

Peer Review Report on the Exchange of Information on Request

# **CAMEROON**

2024 (Second Round)



# Global Forum on Transparency and Exchange of Information for Tax Purposes: Cameroon 2024 (Second Round)

PEER REVIEW REPORT ON THE EXCHANGE OF INFORMATION ON REQUEST



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Note by the Republic of Türkiye

The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union The Republic of Cyprus is recognised by all members of the United Nations with the exception of Türkiye. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

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### Reader's guide

The Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum) is the multilateral framework within which work in the area of tax transparency and exchange of information is carried out by over 160 jurisdictions that participate in the Global Forum on an equal footing. The Global Forum is charged with the in-depth monitoring and peer review of the implementation of the international standards of transparency and exchange of information for tax purposes (both on request and automatic).

## Sources of the Exchange of Information on Request standards and Methodology for the peer reviews

The international standard of exchange of information on request (EOIR) is primarily reflected in the 2002 OECD Model Agreement on Exchange of Information on Tax Matters and its commentary, Article 26 of the OECD Model Tax Convention on Income and on Capital and its commentary and Article 26 of the United Nations Model Double Taxation Convention between Developed and Developing Countries and its commentary. The EOIR standard provides for exchange on request of information foreseeably relevant for carrying out the provisions of the applicable instrument or to the administration or enforcement of the domestic tax laws of a requesting jurisdiction. Fishing expeditions are not authorised but all foreseeably relevant information must be provided, including ownership, accounting and banking information.

All Global Forum members, as well as non-members that are relevant to the Global Forum's work, are assessed through a peer review process for their implementation of the EOIR standard as set out in the 2016 Terms of Reference (ToR), which break down the standard into 10 essential elements under three categories: (A) availability of ownership, accounting and banking information; (B) access to information by the competent authority; and (C) exchanging information.

The assessment results in recommendations for improvements where appropriate and an overall rating of the jurisdiction's compliance with the EOIR standard based on:

- The implementation of the EOIR standard in the legal and regulatory framework, with each of the element of the standard determined to be either (i) in place, (ii) in place but certain aspects need improvement, or (iii) not in place.
- 2. The implementation of that framework in practice with each element being rated (i) compliant, (ii) largely compliant, (iii) partially compliant, or (iv) non-compliant.

The response of the assessed jurisdiction to the report is available in an annex. Reviewed jurisdictions are expected to address any recommendations made, and progress is monitored by the Global Forum.

A first round of reviews was conducted over 2010-16. The Global Forum started a second round of reviews in 2016 based on enhanced Terms of Reference, which notably include new principles agreed in the 2012 update to Article 26 of the OECD Model Tax Convention and its commentary, the availability of and access to beneficial ownership information, and completeness and quality of outgoing EOI requests. Clarifications were also made on a few other aspects of the pre-existing Terms of Reference (on foreign companies, record keeping periods, etc.).

Whereas the first round of reviews was generally conducted in two phases for assessing the legal and regulatory framework (Phase 1) and EOIR in practice (Phase 2), the second round of reviews combine both assessment phases into a single review. For the sake of brevity, on those topics where there has not been any material change in the assessed jurisdictions or in the requirements of the Terms of Reference since the first round, the second round review does not repeat the analysis already conducted. Instead, it summarises the conclusions and includes cross-references to the analysis in the previous report(s). Information on the Methodology used for this review is set out in Annex 3 to this report.

# **Consideration of the Financial Action Task Force Evaluations and Ratings**

The Financial Action Task Force (FATF) evaluates jurisdictions for compliance with anti-money laundering and combating terrorist financing (AML/CFT) standards. Its reviews are based on a jurisdiction's compliance with 40 different technical recommendations and the effectiveness regarding 11 immediate outcomes, which cover a broad array of money-laundering issues.

The definition of beneficial owner included in the 2012 FATF standards has been incorporated into elements A.1, A.3 and B.1 of the 2016 ToR. The 2016 ToR also recognises that FATF materials can be relevant for carrying out EOIR assessments to the extent they deal with the definition of beneficial ownership, as the FATF definition is used in the 2016 ToR (see 2016 ToR, Annex 1, part I.D). It is also noted that the purpose for which the FATF materials have been produced (combating money-laundering and terrorist financing) is different from the purpose of the EOIR standard (ensuring effective exchange of information for tax purposes), and care should be taken to ensure that assessments under the ToR do not evaluate issues that are outside the scope of the Global Forum's mandate.

While on a case-by-case basis an EOIR assessment may take into account some of the findings made by the FATF, the Global Forum recognises that the evaluations of the FATF cover issues that are not relevant for the purposes of ensuring effective exchange of information on beneficial ownership for tax purposes. In addition, EOIR assessments may find that deficiencies identified by the FATF do not have an impact on the availability of beneficial ownership information for tax purposes; for example, because mechanisms other than those that are relevant for AML/CFT purposes exist within that jurisdiction to ensure that beneficial ownership information is available for tax purposes.

These differences in the scope of reviews and in the approach used may result in differing conclusions and ratings.

### More information

All reports are published once adopted by the Global Forum. For more information on the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes, and for copies of the published reports, please refer to <a href="www.oecd.org/tax/transparency">www.oecd.org/tax/transparency</a> and <a href="http://dx.doi.org/10.1787/2219469x">http://dx.doi.org/10.1787/2219469x</a>.

### **Abbreviations and acronyms**

2016 Methodology 2016 Methodology for peer and non-member reviews.

as amended in 2020 and 2021

2016 Terms of Reference

Terms of Reference related to EOIR, as approved by

the Global Forum on 29-30 October 2015

**AML** Anti-Money Laundering

**ANIF** National Agency for Financial Investigation (Agence

Nationale d'Investigation Financière)

**AUDCG** OHADA Uniform Act on General Commercial Law

(Acte uniforme de l'OHADA sur le droit commercial

général)

**AUDCIF** OHADA Uniform Act on Accounting Law and

Financial Reporting (Acte uniforme de l'OHADA sur

le droit comptable et l'information financière)

**AUDSCGIE** OHADA Uniform Act on Commercial Companies

> and Economic Interest Grouping (Acte uniforme de l'OHADA relatif au droit des sociétés commerciales

et du groupement d'intérêt économique)

**AUPC** OHADA Uniform Act on Insolvency Procedures (Acte

uniforme de l'OHADA sur les procédures collectives)

**AUSC** OHADA Uniform Act on Co-operative Societies (Acte

uniforme de l'OHADA sur les sociétés coopératives)

**BEAC** Bank of Central African States (Banque des États de

l'Afrique Centrale)

BO Beneficial owner(s)

**BO** Guide Implementation Guide on Beneficial Ownership standard **CEMAC** Economic and Monetary Community of Central Africa

(Communauté économique et monétaire des Etats de

l'Afrique centrale)

**CEMAC Tax** CEMAC Convention for the avoidance of double taxation

**Convention** and tax evasion on income tax

**CFCE** Centre for business creation and formalities (*Centre* 

de formalité et de création des entreprises)

CGI General Tax Code (Code général des impôts)

CIMA Inter-African Conference on Insurance Markets

(Conférence Interafricaine des Marchés d'Assurances)

COBAC Central African Banking Commission (Commission

Bancaire d'Afrique Centrale)

**DGI** General Directorate of Taxes (*Direction Générale des* 

impôts)

DTC Double Tax Convention

EIG Economic Interest Group

EOI Exchange of information

**EOIR** Exchange of information on request

**EUR** Euro

FATF Financial Action Task Force
GDP Gross Domestic Product

Global forum Global Forum on Transparency and Exchange of

Information for Tax Purposes

IRPP Individual income tax (Impôt sur le revenu des personnes

physiques)

**LPF** Tax Procedures Code (*Livre des procédures fiscales*)

Multilateral Convention on Mutual Administrative Assistance in

**Convention** Tax Matters, as amended in 2010

NIU Unique identification number (*Numéro d'Identification* 

Unique)

OHADA Organisation for the Harmonisation of Business Law

in Africa (Organisation pour l'Harmonisation en Afrique

du Droit des Affaires)

RCBE Central register of beneficial ownership (Registre central

des bénéficiaires effectifs)

RCCM Trade and Personal Property Credit Register (Registre

du commerce et du crédit mobilier)

**SA** Public limited company (Société anonyme)

SARL Limited liability company (Société à responsabilité

limitée)

SAS Simplified joint stock company (Société par actions

simplifiée)

SC Co-operative Societies (Société coopérative)

SCS Limited partnership (Société en commandite simple)

**SEP** Joint-venture (Société en participation)

**SNC** General partnership (*Société en nom collectif*)

**UEIR** International Exchange of Information Unit (*Unité* 

d'échange international de renseignements)

**XAF** African Financial Community Franc

### **Executive summary**

1. This report analyses the implementation of the standard of transparency and exchange of information on request (EOIR) in Cameroon on the second round of reviews conducted by the Global Forum. It assesses both the legal and regulatory framework in force as on 12 January 2024 and its practical implementation in respect of EOI requests received and sent during the review period from 1 October 2019 to 30 September 2022. The report concludes that Cameroon continues to be rated "Largely Compliant" with the standard. In 2016, the Global Forum conducted the combined assessment of Cameroon against the 2010 Terms of Reference, both on the legal implementation of the EOIR standard as well as its operation in practice and had concluded that Cameroon was overall "Largely Compliant".

### **Comparison of ratings for First Round Report and Second Round Report**

Element		First Round Report (2016)	Second Round Report (2024)
A1	Availability of ownership and identity information	Largely compliant	Largely compliant
A2	Availability of accounting information	Compliant	Largely Compliant
А3	Availability of banking information	Compliant	Largely compliant
B1	Access to information	Compliant	Compliant
B2	Rights and Safeguards	Compliant	Compliant
C1	EOIR Mechanisms	Compliant	Compliant
C2	Network of EOIR Mechanisms	Compliant	Compliant
C3	Confidentiality	Compliant	Compliant
C4	Rights and safeguards	Compliant	Compliant
C5	Quality and timeliness of responses	Largely compliant	Partially compliant
OVE	RALL RATING	Largely compliant	Largely compliant

*Note:* the four scale ratings are: Compliant, Largely compliant, Partially Compliant or Non-Compliant

### Progress made since the previous review

- 2. The 2016 Report did not identify any deficiencies in Cameroon's legal and regulatory framework, which remains broadly the same as regards the availability of information and the access powers of the tax authorities. Cameroon has nevertheless adapted its legal and regulatory framework to take account of the new requirements of the standard, which was strengthened in 2016 with regard to the availability of beneficial ownership information. It has enhanced the Anti-Money Laundering (AML) framework by drawing up an Implementation Guide on Beneficial Ownership standard (the BO Guide) for AML-obliged persons in 2022. It has also introduced in 2023 a tax framework requiring the relevant entities and legal arrangements to keep a register of beneficial owners and to report this information to the tax authorities, which will manage a central register of beneficial owners.
- 3. With regard to practice, Cameroon has adequately monitored the tax provisions that were recent at the time of the assessment of the 2016 Report, i.e. the obligation for public limited companies and simplified joint stock companies to keep a register of shares as well as the reporting obligation for trustees. In addition, although the dematerialisation of shares, initiated at the time of the 2016 Report, had not yet been completed, Cameroon has continued this process and ensured that no bearer shares were still in circulation in Cameroon.

### **Key recommendations on transparency**

- 4. The supervision of the obligations providing for the availability of legal and beneficial ownership information and of accounting information is carried out mainly by the tax administration. Nevertheless, the authorities of Cameroon cannot confirm that all entities are registered with the tax administration since the statistics on the number of entities registered with the RCCM are not available. These entities that have not registered with the tax authorities, as well as the entities identified as inactive by the tax administration due to their non-compliance with their reporting obligations, can remain with their legal personality although they do not have any economic activity. There is a risk that they could be commercially active or hold assets abroad. In such cases, they would not be covered by the supervision of the tax administration. It is therefore recommended that Cameroon review its system, whereby inactive non-compliant entities or entities not registered with the tax administration remain with legal personality.
- 5. As regards the availability of beneficial ownership information of entities and legal arrangements, the tax legal framework was recently put in place and is not yet fully operational, as legal entities and arrangements

had until the end of 2023 to comply with their obligations. In addition, the anti-money laundering framework, which has been in place since 2016, has also been clarified for some aspects only in 2022. As a result, prior to these clarifications, the practice of AML-obliged persons to maintain beneficial ownership information was not always in accordance with the standard. Supervision of the obligation to hold this information was also limited for some AML-obliged persons and the application of enforcement measures or sanctions in the event of non-compliance was generally limited.

The anti-money laundering framework also contains some legal deficiencies, such as the absence of a specified frequency of updating the beneficial ownership information and the absence of consideration of the specificities relating to the structure of partnerships. It is therefore recommended that Cameroon ensure in practice the availability of beneficial ownership information of relevant entities and legal arrangements as well as bank accounts, in line with the standard. It is also recommended that information on beneficial owners of bank accounts be up to date.

### **Exchange of information in practice**

- Cameroon has a large network of 150 partners for exchange of 7. information due to a range of bilateral, regional and multilateral instruments.
- Cameroon received 29 requests for information during the period under review from 1 October 2019 to 30 September 2022, which represents a significant increase compared to the 2016 Report, which noted a volume of 6 requests received. Cameroon also sent 20 requests for information to its partners. The 2016 Report noted that Cameroon had set up a new unit dedicated to the exchange of information with adequate resources and processes.
- 9. Cameroon did not handle the requests received effectively and within a reasonable timeframe. Cameroon also did not systematically provide a status update on the treatment of the request when no response was provided within 90 days, although its practice had improved in this area by the end of the review period.
- The decline in the number of staff at the dedicated unit largely explains the delays in the treatment of requests. The other explanation lies in the difficulties encountered by the Cameroonian competent authority in gathering information, particularly when it is gathered from other public administrations.

### **Overall rating**

- 11. Cameroon has a legal and regulatory framework that generally ensures the availability of, access to and effective exchange of relevant information for tax purposes. However, the implementation of this framework in practice requires improvements in several areas, particularly in the supervision of the availability of information and the exchange of information in practice.
- 12. Overall, Cameroon is assessed as Largely compliant with the standard, with a rating of "Compliant" for elements B.1, B.2, C.1, C.2, C.3 and C.4, "Largely compliant" for elements A.1, A.2 and A.3 and "Partially compliant" for element C.5.
- 13. This report was approved by the Peer Review Group of the Global Forum on 29 February 2024 and adopted by the Global Forum on 27 March 2024. A self-assessment report on the measures taken by Cameroon to implement the recommendations in this report should be transmitted to the Peer Review Group in accordance with the enhanced monitoring methodology, according to the schedule set out in Annex 2 of the methodology. Cameroon's first self-assessment report will be submitted in 2026, and every two years thereafter.

# **Summary of determinations, ratings and recommendations**

Determinations and ratings	Factors underlying recommendations	Recommendations
	l ensure that ownership and identity information I owners, for all relevant entities and arrangen es (Element A.1)	
The legal and regulatory framework is in place		
Rating: Largely compliant	Despite the efforts to ensure the registration of the taxpayers, Cameroon cannot confirm that all entities are registered with the tax administration since the statistics on the number of entities registered with the Trade and Personal Property Credit Register are not available. For the non-tax registered entities and for the non-compliant entities identified as inactive by the tax administration, there would not be any possibility to be struck-off if they do not declare their cessation of activity. Therefore, they can remain indefinitely with their legal personality and be commercially active or hold assets abroad, without being supervised by the tax administration, while this supervision is important to ensure the availability of legal and beneficial ownership information.	Cameroon should review its system, whereby inactive non-compliant entities or entities not registered with the tax administration remain with legal personality, and ensure the availability of up-to-date legal and beneficial ownership information on these entities.

Determinations		
and ratings	Factors underlying recommendations	Recommendations
	Cameroon has recently put in place a legal and regulatory framework for tax matters that ensures the availability of beneficial ownership information, in line with the standard. However, this framework is still very recent and is not fully operational, as entities and legal arrangements had until the end of 2023 to comply with their obligations and the central register is not yet operational. The tax authorities will be responsible for supervising these tax obligations.  The anti-money laundering framework also provides for the availability of beneficial ownership information, but it is not sufficient to meet the standard of exchange of information on request. Specifically, there is no obligation for entities to use the services of an AML-obliged person, there is no specified frequency of updating the information in the absence of triggering event and the method of identification of beneficial owners of legal entities does not take into account the specificities of the structure of partnerships. Moreover, Cameroon recently clarified this framework at the regulatory level, in 2022. As a result, the practice of keeping beneficial ownership information by the AML-obliged persons did not always comply with the standard. In addition, enforcement measures were not applied when cases of non-compliance were found.	Cameroon should monitor the implementation in practice of the new tax obligations relating to beneficial ownership information and apply a supervision programme ensuring the availability of adequate, accurate and up-to-date beneficial ownership information of the relevant entities and legal arrangements in line with the standard.
Jurisdictions should and arrangements (	I ensure that reliable accounting records are ke (Element A.2)	ept for all relevant entities
The legal and regulatory framework is in place		

Determinations and ratings	Factors underlying recommendations	Recommendations
Rating: Largely Compliant	Despite the efforts to ensure the registration of the taxpayers, Cameroon cannot confirm that all entities are registered with the tax administration since there is no statistics on the number of entities registered with the Trade and Personal Property Credit Register. For these non-tax registered entities and for the non-compliant entities identified as inactive by the tax administration, there would not be any possibility to be struck-off if they do not declare their cessation of activity. Therefore, they can remain indefinitely with their legal personality and be commercially active or hold assets abroad, without being supervised by the tax administration, while this supervision is important to ensure the availability of accounting information.	Cameroon should review its system, whereby inactive non-compliant entities or entities not registered with the tax administration remain with legal personality and ensure the availability of accounting information on these entities.
Banking information holders (Element A	and beneficial ownership information should be .3)	e available for all account-
The legal and regulatory framework is in place but needs to be improved	The method of identification of beneficial owners of legal entities provided by the anti-money laundering framework does not take into account the specificities of the structure of partnerships. It provides for the identification of the beneficial owners having a controlling interest linked with a participation of at least 20% in the capital of the partnership, while the structure of the partnerships would require the identification of all general partners.	Cameroon should ensure that beneficial ownership information of bank accounts held by partnerships is available in line with the standard.
	Under anti-money laundering legislation, banks must identify the beneficial owners of all accounts. However, the legal and regulatory framework does not provide for a specified frequency of updating this information.	Cameroon should ensure that beneficial ownership information of bank accounts is up to date in line with the standard.

Determinations		
and ratings	Factors underlying recommendations	Recommendations
Rating: Largely compliant	Although the obligation for banks to hold information on the beneficial owners of their customers has been the subject of supervision, enforcement measures have not been applied in the event of noncompliance with this obligation. In addition, the details needed to implement this obligation, in particular the methodology for identifying beneficial owners, have only recently been adopted.	Cameroon should ensure in practice the availability of beneficial ownership information of bank accounts in line with the standard.
	ies should have the power to obtain and provi	
their territorial juriso	t under an exchange of information arrangeme liction who is in possession or control of such ir on such person to maintain the secrecy of the i	nformation (irrespective of
The legal and	,	
regulatory		
framework is in		
place		
Rating: Compliant		
	uards (e.g. notification, appeal rights) that apply to e compatible with effective exchange of informations.	
The legal and regulatory framework is in place		
Rating: Compliant		
Exchange of inform (Element C.1)	ation mechanisms should provide for effective	exchange of information
The legal and regulatory framework is in place		
Rating: Compliant		

Determinations		
and ratings	Factors underlying recommendations	Recommendations
The jurisdictions' n partners (Element 0	etwork of information exchange mechanisms C.2)	should cover all relevant
The legal and regulatory framework is in place		
Rating: Compliant		
	echanisms for exchange of information should dentiality of information received (Element C.3)	
The legal and regulatory framework is in place		
Rating: Compliant		
	nformation mechanisms should respect the parties (Element C.4)	rights and safeguards of
The legal and regulatory framework is in place		
Rating: Compliant		
The jurisdiction sho an effective manner	ould request and provide information under its r r (Element C.5)	network of agreements in
	lves issues of practice. Accordingly, no def mework has been made.	termination on the legal
Rating: Partially Compliant	During the review period, Cameroon was not often able to provide its partners with responses within a reasonable timeframe. The response rate within 90 days of a request was 17% and 38% within 180 days.	Cameroon should ensure that it answers all requests for information from its partners in a timely manner.

Determinations and ratings	Factors underlying recommendations	Recommendations
	During the review period, Cameroon did not systematically provide its partners with status updates on their requests when it was unable to provide information within 90 days. Towards the end of the review period, these communications became more frequent.  In addition, due to difficulties in receiving requests by post, Cameroon did not receive all the requests from its partners during the review period.	Cameroon should systematically provide its partners with a status update in cases where the competent authority cannot provide a response within 90 days, in line with the standard.
	The number of staff in the unit responsible for processing requests for information fell during the assessment period, despite the fact that this unit was involved in significant projects, in particular the development of the legal and regulatory framework on the availability of information on beneficial owners. This reduction in staff numbers partly explains the delays in processing requests. The number of staff has now recently returned to the level recorded in the 2016 Report, but the unit is also in charge of the management and supervision of the Central Register on beneficial ownership.	Cameroon should maintain adequate resources for the International Exchange of Information Unit to ensure that requests are processed effectively and in a timely manner.

### **Overview of Cameroon**

- 14. This overview about Cameroon serves as context for understanding the analysis in the main body of the report.
- 15. Cameroon is a Central African country with a population of over 27 million. Cameroon has two official languages: French, spoken by around 60% of the population, and English, spoken in two of its ten administrative subdivisions. Its currency is the African Financial Community franc (XAF), common to the members of the Economic and Monetary Community of Central Africa (Communauté économique et monétaire des Etats de l'Afrique centrale CEMAC).<sup>2</sup>
- 16. At the economic level, the agricultural sector accounts for 18% of Gross Domestic Product (GDP), the secondary sector, which is based mainly on the exploitation of natural resources (forests, mines and hydrocarbons) accounts for 23% of GDP, while the tertiary sector, centred on transport, trade, hotels, restaurants and financial services, accounts for 52% of GDP.

### Legal system

- 17. Cameroon's legal system is mainly a civil law system, in which the Constitution takes precedence over international law, which is itself superior to domestic law. National laws have a higher normative value than regulatory acts (decrees and orders) and administrative acts.
- 18. The Constitution enshrines the separation of executive, legislative and judicial powers. Executive power is exercised by the President of the Republic and the government, headed by the Prime Minister. Legislative power is exercised by the National Assembly and the Senate, which adopt a single legislation for the entire jurisdiction. Judicial power is exercised by the administrative and judicial courts.

<sup>1. 1</sup> XAF represents 0.0015 EUR.

<sup>2.</sup> Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea and Gabon.

- 19. Cameroon is a member of several regional organisations with standard-setting powers, including tax, accounting and company law. In particular, it is a member of the Organisation for the Harmonisation of Business Law in Africa (Organisation pour l'Harmonisation en Afrique du Droit des Affaires – OHADA), which has its headquarters in Abidian (Côte d'Ivoire) and brings together 17 member states<sup>3</sup> and within which "uniform acts" are adopted, particularly in the areas of general commercial law, company law, accounting law, warranty law as well as law relating to insolvency procedures and co-operative societies. These uniform acts are directly applicable in the domestic legal systems of the member states and have a higher normative value than laws adopted at national level. The judicial system for OHADA law includes a Commercial Court, the Commercial Chamber of the Court of Appeal and the OHADA Common Court of Justice and Arbitration. Several OHADA uniform acts, analysed in this report, ensure the availability of relevant information.
- 20. Cameroon is also a member of CEMAC, which has its headquarters in Bangui (Central African Republic) and aims to foster a common market between its six member states (see footnote 2). As soon as it enters into force, the secondary legislation of the CEMAC, in particular the legislation on anti-money laundering, is directly applicable in the law of the Member States without any prior formality (art. 41 of the CEMAC Treaty).

### Tax system

- 21. Cameroon's tax rules, including the rules of tax assessment and procedure, are set out in the General Tax Code (*Code général des impôts* CGI) which includes the Tax Procedures Code (*Livre des procédures fiscales* LPF) and apply to the whole territory of Cameroon. The modalities of application of the CGI's provisions can be specified by regulatory provisions (decrees or orders) as well as by administrative doctrine (circulars and instructions from the Minister of Finance or the general director of taxes).
- 22. The main direct taxes are corporate income tax and personal income tax (*Impôt sur le revenu des personnes physiques* IRPP).
- 23. Subject to the provisions of double taxation conventions, corporate income tax is levied on the profits made, in Cameroon or abroad, by companies and other legal entities operating in Cameroon<sup>4</sup> and on the profits made

<sup>3.</sup> Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Mali, Niger, Senegal, Togo.

Companies which are deemed to be operating in Cameroon are those whose registered office or place of effective management is located in Cameroon, those which

on transactions carried out in Cameroon by companies which do not operate in Cameroon. The rate of corporation tax is 30%, or 28% for companies with a turnover of XAF 3 billion (EUR 4.5 million) or less. A special income tax of between 5% and 15% also applies to the amount of services invoiced by a Cameroonian company abroad.

