxes are brought before the contentious jurisdiction where they seek either redress for erroneous tax assessment or calculation, or the grant of a right arising from a law or regulation.

There are two phases: the administrative phase and the actual contentious phase (before the Supreme Court).

(a) The administrative phase

This phase comprises three levels: the head of the Provincial Taxation Center, the Director General of Taxes and the Minister of Finance.

Any property taxpayer who feels wrongly taxed or overtaxed shall submit a written claim to the head of the Provincial Taxation Center of the place of assessment within a period of 90 (ninety) days from the date of issue of the notice of issue for collection. The head of the Provincial Taxation Center shall respond within a maximum period of 30 (thirty) days.

Where the claimant is not satisfied by the decision, if any, of the head of the Provincial Taxation Center, he is entitled to proceed with his claim to the Director General of Taxes who shall respond within a time limit of 60 (sixty) days.

Where the decision of the Director General of Taxes does not satisfy the claimant, he shall forward his claim to the Minister in charge of Finance within 45 (forty-five) days after the notification of the decision of the Director General of Taxes. The Minister of Finance is required to respond to the claim within a time limit of 90 (ninety) days.

(b) Procedure before the Supreme Court

²⁵ Details of these sanctions shall be annexed.

Where the taxpayer is not satisfied with the decision of the rendered by the tax authority he may challenge such a decision before the Administrative Bench of the Supreme Court within a period of 60 (sixty) days from the day of reception or notification of the decision.

The petition of the taxpayer is to be filed at the Registry of the Administrative Bench of the Supreme Court where it shall be registered, and an acknowledgement of receipt issued the claimant.

6.2 Voluntary jurisdiction

The voluntary jurisdiction entertains complaints seeking to obtain:

- the remission or reduction duly assessed taxes lodged by taxpayers facing financial difficulties and unable to settle their debts with the treasury;
- the remission or reduction of fiscal fines or additional tax charges.

This jurisdiction also hears and determines complaints by collector of taxes relating to the writing off of irrecoverable assessments or to discharge from liability.

7. Revenue impact of property taxes

7.1 Revenue impact of property taxes for national government

Income from property taxes and property related taxes certainly constitutes an important source of revenue to the government of Cameroon. Although up till this point it has been difficult to come up with details as to the exact amount of money generated from property taxes that goes into the state treasury, relevant figures found in the various annual budgets of Cameroon could serve as some kind of guide. All figures in Table 4 below are in francs CFA.

Table 4: National importance of the property tax

Year	National income	Income from property taxes	Property tax as a percentage
1988	833,500,000,000	1,650,000,000	0.20
2000	1,049,700,000,000	1,700,000,000	0.16
2006	1,720,500,000,000	4,200,000,000	0.24
2007	1,760,500,000,000	4,500,000,000	0.26
2008	2,118,000,000,000	4,500,000,000 francs is expected to be collected	0.21

7.2 Revenue impact of property taxes on decentralized governments

In the three councils covered during this study (Buea Municipal Council, Bamenda City Council and Yaounde City Council) all the officials revealed that property taxes constitute an important source of revenue. However in both cases were unable to furnish clear statistical data, neither could they come forward with any figures that could serve as guide. It is hoped that by the time of drawing up a final report the relevant data and figure would have been obtained.

8. Other important comments and observations

8.1 Property taxes paid to local governments

All decentralized local governments collect property taxes not at a stand-alone rate but as a share of the rate paid to the national government through the taxation centers. The practice is for the council to delegate a finance officer or collector to sit in the relevant taxation center for that purpose, a practice that is reported to give rise to conflicts. This underscores the point that local governments are not as independent as they are purported to be, at least as concerns property-related tax administration and the revenue from them.

8.2 Valuation rolls

The valuation rolls are practically unusable, making it impossible to keep track of potential taxpayers. The rolls are poorly kept and are hardly ever updated. Potential taxpayers are mostly identified through field visits by a joint team from the, Provincial Department of Taxation, the Provincial Service of State property and Land tenure. Such visits give room for corrupt practices on the field.

8.3 Problems plaguing property tax collection in Cameroon

It is a common practice for taxpayers to furnish wrong information about the ownership, estimated value, period of tenure, and other relevant facts to taxation authorities. This results in serious losses in national government revenue and consequently that of the local government. Furthermore the tax assessment committees are often arbitrary in their methods of assessment. Such practices do not only lead to reduction in government revenue, but has been seen as one of the main causes of corruption in property tax administration in the country.

Additionally, there is a general apathy towards paying taxes, particularly property taxes. Even those who are well informed about the need to pay the tax refuse to do so, notwithstanding that they may be aware of the consequences. Individual (non-moral persons) property taxpayers are the most reticent. Most of those approached during this study explain their sloppiness in complying on the fact proceeds from the taxes are poorly utilized by the government which they claim does not provide them with essential social facilities. Most of them even refuse to respond to invitations from the taxation center.

8.4 The low rate of registration of landed property

During this study, the Permanent Secretary of the Ministry of State Property and Land Tenure disclosed that less than 1% of land is registered in Cameroon. This, he said is partly explained by the disorder that reigns in construction in the country and cultural reasons. Talking on the second reason, the PS said that ownership of property in villages is a sort of hereditary law. He went on to say that the old land tenure contributed to the lack of land registration because in the past it took citizens more than four years to obtain a land title²⁶. He also blamed the situation on the lack of human and material resources to handle the process of obtaining land title.

The Permanent Secretary also pointed out the issue of land revenue. He said that the recovery mechanism is entangled by serious conflicts of competence between the Ministry of State property and Land Tenure and the Ministry of Finance. In this respect he disclosed that in 2006 his ministry started recovering property tax, with the Ministry of Finance retaining the rights (that is right of control and recovery) on big taxpayers which are mostly corporate entities. This restraint, he said, has damaging repercussions on the public treasury as most of such corporate entities either end up not paying taxes, or the revenue collected is swindled.

²⁶ With the signing of the 2005 decree No. 2005-481, a land title is obtainable in 6 months.

Annexes

The following shall be annexed to this study:

1. The relevant portions of the General Tax Code
2. Ordinances No. 74-1, 74-2 and 74-3 of 6th July 1974
3. Decrees No. 76-165, 76-166 and 76-167 of 27th April 1976
4. Decree No.2005-481 of 16th December 2005
5. Relevant portions of available finance laws
6. Other relevant decrees and extracts from journals as well as of interviews.