- 24. IRPP is determined on the basis of the net global income earned by individuals whose tax domicile is in Cameroon.<sup>5</sup> Individuals whose tax domicile is outside Cameroon are subject to IRPP on their Cameroonian-source earnings. For salaries and pensions, the rate of IRPP is progressive, ranging from 10% to 35%, while a rate of 33% is applied to property income and professional profits and a rate of 16.5% is applied to income from transferable securities.
- 25. The main indirect taxes levied in Cameroon are value added tax, excise duty and registration duty.
- 26. Tax administration is carried out by the General Directorate of Taxes (DGI). The function of competent authority for the exchange of information is delegated to the Director General of Taxes, who relies for this function on the International Exchange of Information Unit (*Unité d'échange international de renseignements* UEIR). This unit is located within the Tax Legislation and International Relations Division of the DGI.

### Financial services sector

- 27. Cameroon being a member of the CEMAC, its monetary rules are regulated by the Bank of Central African States (*Banque des États de l'Afrique Centrale* BEAC). Under its aegis, commercial banks are regulated by the Central African Banking Commission (COBAC). Insurance companies are regulated by the Inter-African Conference on Insurance Markets (CIMA).
- 28. On 30 June 2023, Cameroon's financial sector comprised 22 credit institutions, including 18 commercial banks and 7 financial institutions, 430 micro-finance institutions, 27 insurance companies, 116 licensed general insurance agents and 161 insurance brokers. The financial sector also includes 4 public financial institutions responsible, for example, for financing

have a permanent establishment in Cameroon and those which have a dependent representative in Cameroon.

<sup>5.</sup> Persons considered to be domiciled for tax purposes in Cameroon are those who have their home or main place of residence there, those who carry out a professional activity there, whether salaried or not, unless they can prove that this activity is carried out on an ancillary basis, those who have the centre of their economic interests there as well as civil servants or agents of the State carrying out their duties in a foreign country and who are not subject to tax in that country.

property and social housing or collecting government debts, as well as foreign exchange and money transfer operators.

29. On 31 December 2021, total banking sector assets were XAF 8 087 billion (EUR 12 billion) and assets held by insurance companies were XAF 509 344 billion (EUR 756.5 billion). Cameroon is not identified as hosting any international or regional financial centres.

### **Anti-money laundering framework**

- 30. Cameroon's legal and regulatory framework for anti-money laundering consists mainly of regional provisions issued at CEMAC or CIMA level.
- 31. Cameroon's AML system was subject to a mutual evaluation by the Action Group against Money Laundering in Central Africa in 2022.<sup>6</sup> Following this evaluation, Cameroon was considered "Partially compliant" with regard to recommendations 10 (Financial institutions customer due diligence) and 22 (designated non-financial businesses and professions customer due diligence), "non-compliant" with regard to recommendation 24 (transparency and beneficial ownership of legal persons) and "largely compliant" with regard to recommendation 25 (transparency and beneficial ownership of legal arrangements). The effectiveness of immediate outcome 5 (legal persons and legal arrangements) was considered low.
- 32. Following the adoption of this mutual evaluation report, the Minister of Finance set up an Inter-ministerial Committee responsible for monitoring the implementation of the recommendations contained in the report. Under the aegis of this Committee and the general supervision of the Minister of Finance, various initiatives were taken, including training and awareness-raising activities.
- 33. Cameroon has been placed under Financial Action Task Force (FATF) increased monitoring and in this context, an action plan to address the strategic deficiencies has been developed. Among the actions to be implemented, Cameroon must strengthen supervision of banks and implement effective, risk-based supervision of non-bank financial institutions and designated non-financial businesses and professions. It must also ensure that the competent authorities have timely access to adequate and up-to-date information on the beneficial owners of legal persons and establish a system of sanctions for breaches of the transparency obligations applicable to legal persons. Cameroon was officially notified of this action plan at the FATF plenary meeting in June 2023.

https://gabac.org/wp-content/uploads/2022/10/REM-CAMEROUN-FRANCAIS.pdf.

<sup>7.</sup> Inter-ministerial Committee set up by Decision n° 0074/D/MINFI/ANIF.

### **Recent developments**

34. The main legislative changes since the 2016 Report relates to the availability of beneficial ownership information and the access to this information. The Finance Act for 2023 introduced the obligation for entities and legal arrangements to hold a register of their beneficial owners and declare to the tax authorities the information relating to their beneficial owners. This provision was supplemented by a Decree dated 27 September 2023 and by an Order of the Minister of Finance dated 4 December 2023.

### Part A: Availability of information

35. Sections A.1, A.2 and A.3 assess the availability of ownership and identity information for relevant entities and legal arrangements, accounting information and banking information.

### A.1. Legal and beneficial ownership and identity information

Jurisdictions should ensure that legal and beneficial ownership and identity information for all relevant entities and arrangements is available to their competent authorities.

- 36. Information relating to ownership, beneficial owners and identity of legal entities and arrangements is generally available due to obligations under company law, tax legislation and anti-money laundering legislation.
- 37. All relevant legal entities must register with the Trade and Personal Property Credit Register (*Registre du commerce et du crédit mobilier* RCCM) or the Register of Co-operative Societies. When doing so, they must provide their articles of association, which include details of their founding members. They must also keep a register of their members or shareholders, which must be updated if there are any changes. Partnerships and economic interest groups must also inform the RCCM in the event of any changes of legal owners or partners. Tax legislation also provides for the availability of identity and legal ownership information of entities and legal arrangements governed by foreign law and its transmission, via the annual tax return, to the tax authorities.
- 38. The supervision of the obligations providing for the availability of legal ownership information is carried out mainly by the tax administration. Nevertheless, the authorities of Cameroon cannot confirm that all entities are registered with the tax administration since the statistics on the number of entities registered with the RCCM are not available. These entities that have not registered with the tax authorities, as well as the entities identified as inactive by the tax administration due to their non-compliance with their reporting obligations, can remain with their legal personality indefinitely.

There is a risk that they could be commercially active or hold assets abroad. In such cases, they would not be covered by the supervision of the tax administration which is important to ensure the availability of legal or beneficial ownership information.

- 39. Cameroonian companies have not been allowed to issue bearer shares since 2014, and all such shares must have been converted into registered shares before end 2016. Cameroon has also put in place a mechanism for dematerialising all shares, which is still in progress. As part of this process, the Cameroonian authorities have indicated that they have not identified any bearer shares still in circulation in Cameroon.
- 40. With regard to beneficial ownership information, tax legislation recently introduced, in 2023, an obligation for entities and legal arrangements to keep a register of their beneficial owners and to provide this information to the tax administration, which is responsible for managing a central register of beneficial owners. Although this obligation is not yet fully operational, the new tax provisions ensure an availability of beneficial ownership information in accordance with the standard. The AML legislation was clarified in 2022 and it also provides for the obligation for AML-obliged persons to identify the beneficial owners of their customers. However, given that the AML framework has only recently been clarified, the identification by AML-obliged persons of the beneficial owners of their customers has not necessarily been applied in accordance with the standard and, in the event of non-compliance, enforcement measures have not been applied frequently.
- 41. The conclusions are as follows:

### Legal and Regulatory Framework: in place

No material deficiencies have been identified in the legislation of Cameroon in relation to the availability of ownership information.

### Practical Implementation of the Standard: Largely compliant

### Deficiencies identified/Underlying factor

# Despite the efforts to ensure the registration of the taxpayers, Cameroon cannot confirm that all entities are registered with the tax administration since the statistics on the number of entities registered with the Trade and Personal Property Credit Register are not available. For the non-tax registered entities and for the non-compliant entities identified as inactive by the tax administration, there would not be any possibility to be struck-off if they do not declare their cessation of activity. Therefore, they can remain indefinitely with their legal personality and be commercially active or hold assets abroad, without being supervised by the tax administration, while this supervision is important to ensure the availability of legal and beneficial ownership information.

### Recommendations

Cameroon should review its system, whereby inactive non-compliant entities or entities not registered with the tax administration remain with legal personality, and ensure the availability of up-to-date legal and beneficial ownership information on these entities.

Cameroon has recently put in place a legal and regulatory framework for tax matters that ensures the availability of beneficial ownership information, in line with the standard. However, this framework is still very recent and is not fully operational, as entities and legal arrangements had until the end of 2023 to comply with their obligations and the central register is not vet operational. The tax authorities will be responsible for supervising these tax obligations. The anti-money laundering framework also provides for the availability of beneficial ownership information, but it is not sufficient to meet the standard of exchange of information on request. Specifically, there is no obligation for entities to use the services of an AML-obliged person, there is no specified frequency of updating the information in the absence of triggering event and the method of identification of beneficial owners of legal entities does not take into account the specificities of the structure of partnerships. Moreover, Cameroon recently clarified this framework at the regulatory level, in 2022. As a result, the practice of keeping beneficial ownership information by the AMLobliged persons did not always comply with the standard. In addition, enforcement measures were not applied when cases of non-compliance were found.

Cameroon should monitor the implementation in practice of the new tax obligations relating to beneficial ownership information and apply a supervision programme ensuring the availability of adequate, accurate and up-to-date beneficial ownership information of the relevant entities and legal arrangements in line with the standard

# A.1.1. Availability of legal and beneficial ownership information for companies

### Types of companies

- 42. The creation of companies in Cameroon and their main obligations are governed for the most part by OHADA law, in particular by the Uniform Act on General Commercial Law (Acte uniforme de l'OHADA sur le droit commercial général AUDCG) and the Uniform Act on the Law of Commercial Companies and Economic Interest Groups (Acte uniforme de l'OHADA relatif au droit des sociétés commerciales et du groupement d'intérêt économique AUDSCGIE). These rules are described in the 2016 Report and have not been amended since.
- 43. Cameroonian companies are classified as either commercial companies (determined by their form or purpose) or non-trading companies (sociétés civiles). The AUDSCGIE provides for seven types of commercial company: three types of companies with share capital (sociétés de capitaux see below), three types of partnerships (sociétés de personnes see A.1.3) and the economic interest group (see A.1.5). In addition, the form of co-operative societies (see A.1.5) is provided for in the Uniform Act on Cooperative Societies (Acte uniforme de l'OHADA sur les sociétés coopératives AUSC). However, the concepts of sociétés de capitaux and sociétés de personnes are not exactly comparable with the concepts of "companies" and "partnerships" as found in Anglo-Saxon law.
- 44. The AUDSCGIE provides for the following types of commercial companies with share capital:
  - A public limited company (société anonyme, SA) in which the share-holders' liability for the company's debts is limited to the amount of their contributions. The minimum amount of share capital of a SA is XAF 10 million (EUR 15 000). Shareholders' rights are represented by shares. A SA can issue shares for public subscription. It is managed either by a board of directors or by a managing director, being either an individual or a legal person. A SA is a single-member company if it has only one shareholder. On 31 December 2022, 803 SAs were registered with the tax administration in Cameroon, including 4 SAs that are listed on the Regional Securities Exchange of Central Africa.
  - A simplified joint-stock company (société par actions simplifiée SAS) whose articles of association freely provide for its organisation and operation, subject to the mandatory rules of the AUDSCGIE. As in the case of a SA, the shareholders of an SAS are only liable for the company's debts up to the amount of their contributions, and their rights are represented by shares. An SAS cannot issue shares

- for public subscription. An SAS is a single-member company if it has only one shareholder. On 31 December 2022, 508 SAS were registered with the tax administration in Cameroon.
- A limited liability company (société à responsabilité limitée SARL) in which the partners' liability for the company's debts is limited to the amount of their contributions. The minimum share capital for a SARL is XAF 100 000 (EUR 150). Partners' rights are represented by shares (all registered) and the par value of a share cannot be less than XAF 5 000 (EUR 7.5). Shares are transferable but not tradable. An SARL is managed by one or more individuals (partners or not). A SARL is a single-member SARL if it has only one partner. On 31 December 2022, 68 400 SARL were registered with the tax administration in Cameroon.
- 45. Foreign companies can carry out their economic activity in Cameroon through branch offices or representative (or liaison) offices. These structures of the foreign company do not have a distinct legal personality. A branch office carries out, with a management autonomy, a full cycle of operations in Cameroon, whereas a representative or liaison office does not have management autonomy and carries out preparatory or auxiliary activities (Articles 116 and 120-1, AUDSCGIE). On 31 December 2023, 227 branch offices of foreign companies were registered with the tax administration in Cameroon. For tax purposes, foreign companies are taxable in Cameroon if they have their place of effective management, a permanent establishment there or a dependent representative there. On 31 December 2022, 668 foreign companies were registered with the tax administration.

### Legal ownership and identity information requirements

- 46. Legal ownership and identity requirements of companies are set out mainly in company and tax law and, to a lesser extent, in AML law.
- 47. The following table summarises the legal requirements to retain information on the legal ownership of companies.

Companies covered b	y legisiation regulating	regar ownership information

Туре	Company law	Tax law	Anti-money laundering law
SA	All	All	Some
SAS	All	All	Some
SARL	All	All	Some
Foreign companies resident in Cameroon for tax purposes	Some	All	Some

### Company law requirements

- 48. The articles of association of commercial companies must be drawn up by a notary, except for the articles of association of SARL with share capital of less than XAF 1 million (EUR 1 500), which can be drafted privately. In all cases, the articles of association must include several mandatory items (Article 13, AUDSCGIE), in particular:
  - the form of the company, its name and, where appropriate, its acronym, the nature and area of its activity (corporate purpose) as well as its duration
  - its registered office (which must be located in Cameroon)<sup>10</sup>
  - the identity (full name or company name) of the investors, whether
    providing contributions in cash or in kind, with, for each of them,
    the amount (or for contributions in kind, the nature and valuation) of
    their contribution, and the number and value of the company shares
    given in return
  - the identity of beneficiaries of special benefits and the nature of these benefits

<sup>8.</sup> The table presents each type of entity and indicates whether the various applicable rules require the availability of information for "all", "some" or "none" of these entities. "All" means that the legislation, whether it meets the standard or not, contains requirements for the availability of ownership information for every entity of that type. "Some" means that an entity will be covered by these requirements if some conditions are met.

<sup>9.</sup> Article 10 of the AUDSCGIE and Article 4 of Law no. 2016/014 of 14 December 2016 setting the minimum share capital and the terms and conditions for using the services of notaries in connection with the creation of a SARL. In the event that the articles of association are drawn up by private deed, the Centre for business creation and formalities verifies and ensures their authenticity.

In accordance with Article 1 of the AUDSCGIE, the location of the company's registered office in Cameroon generates the application of the provisions of this act.

- the amount of share capital and the number and value of shares issued
- the operating procedures of the company.
- 49. The identity of investors makes it possible to identify the founding shareholders or partners in the articles of association of commercial companies.
- 50. A company is formed as from the signing of its articles of association or, where applicable, their adoption by the constituent general meeting, but its existence cannot be relied on as against third parties until it has been registered (Article 101, AUDSCGIE). Companies must apply for registration with the Trade and Personal Property Credit Register (RCCM) within one month of their incorporation, at the registry of one of 75 district courts, depending on where their registered office or principal place of business is located (article 46, AUDCG). This registration confers on the legal entity the status of trader as well as legal personality (Articles 97 and 98, AUDSCGIE).
- 51. The application for registration with the RCCM must be signed by the applicant or by his agent, who must both prove his identity and be in possession of a power of attorney signed by the applicant (Article 39 of the AUDCG). <sup>12</sup> Pursuant to article 46 of the AUDCG, the application for registration must include the following information:
  - the form of the legal entity and its name (or corporate name or designation, as the case may be) and its acronym or logo
  - · the activity (or activities) carried out
  - where applicable, the amount of share capital, with an indication of the amount of cash contributions and the valuation of contributions in kind

<sup>11.</sup> In addition, in accordance with article 35 of the AUDCG, the RCCM receives applications for registration from natural persons having the status of trader, commercial companies, non-trading companies with commercial purpose, economic interest groupings, branches of foreign companies, all groups having legal personality, any natural person carrying out a professional activity requiring registration with the RCCM, and any public establishment having an economic activity and enjoying legal and financial autonomy. Article 120-4 of the AUDSCGIE also requires the registration with the RCCM of the representative or liaison offices of foreign legal entities.

<sup>12.</sup> However, if the authorised representative is a lawyer, notary, bailiff or trustee, they do not need to produce a power of attorney for the registration formalities, as they have a tacit mandate by virtue of their profession. This does not affect the availability of information about the applicant, as he is named in the documents filed for registration.

- the address (location map) of the registered office and, where appropriate, the address of the principal place of business and of each of the other places of business
- the full name, date and place of birth and address (or name and address for legal entities) of:
  - managers, directors or partners having general authority to bind the legal entity or group
  - partners being indefinitely and personally liable for the company's debts
  - auditors, when their appointment is provided for in the AUDSCGIE.
- 52. Article 47 of the AUDCG also requires that the following supporting documents be included with the application:
  - a certified copy of the articles of association or the founding act
  - a certified list of the managers, directors, administrators or partners being indefinitely and personally liable or having the power to bind the company or legal entity
  - a declaration on honour signed by the applicant, stating that he or she is not subject to any prohibition on carrying on a commercial activity.
- 53. The AUDCG does not provide for a specific period for the retention of information contained in the RCCM, but the Cameroon's law on archiving (n° 2000/010) categorises this information as a public archive to which a retention period of 10 years applies. The Cameroonian authorities have indicated that this period runs from the time the company is wound up, but that in practice the information is kept for longer.
- 54. Consequently, information on the identity of the founding shareholders or partners of companies is communicated to the RCCM at the time of registration by means of a copy of the company's articles of association. As this information does not appear on the registration application form, it is not entered in the RCCM's registers or directories, but the copy of the company's articles of association (see paragraph 49) is kept indefinitely by the registry of the relevant court as well as by the Appeal Court of the Centre region which centralises all the companies' registrations in Cameroon.
- 55. In the event of a change requiring a correction or addition to the information provided on the registration form to the RCCM, this information must be updated within 30 days of the change (Article 52, AUDCG). However, there is no obligation to inform the RCCM in the event of amendments to the articles of association that do not affect the information provided on the registration form, in particular in the event of changes in partners or

shareholders, except in the event of the transfer of shares in a SARL, where the information must be updated at the RCCM in order to be effective against third parties (Article 317, AUDSCGIE). 13 However, up-to-date information on partners and shareholders is available at the level of the relevant companies.

- 56. The transfer of ownership of shares of SAs and SASs requires the registration of the shares in the share-account (i.e. the account held in the company's accounting records on which transactions relating to the shares are carried out) of the purchaser (Article 744-1, AUDSCGIE). The rights attached to the shares cannot be exercised by the purchaser before this transfer of ownership. This registration is made at the date agreed between the parties and notified to the issuing company, which is required to maintain an up-to-date register of shareholders and their shares (articles 746-1 and 746-2, AUDSCGIE). This obligation to keep a register is also contained in tax legislation (see below). The register must contain the following information for each transfer of shares:
  - the date of the operation
  - the full name and addresses (or name and address in the case of a legal person) of the previous and new holders of the shares
  - the nominal value and number of shares transferred.
- The register of shareholders must be drawn up by the company. 57. The auditor's report (mandatory for all SAs and some SASs – see paragraph 210) submitted to the annual general meeting notes the existence of the register and gives an opinion on its quality. A declaration by the directors attesting that the registers have been properly kept is also attached to this report. If the register is missing or is not in order, the auditor can initiate a warning procedure by requesting explanations from the chairman of the board of directors, the chief executive officer or the managing director of the company (Article 153, AUDSCGIE).
- Company law does not provide for the retention period of the register of shareholders. However, under tax law, entities must keep this information, which can be subject to a right of disclosure of the tax authorities (see part B.1), for at least 10 years from the date on which the documents or records were drawn up (Article L5, LPF). This retention period applies to all information that entities are legally required to maintain, including if the retention obligation is provided for by a law other than tax law.
- A legal entity can be dissolved either by agreement of its members or following a judicial liquidation. A judicial liquidation, regulated by the

<sup>13.</sup> Although not yet fully digitised, the RCCM is accessible to the public by making a request to the relevant Court.

OHADA Uniform Act on Insolvency Procedures (Acte uniforme de l'OHADA sur les procédures collectives - AUPC), is usually initiated when the company faces a situation of financial difficulty or insolvency. The opening of liquidation proceedings, whether judicial or decided by the members of the entity, requires the appointment of a liquidator (Article 206, AUDSCGIE). responsible for the provisional management of the entity until the liquidation of assets. The shares evidencing the rights of the legal owners must be handed over to the liquidator (Article 57, AUPC). The liquidator must provide the RCCM with the final accounts of the liquidation (Article 219. AUDSCGIE), but is not obliged to provide it with all the documentation received during the liquidation procedure. When a legal entity is dissolved, the liquidator must apply to the RCCM to have it struck off the register within one month of the closure of the liquidation operations. If the liquidator fails to comply with the one-month deadline for striking off, any other interested party can refer the matter to the court, which will order the RCCM to carry out the striking off. The striking off of the company is then recorded in the RCCM and entails the loss of the rights resulting from registration (Articles 57 and 58 of the AUDCG). The legal personality of the company subsists during the liquidation and until publication of the close of the liquidation (Article 205 AUDCGIE).

- 60. To be "re-domiciled" abroad, a company registered in Cameroon must first be struck off the RCCM, i.e. dissolved (Article 51, AUDCG).
- 61. Company law provides for the retention of documents relating to the legal entity after its dissolution by its liquidator. The liquidator must keep the information obtained during the liquidation procedure for at least 5 years from the closure of the liquidation operations (Article 46, AUPC). This retention obligation applies in all cases of liquidation. There is no explicit obligation for the liquidator to be located in Cameroon, but the Cameroonian authorities have indicated that in practice the liquidator is always a professional established in Cameroon. Although there is not a specific designated authority in charge of monitoring the obligation of the liquidators to retain the records of a liquidated company, the tax administration would be able to apply the penalty described in paragraph 278 if the liquidator does not comply with a request to provide information. In cases where the liquidator ceases its activity, the legal and regulatory framework does not designate the person responsible for keeping the information of the company initially liquidated. The Cameroonian authorities indicated that, in practice, the liquidator ceasing its activity should transmit the relevant records either to the person taking over its activity or to its own liquidator.
- 62. In conclusion, company law therefore provides for the availability of up-to-date legal ownership information for all Cameroonian companies, including after they have ceased to exist.

## Tax law requirements

- All companies created in Cameroon, and more generally all taxpay-63. ers, must register with the DGI within 15 days of beginning their activities (article L1, LPF). Information on the legal owners of the company, contained in the articles of association, is sent to the DGI at this time. Registration when companies are set up is facilitated by the 10 Centres for business creation and formalities (Centre de formalité et de création des entreprises CFCE, see paragraph 68), which centralise a company's registration files and receive confirmation of registration with the RCCM, which is then used to register the company with the tax authorities.
- 64. Any substantial change affecting the business, such as a change of manager, transfer, cessation, change of company name, change of capital or shareholding structure, change of activity, and/or the place where the business is carried on must be declared within 15 days of the change (article L1, LPF). The DGI has confirmed that this provision requires companies to inform the tax authorities in the event of a change in legal owners. In practice, the tax administration confirmed that they routinely receive notifications of changes from companies, but it cannot specify the number of changes relating to legal ownership information.
- Companies operating in Cameroon, particularly those whose registered office or place of effective management is in Cameroon, must also file an annual tax return. This declaration contains information on all the company's shareholders on the last day of the tax year (usually 31 December of the year preceding the filing of the tax return). Therefore, if the company fails to report to the tax administration a change in its legal ownership, the information held by the tax administration will not be complete if changes occurred before the reference date for the annual tax return. In such a case, the up-to-date information would still be available with the RCCM for SARLs and with SAs and SASs (see paragraph 55 and 57). If the information on legal owners is not included in the annual tax return, the tax return is nevertheless accepted and deemed to have been filed, but then the company can be targeted for a tax audit (see paragraph 223 for tax compliance rates).
- The tax authorities therefore have, in most cases, up-to-date information on the ownership of all domestic companies and retain this information including after these companies have ceased to exist (Law no. 2000/010 on archiving). As for the information held by the RCCM (see paragraph 53), this information held by the tax authorities is categorised as a public archive, with a minimum retention period of ten years from the production of the information

67. In addition, like company law, tax legislation requires SAs and SASs (but not SARLs) to keep an up-to-date register of their shareholders (Article 18 bis. CGI).

## Registration of companies in practice

- 68. In practice, if the company is not set up via a notary, the 10 CFCEs centralise the procedures for registering companies with the RCCM and the tax authorities, as well as any updates required. The CFCEs are one-stop shops that bring together the DGI, the treasury administration, the relevant social administrations and the judicial authorities responsible for the RCCM. These one-stop shops enable completion of all the formalities for setting up, amending and winding up an enterprise in one place. This method of registration via the CFCE is frequently used, particularly for SARLs, which are not all obliged to use a notary to draw up their articles of association (see paragraph 48). To set up a company, the CFCE checks the information contained in the application and then, after payment of the fees, forwards it to the registry of the relevant court. Once the company has been registered with the RCCM, the CFCE forwards the registration to the DGI for tax registration. The CFCE also publishes the company's incorporation in a legal gazette.
- 69. If the company's articles of association are drawn up by a notary, the notary sends them directly to the relevant registry for registration with the RCCM. The articles of association of the registered companies are then returned to the notary for publication in the legal gazette and for delivery to the directors of the newly formed company, who must then register for tax purposes with the DGI.
- 70. The completeness of the documents and the information contained in the registration file are checked at the various stages of the registration procedure, i.e. by the CFCE or the notary, by the relevant court registry and then by the DGI. The identity of shareholders is verified on the basis of supporting documents, including an identity document and an extract from the criminal record. The Cameroonian authorities (Ministry of Justice) also organised awareness-raising seminars in 2022 for those involved in the registration process, in particular court registries and magistrates, on the nature and importance of the information contained in the RCCM.
- 71. The RCCM is not yet fully digitised, although a digitisation project has been initiated and could be completed by the end of 2024. Work is also underway to identify and digitise files registered between 1996 and 2019. In addition, the registration procedures do not provide for the possibility of creating a company online, although this possibility is envisaged in the broader project to digitise the RCCM. However, company creation forms

are available online to guide entrepreneurs. This lack of digitisation of the RCCM prevents it to provide reliable centralised statistics on the entities registered.

72. On the other hand, new taxpayers, whether natural persons or entities, can register online via the DGI internet portal. 14 Entities must provide a copy of their RCCM registration certificate, a copy of their articles of association and a location map (equivalent to an address). After registering with the tax authorities, entities obtain a unique identification number (NIU: Numéro d'Identification Unique). The information provided at the time of the taxpaver registration is centralised in the IT applications of the DGI.

## Obligations under the anti-money laundering law

- 73 The AML-obliged persons (see paragraph 111) must identify their customers before entering into a business relationship with them. Financial institutions must identify a legal person through the articles of association and any document establishing that it has been legally constituted and that it actually exists at the time of identification (Article 31, AML Regulation 15). AML Regulation also specifies that financial institutions must understand the nature of the business of legal persons and their ownership and control structure. In practice, the representative of the banks also indicated that documents on managers and legal owners of the company, including the register of shareholders or summary records of general meeting, are asked at the time of the opening of an account.
- Consequently, when the customer is a legal entity, the AML-obliged person must collect information relating to its identity and legal ownership. The retention period for customer identification documents by financial institutions is 10 years from the closure of the accounts or the termination of the business relationship (Article 38, AML Regulation). This information must be updated throughout the business relationship (Article 22, AML Regulation) but no specified frequency of update is required. The information collected by AML-obliged persons may therefore not always be up to date.
- 75. Finally, it is not mandatory for the companies to use the services of an AML-obliged person. In addition to company and tax laws, AML legislation therefore ensures the availability of the identity and legal ownership information of companies only if they have an ongoing business relationship

<sup>14.</sup> https://teledeclaration-dgi.cm/modules/Common/Account/eregistration. aspx?er=empty.

AML obligations are contained in Regulation No /01/CEMAC/UMAC/CM of 11 April 15. 2016 on the Prevention and Suppression of Money Laundering and the Financing of Terrorism and Proliferation in Central Africa (the AML Regulation), directly applicable in all CEMAC Member States, including Cameroon.

with a AML-obliged person, but this information will not necessarily be up to date (see also paragraph 111).

## Foreign companies

- 76. In accordance with tax law, foreign companies are taxable in Cameroon if they have their place of effective management, a permanent establishment or a dependent representative there.
- 77. In practice, foreign companies conduct their business through either Cameroonian subsidiaries or branches or representative (or liaison) offices. The obligation to register with the RCCM covers foreign companies with a branch or a representative (or liaison) office in Cameroon (Articles 199 and 120-4, AUDSCGIE). The information and documents to be provided for this registration are identical to those required for legal entities incorporated in Cameroon. Consequently, information relating to the shareholders and members of foreign companies may be available in the articles of association that the company must provide at the time of registration. However, this availability is ensured only for some foreign companies that must, under the law of their jurisdiction of incorporation, mention and update the names of their shareholders and members on their articles of association.
- 78. The foreign company will, however, be subject to tax obligations, including the obligation to register with the tax authorities and informing them of any changes in shareholders or members (Article L1, LPF see paragraph 64) as well as the obligation to file an annual tax return containing the list of their legal owners (see paragraph 65). These tax provisions provide for the availability of up-to-date information on the legal owners of foreign companies taxable in Cameroon.
- 79. In cases where a foreign company uses the services of an AMLobliged persons, information on their identity and legal ownership may also be available.

#### Nominees and agents

80. Cameroonian and regional laws do not contain any specific provisions relating to the Anglo-Saxon concept of "nominee" or to the concept of "prête-nom". The AUDSCGIE nevertheless refers to the concept of agent, who can act in the name and on behalf of the principal. In such cases, the identity of the principal must be clearly designated in the mandate and in the articles of association signed on its behalf by the agent. The name of the agent cannot be entered in the articles of association. These rules therefore make it possible to identify the real legal owners in all cases in the articles of association of the company.

- Legal owners are also identified in the register of shareholders as 81. provided for in articles 746-1 and 746-2 of the AUDSCGIE. As when the company is incorporated, in the event of a transfer, the name of the agent cannot appear in the register in place of the name of the new legal owner.
- 82. In practice, it cannot be excluded that a person acts on behalf of another without any mandate agreement, but the person mentioned in the articles of association and in the register will have all the rights associated with the shares. The representative of the notaries met during the on-site visit indicated that he had encountered some situations where a person appeared to be acting on behalf of another person without an apparent mandate agreement in the context of setting up a company. These situations, which remain rare in practice according to the notaries' representative, are generally encountered when a person is subject to an incompatibility of professional activity, for example when it is not possible for this person to exercise the profession of company manager. In such cases, notaries remind the person concerned that it is forbidden to act on behalf of another person without a mandate agreement. The effect of this reminder is to dissuade the person concerned, who is not acting in good faith, from continuing with the creation of the company.

## **Enforcement measures and oversight**

- In the event of failure to register or fraudulent registration in the 83. RCCM, the company risks a fine of XAF 100 000 to XAF 5 million (EUR 150 to EUR 7 500 - Article 311-1, Criminal Code). This penalty is applied by the Public Prosecutor's Office on the basis of information reported by any person with an interest, including the public authorities. Due to the absence of reporting and centralisation of the number of cases, Cameroon has no statistics on the application of this fine or on the checks carried out to ensure that companies are properly registered. As registration with the RCCM is necessary to acquire the status of trader and legal personality (for an entity), the Cameroonian authorities consider that entities are encouraged to register.
- 84. For tax purposes, a person who does not have an NIU cannot carry out some transactions, such as opening a bank account, taking out an insurance policy, signing an electricity supply contract, registering a property or becoming a member of a regulated profession (article L1 bis, LPF). The NIU should be mentioned on all documents evidencing an economic transaction and the company's economic partners can require a "no-debt" certificate (as requested by banks in practice), which is only issued to persons registered in the active taxpayer file (see the section below on Inactive companies).

- 85. In addition, in accordance with Article L100 of the LPF:
  - a fine of XAF 250 000 (EUR 375) applies for failure to file an application for registration within the time limit or to amend the information used for registration, as well as for applications for registration containing errors
  - a fine of XAF 100 000 (EUR 150) per month for carrying on business without prior registration
  - a fine of XAF 1 million (EUR 1 500) per transaction fraudulently using a NIU
  - a fine of XAF 5 million (EUR 7 500) for each transaction referred to in paragraph 84 and carried out with persons not having a NIU.
- 86. The tax authorities annually organise inspections to ensure that taxpayers are complying with their obligation to register. It also carries out occasional cross-checks with the files of persons carrying out customs activities, in order to identify those who are not registered with the tax authorities. The DGI has no statistics on the number of fines applied under Article L 100 of the LPF, but it has indicated that this penalty has not often been applied, as the DGI was promoting good citizenship, without resorting to the application of penalties. Inspections and cross-checking have nevertheless made it possible to identify unregistered taxpayers. For example, in 2019, the tax authorities identified 4 320 importers who were not known to the DGI before the files were cross-referenced. Unregistered taxpayers are obliged to register with the RCCM before registering with the DGI (this mainly concerns sole entrepreneurs, as entities must register with the RCCM to have legal personality).
- 87. Despite the DGI's efforts to ensure the registration of the taxpayers, the authorities of Cameroon cannot provide statistics on the total number of entities registered with the RCCM and then, cannot confirm that all these companies are effectively registered with the tax administration. They consider that the gap between the number of registrations with the RCCM and registrations with the tax administration should be limited, due to the impossibility to carry out some transactions without a NIU (see paragraph 84) and the efforts made to identify the taxpayers not registered. The procedure for setting up a company through a CFCE (see paragraph 68) would also ensure that all registrations with the RCCM through a CFCE is transferred to the tax administration. However, in the absence of reliable statistics, the actual significance of the gap between these registrations cannot be assessed (see the section on Inactive companies).
- 88. The 2016 Report noted that the obligation to keep a register of shareholders for SAs and SASs (see paragraph 67) was recent and it was therefore recommended that Cameroon monitor this obligation. The tax

obligation for SAs and SASs to keep such a register has been effectively monitored by the DGI since 2022 during general tax audits. It has audited 270 SAs and SASs, representing 47% of large companies and around 20% of the total number of SAs and SASs in Cameroon. The audits involved checking that the register was kept and that the information contained in the register was accurate, including by comparing this information with the one reported in the annual tax return. In 70% of cases, the DGI was able to quickly verify that the companies had effectively kept their register and that the information contained in the registers corresponded to the information mentioned in the annual tax return. In the other cases, the DGI indicated that it had had to contact the companies again, after the first deadline had expired, to request them to provide their registers. All the companies reqularised their situation after this reminder. The DGI has therefore not applied any penalties to SAs and SASs for failing to maintain or update their shareholder register. In the absence of regularisation, these companies were liable to a fine of XAF 1 million per month (EUR 1 500 - Article L99, LPF). The same penalty would apply in the event of failure to update the register of shareholders.

- The actions carried out in 2022 show that the implementation of the 89. obligation to keep a register of shareholders has been monitored and that it is being effectively implemented by companies. The recommendation in the 2016 Report has therefore been removed in this respect.
- 90 As legal ownership information is also available through the annual tax return, the DGI also checks this information through its tax audit activity.

#### Inactive companies

- The tax authorities identify inactive companies in their files, whereas the RCCM does not carry out any particular monitoring to identify such companies. Inactive companies identified by the DGI are of two types: those which file a declaration of cessation of activity or those which do not comply with their tax reporting obligations for 3 consecutive months. 16
- 92. Inactive taxpayers are identified by a central service, the DGI's Registration Unit, and the list of these taxpayers is sent each month to the operational taxpayer management departments to inform them of their inactive status. These operational departments are responsible for monitoring these entities, particularly if they detect any economic activity. On

<sup>16.</sup> Monthly tax reporting obligations relate mainly to Value Added Tax, and the DGI states that all Cameroonian companies with an annual turnover above XAF 50 million (EUR 75 000) are subject to these monthly obligations. Other monthly reporting obligations also apply for companies, such as the declaration of payroll withholding tax (if they have employees) and the monthly advance on corporate income tax.

31 December 2022, 9 780 inactive entities were identified by the DGI, representing around 14% of the total number of tax registered entities at that date. Among these entities, 3 453 declared that they had ceased their activity and 6 327 were inactive due to their non-compliance with the reporting obligation. The Cameroonian authorities have not specified the number of inactive entities by type of companies. The number of inactive entities identified during a year is higher, but the Cameroonian authorities have explained that it is often the case that failing companies that still have an economic activity regularise their situation and thus quickly become active again. However, some companies do not regularise their situation, particularly if they have effectively ceased their economic activity.

- 93. Once a company has been identified as inactive, it no longer appears in the file of active taxpayers. This file can be consulted online, <sup>17</sup> enabling business partners and public administrations to easily check the status of entities. The DGI also deactivates the NIUs of inactive companies, immediately after their identification as inactive, with the following consequences:
  - Inability to carry out some activities and transactions (in particular those described in paragraph 84), which will significantly affect the proper conduct of the company's business.
  - Impossibility of obtaining a "no-debt" certificate attesting that the
    entity is in compliance with its tax obligations, which is required for
    transactions with some business partners. This certificate is valid
    for three months.
  - Withdrawal from the importer/exporter file, preventing customs transactions from being carried out.
  - Inability to access public contracts.
  - Impossibility to carry out transactions on real estate.
- 94. However, deactivation of the NIU does not suspend the company's tax obligations, including the obligation to maintain an up-to-date register of shareholders and register of beneficial owners (see below). Furthermore, if a company wishes to reactivate its NIU, it will have to regularise its situation with regard to its reporting obligations. The NIU can be reactivated at any time, including after a long period of inactivity. In 2022, the DGI proceeded in total to 9 800 deactivations of NIU of entities.
- 95. For companies declaring that they are ceasing of activity, the DGI carries out a general tax audit of their situation, during which their record-keeping obligations are checked. These companies must also apply to be

<sup>17. &</sup>lt;a href="https://teledeclaration-dgi.cm/modules/immatriculation/Consultation/listecontribuable.">https://teledeclaration-dgi.cm/modules/immatriculation/Consultation/listecontribuable.</a> aspx.

struck off the RCCM within one month of ceasing its activity. If they fail to do so, any interested party, including the DGI, can request that they be struck off the RCCM (Article 58, AUDCG). The DGI began using this ability recently, in 2023, to request the striking off of the 3 453 entities that had declared that they had ceased their activity. In November 2023, it also asked the National Agency for Financial Investigation (Agence Nationale d'Investigation Financière - ANIF) to freeze the bank accounts of these entities. The ANIF will provide the Ministry of Finance with a report on the outcome of these procedures of freezing.

- 96. If a company fails to comply with its tax reporting obligations for three consecutive months, the taxpayer will be systematically served with a formal notice to file the return, and penalties will be applied where appropriate. 18 Although an inactive company would usually not be covered by the tax audit plan, investigations are regularly carried out and a tax audit will be carried out and the company's tax situation will be adjusted if the tax authorities become aware that a company identified as inactive continues to have an economic activity. In order to clean up the taxpayer file, the Minister of Finance issued a press release on 15 November 2023 inviting all taxpavers in a situation of prolonged inactivity, i.e. those who have not filed any returns and have not had any economic activity for four years, to regularise their tax situation by 31 December 2023 at the latest. If they fail to do so, the DGI will continue to encourage companies to regularise their situation, but cannot request that they are stuck-off the RCCM.
- 97. During the period of inactivity, before being struck-off the RCCM, 19 there is a risk that these companies will continue to be able to hold assets and receive income, particularly abroad. On the other hand, for a transfer of shares to be valid, it must be declared to the RCCM (for SARLs) and to the tax authorities (for all companies), as any transfer of shares in a Cameroonian company is subject to registration duty with the DGI. In principle, therefore, the legal ownership information of inactive companies should be up to date.
- According to the Cameroonian tax authorities, the risk relating to 98. inactive companies should be mitigated since the operational tax departments managing companies' tax files regularly cross-check with other

The penalty for failure to comply with the obligation to file a VAT tax return is the ex 18. officio taxation (article L97, LPF) and the loss of the right to deduct VAT and of any VAT credit relating to a previous period (article L103, LPF). The tax administration can also apply the penalty described in paragraph 222 if the company fails to file its annual tax return.

Struck-off companies must be liquidated (article 204, AUDSCGIE). If the striking off 19. takes place before the liquidation, the company is dissolved at the end of the liquidation process. The date of striking off will not correspond to the date of dissolution of the struck off company, which will occur when the liquidation process is completed.

available data, in particular the data of the customs authorities, to identify any economic activity. In addition, Cameroon has not yet received any request for information relating to inactive companies during the period under review.

- 99. Given the actions taken recently to limit the number of inactive companies (applications for striking off the RCCM and regularisation of tax situation), DGI's treatment of inactive companies that declared their cessation of activities is appropriate to ensure the availability of information relating to the legal owners of these companies in most cases. Cameroon should continue its recent efforts to limit the number of inactive companies that declared their cessation of activities (see Annex 1).
- 100. However, while the proportion of companies that have declared their cessation of activity is low and should continue to decrease as a result of DGI's recent actions, companies that are inactive due to their failure to comply with their reporting obligations cannot be struck-off the RCCM by the DGI's initiative and may therefore indefinitely remain non-compliant with their reporting obligations.
- Moreover, the identification and monitoring of inactive companies by the DGI is made only on the companies that have registered with the tax administration. As explained in paragraph 87, the authorities of Cameroon cannot confirm that all companies that registered with the RCCM are registered with the tax administration. Although the gap between the RCCM registrations and tax registrations should be limited, in particular due to the importance of having a NIU to carry out some transactions, no statistics on the number of entities registered with the RCCM were provided. The authorities of Cameroon explained that the entities that do not register with the tax administration usually do not pursue any economic activity after their incorporation. Nevertheless, for these non-tax registered entities, there would not be any possibility to be struck-off the RCCM if they do not declare their cessation of activity, and they could remain indefinitely in the RCCM. Although it would be difficult for them to conduct transactions without being in the file of active taxpayers, they could still be commercially active or hold assets abroad, without being subject to monitoring or supervision by the tax administration. For the availability of legal ownership information, this tax supervision would be particularly important in respect of the obligation to file annual tax returns and the obligation of the Sas and SASs to keep a register of shareholders. Considering the absence of reliable statistics to assess this gap and the importance of the supervision of the tax administration to ensure the availability of legal ownership, Cameroon is recommended to review its system, whereby inactive non-compliant companies or companies not registered with the tax administration remain with legal personality and to ensure the availability of up-to-date legal ownership information on these companies.

## Availability of legal ownership information in EOIR practice

Cameroon received 17 requests for legal ownership information of 102. companies during the period under review. Cameroon provided a response to all requests it successfully received, and peers were generally satisfied with the quality of these response. On the other hand, the peers also noted unanswered requests for legal ownership information in several cases, including requests sent more than a year ago. Cameroon stated that it had not received the requests mentioned by one peer and was in discussions with the partner to obtain a copy of these requests (see section C.5). It also stated that the long timeliness in answering were not due to a problem with the availability of information but to delays attributable to the competent authority due to a lack of resources.

# Availability of beneficial ownership information

103. The standard was strengthened in 2016 to require the availability of the beneficial ownership information of companies. In Cameroon, this aspect of the standard is provided for by the due diligence obligations of AMLobliged persons. These obligations, which do not cover all relevant entities, have been supplemented by tax legislation which, since 2023, has required entities to keep a register of beneficial owners and report this information to the central register of beneficial owners (Registre central des bénéficiaires effectifs – RCBE) maintained by the DGI. However, this obligation is not yet operational. Each of these regimes is analysed below.

# Companies covered by legislation regulating beneficial ownership information

Туре	Company law	Tax law	Anti-money laundering law
SA	No	All	Some
SAS	No	All	Some
SARL	No	All	Some
Foreign companies resident in Cameroon for tax purposes	No	All	All <sup>20</sup>

<sup>20.</sup> Where a foreign company has a sufficient nexus, then the availability of beneficial ownership information is required to the extent the company has a relationship with an AML-obliged service provider that is relevant for the purposes of EOIR. (Terms of Reference A.1.1 Footnote 9).

## **Anti-money laundering requirements**

104. The AML obligations are contained in Regulation N° /01/CEMAC/UMAC/CM of 11 April 2016 on the Prevention and Suppression of Money Laundering and the Financing of Terrorism and Proliferation in Central Africa (the AML Regulation), which is directly applicable in all CEMAC Member States, including Cameroon. The AML Regulation may be specified by other sectorial regulations.<sup>21</sup> These regional obligations are also specified in Cameroon in the Implementation Guide on Beneficial Ownership standard (the BO Guide). The provisions of the BO Guide were approved and made enforceable by a decision of the Minister of Finance on 21 October 2022. They are applicable to AML-obliged persons on the territory of Cameroon.

105. AML-obliged persons must identify their customers and, where applicable, the beneficial owners of those customers, and verify the identification details by means of any written document before entering into a business relationship (Article 21, AML Regulation). They must keep this information for 10 years from the end of the business relationship (Article 38, AML Regulation and Section 3.3, BO Guide). A regulated entity must not establish a business relationship or carry out transactions until the identity of the customer has been established and verified. Where the risk of money laundering and terrorism financing appears low, the identity of the customer and, where applicable, of the beneficial owner, can nevertheless be verified either before or during the establishment of the business relationship, which is not contrary to the standard.

106. The AML Regulation defines a beneficial owner as follows (Article 1(16)):

**Beneficial owner**: the person who ultimately owns or controls a customer and/or the natural or legal person on whose behalf a transaction is carried out. Also included are persons who ultimately exercise effective control over a legal person or legal arrangement.

107. This definition is consistent with the standard. The method of identifying the beneficial owner is not further specified in the AML Regulation, but the BO Guide has recently provided this clarification in section 3.1.2. Thus, for companies, the BO Guide provides for the "cascading" approach

<sup>21.</sup> This is the case of the banking sector for instance, subject to the COBAC Regulation R-2005/15 on diligences to be implemented by institutions for anti-money laundering and terrorism financing in Central Africa.

<sup>22.</sup> If an AML-obliged person ceases to exist or ceases its activity, the Cameroonian authorities have confirmed that the information it holds will be available either from the liquidator or from the former AML-obliged person or the person taking over its activity.

for identifying beneficial owners, i.e. the AML-obliged persons must identify as beneficial owner:

- The natural person(s) (acting alone or jointly) ultimately exercising control over the company through a shareholding (direct or indirect) of at least 20% (step 1).
- The natural person(s) who exercise(s) control over the legal person by other means if, after applying step 1, doubts remain as to whether the persons with controlling shareholding are the beneficial owners, or if no natural person exercises control through his or her shareholding (step 2).<sup>23</sup>
- The relevant natural persons who hold the positions of senior managers if no natural person is identified in accordance with steps 1 and 2.
- 108. This "cascading" approach for the identification of the beneficial owners complies with the standard. In particular, it specifies the 20% threshold for determining the controlling interest and covers direct and indirect shareholdings as well as joint shareholdings. In addition, the BO Guide provides a series of examples to illustrate the different types of holding and possible control and the consequences in terms of identifying the beneficial owner, including the appropriate method of calculation of the ultimate ownership in case of indirect ownership through other legal entities.
- 109. Once the beneficial owner(s) has been identified, AML-obliged persons must verify his/her identity by demanding a valid official document with a photograph (identity card, passport, etc.) and obtain a declaration from the individual concerned indicating whether he/she is acting in his/her own name or on behalf of another person. If he/she is acting on behalf of another person, the AML-obliged persons must obtain and verify the documents relating to the representation of the beneficial owner. The BO Guide also recommends that AML-obliged persons should be particularly vigilant if the beneficial owner is a member of an independent legal profession, as this can be an indication that the individual concerned may not be acting on his/her own behalf.
- 110. AML-obliged persons must maintain appropriate knowledge of their customer during the business relationship, in particular by updating and

<sup>23.</sup> The BO Guide lists situations that can qualify as control by other means. The situations listed include the right to appoint or remove the majority of the members of the administrative bodies, the right or the power (without having formally the right) to exercise a dominant influence over the legal person, the right to use all or part of the legal person's assets or the joint and several liability for the legal person's financial obligations.

analysing the information collected and retained, based on the AML risk (Article 22, AML Regulation). They must also update documents and records relating to the identity of customers, including beneficial owners, within 30 days of an event requiring change (Section 3.4, BO Guide). In particular, the AML-obliged person must obtain all the information necessary to identify a new beneficial owner or any new information in the event of a change in the identification details of a beneficial owner already identified. If it is impossible to identify the beneficial owner of a customer/legal entity when the business relationship has been established, the AML-obliged person must terminate the business relationship. However, the AML framework does not provide for a specified frequency of update of this information in the absence of a triggering event and this may delay the AML-obliged person's knowledge of a change. The information held by AML-obliged persons may therefore not always be up to date. This difficulty will be alleviated by the application of the provisions of the tax legislation which provide for beneficial owner information to be updated within 45 days of the change and. even in the absence of a change, for beneficial ownership information to be reported annually (see paragraphs 124 and 125). Cameroon should, however, ensure that the beneficial ownership information held by AML-obliged persons be up to date in accordance with the standard (see Annex 1).

The AML-obliged persons are defined in Articles 6 and 7 of the AML Regulations and include financial institutions, company service providers, real estate companies and agents, accountants, lawyers, notaries and other independent legal professionals, in particular auditors.<sup>24</sup> Cameroonian law also imposes some obligations on companies to use the services of an AML-obliged persons. In particular, all companies should have a bank account, in application of various legal provisions, notably for the payment of their taxes. In addition, legal entities resident in the CEMAC zone cannot open a bank account outside the zone, except if they are credit institutions or have obtained authorisation from the BEAC.<sup>25</sup> According to the Cameroonian authorities, this ensures that most companies have their bank account in Cameroon, but it is also legally possible for a Cameroonian company to hold its bank account in another CEMAC jurisdiction. Furthermore, all Sas and some SASs (that meet some conditions, see footnote 33), must use the services of auditors to prepare the annual report presented to their annual general meeting (Articles 399 et seg., AUSGIE). In addition, for the creation of commercial companies (except for SARLs with capital of less than XAF 1 million - EUR 1 500), a notary's deed is required to draw up the articles of association (article 13, AUDSCGIE). However, these obligations do

<sup>24.</sup> On 31 January 2024, notably 68 notaries, 3 737 lawyers, 275 accountants and 173 tax advisors are established in Cameroon.

<sup>25.</sup> Article 2 of BEAC Instruction no 005/GR/2019 relating to the terms and conditions for opening and operating foreign currency accounts for residents and non-residents.

not cover all relevant entities and/or do not require an ongoing relationship between the service provider and the customer, and therefore do not provide for the availability of beneficial ownership information of all entities through AML legislation.

- 112. In accordance with articles 62 to 64 of the AML Regulation, financial institutions (but not other AML-obliged persons) can rely on a third party for the implementation of their due diligence obligations, in particular for the identification of their customers and beneficial owners, without being relieved of their ultimate responsibility for compliance with these obligations. The use of a third party for the implementation of due diligence obligations can be carried out under the following cumulative conditions, in compliance with the standard:
  - The third party is a financial institution or an AML-obliged person located or having its head office in Cameroon or a person belonging to an equivalent category under foreign law and located in a third country imposing equivalent AML obligations.
  - The financial institution has access to the information collected by the third party.
  - The third party provides the financial institution without delay with information relating to the identity of the customer and the beneficial owners as well as information relating to the purpose and nature of the business relationship.
  - The third party must provide on request copies of documents identifying the customer and the beneficial owner, as well as any documents relevant to the performance of the due diligence. An agreement can be signed between the third party and the financial institution to specify the procedures for transmitting the information gathered and for checking the due diligence carried out (Article 64. AML Regulation).
- The AML Regulation does not provide for specific sanctions in the 113. event of a breach by AML-obliged persons of their customer due diligence obligations, but it does indicate that in the event of such a breach, the relevant supervisory authority can act in accordance with the applicable texts (see paragraph 135).

## Tax law requirements

- 114. Article L8 quinquies of the LPF, introduced by the Finance Act for 2023, has introduced the following tax obligations:
  - The obligation for entities and administrators of legal arrangements to keep a register of their beneficial owners.
  - The obligation for the same persons to declare this information to the central register of beneficial owners kept by the DGI, within 30 days of their registration and every year by 15 March at the latest.
  - The obligation for the beneficial owner to provide the relevant entities and administrators with all the information needed to identify him or her.
- 115. These obligations were specified in a decree adopted on 27 September 2023 (BO Decree), which gave the relevant entities and legal arrangements three months, i.e. until 27 December 2023, to comply with this new framework (article 28). The practical arrangements for applying these measures are set out in an order dated 4 December 2023 (BO Order). This order foresees in particular that entities must designate a person (the manager, for example) responsible for identifying their beneficial owners (Article 4).
- 116. The obligations set out in Article L8 quinquies of the LPF apply to all relevant entities and legal arrangements, as they apply to all legal persons required to register for tax purposes, including foreign companies that are tax residents in Cameroon, AML-obliged persons, associations and foundations as well as administrators (trustees) in Cameroon of legal arrangements established under foreign law or trusts (Article 6, BO Decree and Article 2, BO Order).
- 117. The BO Decree (Articles 2 and 3) provides for a definition and a methodology for identifying the beneficial owner similar to those provided for in the AML framework, in particular with regard to the "cascading" approach (see paragraphs 107 and 108). In particular, the same 20% threshold applies in the tax framework for qualifying a controlling interest. The most notable difference between the two methodologies is the clarification in tax law that, for controlling interest, all individuals who are jointly and severally liable for the liabilities of the entity are its beneficial owners, regardless of their percentage holding in the entity. This clarification is useful for identifying the beneficial owners of partnerships (see section A.1.3).
- 118. The internal register that entities are required to keep must identify their beneficial owners with accurate and up-to-date information. This information includes, for each beneficial owner (Article 8, BO Decree):
  - Identification details: full name, date and place of birth, identity document number, NIU, nationality, postal and e-mail addresses, business address and telephone number.

- The nature and extent of the control or shareholding. The Cameroonian authorities have indicated that this information must include the identification of all legal entities in the ownership chain.
- The procedure followed or measures taken to identify the beneficial owner(s).
- The date on which the individual became or ceased to be the beneficial owner and the date on which he reduced or increased his or her shareholding in the entity.
- 119. In the event of a change in this information, the entity must enter it in the internal register within 30 days of the change or of the date on which the entity became aware of the change (Article 9, BO Decree).
- The BO Decree also lists all the supporting documents to be kept by entities and legal arrangements (Article 21), including, for each beneficial owner, a copy of an identity document, proof of domicile, proof of control exercised and the nature and extent of the interests held in the entity.
- The beneficial owner of an entity and any person in the chain of participation must provide that entity with the information and supporting documents necessary for their identification, either within 15 days of the request of the entity request or spontaneously within 30 days of any change of beneficial owner (Article 4, BO Decree). In the event of failure to comply with this obligation, the person responsible for identifying the beneficial owners must report this failure to the DGI (Article 5(5), BO Decree), which can then apply penalties (see paragraph 128).
- 122. In compliance with the standard, entities must verify the accuracy of the information and supporting documents provided by beneficial owners. These verifications consist in particular of comparing the information provided with that in a public database (other than the central register of beneficial owners), meeting the beneficial owner and obtaining a sworn statement from him or her (Article 12, BO Decree).
- The internal register is kept throughout the life of the entity. The supporting documents must be kept for at least five years from the end of the year in which a person ceases to be a beneficial owner (Article 10, BO Decree). The internal register and supporting documents must be kept in Cameroon, either at the registered office of the entity or at the place where the professional activity is carried out (Article 13, BO Decree). If the entity ceases to exist, the internal register and the supporting documents provided to identify the beneficial owners must be kept for at least five years by the liquidator or any other person with the power to act on behalf of the entity during its dissolution process (Article 11(3), BO Decree).

- 124. In addition to the obligation to keep an internal register of beneficial owners, entities must declare beneficial ownership information to the tax authorities. This information must be declared using an electronic form available online in the secured tax account of the taxpayers and must occur (Article 18, BO Decree and Article 9, BO Order):
  - · at the time of registration with the tax authorities
  - with the annual tax return (with a deadline between 15 March and 15 May, depending on the turnover of the company)
  - and within 30 days of the occurrence of the event making it necessary to correct the information on its beneficial owners.
- 125. This obligation ensures that the information reported on beneficial owners is updated whenever there is a change and at least once a year, with the annual tax return. For companies already registered, the first declaration of beneficial owners will be made at the time of their next annual tax return.
- 126. On the basis of the information reported, the tax authorities will maintain a Central Register of Beneficial Owners (RCBE) via an electronic platform. The RCBE will contain the same information as described in paragraph 118. This information is kept in the RCBE for a minimum of five years following the year in which the entity is struck-off the RCCM (Articles 16 and 17, BO Decree).
- 127. The tax authorities are responsible for checking declarations relating to beneficial owners. A formal check must be carried out as soon as the declaration is received, in particular to ensure that the information is complete and complies with the legal provisions. If a declaration is incomplete, does not comply with the legal provisions or does not correspond to the supporting documents, the tax authorities must reject the declaration and the entity then has 15 days to rectify the situation by amending the declaration or providing the required supporting documents (Article 22, BO Decree).
- 128. More generally, the DGI is responsible for supervising the application of the obligations to report, maintain and update beneficial ownership information and for ensuring that they are complied with. Failure to comply with these tax obligations is punishable by the fines provided for in the LPF:
  - Entities, administrators (trustees) of legal arrangements or trusts and beneficial owners who fail to comply with their obligations to identify, maintain, update and report are liable to a fine of up to XAF 5 million (EUR 7 500 – Article L104, LPF).
  - Late filing of the declaration with the tax authorities, and the absence or failure by legal entities to update the internal register of beneficial owners are punishable by a fine of XAF 1 million (EUR 1 500 – Article L99, LPF).

- 129. The BO Order assigns management of the RCBE to the UEIR (Article 15), which will also be responsible for supervising the application of the tax reporting obligations on beneficial ownership (see also the question of the resources of UEIR – paragraph 370). Although the new tax framework relating to beneficial owners is in force the RCBE is not vet fully operational. While the tools necessary to report the beneficial ownership information (form and electronic process of declaration) already exist, the first annual tax return containing this information will be due on 15 March 2024. In the meantime, the RCBE will therefore mainly contain information only on companies newly registered since the beginning of 2024.
- Consequently, Cameroon's tax legal and regulatory framework provides for the availability of beneficial ownership information, but the implementation of these tax provisions in practice has not yet been tested.

# Beneficial ownership information – Practice and supervision

- The Cameroonian authorities have made significant efforts to complete the legal and regulatory framework for the availability of beneficial ownership information, in particular by drafting the BO Guide in 2022 and the tax framework in this area in 2023. This legal and regulatory framework was developed in co-operation with the various stakeholders, including the relevant supervisory authorities (see paragraph 133) and representatives of AML-obliged persons. This co-operation, in particular through working groups, has enabled the obligations of the legal and regulatory framework to be properly disseminated and explained. The representatives of AMLobliged persons, including notaries, lawyers, tax advisers and accountants. also indicated that they were making members of their organisations and their clients aware of the tax obligations concerning the internal register and the declaration of beneficial owners
- 132. Although during the on-site visit the representatives of the AMLobliged persons showed a correct understanding of the concept of beneficial owner and the related obligations, most of them nevertheless indicated that the legal and regulatory framework was recent and that it had only begun to be implemented, in particular by putting in place procedures and measures for collecting information on customers' beneficial owners. Until recently, due diligence in terms of customer identification often seemed to be limited to identifying the customer and possibly the person on whose behalf the customer was acting. In addition, some representatives of professionals indicated that the identification of the beneficial owner could be carried out after the client had entered into a business relationship. This practice did not ensure that information on the beneficial owner was always available with AML-obliged persons. Furthermore, this shows that the provisions of the AML Regulation were not necessarily applied until now in accordance

with the rules set out in the BO Guide and that the latter does not therefore merely formalise an already existing practice.

- 133. AML obligations are supervised by the supervisory authorities of the AML-obliged persons, in particular:
  - The COBAC for banks and financial institutions. The COBAC is responsible for ensuring that credit institutions comply with the legal and regulatory provisions laid down by the national and regional authorities, and for penalising any breaches observed.
  - The Inter-African Conference on Insurance Markets (CIMA) for insurance companies.
  - The disciplinary chambers of professional bodies, in particular the National Order of Chartered Accountants of Cameroon, the National Order of Tax Advisers of Cameroon, the Cameroon Bar Association (for lawyers) and the National Chamber of Notaries of Cameroon.
- 134. In addition, a National AML Policy Co-ordination Committee was set up in October 2023. <sup>26</sup> This committee reports to the Ministry of Finance and is responsible for developing and co-ordinating AML policies and activities at national level. It is also responsible for supervising AML-obliged persons who previously had no regulatory authority in this area.
- 135. As indicated in paragraph 113, the AML Regulations do not provide for sanctions for breaches of customer due diligence obligations. COBAC can apply disciplinary sanctions such as warnings, reprimands, bans on some transactions or other restrictions on banking activities, the suspension or dismissal of auditors, the suspension or mandatory resignation of senior managers and the withdrawal of a licence.<sup>27</sup> CIMA can also apply the administrative and disciplinary sanctions provided for in the Insurance Code.<sup>28</sup> However, the AML legal and regulatory framework does not provide for the sanctions that can be applied by the other supervisory authorities.
- 136. In practice, the supervision of the obligations of AML-obliged persons has been uneven, depending on their category, as regards the availability of beneficial ownership information in particular. Firstly, most of the representatives of the supervisory authorities, although having generally shown a correct understanding of the new provisions of the BO Guide, also indicated during the on-site visit that these rules were new. The supervisory authorities

<sup>26.</sup> Decree 2023/464 of 30 October 2023, setting up, organising and operating the National Policy Co-ordination Committee to Combat Money Laundering, the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction.

Article 39 of the Annex to the CEMAC Convention on the Harmonisation of Banking Regulations.

<sup>28.</sup> Article 27 of Regulation 001/CIMA/PCMA/PCE/SG/2021 of 2 March 2021.

confirmed that they wished to take steps to supervise AML-obliged persons with regard to their obligations concerning beneficial owners, but given the recent nature of the BO Guide, these steps had not yet begun in order to give time to AML-obliged persons to implement these new rules. The COBAC has nevertheless indicated that it considers the provisions of the BO Guide to be in line with the rules set out in the AML Regulation, and therefore not new, and that the forthcoming AML inspections to be carried out in Cameroon from 2024 would therefore take into account the requirements set out in this Guide since the COBAC is responsible for verifying the implementation of regional as well as national requirements.

- Furthermore, only the COBAC and the CIMA appear to have carried out active AML supervision. Since 2019, the COBAC has been implementing risk-based supervision through off-site (ongoing supervision) and on-site inspections. During on-site AML inspections, customer identification, including the identification of beneficial owners, was systematically checked on the basis of samples covering legal entities and individuals. Between 2019 and 2022, the COBAC carried out 29 on-site AML missions in Cameroon. Although the AML legal and regulatory framework at the time did not provide any methodology for identifying beneficial owners, the COBAC specified that it was referring to the "cascading" approach as provided for in the interpretative note to FATF Recommendation 10, with a shareholding threshold of 20%. The banks had to demonstrate, with supporting documents, that they had carried out the necessary due diligence to identify the beneficial owner of their customers in accordance with this "cascading" approach. No sanctions were applied following these 29 missions, but letters of injunction were issued demanding an action plan to correct any deficiencies found. The COBAC did not specify whether the aspects relating to customer due diligence had been covered by letters of injunction. On the other hand, it indicated that the identification of beneficial owners by financial institutions was still laborious, especially if they were not members of large banking groups with greater resources to access the relevant information. As a result, the non-compliance of banks with their obligations to identify beneficial owners do not appear to have been subject of enforcement measures to correct the non-compliance.
- 138. The CIMA has carried out 15 inspections of Cameroonian insurance companies over the period 2019-22 (no inspections were carried out in 2020) and has indicated that it has not observed any difficulties in identifying customers. However, it is not certain that the requirements relating to the identification of beneficial owners have been checked.
- The supervisory authorities of other regulated persons (professional orders) have recently initiated supervisory activities. For example, the National Order of Chartered Accountants of Cameroon carried out a quality

control in December 2022, in particular to ascertain whether the beneficial owners of clients had been identified. Given that the details of the BO Guide were recent, no enforcement measures have been taken against the audited professionals.

- 140. As indicated in paragraph 127, the tax authorities will be responsible for supervising and monitoring the obligations of the tax framework, which is nevertheless recent and not fully operational. The BO Guide in the AML area is also recent and the enforcement measures in the event of non-compliance in the availability of beneficial ownership information with AML-obliged persons have been rarely applied. Therefore, it is recommended that Cameroon monitor the implementation in practice of the new tax obligations relating to beneficial ownership information and apply a supervision programme ensuring the availability of adequate, accurate and up-to-date beneficial ownership information of companies in line with the standard.
- 141. In addition, as explained in paragraph 101, the supervision by the tax authorities may not cover the companies that have not registered with the tax administration, while these companies can remain with legal personality indefinitely. Cameroon is recommended to review its system, whereby inactive non-compliant companies or companies not registered with the tax administration remain with legal personality and to ensure the availability of up-to-date beneficial ownership information on these companies.

#### Availability of beneficial ownership information in EOIR practice

142. During the assessment period, Cameroon did not receive any requests for beneficial ownership information. The Cameroonian authorities have indicated that if such a request were received, it would be easier to respond by accessing the information in the RCBE, but that the information could also be requested from an AML-obliged person, particularly as long as the RCBE is not fully operational.

#### A.1.2. Bearer shares

- 143. Article 745 of the AUDSCGIE states that shares can take the form of bearer shares or registered shares. However, the company's articles of association or other provisions of the AUDSCGIE can require that shares be in registered form only. Only Sas and SASs can issue bearer shares. SARLs can only issue registered shares.
- 144. In addition, Article 744-1 of the AUDSCGIE states that "shares, whatever their form, must be registered in an account in the name of their

owner. They are transferred from one account to another. The transfer of ownership of shares results from the registration of the shares in the purchaser's share-account". All shares must therefore be dematerialised and their owners identifiable. A share can only be transferred from one account to another, so any physical transfer of a bearer share would be null and void. This article 744-1 was adopted in 2014 and a transitional period was provided for until 5 May 2016 to enable all securities to be dematerialised (Article 919). In addition, article 748-1, also adopted in 2014, specifies that shares that cannot be traded on a stock exchange or dealt in by a central depository must necessarily be in registered form.

- In Cameroon, these regional provisions have been specified by a national framework<sup>29</sup> which sets out the procedures for dematerialising shares, whatever their form, and according to which bearer shares must be held exclusively by a custodian who/which must be an AML-obliged person. After identifying the holders of the bearer shares, the custodian then transmits the shares to the central depository, which is an authority called the "Caisse Autonome d'Amortissement". The custodian also informs the central depository in the event of a transfer of shares. In 2019, this national framework was supplemented by the requirement to attach a certificate of dematerialisation of shares, issued by the central depository, to the annual tax return.
- 146. As described in the 2016 Report, from 14 April 2019, non-dematerialised shares were to be subject to mandatory sale by the issuing company. The price resulting from this sale were to be paid to the central depository and a period of 30 years was given for former holders to claim the price of the sale. Although the process of dematerialising shares has not yet been completed, no forced sale has taken place due to the lack of implementing legislation defining the terms and conditions of such sales. The Cameroonian authorities have indicated that this implementing text is currently being prepared.
- Despite the delay in dematerialising all securities at the level of the 147. central depository, the latter indicated that it had only identified three Sas that had issued bearer shares and that these three companies had dematerialised all their shares. Therefore, according to the Cameroonian authorities, no bearer shares are still in circulation. Although Cameroon should continue the process of dematerialising securities (see Annex 1), the risk of bearer securities still being in circulation in Cameroon appears low. The recommendation made in the 2016 Report in this regard is therefore withdrawn.

Law no. 2014/007 of 23 April 2014 and Decree no. 2014/3763 of 17 November 2014. 29.

# A.1.3. Partnerships

# Types of partnerships

148. The AUDSCGIE provides for three types of partnerships:

- A general partnership (Société en nom collectif, SNC) is an entity in which all the partners are traders and are indefinitely and jointly liable for the partnership's debts (Article 270, AUDSCGIE). On 31 December 2022, 69 SNCs were registered with the tax administration in Cameroon.
- A limited partnership (Société en commandite simple, SCS) is a
  partnership in which one or more "general" partners who are indefinitely and jointly liable for the partnership's debts coexist with one
  or more "limited" partners who are liable for the partnership's debts
  to the extent of their contributions (Article 293, AUDSCGIE). On 31
  December 2022, 33 SCSs were registered with the tax administration in Cameroon.
- A joint venture (Société en participation, SEP), the creation of which is provided for by articles 854 et seq. of the AUDSCGIE, is a partner-ship that does not have legal personality and is not registered with the RCCM. Its existence is therefore not made public. The relationships between its partners are governed by the rules applicable to SNCs, unless the partners agree otherwise (Article 862 AUDSCGIE). Each partner remains the owner of the assets placed at the disposal of the SEP. The SEPs must be registered with the tax authorities before starting their activity, although their profits are taxable at the level of their partners. Since joint ventures do not have any assets of their own and their members remain liable to third parties, SEPs are not considered relevant for the purposes of this report.
- 149. The common feature of partnerships is that their share capital is divided into quotas (*parts sociales*), the assignment or transfer of which generally requires the consent of the other partners, subject to some exceptions for SCSs (see paragraph 152).

# Identity information

150. The articles of association of partnerships, which fall within the category of commercial companies, must contain the same mandatory information as the articles of association of companies (see paragraph 48). This mandatory information includes the identity of the investors in cash or in kind, and thus make it possible to identify the founding partners in the articles of association of partnerships.

- 151. In the event of changes in the partners, the updated information is available at the partnership level. In the case of an SNC, the quotas can only be transferred with the unanimous consent of the partners. If there is no unanimous consent, the transfer cannot take place, but the articles of association can provide for a redemption procedure to allow the withdrawal of the transferring partner (Article 274, AUDSCGIE). The transfer of quotas must be recorded in writing and notified to the partnership (Article 275, AUDSCGIE). It cannot be relied upon against third parties until the partnership has been notified and the change has been made public in the RCCM.
- 152. In the case of SCSs, the transfer of quotas must also be recorded in writing. It is enforceable against the partnership and third parties under the same conditions as transfers of quotas in SNCs (Article 297, AUSCGIE). In principle, guotas can only be transferred with the consent of the partners. but SCSs can derogate from this rule in their articles in a limited number of cases (Article 296, AUSCGIE).30
- In addition, SNCs and SCSs are registered with the RCCM under the same conditions as companies (see paragraphs 50 to 52). Thus, as indicated in paragraph 51, the information that the partnership must provide at the time of its registration with the RCCM, and update in the event of changes, includes (Article 46, AUDCG):
  - the amount of capital, with an indication of the amount of cash contributions and the valuation of contributions in kind
  - the full name, date and place of birth and domicile (or name and address if they are legal persons) of partners who are indefinitely and personally liable for the partnership's debts
  - the full name, date and place of birth and domicile (or name and address if they are legal persons) of the managers, directors or partners having general authority to bind the partnership.
- Since all the partners of SNCs and the general partners of SCSs are indefinitely and jointly liable for the partnership's debts, their identity must be disclosed in the registration form provided to the RCCM. In addition, in the event of a change requiring a correction or addition to the

<sup>30.</sup> For an SCS, consent must be unanimous, except in the following cases, if specified in the articles of association of the partnership: the quotas of the limited partners are freely transferable between partners, the quotas of the limited partners can be transferred to third parties to the partnership with the consent of all the general partners and the majority in number and capital of the limited partners, and finally a general partner can transfer part of his quotas to a limited partner or to a third party to the partnership with the consent of all the general partners and the majority in number and capital of the limited partners.

information provided in the registration form to the RCCM, this information must be updated within 30 days of the change (Article 52, AUDCG). The information relating to the limited partners of SCSs will also be available from the RCCM through the communication of the articles of association at the time of registration and updated at the time of filing of the formality in the event of a transfer of quotas. Information on the partners of partnerships is therefore available from the RCCM for at least 10 years after the partnership has ceased to exist (see paragraph 53).

- 155. In addition, SNCs and SCSs are required to register with the tax authorities and must provide their articles of association containing the identity of their partners. In the event of a change of partner, the information must be updated with the tax authorities within 15 days of the change (Article L1, LPF see paragraphs 63 and 64). Partnerships must also file an annual tax return containing information on their partners (see paragraph 65). These obligations ensure that information relating to the members of partnerships is kept up to date with the tax authorities, which will maintain this information including after the partnership has ceased to exist.
- 156. Partnerships are liquidated in the same way as companies, as described in paragraphs 59 and 61.
- 157. In addition, foreign partnerships operating through branches or representative (or liaison) offices are subject to the formalities for registration with the RCCM and with the tax authorities, as described in paragraphs 76 and 77. The tax law also requires the availability of up-to-date information on the members of foreign partnerships through the obligation to provide this information annually as part of their tax return (paragraph 78).

# Beneficial ownership information

- 158. Cameroonian partnerships are covered by the obligations and requirements set out in Article L8 quinquies of the LPF described in section A.1.1. Foreign partnerships are also covered by this obligation, if they are taxable in Cameroon. The BO Decree specifies the definition and identification methodology for the beneficial owners of partnerships (Article 3(2)):
  - (2) In the specific case of the following partnerships, the following are considered to be beneficial owners:
    - a) all the partners in the case of general partnerships
    - b) In the case of limited partnerships (SCS):
      - · individual partners who either directly or indirectly, jointly or not, hold twenty (20) percent or more of the capital or voting rights of the partnership, or exercise, by any other means, a control on the partnership; and

- · all the general partners due to the control powers they exercise as managers of the limited partnership.
- The definition and methodology for identifying the beneficial owners set out in the BO Decree also indicate that for participation control (first step of the "cascading" approach), all individuals who are jointly liable for the entity's liabilities are its beneficial owners, regardless of their percentage holding in the entity.
- 160. These clarifications provided by the BO Decree take into account the specific features of partnerships, for which all partners of SNCs and all general partners of SCSs are indefinitely and jointly liable for the partnership's debts, regardless of the amount of their contribution to the partnership.31 Although the details of the BO Decree refer to "partners". without distinguishing between legal persons and natural persons, the BO Order provides clarification by stating that if the partners of SNCs or SCSs are legal persons or legal arrangements, the beneficial owners of SNCs or SCSs are the beneficial owners of those partners (Article 3(4)). These clarifications are in line with the standard.
- 161. On the other hand, the obligation for AML-obliged persons to identify their customers and the beneficial owners of their customers (Article 21, AML Regulation) applies under the same conditions, whether the customer is a company or a partnership. The definition of beneficial owner included in the AML Law is applicable to both companies and partnerships and therefore does not take into account the specificities of partnerships. Although this problem is solved by the definition in the tax law, Cameroon should ensure that the determination of the beneficial owners of partnerships in the AML framework takes into account the specificities of these entities (see Annex 1).

# Oversight and enforcement

- With regard to the availability of legal and beneficial ownership infor-162. mation of partnerships, the supervisory measures and enforcement powers are the same as those described in section A.1.1. Consequently, the same shortcomings are identified.
- In particular, the tax framework is recent and not fully operational. 163. The BO Guide in the AML area is also recent and the enforcement measures in the event of non-compliance by the AML-obliged persons in the availability of beneficial ownership information of customers were not applied. Therefore,

<sup>31.</sup> The indefinite joint liability of partners in partnerships is a fundamental difference from that of companies, where partners are generally liable up to the amount of their capital contribution and decisions are taken by a majority of voting rights.

it is recommended that Cameroon monitor the implementation in practice of the new tax obligations relating to beneficial ownership information and apply a supervision programme ensuring the availability of adequate, accurate and up-to-date information on the beneficial owners of partnerships in line with the standard.

164. In addition, the partnerships are also covered by the deficiencies identified in paragraphs 101 and 141 and, therefore, Cameroon is recommended to review its system, whereby inactive non-compliant partnerships or partnerships not registered with the tax administration remain with legal personality and to ensure the availability of up-to-date legal and beneficial ownership information with these partnerships.

# Availability of partnership information in EOIR practice

165. Cameroon does not distinguish between requests received by companies and partnerships and no peer reported having sent a request on a partnership. The situation regarding the availability of information on partnerships in practice is therefore the same as that described for companies in paragraphs 102 and 142.

#### A.1.4. Trusts

166. Neither Cameroonian law nor OHADA law provides for the creation of *trusts*. However, nothing prevents a Cameroon resident from acting as *trustee* of a foreign *trust*.

# AML requirements to maintain identity information in relation to trusts

167. The obligations of AML-obliged persons, as described in section A.1.1, apply in the case of a customer that is a *trust* or similar legal arrangement. The general definition of beneficial owner contained in the AML Regulations (see paragraph 106) applies to trusts and other legal arrangements. The BO Guide specifies that AML-obliged persons must identify all parties to the trust, collecting information on:

- the identity of the settlor, the trustee(s), the protector (if applicable), all the beneficiaries or the category of beneficiaries and any other natural person who ultimately exercises effective control over the trust
- the identity of the natural person who holds, directly or indirectly, more than 20% of the assets of a trust or any other similar legal arrangement

- the identity of the natural person who, by virtue of a legal instrument appointing him or her for this purpose, is to become the direct or indirect holder of more than 20% of the assets of the trust or any other similar legal arrangement
- the identity of a natural person who belongs to the category of persons in whose main interest the trust or other similar legal arrangement has been set up or operates, where the natural persons who are its beneficiaries have not yet been designated
- the identity of a natural person who otherwise exercises a control over the assets of a trust or any other similar legal arrangement.
- This methodology for identifying beneficial owners complies with the standard since it provides for the identification of all relevant parties to the trust. The Cameroonian authorities have confirmed that if one of these functions is performed by a legal person or other legal arrangement, the words "and any other natural person who ultimately exercises effective control over the trust" imply the identification of the beneficial owners of that legal person or legal arrangement as the beneficial owner of the trust.

# Tax requirements to maintain identity information in relation to trusts

- Legal arrangements are also covered by the tax obligations set out 169. in article L8 guinguies of the LPF described in section A.1.1. The trustee (administrator) is responsible for maintaining the register and reporting the information to the RCBE within 30 days of setting up the legal arrangement. In the case where a foreign trust administered in Cameroon already existed at the date of effect of the beneficial ownership tax requirements, the information must be reported for the first time on 15 March following the date of effect, i.e. 15 March 2024 (Article 18(1)(b), BO Decree). If a trust already exists at the date of effect of the requirements and a trustee in Cameroon is subsequently appointed, this trustee must declare the existence of the trust to the tax administration within 15 days following their date of appointment as a trustee (Article 19, BO Decree). The BO Decree provides for the definition and methodology of identification for the beneficial owners of legal arrangements (Article 3(3) to (5)):
  - (3) Natural persons who occupy one of the following positions are determined as beneficial owners of legal arrangements:
    - a) In the case of a trust:
      - constituent or founding settlors;
      - ii. trustees, administrators, fiduciaries or managers;
      - iii. protectors or quardians, where applicable;

- iv. beneficiaries or categories of beneficiaries;
- v. any other natural person exercising, directly or indirectly, de facto or de jure, ultimate effective control over the trust.
- b) In the case of other legal arrangements similar to trusts. natural persons occupying positions equivalent or similar to those mentioned in point (a).
- (4) Where one of the functions referred to in points a (i.) to a (iv.) above is performed by a legal person or a legal arrangement, the beneficial owners of that legal person or legal arrangement must be identified as the beneficial owners of the trust.
- (5) Where the natural person or persons who will be the beneficiaries of the legal arrangement have not yet been designated. the category or categories of persons in whose main interest the legal arrangement has been constituted or operates must be identified so that the identity of the beneficiary or beneficiaries can be established at the time of payment of the benefits or at the time when the beneficiary or beneficiaries intend to exercise the acquired rights.
- 170. These methods of identifying the beneficial owners of legal arrangements also comply with the standard. Consequently, although the tax and AML definitions are not exactly the same, this difference does not raise any difficulties in practice as they each ensure the appropriate identification of beneficial owners.
- 171 As already noted in the 2016 Report, the tax law also contains an obligation for trustees and beneficiaries of foreign trusts to declare annually to the tax authorities information relating to the identity of persons linked to such trusts. Failure to comply with this obligation is punishable by a fine of XAF 1 million per month after formal notice to file the declaration (EUR 1 500 - Article L99, LPF).

# Oversight and enforcement

The 2016 Report noted that the tax reporting obligation relating to 172. foreign trusts (referred to in paragraph 171) was recent and that Cameroon should monitor the implementation of this obligation, including by applying sanctions where appropriate. Since then, Cameroon's tax authorities have not received any such declarations. However, it recently conducted a survey of all banks, professional bodies (lawyers, accountants, notaries, tax advisors) and ANIF to check whether they were aware of any trusts in the course of their activities. According to the results of this survey, no trusts are managed or administered in Cameroon. The survey conducted shows that the implementation of this obligation has been monitored. The recommendation in the 2016 Report is therefore deleted in this respect.

As regards the aspects relating to beneficial owners, the supervisory and enforcement measures are the same as those described in section A.1.1. in particular for AML obligations. Consequently, the same conclusions apply. Therefore, it is recommended that Cameroon monitor the implementation in practice of the new tax obligations relating to beneficial ownership information and apply a supervision programme ensuring the availability of adequate, accurate and up-to-date beneficial ownership information of the relevant legal arrangements in line with the standard.

# Availability of trust information in EOIR practice

Cameroon has indicated that it has not received any requests for legal arrangements and peers have not mentioned any such requests.

#### A.1.5. Associations and Foundations

- In Cameroon, associations must pursue an objective of general interest. Under some conditions, they can be recognised as having a publicbenefit purpose. The allocation of assets to the association is irrevocable. Law no. 90-053 of 19 December 1990 on freedom of association requires associations to register with the public authorities (the prefecture where their head office is located) by providing information on the identity, domicile and functions of their founders and directors. Associations are also obliged to inform the prefecture within two months of any changes concerning the directors.
- 176. In addition, law no. 2003/013 of 22 December 2003 on patronage and business sponsorship also provides for the creation of foundations with an objective of business sponsorship. A business foundation is defined as a voluntary non-profit activity carried out by one or more companies, which irrevocably allocate assets to it with a view to carrying out a work of general interest. Business foundations are characterised by the creation of a pool of special-purpose assets and by non-profit objectives. These foundations have a limited lifetime of 6 years, renewable. In the event of dissolution, the liquidator allocates the unused resources and the endowment to one or more public institutions or associations recognised as having public-benefit purpose whose activities are similar to those of the dissolved foundation.
- 177 Associations and foundations do not operate on a for-profit or commercial basis and therefore do not make distributions to their founders or members. Consequently, in view of the characteristics described

above, they are not relevant for the EOI for tax purposes. On 31 December 2022, 35 associations having a public-benefit purpose were registered in Cameroon. The Cameroonian authorities did not provide the statistics relating to the other associations or business foundations.

## Other relevant entities

# Non-trading company

- 178. Non-trading companies are non-commercial companies engaged in civil activities. On 31 December 2022, 186 non-trading companies were registered with the tax administration in Cameroon. These are generally non-trading real estate companies whose purpose is to take ownership of real estate acquired or passed on by the partners, thereby facilitating the management and transfer of these immovable assets. Non-trading companies can also enable several persons to engage jointly in a regulated non-commercial professional activity, such as lawyers, accountants or physicians.
- 179. If a non-trading real estate company carries on an activity involving real estate speculation and profit seeking, it is considered as having a commercial purpose and is then subject to the law governing commercial companies. It is therefore subject to the same registration (Article 35, AUDCG) and record-keeping obligations as companies, as described in section A.1.1.
- 180. Other non-trading companies, including non-trading real estate companies without commercial purpose, are not subject to commercial law and are not required to register with the RCCM. They are, nonetheless, subject to tax obligations, including the obligation to register and the obligation to provide the tax authorities with up-to-date information on their legal owners on an annual basis. Up-to-date information on the legal owners of non-trading companies will therefore be available with the tax authorities, including if the company ceases to exist. In addition, non-trading companies are subject to tax obligations to keep a register of beneficial owners and provide this information to the tax authorities. The AML obligations described in section A.1.1 also apply where the non-trading company is a customer of an AML-obliged person. The beneficial owners of non-trading companies will be identified in accordance with the methodology described in paragraphs 107 and 117, which is consistent with the standard and appropriate for non-trading companies.
- 181. In terms of supervision, the same measures and shortcomings as those noted in section A.1.1 apply to non-trading companies. With regard to beneficial ownership information, the tax framework is still not fully operational and the enforcement measures for the AML framework were not applied. Therefore, it is recommended that Cameroon monitor the implementation in practice of the new tax obligations relating to beneficial ownership information and apply a supervision programme

ensuring the availability of adequate, accurate and up-to-date beneficial ownership information of non-trading companies in line with the standard.

182. In addition, the non-trading companies are also covered by the deficiencies identified in paragraphs 101 and 141 and, therefore, Cameroon is recommended to review its system, whereby inactive non-compliant non-trading companies or non-trading companies not registered with the tax administration remain with legal personality and to ensure the availability of up-to-date legal and beneficial ownership information on these non-trading companies.

#### Co-operative societies

- 183. Article 4 of the OHADA Uniform Act on Co-operative Societies (AUSC) defines a co-operative society (*Société coopérative*, SC) as an autonomous grouping of persons united voluntarily to meet their common economic, social and cultural needs and aspirations, through a collectively owned and managed enterprise where power is exercised democratically and in accordance with co-operative principles. The SCs can hold assets and generate profits to be distributed to the persons forming the societies. On 31 December 2022, 309 SCs were registered with the tax administration in Cameroon.
- 184. The SC is composed of co-operators who participate effectively and according to co-operative principles in the activities of the society and receive quotas in representation of their contributions (Article 8, AUSC). Natural or legal persons can be co-operators (Article 7, AUSC). Decisions are taken at a general meeting and each member has one vote, regardless of the size of the contribution in the SC (Articles 102 and 103, AUSC).
- 185. The articles of association of the SC include, *inter alia*, the full name and address of each initiator, the identity of the contributors in cash and, for each of them, the amount of the contributions, the number and value of the quotas given in consideration for each contribution, as well as the identity of the contributors in kind and, for each of them, the nature and valuation of the contribution made, the number and value of the quotas given in consideration for each contribution, and the status of the assets or securities contributed when their value exceeds that of the required contributions, the nature and valuation of the contribution made, the number and value of the shares given in consideration for each contribution (Article 18, AUSC).
- 186. Each SC must keep at its registered office, a register of members showing in particular, for each member, the full name and identity document reference (or name for legal persons), address, profession, number of quotas subscribed and the number of quotas paid up (Article 9, AUSC).

- 187. SCs are registered with the Register of Co-operative Societies (Article 74, AUSC) managed by the Ministry of Agriculture. Registration procedures are carried out by decentralised departments of this ministry, in particular the regional department of co-operatives and the departmental delegations. The application for registration includes the identity and address of the directors with general authority to bind the SC and is accompanied by the articles of association of the SC (Articles 75 and 76 AUSC). Subsequent changes requiring the correction or addition of information entered in the Register of Co-operative Societies must be notified by the SC within 30 days of such changes. Any amendment concerning, in particular, the articles of association of the SC must also be entered in the Register of Co-operative Societies (Article 80, AUSC). The information on SC members held by the Register of Co-operative Societies is therefore updated in the event of a change.
- 188. The AUSC does not provide for a specific time period for keeping the information contained in the Register of Co-operative Societies, but the Cameroonian authorities have indicated that in practice the same period as that applicable to the RCCM applies, i.e. 10 years following the liquidation of the company.
- 189. SCs are subject to corporate income tax and must therefore register with the tax authorities under the conditions described in paragraph 63. They must also submit an annual tax return, as described in paragraph 65, containing the identity of the members of the SCs, whether the members received or not distributed profits during the related tax year. As a result, the tax authorities have up-to-date information on the members of SCs.
- 190. With regard to beneficial ownership information, the SCs are subject to the tax obligations of keeping an internal register of beneficial owners and providing this information to the tax authorities. The AML obligations described in section A.1.1 also apply when a SC is a client of an AML-obliged person. The beneficial owners of SCs will be identified in accordance with the methodology described in paragraphs 107 and 117, which is consistent with the standard and appropriate for SCs.
- 191. In terms of supervision, the same shortcomings as those noted in section A.1.1 apply to SCs. As regards beneficial ownership information, the tax framework is still not fully operational and the enforcement measures for the AML framework were not applied. Therefore, it is recommended that Cameroon monitor the implementation in practice of the new tax obligations relating to beneficial ownership information and apply a supervision programme ensuring the availability of adequate, accurate and up-to-date beneficial ownership information of SCs in line with the standard.

192. In addition, the co-operative societies are also covered by the deficiencies identified in paragraphs 101 and 141 and, therefore, Cameroon is recommended to review its system, whereby inactive non-compliant SCs or SCs not registered with the tax administration remain with legal personality and to ensure the availability of up-to-date legal and beneficial ownership information on these SCs.

# Economic Interest Groups

- 193. The exclusive purpose of an economic interest group (EIG) is to implement, for a specific period, all means likely to facilitate or develop the economic activity of its members, or to improve or increase the results of that activity (Article 869, AUDSCGIE). It can be formed by contract by several natural or legal persons. However, an EIG as such does not give rise to the making or sharing of profits. The rights of the members cannot be represented by negotiable shares and the members are liable for the EIG's debts out of their own assets (Articles 870 and 873, AUDSCGIE). An EIG can be formed without capital (Article 869, AUDSCGIE). On 31 December 2022, 23 EIGs were registered with the tax administration in Cameroon.
- 194. The EIG contract must include the name, business name or corporate name, legal form, address of domicile or registered office and, where applicable, the registration number in the RCCM of each of the members of the EIG (Article 876 AUDSCGIE). In addition, the EIG must be registered with the RCCM under the same conditions as other companies, attaching a copy of its contract. Consequently, the identity of the members of an EIG is available from the RCCM. In addition, the application form for registration of an EIG must indicate the full names, date and place of birth and domicile of the managers, directors or partners with general authority to bind the EIG. All members of the EIGs are held indefinitely and personally liable for the EIG's debts, and must therefore be mentioned on the registration form. In the event of a change in the membership of an EIG, this change must be recorded in the RCCM (Article 52, AUDCG). The RCCM maintains this information for as long as the EIG exists and for 10 years after it ceases to exist.
- 195. EIGs are subject to corporate income tax and must therefore register with the tax authorities under the conditions described in paragraph 63. They also have the tax obligations to report changes in their legal ownership (see paragraph 64) and to file an annual tax return, containing the list of the members of the EIGs (see paragraph 65).
- 196. With regard to beneficial ownership information, EIGs are subject to the tax obligations of maintaining an internal register of beneficial owners and providing this information to the tax authorities. The AML obligations described in section A.1.1 also apply. The beneficial owners of

EIGs are identified in accordance with the methodology described in paragraphs 107 and 117, which is consistent with the standard and appropriate for EIGs.

- 197. In terms of supervision, the same shortcomings as those noted in section A.1.1 apply to EIGs. With regard to beneficial ownership information, the tax framework is still not fully operational and the AML enforcement measures were not applied. Therefore, it is recommended that Cameroon monitor the implementation in practice of the new tax obligations relating to beneficial ownership information and apply a supervision programme ensuring the availability of adequate, accurate and upto-date beneficial ownership information of EIGs in line with the standard.
- 198. In addition, the EIGs are also covered by the deficiencies identified in paragraphs 101 and 141 and, therefore, Cameroon is recommended to review its system, whereby inactive non-compliant EIGs or EIGs not registered with the tax administration remain with legal personality and to ensure the availability of up-to-date legal and beneficial ownership information on these EIGs.

# A.2. Accounting records

Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements.

- 199. The 2016 Report concluded that Cameroon had an adequate legal and regulatory framework that also included sanctions for enforcing accounting requirements. This conclusion remains applicable in this report.
- 200. All relevant entities, as well as trustees of legal arrangements, must keep accounting records, including the underlying documentation, in accordance with OHADA accounting and company law and tax legislation. These obligations include in particular producing annual financial statements and keeping records enabling the transactions carried out by these entities to be traced. Accounting information must be kept for ten years and, in the event that an entity ceases to exist, are handed over to the liquidator.
- 201. These obligations are properly supervised, in particular by the tax authorities through their tax audit activities. Nevertheless, this supervision would not cover the non-tax registered entities and the non-compliant entities identified as inactive by the tax administration, that can remain indefinitely with their legal personality and be commercially active or hold assets abroad.

#### 202. The conclusions are as follows:

#### Legal and Regulatory Framework: in place

No material deficiencies have been identified in the legislation of Cameroon in relation to the availability of accounting information.

#### **Practical Implementation of the Standard: Largely Compliant**

Deficiencies identified/Underlying factor	Recommendations
Despite the efforts to ensure the registration of the	Cameroon should
taxpayers, Cameroon cannot confirm that all entities	review its system,
are registered with the tax administration since there	whereby inactive
is no statistics on the number of entities registered	non-compliant
with the Trade and Personal Property Credit Register.	entities or entities not
For these non-tax registered entities and for the non-	registered with the tax
compliant entities identified as inactive by the tax	administration remain
administration, there would not be any possibility to	with legal personality
be struck-off if they do not declare their cessation of	and ensure the
activity. Therefore, they can remain indefinitely with	availability of
their legal personality and be commercially active or	accounting information
hold assets abroad, without being supervised by the	on these entities.
tax administration, while this supervision is important	
to ensure the availability of accounting information.	

# A.2.1. General requirements

203. The general obligations relating to the availability of accounting information are mainly set out in OHADA accounting and company law and in tax law, analysed below.

# Company law

204. The OHADA Uniform Act on Accounting Law and Financial Reporting (Acte uniforme de l'OHADA sur le droit comptable et l'information financière – AUDCIF) sets out accounting requirements for all legal entities in Cameroon, i.e. all entities subject to the provisions of the AUDCG (all commercial companies), the AUDSCGIE (SA, SARL, SAS, SNC, SCS, SEP and EIG) and the AUSC (co-operative societies). More generally, they also apply to entities producing market or non-market goods and services, if they are regularly engaged in a principal or ancillary economic activity, irrespective of whether or not financial gain is derived from that activity (Article 2, AUDCIF). Therefore, this scope of the AUDCIF also covers the non-trading companies as well as the foreign legal entities that are liable to income tax in Cameroon and foreign partnerships carrying on business in Cameroon.

- 205. The obligations to keep accounting records set out in the AUDCIF include (Article 19, AUDCIF):
  - recording accounting transactions during the financial period chronologically in a day book
  - keeping a ledger in which all the transactions during the financial period are recorded in accordance with the principle of double entry bookkeeping
  - maintaining the accounts balance which, at the end of the period, shows for each account the debit or credit balance at the start and end of the period, as well as the aggregate debit and credit movements during the financial period
  - keeping an annual accounts book in which the balance sheet, income statement, cash flow statement and annex notes are transcribed.
- 206. The accounting records must comply with the requirements of accuracy, reliability and transparency in the recording, presentation, auditing and disclosure of the information processed (Article 3, AUDCIF).
- 207. All accounting records, documents and information must be kept by the entity for at least ten years (Article 24, AUDCIF). This obligation covers the underlying accounting documentation described in paragraph 220.
- 208. Legal entities must also produce annual summary financial statements describing in an accurate and reliable manner the transactions, events and circumstances of the accounting period to give a true and fair picture of the assets, financial situation and results of the entity (Article 8, AUDCIF). These financial statements include (Article 29, AUDCIF):
  - the balance sheet, which describes separately the assets and liabilities that make up the entity's net worth
  - the income statement, which summarises the revenue and expenses, thus showing the interim results and the net profit or loss for the financial period
  - the cash flow statement, which shows the cash inflow and outflow for the financial period
  - the annex notes, which supplement and clarify the information provided by the other elements of the financial statements.
- 209. The production of financial statements is mandatory for all entities, but their presentation can be simplified (using a "minimum cash-basis system") depending on the turnover achieved during the relevant financial

period,<sup>32</sup> with the preparation of a balance sheet, a statement of income and explanatory notes (Article 28, AUDCIF).

- 210. The summary financial statements of SAs must be sent to an auditor for certification before the general meeting responsible for approving them (Article 140, AUDSCGIE). SASs have the same obligation if they meet some conditions (Article 853-13, AUDSCGIE). <sup>33</sup> SARLs are not required to engage an auditor, but if an SARL decides to engage one, it must also submit certified summary financial statements.
- 211. In addition, the financial statements must be provided annually to the RCCM, within one month of their approval (Article 269, AUDSCGIE). The RCCM keeps this information for 10 years after the company ceases to exist.
- 212. Company and accounting law does not expressly require entities to keep their accounting records in Cameroon. However, such entities are required to provide them at the request of the tax authorities, in application of the right of communication in particular. If they fail to do so, the tax authorities can apply the measures and penalties described in paragraph 226.

#### Tax law

- 213. Tax law requires that entities attach to their annual tax return the accounting documents necessary to determine the tax base (Article 18, CGI). The CGI refers in particular to the obligations under OHADA law (Article 73, CGI) and in practice this includes financial statements. As taxpayers, foreign entities resident for tax purposes in Cameroon and Cameroonian non-trading companies are also subject to this requirement. This tax obligation ensures that some accounting information, in particular financial statements, is available with the tax authorities.
- 214. As indicated in paragraph 58, the minimum retention period for documents that can be subject to a right of communication is 10 years from the date on which the information came into existence or the document was created. The right of communication can cover all accounting information held by the relevant entity. Therefore, the accounting documents must be kept for at least 10 years.

<sup>32.</sup> The thresholds set out in Article 13 of the AUDCIF are XAF 60 million (EUR 90 000) for trading entities, XAF 40 million (EUR 60 000) for craft enterprises and XAF 30 million (EUR 45 000) for enterprises providing services.

<sup>33.</sup> SASs are required to appoint a statutory auditor if they meet at least two of the following three conditions: their balance sheet exceeds XAF 125 000 000 (EUR 187 500), their turnover exceeds XAF 250 000 000 (EUR 375 000) and the number of employees exceeds 50.

#### Trusts

- 215. There is no specific legal obligation for a foreign legal arrangement (such as a trust) to keep accounting information relating to its activities managed or administered in Cameroon. On the other hand, the trustee is subject to the accounting obligations of the AUDCIF because this activity is an economic activity covered by Article 2 of the AUDCIF. The obligation for the trustee to keep accounting records ensures the availability of accounting information relating to the relevant legal arrangement, as each accounting transaction must be supported by details of its origin, allocation, content and by references to the relevant supporting documents (Article 17(5)). In addition, the information presented in the financial statements must provide an adequate, fair, clear, accurate and complete description of the transactions (Article 9). This implies in particular that the accounts relating to the trust are clearly distinct from those relating to the operations of the trustee. In addition, where the trustee is a financial institution subject to AML obligations, it will have to keep the records and documents relating to the transactions it has carried out in connection with the trust (Article 38, AML Regulation). This information must be kept for ten years after the transaction has been carried out.
- 216. However, it is not certain that in practice non-professional trustees, who are not otherwise covered by the accounting requirements, will actually apply the provisions of the AUDCIF. Supervision of these requirements is also likely to be limited because of the difficulty of identifying non-professional trustees. Nevertheless, as noted in paragraph 172, no foreign trusts appear to be managed in Cameroon and Cameroon has not received any requests relating trusts (see paragraph 174). Therefore, the materiality of the risk that accounting information relating to trusts managed by non-professional trustees is not available in Cameroon is very low.

# Companies that ceased to exist and retention period

- 217. The Cameroonian legal and regulatory framework provides for obligations to maintain registers and documents, particularly accounting documents, held by an entity after it ceases to exist. The information constituting the financial statements must be provided annually to the RCCM and the tax authorities (see paragraphs 211 and 213), which maintain them for at least 10 years after the entity is liquidated.
- 218. However, the underlying documentation is only available at the level of the entity. In the event of the liquidation of an entity, the liquidator is responsible for the provisional management of the entity (Article 53, AUPC) and the entity must provide the liquidator with its accounting records (Article 55, AUPC). The liquidator must also request from the entity all items not resulting from the accounting records, necessary for the determination of all taxes due for the years not covered by the statute of limitation, i.e. for the last three years

(Article 65, AUPC). The liquidator must keep the information obtained during the liquidation procedure for at least 5 years (Article 46, AUPC).

The Cameroonian authorities have indicated that these provisions imply that all accounting documents, including the underlying documentation, held by the entity are transmitted to the liquidator as they are necessary for the liquidation procedure and the provisional management of the entity, including if they relate to financial years prior to the year of liquidation. Nevertheless, as mentioned in paragraph 61, there is no explicit obligation for the liquidator to be located in Cameroon, although in practice the liquidator is always established in Cameroon The tax authorities have indicated that they have been able to access the relevant accounting information of liquidated companies for domestic purposes. As the legal and regulatory framework does not clearly mention all underlying accounting documentation as part of the information to be provided to the liquidator. Cameroon should monitor the implementation of the liquidation procedure in practice to ensure that the underlying accounting documentation is available for entities that have ceased to exist (see Annex 1).

### A.2.2. Underlying documentation

The accounting system of the entities, as well as the one of per-220. sons acting as trustees of foreign trusts, must comply, at minimum, with the requirements of regularity and security, including by keeping supporting written entries with dated receipts that are filed in a specific order, deemed to have probative value and bear a reference number corresponding to their record in the accounting system (Article 17(3), AUDCIF). These documents include purchase and sales invoices, contracts and other relevant documents. As with accounting records, the underlying documentation must be kept for 10 years by the entity (see paragraph 214). If an entity ceases to exist, the Cameroonian legal and regulatory framework provides for the retention of accounting records by the liquidator (see above).

# Oversight of requirements to maintain accounting records

Sanctions for failure to comply with the accounting requirements are appropriate. Managers of entities that have not prepared the annual financial statements or have knowingly prepared and provided financial statements that do not give a true and fair view of the assets, financial situation and results of the financial period, are liable to an imprisonment of between three months and three years and/or a fine of between XAF 500 000 and XAF 5 million (EUR 750 and EUR 7 500).<sup>34</sup> In addition, company directors

<sup>34.</sup> Article 111 of the AUDCIF and Article 38 of Law No. 2003/008 of 10 July 2003 on the repression of offences contained in some OHADA uniform acts.

who knowingly publish or present to shareholders or members, with a view to concealing the true situation of the company, summary financial statements that do not give a true and fair view of the operations of the company for the financial year, its financial situation and its assets and liabilities, as well as those who fail to file financial statements of the entity within the prescribed period, are liable to an imprisonment sentence up to five years and/ or a fine of XAF 100 000 to XAF 10 million (EUR 150 to EUR 15 000). In addition, irregularly kept accounting records cannot be invoked as evidence by the person who produced them (Article 68, AUDCIF).

- 222. A fine up to XAF 5 million (EUR 7 500 Article L104, LPF) for failure to file an annual tax return is also applicable in the event of failure to keep accounting documents or of their destruction.
- 223. The rate of compliance with the annual tax return obligation, calculated on the number of active companies, is high for large taxpayers, at around 97%, and slightly lower for other taxpayers, at around 76%. The filing rate for entities only (excluding individual entrepreneurs) is 92%. In order to improve this compliance rate, the DGI has continued with the dematerialisation of tax procedures and has applied penalties for failure by taxpayers to file their returns. The same and the same applied penalties for failure by taxpayers to file their returns.
- 224. Compliance with companies' accounting obligations is monitored by the tax authorities through their tax audit activity. This activity is carried out annually on samples of companies selected through a risk analysis applied to all companies but adapted to the business sector concerned. The usual coverage rate of the tax audit activity, out of the total number of professional taxpayers, is 2 to 3%. This tax audit activity enables the tax authorities to monitor the accounting obligations of entities and to penalise any short-comings found. The table below contains statistics on the tax audit activity carried out by the DGI.

Year	Number of scheduled inspections	Number of controls resulted in a tax adjustment
2019	3 961	1 149
2020	Tax audit activity suspended in 2020 due to the COVID 19 pandemic	
2021	2 498	1 811
2022	202	156

<sup>35.</sup> Article 890 of the AUDSCGIE and articles L107 and L108 of the LPF.

<sup>36.</sup> These rates slightly improved from 2019 to 2022, from 95% to 97% for large taxpayers and from 75% to 76.6% for other taxpayers.

The obligation to file tax returns online came into effect on 1 January 2021 for lowturnover taxpayers. To support these taxpayers in this new approach, penalties for late filing have not been applied until 2023.

- 225. The above figures include documentary audits, carried out from the office, and on-site audits, at the premises of the entity, all of which covers the analysis of the accounting records of the entity. The tax audit activity for 2022 exceptionally covered only the taxpayers managed by the Large Businesses Division, targeting the professional taxpavers with highest stakes. This explains the difference in audit volume with previous years. When the audits are successful, a tax adjustment notice is issued to the taxpayer, based in particular on the accounting irregularities noted.
- The tax authorities can also initiate ex officio taxation, in particular when the taxpaver fails to provide details of some items in the accounting records specific to the activity carried out, fails to keep or present all or part of the accounting or supporting documents, or when the tax authorities reject accounting records due to their irregularity. Under this procedure, a surcharge of 100% of the tax due is levied, or 150% in the event of a repeat offence (Articles L30 and L97, LPF).
- Although the tax audit activity ensures the supervision of the accounting obligations of entities, this activity is carried out on the entities registered with the tax administration. As mentioned in paragraph 87, it cannot be assessed if all entities registered with the RCCM are also registered with the tax administration. As explained in paragraph 101, for the non-tax registered entities, as well as for the inactive non-compliant entities, there would not be any possibility to be struck-off the RCCM if they do not declare their cessation of activity, and they could remain indefinitely in the RCCM. Although it would be difficult for them to conduct transactions without being in the file of active taxpavers, they could still be commercially active or hold assets abroad. without being subject to monitoring or supervision by the tax administration. The authorities of Cameroon nevertheless consider that the number of entities not registered with the tax administration should not be significant but these entities, as well as inactive entities, represent a risk for the availability of accounting information, in particular for the underlying documentation, which is not available with the authorities. Considering the absence of reliable statistics to assess this gap and the importance of the supervision of the tax administration to ensure the availability of accounting information, Cameroon is recommended to review its system, whereby inactive non-compliant entities or entities not registered with the tax administration remain with legal personality and to ensure the availability of accounting information with these entities.
- As indicated in paragraphs 95 and 96, Cameroon recently took some measures to limit the number of inactive companies (requests for the company being struck-off the RCCM and regularisation of tax situation). Cameroon should continue its recent efforts to limit the number of inactive companies that declared their cessation of activities (see Annex 1).

229. In addition to this tax audit activity, the National Order of Chartered Accountants regularly supervises accountants. The aim of this supervision is to improve the quality of the accounting services provided to taxpayers and ensure that reliable accounting records are kept. The Certified Management Centres<sup>38</sup> are responsible for assisting their members, which are professional taxpayers, with their accounting and tax obligations and consequently carry out a first formal check of the accounting records. Finally, the auditors certify the summary financial statements.

# Availability of accounting information in EOIR practice

- 230. Cameroon received 9 requests for accounting information (including underlying documentation) during the period under review. Cameroon answered to these requests for accounting information it successfully received, and peers were generally satisfied with the quality of these answers.
- 231. However, the peers also noted requests for accounting information that were still unanswered. Cameroon indicated that it has now responded to all requests received, although discussions are still ongoing with a partner to receive requests previously transmitted but not received by Cameroon (see Section C.5).

# A.3. Banking information

Banking information and beneficial ownership information should be available for all account holders.

- 232. Accounting and AML laws generally ensure the availability of information relating to the holders of bank accounts in Cameroon and the transactions carried out on these accounts. Information on the beneficial owners of bank accounts is also kept and verified by banks as part of their AML obligations.
- 233. However, there is no specified frequency of update of beneficial ownership information of bank accounts. Moreover, the method of identification of the beneficial owners of account holders which are partnerships is not appropriate.

<sup>38.</sup> The Certified Management Centres are associations certified by the Ministry of Finance and with members which are enterprises. The tax administration provides a continuous technical assistance to these Centres and must reply to all their questions relating to the taxation of their members.

- 234. The application of enforcement measures when bank supervision has noted cases of non-compliance with regard to the availability of beneficial ownership information has also been limited in practice.
- 235. The conclusions are as follows:

# Legal and Regulatory Framework: in place, but certain aspects of the legal implementation of the element need improvement

Deficiencies identified/Underlying factor	Recommendations
The method of identification of beneficial owners of legal entities provided by the anti-money laundering framework does not take into account the specificities of the structure of partnerships. It provides for the identification of the beneficial owners having a controlling interest linked with a participation of at least 20% in the capital of the partnership, while the structure of the partnerships would require the identification of all general partners.	Cameroon should ensure that beneficial ownership information of bank accounts held by partnerships is available in line with the standard.
Under anti-money laundering legislation, banks must identify the beneficial owners of all accounts. However, the legal and regulatory framework does not provide for a specified frequency of updating this information.	Cameroon should ensure that beneficial ownership information of bank accounts is up to date in line with the standard.

#### Practical implementation of the Standard: Largely compliant

Deficiencies identified/Underlying factor	Recommendations
Although the obligation for banks to hold information on the beneficial owners of their customers has been the subject of supervision, enforcement measures have not been applied in the event of non-compliance with this obligation. In addition, the details needed to implement this obligation, in particular the methodology for identifying beneficial owners, have only recently been adopted.	Cameroon should ensure in practice the availability of beneficial ownership information of bank accounts in line with the standard.

# A.3.1. Record-keeping requirements

236. Banks are approved by the Minister of Finance after receiving the assent of COBAC. The licence file must include the draft articles of association; a list of shareholders and senior managers with all documents

supporting their integrity and qualifications; business, location and organisational forecasts; details of the technical and financial resources to be deployed; and any other information likely to help the authorities to reach a decision. The foreign banks established in the CEMAC zone can operate in Cameroon, subject to the prior authorisation of the COBAC, through a subsidiary (in the form of an SA) or a branch whereas the foreign banks established outside the CEMAC zone can operate only through an SA incorporated in Cameroon.<sup>39</sup>

# Availability of banking information

- 237. The availability of banking information is ensured by accounting law, AML law and the regulations issued by COBAC.
- 238. The 18 banks operating in Cameroon are subject to the accounting requirements applicable to companies, strengthened by regional regulations specific to this sector. Banks are required to consolidate their accounts and disclose accounting documents and other information to both the regulatory authorities and the public.<sup>40</sup> These rules are specified at regional level by COBAC.<sup>41</sup> In particular, credit institutions must have a system for controlling operations and internal procedures to ensure, under optimum conditions of security, reliability and completeness, the quality of accounting and financial information (Article 71, COBAC Regulation).
- 239. The AML Regulation provides that financial institutions must keep records and documents relating to customer transactions for at least 10 years after the transaction has been carried out (Article 38).

#### Information on the beneficial owners of account holders

- 240. The standard was strengthened in 2016 to clearly require beneficial ownership information for all bank accounts to be available.
- 241. The AML Regulation prohibits the keeping of anonymous accounts and accounts in fictitious names (Article 23). In addition, banks, similarly as other AML-obliged persons, are subject to the obligation to identify the beneficial owners of their customers (Article 21). This obligation is examined

<sup>39.</sup> Regulation nº 1/00/CEMAC/UMAC/COBAC on the unique accreditation of credit institutions and Regulation nº 02/15/CEMAC/UMAC/COBAC amending and supplementing certain conditions relating to the exercise of the profession of banking in the CEMAC.

Article 32 of the Annex to the CEMAC Convention on the Harmonisation of Banking Regulations.

<sup>41.</sup> COBAC Regulation No. R-2016/04 on internal control in credit institutions and financial holding companies.

in sections A.1.1 for companies, A.1.3 for partnerships, A.1.4 for trusts and A.1.5 for other relevant entities.

- The AML Regulation and the BO Guide generally ensure the availability of information on the beneficial owners of bank accounts in Cameroon. In particular, the definition and methodology for identifying the beneficial owner set out in the AML framework comply with the standard for most cases. Nevertheless, the same method of identification of beneficial owner applies to both companies and partnerships and therefore does not take into account the specificities of the structure of the partnerships. This "cascading" approach provides for the identification of the beneficial owners having a controlling interest linked with a participation of at least 20% in the capital of the partnership, while the structure of the partnerships would require the identification of all general partners (or their beneficial owners if they are legal persons). This deficiency is partially addressed for the partnerships in Cameroon subject to the new tax rules, which provide for an identification of their beneficial owners in line with the standard (see paragraphs 158 to 160). Nevertheless, a gap remains for foreign partnerships having bank accounts in Cameroon. Cameroon is recommended to ensure that beneficial ownership information of bank accounts held by partnerships is available in line with the standard.
- 243. Once the beneficial owner has been identified, banks must verify his/her identity by requiring a valid official document with a photograph (identity card, passport, etc.) and obtain a statement from the relevant natural person indicating whether he/she is acting in his/her own name or on behalf of another person.
- 244. Banks must update information on beneficial owners by maintaining an appropriate knowledge of their customers, in particular by updating and analysing the information collected and retained based on the AML risk (Article 22, AML Regulation), as well as documents relating to the identity of customers, including beneficial owners, within 30 days of an act making rectification necessary (Section 3.4 of the BO Guide). However, the AML legal and regulatory framework in Cameroon does not clearly provide for a specified frequency of updating this information. The representative of the banks confirmed that their practice is to monitor business relationships on an ongoing basis to take account of any changes, but that due diligence is not renewed at specified frequency. It is therefore recommended that Cameroon ensure that beneficial ownership information of bank accounts is up to date in line with the standard.
- 245. In addition, as described in paragraph 112, banks can rely on third parties to carry out their due diligence obligations, including the identification of the beneficial owners of their customers, subject to conditions which are in line with the standard (Articles 62 to 64 of the AML Regulation).

- 246. The retention period for bank customer identification documents is ten years from the closure of the bank accounts or the termination of the business relationship (Article 38, AML Regulations). If a bank ceases to exist or, in the case of a foreign bank operating through a subsidiary, ceases to do business in Cameroon, the rules for bank liquidation apply before the judicial liquidation procedure. According to article 140 of Regulation n° 02/14/CEMAC/UMAC/COBAC on the handling of credit institutions in financial difficulty, the closure of the bank liquidation can take place at any time when:
  - The debts of the bank were paid.
  - The continuation of bank liquidation operations is impossible due to insufficient assets
  - The difficulty is so serious that operations cannot continue.
- 247. The bank liquidator remains responsible for keeping and preserving accounting documents for a period of five years (Article 112(6)).
- The Cameroonian authorities indicated that these provisions ensure in practice that all the information held by liquidated banks be available with the bank liquidator and then with the judicial liquidator taking over the procedure once the bank liquidation has been completed. This was confirmed by the representative of the banks, who indicated that all documents held by the bank would be transmitted in the event of a liquidation. He also stated that there had been few cases of banks being liquidated or foreign banks ceasing to operate in Cameroon over the last twenty years. Nevertheless, although the practice appears to comply with the standard, the legal and regulatory framework does not clearly provide for beneficial ownership information of bank accounts to be included in documents that are handed over to the liquidator. In addition, if a foreign bank (established within the CEMAC zone) operating through a branch decides to cease its activity in Cameroon. there will not be any liquidation process for the branch and the records kept by the branch will be handed over to the parent company located abroad. In such a case, no records would be maintained in Cameroon after the closure of the branch. Nevertheless, no foreign bank operates in Cameroon through a branch. Although these issues do not have any impact in practice, Cameroon should ensure the availability of banking information in the event of the liquidation of a bank or the cessation of activity of a foreign bank operating in Cameroon (see Annex 1).

# Oversight and enforcement

- 249. As indicated in paragraph 113, the AML Regulations do not provide for penalties for breaches of customer due diligence obligations. However, the COBAC can impose disciplinary sanctions such as warnings, reprimands, bans on some transactions or any other restrictions on banking activities, the suspension or dismissal of auditors, the suspension or mandatory resignation of senior managers and the withdrawal of the licence of an institution. 42
- 250 The supervision carried out by the COBAC is described in paragraphs 136 and 137. Since 2019, COBAC has implemented risk-based supervision through off-site (ongoing monitoring) and on-site inspections. Between 2019 and 2022, it carried out 38 on-site inspections in Cameroon. These on-site inspections did not cover only banks, but also other financial institutions regulated by the COBAC. Following these missions, 4 warnings and 18 reprimands were applied when serious breaches were observed. None of these sanctions related to AML obligations. The Cameroonian authorities did not provide the number of banks concerned by these sanctions.
- 251. Among the 38 on-site inspections carried out in Cameroon by the COBAC between 2019 and 2022. 29 were AML missions. During these inspections, obligations relating to customer identification, including identification of the beneficial owner, were systematically checked. The representatives of the banks and the COBAC indicated that for the period prior to the clarifications provided by the BO Guide, they referred to the FATF standard, in particular to the "cascading" approach provided by FATF Recommendation 10.
- 252. Although the COBAC indicated that the identification of beneficial owners by banks remained difficult, in particular in the absence of a central register of beneficial owners for cross-checking the information, no sanctions were applied following the on-site missions with an AML focus. Letters of injunction have been issued to require an action plan to correct any deficiencies found, but the COBAC could not confirm whether these letters covered aspects relating to the identification of beneficial owners.
- 253. Therefore, given the recent nature of the BO Guide in the AML area and the limited application of enforcement measures in the event of noncompliance in the availability of beneficial ownership information of bank accounts, it is recommended that Cameroon ensure in practice the availability of beneficial ownership information of bank accounts in line with the standard.

<sup>42.</sup> Article 39 of the Annex to the CEMAC Convention on the Harmonisation of Banking Regulations.

# Availability of banking information in exchange of information practice

- 254. Cameroon received 12 requests for banking information during the review period, which mainly aimed either at obtaining bank statements or list of bank accounts held by a taxpayer in Cameroon. Cameroon answered to all these requests it successfully received and peers were generally satisfied with the quality these responses.
- 255. On the other hand, the peers also noted that in several cases requests for banking information were still not answered. Cameroon indicated that these requests were still being processed at that time but that have now been answered. It also explained that the delays were not due to an issue of availability of banking information but to delays due to the International Exchange of Information Unit (see Section C.5).

# Part B: Access to information

256. Sections B.1 and B.2 assess whether competent authorities have the power to obtain and provide information requested under an EOI arrangement from any person within their territorial jurisdiction who is in possession or control of such information, and whether rights and safeguards are compatible with an effective EOI

# B.1. Competent authority's ability to obtain and provide information

Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information).

- 257. The access to information requested by an EOI partner are based on the information directly available in the internal databases of the tax administration and on the access powers which enable the tax administration to obtain information held by third parties, including banking information. These access powers include, in particular, the right of communication which can be exercised with the data subject himself or with a third party holding the information sought. Appropriate sanctions can be applied in the event of failure to provide the requested information. The tax administration interprets the provisions relating to the right of communication as allowing them to waive the professional secrecy of lawyers, although the latter have a different interpretation.
- 258. In practice, the Cameroonian competent authority has had to ask other public administrations, in some cases, to provide the requested information. However, the other authorities have not always provided the information within the required timeframes and, in these situations, the tax authorities have no means to speed up the response times, which lowered the effectiveness of EOI.

#### 259. The conclusions are as follows:

#### Legal and Regulatory Framework: in place

No material deficiencies have been identified in the legislation of Cameroon in relation to access powers of the competent authority.

#### **Practical Implementation of the Standard: Compliant**

No issues in the implementation of access powers have been identified that would affect EOIR in practice.

260. The competent authority of Cameroon for the exchange of information is the Minister of Finance, who delegated this authority to the General Director of Taxes. The operational aspects of exchange of information are managed within the DGI by the International Exchange of Information Unit (UEIR).

#### B.1.1. Ownership, identity and banking information

# Access to information in general

- 261. Several types of information are directly accessible by the UEIR, in particular those contained in the databases of the tax authorities, which include information on the identification and tax returns of taxpayers. The UEIR can also request the relevant tax department to consult the taxpayer's paper file.
- 262. Where the information requested is held by third parties, including other public authorities, the tax authorities have different powers of access but mainly exercise the right of communication (Article L42, LPF).<sup>43</sup> The right of communication explicitly applies for EOIR (see paragraph 276) and the Cameroonian authorities have confirmed that it can be exercised for civil (administrative) or criminal tax purposes.
- 263. The scope of the documents and information to which the right of communication can apply is in principle not limited. However, the right of communication does not allow the tax authorities to obtain information classified as "defence secret" or relating to medical files or national security (Article 47, LPF). These limitations are not contrary to the standard that

<sup>43.</sup> In addition to the right of communication, the Cameroonian authorities have powers of audit and investigation, which are rarely used in the context of the exchange of information. These powers of access are described in paragraphs 245 to 250 of the 2016 Report.

allows a requested jurisdiction not to exchange information in some cases, in particular if disclosure of the information could undermine public policy. which would be the case for the communication of information classified as a "defence secret" or relating to national security (see Element C.4).

- The scope of persons with whom the right of communication can be exercised is broad and includes third parties relevant to the exchange of information, in particular public administrations, companies and individuals with a commercial activity or exercising an independent profession (Article L43, LPF). Individuals who do not have any independent professional activity are not included in this scope, but Cameroon's tax authorities have not had to contact this type of person to respond to EOI requests in practice. In addition, identification, residence or tax data relating to these individuals are in principle already available to the tax authorities through the application of registration and tax reporting obligations. The information on the bank accounts held by these individuals can also be accessed with the relevant banks. Moreover, the tax administration could use its power of audit to request information to a relevant natural person without independent profession. Therefore, excluding these individuals from the scope of the right of communication does not constitute a significant limitation on the exchange of information.
- The tax authorities can also exercise their right of communication with the persons that are not obliged to hold the requested information (for instance due to the end of the retention period) if they believe that these persons hold this information. However, if these persons refuse to provide the information, the sanctions provided for will not be applied. In practice, the tax authorities generally request information from persons with an obligation to hold the requested information.
- For handling the EOI requests, the right of communication can be initiated by UEIR officials or, where appropriate and if requested by the UEIR for this purpose, by an investigation or audit department of the tax administration. In principle, information is collected at the premises of the relevant third party. However, in order to process an EOI request, the UEIR can request the relevant information in relation to a case by correspondence (Article L45, LPF). In such a case, the notice requiring the communication of the information is sent by post with acknowledgement of receipt and the relevant third party generally has to reply within 15 days.

#### Access to information on owners and beneficial owners

In order to obtain legal ownership information of entities, the UEIR relies on data already available within the tax administration, in particular that collected at the time of tax registration and of annual tax returns. Nevertheless, as noted in paragraph 65, this information held by the tax administration may not be always complete, if a company fails to report changes in its legal ownership that would occur before the filing of the annual tax return. Therefore, Cameroon should ensure that legal ownership information is obtained from the most appropriate source (see Annex 1). Cameroon has received 17 requests for legal ownership information of entities and has provided answers in the cases for which a request was received. Peers had indicated that the information had not yet been provided in some cases, but where it had been provided, the information was satisfactory. Some requests have not been received by Cameroon, which is still in discussion with the relevant EOI partner to obtain these requests.

268. For beneficial ownership information, the UEIR will be able to rely on the RCBE, once this register is operational, and on the information and documents collected by the tax authorities. The tax authorities also have the possibility of obtaining this information from all persons holding it, including the entities themselves and AML-obliged persons, by exercising their right of communication. Although the transmission to the DGI of information collected by AML-obliged persons is not explicitly provided for by the AML Regulation, such information is not covered by the limitations on the right of communication (see paragraph 263). The representatives of banks and other AML-obliged persons met during the on-site visit confirmed this interpretation. In order to identify the relevant AML-obliged person, the Cameroonian authorities have indicated that they could, for instance, determine the bank in which an entity holds a bank account through the bank details with which the entity paid its taxes.

269. During the review period, Cameroon did not receive any requests for beneficial ownership information.

# Access to banking information

- 270. The tax authorities can obtain information held by banks and financial institutions, including bank account statements and beneficial ownership information of bank accounts, by exercising their right of communication, which expressly covers banks.
- 271. In order to assess the completeness of an incoming EOI request, the Guide of Administrative Assistance, which describes the EOI processes within the tax administration (see paragraph 373), states that the person subject to a request must be identified, by the full name and date of birth if this person is a natural person. However, with regard to requests for banking information, the Cameroonian authorities have confirmed that they would be able to process a request which identifies the relevant person solely by a bank account number, although no such request has ever been received by Cameroon.

- Identifying the bank concerned also facilitates and speeds up the 272. handling of the request in practice, but in the absence of this information. the UEIR exercises the right of communication with all the banks located in Cameroon, Although it is not often that the bank cannot be identified when the request for information is received, this happened in practice and the UEIR contacted all the banks in Cameroon.
- 273. Cameroon received 12 requests for banking information and provided responses in all cases. Although a timeline of 15 days is usually given to the banks to provide the information; the banks can ask for an extension to this timeline. The Cameroonian authorities indicated that the average time taken to gather banking information was 45 days, but that this response time could be significantly extended when the volume of information requested was large. Peers indicated that they were satisfied with the responses received when the banking information was provided. Although Cameroon provided an answer to all requests received, some requests from a peer were not received and discussions are still ongoing between Cameroon and this partner to obtain these requests.

# **B.1.2.** Accounting information

- The right of communication described in section B.1.1 can be used to gather accounting information, including the underlying accounting documentation, from the relevant persons. Cameroon indicated that requests for accounting information required information to be gathered from the relevant entities.
- 275. Cameroon received 9 requests for accounting information during the review period and provided responses in these cases. Where information was provided, the peers were generally satisfied with the guality of the answers from Cameroon. Cameroon has not received some requests from a partner and is still in discussion with this partner to obtain these requests.

# B.1.3. Use of information-gathering measures absent domestic tax interest

- 276. Cameroon's tax authorities can access the information requested although they do not need it for internal tax purposes. The LPF expressly states that the right of communication can be used to obtain information for a foreign tax authority (Article L42).
- 277. In practice, the EOI requests received generally involve a taxpayer resident in Cameroon, but the exchanged information is not necessarily of immediate tax interest to Cameroon. The peers did not raise any issue with this aspect of the standard.

# B.1.4. Effective enforcement provisions to compel the production of information

- 278. If a person fails to comply with a request from the tax authorities under its right of communication, the tax authorities first send that person formal notice to provide the information within 8 days. If the person persists in failing to provide the information, the tax authorities impose a fine of up to XAF 5 million (EUR 7 500), together with a penalty of XAF 100 000 (EUR 150) per day of delay beyond the deadlines specified in the request of the right of communication, which is usually 15 days (Article L104, LPF).
- 279. As part of the right of investigation, tax officials can also enter the taxpayer's premises if they are used for business purposes and can take copies of accounting documents (article L49, LPF). This procedure can be used to gather information for the exchange of information. If the tax administration needs to obtain information held in non-business premises, it can use their right of access with enables the tax officials to enter both business and private premises, upon authorisation by the judge (article L50 quarter, LPF). This procedure is rarely used by the tax administration.
- 280. In practice, Cameroon's tax authorities have not applied any penalties to the holders of the information, as those in the private sector provided the information requested within the deadline.
- On the other hand, in 4 cases, the tax authorities exercised their right of communication with other public authorities. These requests to other public authorities are particularly necessary when the natural person concerned is not known to the tax authorities. In such cases, the tax authorities call on other authorities, in particular the police (Délégation Générale à la Sûreté Nationale), to locate the person concerned. In such cases, the information requested is not always provided within the given time limits. The Cameroonian tax authorities explain this situation partly by the lack of data digitisation in other administrations, that delays the gathering of the information, in particular when the research concludes that the individual is not resident in Cameroon. The Cameroonian authorities also explained the long timeframe for these cases by the COVID-19 pandemic during which administrations did not function normally. Moreover, when the right of communication is exercised with another public administration, the tax administration has no power of compulsion against it. To overcome this difficulty, the tax authorities are currently working on exchange protocols with other administrations, in particular to provide a framework for exchanges and set deadlines for the transmission of information. Cameroon should continue its efforts to ensure that the competent authority can obtain information held by other public administrations within a timeframe compatible for an effective exchange of information (see Annex 1).

# B.1.5. Secrecy provisions

#### Bank secrecy

- 282. The bank secrecy is provided for by Law no. 2022/006 of 27 April 2022 governing the bank secrecy in Cameroon.<sup>44</sup> This law sets out an obligation of confidentiality for the relevant institutions with regard to acts, facts and information concerning their customers of which they have knowledge in the performance of their duties (Article 3). Violation of bank secrecy is punishable by an imprisonment of three months to three years and a fine of XAF 1 million to XAF 50 million (EUR 1 500 to EUR 75 000). These penalties can be increased in the case of legal entities or if the violation is committed by means intended to reach the public (Article 27).
- 283. Although the sanctions for breaching the bank secrecy are significant, the law governing the bank secrecy also makes it clear that the communication of information to the tax authorities under its right of communication does not constitute such a breach (Articles 6(h) and 10), including when such information is requested in the context of the exchange of information. Cameroon's legal and regulatory framework therefore contains no restrictions on the collection and exchange of banking information for tax purposes.
- 284. The bank secrecy is also enshrined in regional legislation, in particular in Article 42 of the Annex to the Convention on the Harmonisation of Banking Regulations in the Central African States. This regional legislation provides for exceptions to the bank secrecy for the benefit of the COBAC or the ANIF but does not provide for a specific exception allowing the transmission of banking information to the tax authorities. However, the Cameroonian national provisions described above supplement the regional provisions by explicitly requiring banks to provide any information requested by the tax authorities.
- 285. In practice, Cameroon's tax authorities regularly request information from the banks, either for domestic purposes or for the exchange of information. Bank representatives said that they were used to co-operating fully with the tax authorities. They also said that the lack of nominative identification of account holders would not be an obstacle to co-operation with the tax authorities. The peers did not raise any problems with regard to bank secrecy in Cameroon.

<sup>44.</sup> This law replaces law no. 2003/004 described in the 2016 Report.

#### Professional secrecy

- 286. Cameroonian legislation provides for professional secrecy in a general way, making it a criminal offence for a person to reveal, without authorisation, a confidential fact that he or she only knows or has been entrusted with due to his or her profession or position (Article 310, Criminal Code).
- 287. This general obligation of professional secrecy gives rise to confidentiality obligations laid down in laws specific to some professions (lawyers, notaries, accountants, tax advisors, etc.). In some cases, an exception to professional secrecy is clearly established for the tax authorities in the context of the right of communication. For example, such an exception is provided for tax advisors and accountants.<sup>45</sup>
- 288. In all cases, the right of communication of the tax administration enables it to obtain relevant information from any person exercising an independent legal profession, without being able to invoke professional secrecy, except if the information requested relates to a medical file or national security or is classified as a "defence secret" (Articles L42, L43 and L47, LPF). The DGI interprets these provisions as permitting the lifting of the professional secrecy to which legal professions such as lawyers, notaries, accountants and tax advisors are subject. This interpretation is shared by these professionals, with the exception of lawyers that consider their professional secrecy as absolute, 46 although it is not covered by the exceptions mentioned above.
- 289. The lawyers' representatives indicated that they were working with the Cameroonian authorities on a draft bill for a possible waiver of professional secrecy for AML purposes and that a waiver for the benefit of the tax authorities could be envisaged in this context. They also indicated that their role was in principle limited to providing legal advice and defending their clients. On the other hand, they consider that currently the legal and regulatory framework did not allow them to disclose information to the tax authorities, due to the criminal sanctions that could be applied for such disclosure. This difference in interpretation between the tax authorities and lawyers was

<sup>45.</sup> Article 42 of Law No. 2011/010 of 6 May 2011 to lay down the organisation and conditions for the practice of the profession of tax consultant in Cameroon and Article 36 of Law No. 2011/009 of 6 May 2011 relating to the practice of the liberal accounting profession and the operation of the National Order of Chartered Accountants in Cameroon.

<sup>46.</sup> A lawyer's professional secrecy is defined by article 20 of law no. 90-059 of 1990, which states that "A lawyer is required to maintain the strictest secrecy with regard to everything concerning his relationship with a client, including if the client has expressly released him from this obligation." This obligation applies to the associates, whether or not they are lawyers.

already noted in the 2016 Report (see paragraphs 280 to 282). The DGI expressed its disagreement with this position by sending a letter in 2023 to the Minister of Justice, as the supervisory authority of the Bar Association, reminding lawyers that professional secrecy cannot be invoked against the tax authorities.

- 290. The tax authorities have not had to contact the lawyers to obtain information for EOI or domestic purposes.
- 291. The impact of the divergence in interpretation between Cameroon's tax authorities and lawyers on the exchange of information is limited, particularly as the role of lawyers relates to legal defence and advice, and they are not a privileged source of information for the tax authorities. However, as the divergence in interpretation has persisted since the 2016 Report, Cameroon should continue its efforts to clarify the interpretation of the professional secrecy of lawyers and ensure access to information held by lawyers in practice within the limits provided for by the standard (see Annex 1).

# **B.2. Notification requirements, rights and safeguards**

The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information.

# B.2.1. Rights and safeguards should not unduly prevent or delay effective exchange of information

#### Notification

- 292. Cameroonian law does not provide for any obligation to notify the persons subject of an EOI request, either before or after the information is sent to the requesting jurisdiction. In practice, the Cameroonian authorities confirmed that they did not inform the relevant person of the existence of an EOI request.
- 293. Moreover, when the tax authorities exercise their right of communication, they do not inform the holder of the information of the purpose of their request. Only the legal basis for the right of communication and the description of the information requested are provided in the request sent to the holder of the information. The risk of the taxpayer being indirectly informed of the existence of the EOI request is therefore limited.
- 294. Although there is not any anti-tipping off provision in the tax law in Cameroon, bank representatives also indicated that they do not inform their

customers when the tax authorities exercise their right of communication with the bank

# Appeal rights

- 295. The Cameroonian legal and regulatory framework provides for a right of judicial review of the administrative acts.<sup>47</sup> Nevertheless, this right cannot be exercised against the exchange of information procedure or against the right of communication exercised with the holders of information. The holder of the information will therefore have to provide the tax authorities with the requested information or, in case of failure, the sanctions described in paragraph 278 will be applied.
- 296. The Cameroonian authorities have indicated that, to their knowledge, the holders of the information complied with the requests within the framework of a right of communication.
- 297. The taxpayer or the information holder has no right to access the EOI documents (see paragraph 333). The peers raised no difficulties regarding the rights and protections applicable in Cameroon.
- 298. The conclusions are as follows:

#### Legal and Regulatory Framework: in place

The rights and safeguards that apply to persons in Cameroon are compatible with effective exchange of information.

#### **Practical Implementation of the Standard: Compliant**

The application of the rights and safeguards in Cameroon is compatible with effective exchange of information.

<sup>47.</sup> Article 2 of Law N° 2006/022 of 29 December 2006 Setting the Organisation and Functioning of Administrative Courts.

# Part C: Exchange of information

299. Sections C.1 to C.5 assess the effectiveness of Cameroon's network of EOI mechanisms – whether these EOI mechanisms provide for exchange of the right scope of information, cover all relevant partners of the jurisdiction, whether there are adequate provisions to ensure the confidentiality of information received, whether Cameroon's network of EOI mechanisms respects the rights and safeguards of taxpayers and whether Cameroon can provide the information requested in an effective manner.

# C.1. Exchange of information mechanisms

Exchange of information mechanisms should provide for effective exchange of information.

- 300. The 2016 Report concluded that Element C.1 was in place because Cameroon had a significant network of bilateral or multilateral EOI mechanisms in line with the standard. Since the 2016 Report, this network has extended from 90 to 150 EOI relationships in line with the standard, mainly due to the growing number of jurisdictions that have joined the Convention on Mutual Assistance in Tax Matters (Multilateral Convention).
- 301. Cameroon is party to the following instruments for the exchange of information:
  - the Multilateral Convention,
  - seven double tax convention (DTCs see Annex 2), including those
    with the United Arab Emirates and the Czech Republic (Czechia),
    which have been concluded since the 2016 Report. All of the
    EOI relationships covered by these DTCs are also covered by the
    Multilateral Convention, which provides for an exchange of information in line with the standard. Consequently, these DTCs are not
    analysed in this report.
  - the CEMAC Convention for the avoidance of double taxation and tax evasion on income tax (CEMAC Tax Convention) signed on

- 13 December 1966 (and revised on 8 April 2019) by Cameroon, Congo, Gabon, Equatorial Guinea, Central African Republic and Chad. This Convention contains a provision on EOI (Article 27) which is in line with the standard, although it does not correspond exactly to the latest version of Article 26 of the OECD Model Convention.
- 302. The implementation of these instruments, in particular the interpretation of the concept of foreseeable relevance, including for requests on groups of taxpayers, complies with the standard.
- 303. The conclusions are as follows:

#### Legal and Regulatory Framework: in place

No material deficiencies have been identified in the EOI mechanisms of Cameroon

#### **Practical Implementation of the Standard: Compliant**

No issues have been identified that would affect EOIR in practice.

#### Other forms of exchange of information

304. Cameroon mainly exchanges information on request. However, the EOI instruments to which it is a party provide for other forms of exchange, in particular spontaneous and automatic exchanges of information as well as enhanced forms of tax co-operation, such as the presence of tax officials on the territory of another jurisdiction or simultaneous controls.

# C.1.1. Requirement of foreseeable relevance

305. The Multilateral Convention provides for the exchange of "foresee-ably relevant" information. The CEMAC Tax Convention provides for the exchange of information for the administration and enforcement of the tax laws of the signatories. It therefore does not explicitly contain the requirement of "foreseeable relevance" of the exchanged information or any alternative wording, but the Cameroon authorities have confirmed that they interpret this provision in accordance with the Commentary on Article 26 of the OECD Model Tax Convention on foreseeable relevance.

<sup>48.</sup> Among the jurisdictions that are signatories to the CEMAC Tax Convention, Cameroon and Gabon are also parties to the Multilateral Convention, but their EOI relationship is only in force under the CEMAC Tax Convention, as Gabon has not yet deposited its instrument of ratification of the Multilateral Convention.

# Clarifications and foreseeable relevance in practice

- The Guide of Administrative Assistance provides for various aspects to be verified by the UEIR in order to validate an incoming request, including the foreseeable relevance of the requested information. It indicates that the foreseeable relevance is assessed on the basis of a combination of the following criteria:
  - The request includes all the information required to process it.
  - It relates to taxes and years covered by the EOI instrument.
  - The information requested must be such as can be provided having regard to the legal instrument on which the request is based and the relevant laws of Cameroon.
  - The information provided is sufficient to identify the relevant taxpayer, in particular his full name and date of birth for natural persons.
- 307. In addition to these elements, the Cameroonian authorities indicated that the description of the tax procedures in the requesting jurisdiction and their link with the requested information were essential in assessing the foreseeable relevance of a request.
- 308. The Guide provides for a period of 14 days from the receipt of the request to seek clarification, if necessary, from the requesting jurisdiction. The Cameroonian authorities did not request any clarification during the review period. The peers did not raise any difficulties on this point.
- 309. Cameroon did not receive any requests concerning a group of taxpavers not individually identified during the review period. The Guide does not contain specific guidance on this type of requests but the section on the validity and foreseeable relevance of a request refers to the Commentary to Article 26 of the OECD Model Tax Convention which contains such guidance. In addition, the UEIR representatives have indicated that they would apply a similar approach to group requests as that applicable to nominative requests, except for the identification of the taxpayer. This approach would be in line with the standard.

# C.1.2. Obligation to exchange information in respect of all persons

- 310. The Multilateral Convention and the CEMAC Tax Convention do not limit the scope of persons who can be covered by the exchange of information.
- 311. In practice, Cameroon generally receives requests concerning persons who are resident either in the requesting jurisdiction or in Cameroon. However, the taxpayer's residence in Cameroon is not necessarily established when the requests are received and this has not prevented Cameroon from handling them.

# C.1.3 and C.1.4. Obligation to exchange all types of information including in the absence of domestic tax interest

- 312. The Multilateral Convention and the CEMAC Tax Convention contain provisions equivalent to paragraphs 4 and 5 of Article 26 of the OECD Model Tax Convention, which provide for the exchange of all types of information, including in cases where the requested jurisdiction does not need the information for its own tax purposes.
- 313. In practice, Cameroon has received 12 requests for banking information, and the fact that the information is held by a bank has not prevented it from being processed. In addition, although the requests received by Cameroon often involve a taxpayer resident in Cameroon, the exchanged information is not necessarily of immediate tax interest to Cameroon. Finally, as indicated under the section B.1 (paragraph 277), Cameroon's domestic legislation expressly provides for the possibility of exercising the right of communication to obtain information for a foreign administration.

# C.1.5 and C.1.6. Dual criminality and exchange of information for civil and criminal tax matters

- 314. The Multilateral Convention, the CEMAC Tax Convention and Cameroonian legislation do not provide for the principle of dual criminality as a condition for answering to an EOI request in criminal tax matters. Cameroon therefore interprets these instruments and its legislation as providing for an exchange of information including in cases where the facts under investigation would not constitute a criminal offence under Cameroonian law if it had occurred in Cameroon.
- 315. The Multilateral Convention and the CEMAC Tax Convention do not restrict the exchange of information to tax matters of a criminal nature. Consequently, Cameroon interprets these instruments as permitting the exchange of information in relation to tax matters in administrative (or civil) and criminal matters.
- 316. In practice, Cameroon did not receive any request in relation to criminal tax matters but it indicated that it would exchange information with its partners regardless of the nature of the case in the requesting jurisdiction.

# C.1.7. Provision of information in specific form requested

317. There is no particular restriction in Cameroon's EOI instruments or in its legislation that would prevent it from providing the information requested in the form requested and specified by the requesting jurisdiction. In practice, Cameroon and its peers have not encountered any difficulties

with regard to the form of the information exchanged, but no specific form was requested during the review period.

# C.1.8 and C.1.9. Signed agreements brought into force and be given effect through domestic law

The tax treaty ratification process as described in the 2016 Report (see paragraphs 327 and 328) has not changed. Cameroon's EOI relationships that are not in force are those for which jurisdictions participating in the Multilateral Convention have not yet deposited their instrument of ratification.

#### **FOI** mechanisms

Total EOI relationships, including bilateral and multilateral or regional mechanisms	150
In force	145
In line with the standard	145
Not in line with the standard	0
Signed but not in force	5*
In line with the standard	5
Not in line with the standard	0
Total bilateral EOI relationships not supplemented by a multilateral or regional mechanism	0

<sup>\*</sup> United States, Honduras, Madagascar, Philippines, Togo.

319. Once ratified, international treaties and conventions take precedence over laws and do not require any additional measures to be effective (Article 45 of the Constitution).

# C.2. Exchange of information mechanisms with all relevant partners

The jurisdiction's network of information exchange should cover all relevant partners, meaning those jurisdictions who are interested in entering into an information exchange arrangement.

- 320. Due to the participation to the Multilateral Convention and the CEMAC Tax Convention, Cameroon currently has a large EOI network covering 150 jurisdictions, 145 of which have the EOI relationship in force.
- 321. Cameroon has received and answered favourably to requests from different jurisdictions to open DTC negotiations. Nevertheless, most of the jurisdictions concerned by these ongoing negotiations are already covered by the Multilateral Convention. Moreover, no member of the Global Forum indicated during the preparation of this report that Cameroon had refused to negotiate or sign an exchange of information instrument.

- 322. The standard requires jurisdictions to establish an EOI relationship in line with the standard with all partners that are interested in such a relationship. Cameroon should therefore continue to enter into EOI agreements with any new relevant partners (see Annex 1).
- 323. The conclusions are as follows:

#### Legal and Regulatory Framework: in place

The network of information exchange mechanisms of Cameroon covers all relevant partners.

#### **Practical Implementation of the Standard: Compliant**

The network of information exchange mechanisms of Cameroon covers all relevant partners.

### C.3. Confidentiality

The jurisdiction's information exchange mechanisms should have adequate provisions to ensure the confidentiality of information received.

- 324. The 2016 Report concluded that the national and international provisions applicable in Cameroon as well as the procedures and organisation ensured the confidentiality of the information exchanged in line with the standard, both in the legal and regulatory framework and in practice.
- 325. The applicable international instruments provide for confidentiality rules in line with the standard. The provisions of Cameroonian legislation relating to professional secrecy, which apply in particular to tax officials, also provide for the confidentiality of exchanged information. In practice, Cameroon has implemented measures to ensure compliance with these obliquations of professional secrecy and confidentiality.
- 326. The conclusions are as follows:

#### Legal and Regulatory Framework: in place

No material deficiencies have been identified in the EOI mechanisms and legislation of Cameroon concerning confidentiality.

#### **Practical Implementation of the Standard: Compliant**

No material deficiencies have been identified and the confidentiality of information exchanged is effective.

# C.3.1. Confidentiality of information received: disclosure, use and safeguards

- 327. The Multilateral Convention and the CEMAC Tax Convention ensure the confidentiality of information exchanged, in line with the standard. They require that the information obtained be kept secret under the same conditions as those provided for information obtained in application of Cameroon's legislation and is only communicated to persons or authorities concerned with the assessment or collection of taxes as well as procedures and prosecutions relating to taxes.
- At the national level. Cameroonian legislation provides for an obligation of professional secrecy for all public servants with regard to any information that may come to their knowledge in the course of their duties (General Statute of the Civil Service, Article 41). For tax administration officials, including temporary staff, this obligation of professional secrecy is reiterated in Article L47(1) of the LPF, which specifies that professional secrecy also applies to information obtained from a foreign tax administration as part of mutual administrative assistance in tax matters. The Cameroonian authorities confirmed that this obligation continues to apply indefinitely after the official has left the tax authorities.
- In the event of a breach of professional secrecy, the General Statute of the Civil Service provides for disciplinary sanctions ranging from a written warning to dismissal (Article 94). In addition, this violation constitutes a criminal offence punishable by an imprisonment of 3 years and a fine of XAF 20 000 to 100 000 (EUR 30 to 150 - Article 310, Criminal Code). These penalties apply in the case of disclosure of information received under the exchange of information.
- The LPF provides for exemptions to professional secrecy, in particular for the benefit of some authorities acting within the scope of their duties. such as the Treasury, Customs and Economic and Financial Services (Article L48). However, as the provisions of international EOI instruments have a higher legal value than those of the LPF, the Cameroonian authorities have confirmed that information received from a foreign jurisdiction is used in accordance with these international provisions, including when the use or transmission of this information for non-tax purposes is authorised by the LPF.
- 331. The Terms of Reference, as amended in 2016, clarified that although it remains the rule that information exchanged cannot be used for purposes other than tax purposes, an exception applies where the EOI agreement provides that the information can be used for such other purposes under the laws of both contracting parties and the competent authority supplying the information authorises the use of information for purposes other than tax

purposes. The Multilateral Convention and the CEMAC Tax Convention contain such a provision. Cameroon indicated that it did not receive any requests from partners seeking its agreement to use the information for non-tax purposes and, similarly, Cameroon did not ask its partners to use the information received for non-tax purposes.

#### C.3.2. Confidentiality of other information

- 332. The confidentiality provisions included in the EOI instruments and in Cameroonian legislation do not differentiate between information received in response to requests and information contained in foreign requests. All information, such as reference documents and communications between the requesting and requested authorities and within the tax administration, is treated as confidential
- 333. The Cameroonian authorities mentioned that there was no provision enabling the taxpayer or the holder of the information to obtain correspondence between competent authorities or any other information relating to the EOI process. In addition, when the tax authorities contact the person holding the requested information, they do not disclose the purpose of the request and only provide the necessary information, i.e. mainly the legal basis for the request of the tax authorities (the relevant article of the LPF) and a description of the information requested.

# Confidentiality in practice

334. The procedures and organisational measures of the DGI ensure that breaches in the confidentiality of information exchanged in practice are prevented.

# Confidentiality policy

335. The DGI has a general policy aimed at protecting confidential information relating to the tax administration, for which the DGI's Inspectorate of Tax Services is responsible. This policy is based in particular on the DGI's Confidentiality Charter, <sup>49</sup> which includes preventive measures (controls on access to premises and logical access, disposal policy, etc.) and corrective measures (administrative investigations and sanctions).

<sup>49.</sup> Note of service no. 067/MINFI/DGI/ISI of 11 August 2017 on the Confidentiality Charter of the General Tax Directorate. In addition, the DGI will shortly adopt its Code of Ethics and Professional Conduct, which will set out the obligations of DGI employees with regard to confidentiality and professional secrecy.

### Human resources

- When tax officials are hired, a criminal records check is carried out. 336. These agents are trained in their obligations in terms of professional secrecy during their initial training and they are then regularly made aware of these obligations through ongoing training programmes. In the case of contractual employees (who are not intended to be involved in the exchange of information), their previous experience is checked and they are required to sign a confidentiality agreement. Failure to comply with this agreement can lead to the exclusion of the contractual employees from public hiring procedures. When a civil servant or temporary employee leaves the tax authorities, they are required to return all documents and equipment, including IT equipment, to the tax authorities before they leave.
- The UEIR is composed of agents dedicated to the exchange of information and trained in the confidentiality requirements specific to the information exchanged. These officers have benefited in particular from the Global Forum's online and on-site trainings on the exchange of information. including the aspects relating to confidentiality.

### Labelling and handling of confidential information within the tax administration

- 338. Since 2015, the UEIR has been using a software system for managing incoming and outgoing requests, called the "tracking system", which enables data relating to cases handled by the Unit to be stored electronically. However, due to the unavailability of this system (see paragraph 374), EOI activity was monitored during the review period via an Excel spreadsheet and paper records. Only the UEIR manager has access to the tracking system, while all UEIR employees have access to the Excel spreadsheet. The paper registers are kept in the UEIR's secure cabinets (see paragraph 341).
- 339. When the UEIR receives information from abroad, a "Confidential" stamp is placed on these documents, with no other mention of their international nature. If these documents are to be forwarded to other departments, the Director General of Taxes sends them a letter of transmission which includes a paragraph stating that the information cannot be used for any purpose other than tax purposes. In addition, any request from other national authorities to obtain information held by the tax authorities must go through the Director General, who would consult the UEIR before transmitting the information in order to obtain the appropriate authorisation from the foreign partner.
- 340. The Cameroonian tax authorities have indicated that in practice they have rarely provided information to other national authorities, either spontaneously or on request. Consequently, the risk of the Director General

not identifying information to be communicated to another authority as originating from a foreign administration is limited in practice. However, this risk cannot be excluded and Cameroon should therefore ensure that all information received in the context of the exchange of information is identified as subject to the specific conditions of confidentiality provided for in the EOI instruments (see Annex 1).

### Physical security and access

341. The building of the tax administration where the UEIR is located is protected by badge access, video surveillance and guards. UEIR staff have two offices with secured access by badge, a code-secured storage cabinet for paper files, as well as document shredders for destroying paper documents used in the EOI if necessary. Although the UEIR has not yet destroyed any EOI files, the tax authorities have indicated that these files will be kept for 10 years from the time they are closed.

## IT security

342. Access to electronically stored data by tax officials is tracked. The Inspectorate of Tax Services can access these records, in particular for investigative purposes. In addition, UEIR officials have a secure e-mail address for exchanges with foreign partners, with the UEIR giving preference to sending e-mails with encrypted attachments.

# Incidents and breach management

- 343. In the event of a breach of confidentiality, an administrative investigation is opened by the Inspectorate of Tax Services. This investigation involves summoning and interviewing the agent concerned, and then drafting an investigation report for the Director General of Taxes. The investigation report contains a proposal on the sanctions to be applied. The final report is sent to the Minister of Finance for implementation of the proposed sanctions.
- 344. Although there is no specific audit or control procedure for detecting breaches of confidentiality, staff are properly made aware of the need to report any breaches in this area to the Inspectorate of Tax Services. Thus, since 2020, two cases of serious breaches of confidentiality obligations have been sanctioned within the tax authorities. In the first case, the user account of a senior tax official had been hacked, and the hacking had been possible because the official was employing a person from outside the tax authority, in an unauthorised manner and in the tax authority's premises. The senior tax official was relieved of his duties and received a written warning. In the second case, a tax official modified data relating to a taxpayer

so that the latter could benefit from undue tax advantages. The officer was relieved of his duties and received a reprimand.

345. No breaches of confidentiality were noted in relation to information exchanged.

## C.4. Rights and protection of taxpayers and third parties

Information exchange mechanisms must respect the rights and protections of taxpayers and third parties.

### C.4.1. Exceptions to the obligation to provide information

- The Multilateral Convention and the CEMAC Tax Convention ensure that the contracting parties are not required to provide information that would reveal an industrial, commercial or professional secret or information the disclosure of which would be contrary to public policy. At national level, article L47 of the LPF also provides for the non-disclosure of information relating to the medical file of the relevant person, national security or defence secrets. These limitations are not contrary to the standard (see paragraph 263).
- 347 With regard to professional secrecy, the EOI instruments do not provide any definition. Cameroonian law, as described in section B.1.5 above. defines professional secrecy and allows information held by the independent legal professions to be obtained in line with the standard. Lawyers, however, have a different interpretation from the one of the tax authorities and this position could prevent or delay the exchange of information, although this risk is limited in practice (see paragraphs 286 to 291). Cameroon should continue its efforts to clarify the interpretation of the professional secrecy of lawyers and ensure access to information held by lawyers in practice within the limits provided for by the standard (see Annex 1).
- 348. The conclusions are as follows:

### Legal and Regulatory Framework: in place

No material deficiencies have been identified in the information exchange mechanisms of Cameroon in respect of the rights and safeguards of taxpayers and third parties.

### **Practical Implementation of the Standard: Compliant**

No material deficiencies have been identified in respect of the rights and safeguards of taxpayers and third parties.

## C.5. Requesting and providing information in an effective manner

The jurisdiction should request and provide information under its network of agreements in an effective manner.

- 349. The 2016 Report noted that Cameroon had put in place, after the review period (from 1 July 2012 to 30 June 2015), a unit dedicated to handling EOI requests with significant resources and adequate processes. However, it had not been possible to assess the operation and effectiveness of this new organisation in practice. Cameroon was therefore recommended to monitor the operation of this new unit to ensure that the requests are handled effectively and in a timely manner.
- 350. During the review period (from 1 October 2019 to 30 September 2022), Cameroon received 29 EOI requests from its partners. This represents a significant increase since the previous evaluation period, during which Cameroon received 6 requests. Cameroon indicated that it had provided a full response to all the requests effectively received. However, some requests sent by a partner of Cameroon were not received. In addition, the response times have increased. The organisation described in the 2016 Report has therefore not resulted in an improvement in the effectiveness and timeliness to handle the EOI requests. Peers also reported that they were rarely informed of the status of their requests when a response was not provided within 90 days.
- 351. The number of staff in the unit responsible for processing requests for information fell during the review period, despite the fact that this unit was involved in significant projects, in particular the definition of the legal and regulatory framework on the availability of beneficial ownership information. This reduction in the number of employees partly explains the delays in processing requests. However, the number of staff has now returned to the level recorded in the 2016 Report.
- 352. Cameroon sent 20 requests for information to its partners during the review period. The peers were generally satisfied with the quality of these requests, although requests for clarification were sent in 3 cases.
- 353. The conclusions are as follows:

#### **Legal and Regulatory Framework**

This element involves issues of practice. Accordingly, no determination has been made.

Deficiencies identified/Underlying factor	Recommendations
During the review period, Cameroon was not often able to provide its partners with responses within a reasonable timeframe. The response rate within 90 days of a request was 17% and 38% within 180 days.	Cameroon should ensure that it answers all requests for information from its partners in a timely manner.
During the review period, Cameroon did not systematically provide its partners with status updates on their requests when it was unable to provide information within 90 days. Towards the end of the review period, these communications became more frequent.  In addition, due to difficulties in receiving requests by post, Cameroon did not receive all the requests from its partners during the review period.	Cameroon should systematically provide its partners with a status update in cases where the competent authority cannot provide a response within 90 days, in line with the standard.
The number of staff in the unit responsible for processing requests for information fell during the assessment period, despite the fact that this unit was involved in significant projects, in particular the development of the legal and regulatory framework on the availability of information on beneficial owners. This reduction in staff numbers partly explains the delays in processing requests. The number of staff has now recently returned to the level recorded in the 2016 Report, but the unit is also in charge of the management and supervision of the Central Register on beneficial ownership.	Cameroon should maintain adequate resources for the International Exchange of Information Unit to ensure that requests are processed effectively and in a timely manner.

# C.5.1. Timeliness of responses to requests for information

354. During the review period (1 October 2019 to 30 September 2022), Cameroon received 29 EOI requests, on natural persons or entities and on various categories of information. These requests related to:

- information on the legal ownership of entities in 17 cases
- accounting information in 9 cases
- banking information in 12 cases
- other types of information 14 cases. For example, information on the taxpayer's address or place of residence.

- 355. Cameroon's most significant partners during the review period, in terms of the number of requests received and/or sent, were France, Belgium and Tunisia.
- 356. The table below summarises the requests received during the review period and provides an overview of Cameroon's response times (final full responses to requests received) as well as a summary of other factors that may have affected the effectiveness of Cameroon's exchange of information during the review period.

			1 Oct 20° 31 Dec 20	19- ember	2020 202		21	1 January 2022- 30 September 2022		Total		
			Num.	%	Num.	%	Num.	%	Num.	%	Num.	%
Total number of reques	ts received	[A+B+C+D+E]	6	100	3	100	11	100	9	100	29	100
Full response : ≤90 d	ays		2	33	2	67	1	9	0	0	5	17
≤180	days (cumula	tive)	5	83	2	67	4	36	0	0	11	38
≤1 ye	ar (cumulative	e) [A]	5	83	3	100	10	91	1	11	19	66
>1 yea	ar	[B]	1	17	0	0	1	9	8	89	10	34
Declined for valid reason	ons		0	0	0	0	0	0	0	0	0	0
Requests withdrawn by jurisdiction	the requesti	ng [C]	0	0	0	0	0	0	0	0	0	0
Failure to obtain and prequested	ovide informa		0	0	0	0	0	0	0	0	0	0
Requests still pending	at the date of	review [E]	0	0	0	0	0	0	0	0	0	0
Outstanding cases after	er 90 days		4		1		10		9		24	
Of these, status update	provided wit	hin 90 days	0	0	1	100	4	40	9	100	14	58

*Notes:* Cameroon counts each request concerning several taxpayers as one request, i.e. if a partner jurisdiction requests information about 4 persons in the same request, Cameroon counts that as one request. If Cameroon received a further request for information related to a previous request, Cameroon counts this request as a new request.

The time periods in this table are counted from the date of receipt of the request to the date on which the final and complete response was issued.

357. Cameroon explained that the requests that were not processed in full within 90 or 180 days related to requests for which the information requested was not available with the DGI and had to be collected from other administrations such as the Police or the Land Registry. In particular, there were four requests relating to natural persons for which the competent authority could not identify the person concerned from DGI data.

- 358. For example, requests that may appear simple, such as those to obtain a person's domicile address, are not processed within 90 days if this person is not included in the database of the tax administration. In such cases, the tax authorities contact the police so that they can check the person's entry and exit forms, which contain the person's address in Cameroon. The Cameroon tax authorities have indicated that these requests sometimes relate to people for whom it is not certain that they are resident in Cameroon. However, the Cameroonian competent authority never sent a request for clarification to its partners, believing that they had provided all the information needed to identify the taxpayer concerned. Moreover, it did not communicate with its partners about the reasons for the delays in answering to this type of request, while this could have been useful to them.
- 359. As noted in section B.1 (paragraph 281), some public administrations have not yet digitised their data. Consequently, the collection of information and the identification of the persons concerned at their level can take a long time and the tax authorities do not have the possibility or the capacity to influence these timeframes. To overcome this difficulty, the tax authorities are nonetheless working on exchange protocols with other administrations, in particular to provide a framework for exchanges and set deadlines for the transmission of information.
- In addition to the difficulty in obtaining information from other public authorities within the time limits, it can take longer to process bank requests when the competent authority has to exercise its right of communication to all the banks. Nevertheless, the Cameroonian competent authority indicated that it is rare that it cannot identify the relevant bank at the receipt of the request.
- More generally and frequently, the competent authority was slow to initiate information gathering measures. This is mainly due to the lack of resources within the UEIR during the review period (see below). The Cameroonian authorities also emphasised that the tax authorities could not function normally during the period of the COVID-19 pandemic, including due to restrictions on access to offices and working tools.
- The comments received from peers confirm that Cameroon has generally failed to provide the requested information in a timely manner over the review period. Answers to EOI requests were rarely provided within 90 days and only 38% of them were answered within 180 days, although this rate was better at the beginning of the review period (83% for the period from 1 October to 31 December 2019 and 67% for 2020). This deterioration in the timeliness of responses is mainly due, as mentioned in paragraph 361, to the lack of resources and to the period of COVID-19 combined with a slight increase in the volume of EOI request from 2021.

- 363. During the review period, Cameroon did not send any requests for clarification to the requesting jurisdictions and no request was withdrawn by a requesting court.
- 364. Although the Cameroonian authorities have agreed that response times to requests are long and that they are therefore strengthening their resources (see C.5.2), Cameroon is recommended to ensure that it answers all requests for information from its partners in a timely manner.

### Status updates and communication with partners

- 365. The Guide of Administrative Assistance states that when it is clear that the response deadlines will not be met, the requesting competent authority must be informed. This status update must state the reason for the delay and the foreseeable date of the answer. In any case, this status update must be provided before the 90-day deadline expires. In practice, the Cameroonian competent authority has not always sent status updates to its partners, which is confirmed by the comments received from peers. During the review period, Cameroon did not send status updates to its partners in the last three months of 2019 and whilst this improved in 2021, it did so systematically only from 2022, but not necessarily within the 90-day deadline. In the status updates, the competent authority mentions the steps taken to gather the information.
- 366. With regard to the practice of sending partial answers, the Cameroonian competent authority indicated that it had done so on a case-by-case basis, but not recently since it prefers to provide complete responses wherever possible. It therefore sends a partial response when the right of communication exercised with a holder of information results in the collection of part of the information requested and it believes that the other holders of information will not respond quickly. On the other hand, it considers that when the result of the right of communication does not lead to the collection of information (for example when all the banks are approached and one bank indicates that it does not have an account in the name of the taxpayer concerned), it waits for the response to all the rights of communication before sending a reply. The peers did not report receiving any partial replies during the review period, which confirms that Cameroon did not use this practice recently.
- 367. With regard to communication more generally, one peer indicated that two requests sent by post had been returned as "unclaimed". Cameroon confirmed that it was difficult to receive correspondence by post, particularly if there was no tracking system. For this reason, Cameroon generally prefers correspondence by e-mail, and this preference is reflected in the Global

Forum's Competent Authorities database. Moreover, Cameroon reported that in addition to these two requests, seven requests mentioned by this peer in its input had not been received. The UEIR is in discussion with the relevant peer to obtain these requests and process them.

368. Given the uneven practice of sending status updates during the review period and the difficulties in communicating with some partners, it is recommended that Cameroon should systematically provide its partners with a status update in cases where the competent authority cannot provide a response within 90 days, in line with the standard.

### C.5.2. Organisational processes and resources

## Organisation of the competent authority

369. Cameroon's delegated competent authority for the exchange of information is the Director General of Taxes. The operational aspects of information exchange are managed within the DGI by the UEIR. The Director General and the UEIR contact points are identified in the Global Forum's Competent Authorities database.

### Resources and training

- 370. During the review period, the UEIR operated with a head of unit and a project manager. This staffing level is different from that noted in the 2016 Report, which mentioned a staffing level of three project managers, in addition to the head of unit. This reduction in staff during the review period resulted in an extension of the timeliness for handling the EOI requests and delays in the information gathering procedures. In addition to the exchange of information, the UEIR is also responsible for other work and was particularly involved in significant projects such as the development of the tax framework for the availability of beneficial ownership information, as well as the development of the BO Guide for AML-obliged persons. This involvement in this type of projects partly explains the longer response times in 2022. The UEIR continues to have a significant workload, as it is also responsible for managing the RCBE, including supervising the tax obligation to report beneficial ownership information (see paragraph 129).
- 371. In 2023, the number of UEIR staff has been increased and now includes three project managers. These additional resources should enable a more effective handling of EOI requests.
- 372. In terms of training, UEIR staff have followed the Global Forum's online training courses on EOIR and beneficial ownership. A UEIR representative also participates in Global Forum competent authority meetings.

In addition, the training of tax auditors from the DGI's tax audits services is provided by a UEIR agent who has completed the Global Forum's "Train the Trainer" programme.

- 373. The UEIR has a Guide of Administrative Assistance which describes the processes and deadlines for the various stages in dealing with incoming requests as well as requests from operational departments wishing to obtain information from abroad. This guide is available to all tax administration employees and can therefore be used to guide tax auditors in drafting outgoing requests. The UEIR has not updated the Guide since 2019 and some processes, in particular for gathering the information, which is now mainly exercised by the UEIR, are no longer exactly the same. The Guide also contains restrictive requirements on the identification of the taxpayers (or persons subject to the EOI request) which are nonetheless applied in conformity with the standard by the UEIR officials (see paragraph 271). The UEIR should therefore frequently update the Guide of Administrative Assistance to ensure its relevance (see Annex 1).
- 374. In principle, the UEIR records incoming and outgoing requests in a database (*tracking system*) hosted on a local network with its own server, but which was not operational throughout the review period. As a result, the UEIR monitored information exchange activity using Excel tables (one for outgoing requests and one for incoming requests).
- 375. Although the UEIR's resources now seem adequate, the reduction in staff during the review period, combined with other projects to be carried out by the UEIR, had delayed the handling of the requests and the sending of status updates. Cameroon is therefore recommended to maintain adequate resources for the International Exchange of Information Unit to ensure that requests are processed effectively and in a timely manner.

# Incoming requests

## Competent authority's handling of the request

- 376. The Director General of Taxes receives all requests for information from treaty partners sent by post. He takes note of the content and transfers the request to the UEIR for processing. If the request for information is sent by e-mail, it is handled directly by the UEIR, as the head of the UEIR and a project manager have access to the generic e-mail system of the Cameroonian competent authority.
- 377. The UEIR records the request received in its tracking tool, mentioning in particular the jurisdiction concerned, the date of receipt and the information requested. The UEIR also mentions the date of the

acknowledgement of receipt once it has sent it, in principle within seven days of receipt of the request. Nevertheless, the main EOI partners of Cameroon indicated that they did not receive acknowledgement of receipt of their requests.

- 378. If the request requires clarification, the UEIR sends the request for clarifications to the requesting jurisdiction. Otherwise, once the request is validated, it initiates the procedures for gathering information by consulting the registers to which it has access, by requesting the operational departments to consult the taxpayer's archive file or by exercising its right of communication.
- 379. Once the information has been gathered, the UEIR checks that it corresponds to the information requested and prepares it for transmission to the requesting jurisdiction. If it has not been possible to obtain some pieces of information, the reasons for this must be communicated to the requesting competent authority. The UEIR marks the cover letter of the answer with the stamp "Confidential" and sends replies preferably by e-mail with an encrypted attachment or by a tracked regular post correspondence.

### Practical difficulties encountered in obtaining the requested information

380. The difficulties encountered by the competent Cameroonian authority in gathering information are those described in paragraphs 357 to 361 which explain the delays in responding to requests for information.

# Outgoing requests

- The Guide of Administrative Assistance lists the necessary elements that the tax auditor must gather in order to initiate an outgoing request for information, which correspond to the main fields to be completed in the OECD template of EOI requests. It also reminds the principles of foreseeable relevance of the information requested and exhaustion of domestic means of obtaining the information sought before requesting international administrative assistance.
- Once the official initiating the request has ensured that all these elements have been met, he or she prepares a request which must be forwarded through the hierarchy to the Director General of Taxes, for the attention of the UEIR. The UEIR then validates, records and drafts the definitive request for submission to the relevant competent authority. To validate the draft request, the UEIR organises a working session with the department initiating the request so that it can present the background to

the case concerned. The definitive request drafted by the UEIR is sent for signature by the Director General and then sent by e-mail or post.

- 383. When the response from the requested authority is received, it is forwarded as quickly as possible to the department that initiated the request, after being recorded in the UEIR tracking system. The initiating department then has four weeks to provide feedback on the response received and the use made of it. The UEIR must inform the requested authority, within six weeks of receiving the response, whether Cameroon considers the response received to be satisfactory or whether further information is required.
- 384. Cameroon sent 20 requests for information to its partners during the review period. One peer which received two requests from Cameroon indicated that it was satisfied with these requests, although it requested clarification of the context and facts described in the requests. Another peer which received three requests from Cameroon sent a request for clarification in one case to clarify the links between the Cameroonian tax-payer and the person concerned in the requested jurisdiction as well as the foreseeable relevance of the tax and banking information requested to the investigation in Cameroon. Cameroon has indicated that it has not received this request for clarification and is in discussions with the relevant partner to obtain it.
- 385. Cameroon expressed its willingness to strengthen its practice of sending requests for information to its foreign partners. The tax authorities have set themselves an ambitious target in terms of the number of requests to be sent in order to improve the culture of using EOIR and the relevance of the results of the tax audits. The UEIR will therefore have to process more outgoing requests in the future. The Cameroonian authorities confirmed that the UEIR will continue, as part of this objective, to ensure the validity of each outgoing requests, based on a case-by-case analysis, with regard to the conditions set out in the standard.

# C.5.3. Absence of unreasonable, disproportionate or unduly restrictive conditions

386. The exchange of information must not be subject to unreasonable, disproportionate or unduly restrictive conditions. No aspects have been identified that would be unreasonable, disproportionate or excessively restrictive in Cameroon.

# Annex 1. List of in-text recommendations

The Global Forum may identify issues that have not had and are unlikely in the current circumstances to have more than a negligible impact on EOIR in practice. Nevertheless, the circumstances may change, and the relevance of the issue may increase. In these cases, a recommendation may be made; however, it should not be placed in the same box as more substantive recommendations. Rather, these recommendations can be stated in the text of the report. A list of such recommendations is reproduced below for convenience.

- Elements A.1 and A.2: Cameroon should continue its recent efforts to limit the number of inactive companies that declared their cessation of activities (paragraphs 99 and 228).
- Element A.1: Cameroon should ensure that the beneficial ownership information held by AML-obliged persons be up-to-date in accordance with the standard (paragraph 110).
- **Element A.1**: Cameroon should continue the process of dematerialising securities (paragraph 147).
- **Element A.1**: Cameroon should ensure that the determination of the beneficial owners of partnerships in the AML framework takes into account the specificities of these entities (paragraph 161).
- Element A.2: Cameroon should monitor the implementation of the liquidation procedure in practice to ensure that the underlying accounting documentation is available for entities that have ceased to exist (paragraph 219).
- Element A.3: Cameroon should ensure the availability of banking information in the event of the liquidation of a bank or the cessation of activity of a foreign bank operating in Cameroon (paragraph 248).
- Element B.1: Cameroon should ensure that legal ownership information is obtained from the most appropriate source (paragraph 267).

- **Element B.1**: Cameroon should continue its efforts to ensure that the competent authority can obtain information held by other public administrations within a timeframe compatible for an effective exchange of information (paragraph 281).
- **Elements B.1 and C.4**: Cameroon should continue its efforts to clarify the interpretation of the professional secrecy of lawyers and ensure access to information held by lawyers in practice within the limits provided for by the standard (paragraphs 291 and 347).
- **Element C.2**: Cameroon should continue to enter into EOI agreements with any new relevant partners (paragraph 322).
- Element C.3: Cameroon should ensure that all information received in the context of the exchange of information is identified as subject to the specific conditions of confidentiality provided for in the EOI instruments (paragraph 340).
- **Element C.5**: The UEIR should frequently update the Guide of Administrative Assistance to ensure its relevance (paragraph 373).

# Annex 2. List of Cameroon's EOI mechanisms

# Bilateral agreements for the exchange of information

List of bilateral international agreements for the exchange of information signed by Cameroon on 10 January 2024

	Information exchange partner	Type of agreement	Signature	Entry into force
1	Canada	DTC	26 May 1982	1 January 1988
2	Czechia	DTC	7 February 2023	Not ratified
3	France	DTC	21 October 1976	19 July 1978
4	Morocco	DTC	7 September 2012	2 July 2019
5	South Africa	DTC	19 April 2015	13 July 2017
6	Tunisia	DTC	26 March 1999	1 January 2008
7	United Arab Emirates	DTC	13 July 2017	Ratified by Cameroon on 27 April 2021

# **Convention on Mutual Administrative Assistance in Tax Matters (as amended)**

The Convention on Mutual Administrative Assistance in Tax Matters was developed jointly by the OECD and the Council of Europe in 1988 and amended in 2010 (the Multilateral Convention). <sup>50</sup> The Multilateral Convention is the most comprehensive multilateral instrument available for all forms of tax co-operation to tackle tax evasion and avoidance, a top priority for all jurisdictions.

<sup>50.</sup> The amendments to the 1988 Convention were embodied into two separate instruments achieving the same purpose: the amended Convention (the Multilateral Convention) which integrates the amendments into a consolidated text, and the Protocol amending the 1988 Convention which sets out the amendments separately.

The original 1988 Convention was amended to respond to the call of the G20 at its April 2009 London Summit to align it to the standard on exchange of information on request and to open it to all countries, in particular to ensure that developing countries could benefit from the new more transparent environment. The Multilateral Convention was opened for signature on 1 June 2011.

The amended Multilateral Convention was signed by Cameroon on 25 June 2014 and entered into force for this jurisdiction on 1 October 2015. Cameroon can exchange information with all other Parties to the Multilateral Convention.

The Multilateral Convention is in force in respect of the following jurisdictions: Albania, Andorra, Anguilla (extension by the United Kingdom), Antigua and Barbuda, Argentina, Armenia, Aruba (extension by the Netherlands), Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Benin, Bermuda (extension by the United Kingdom), Bosnia and Herzegovina, Botswana, Brazil, British Virgin Islands (extension by the United Kingdom), Brunei Darussalam, Bulgaria, Burkina Faso, Cabo Verde, Cameroon, Canada, Cayman Islands (extension by the United Kingdom), Chile, China (People's Republic of), Colombia, Cook Islands, Costa Rica, Croatia, Curação (extension by the Netherlands), Cyprus,<sup>51</sup> Czechia, Denmark, Dominica, Dominican Republic, Ecuador, El Salvador, Estonia, Eswatini, Faroe Islands (extension by Denmark). Finland, France, Georgia, Germany, Ghana, Gibraltar (extension by the United Kingdom), Greece, Greenland (extension by Denmark), Grenada, Guatemala, Guernsey (extension by the United Kingdom), Hong Kong (China) (extension by China), Hungary, Iceland, India, Indonesia, Ireland, Isle of Man (extension by the United Kingdom), Israel, Italy, Jamaica, Japan, Jersey (extension by the United Kingdom), Jordan, Kazakhstan, Kenya, Korea, Kuwait, Latvia, Lebanon, Liberia, Liechtenstein, Lithuania, Luxembourg, Macau (China) (extension by China), North Macedonia, Malaysia, Maldives, Malta, Marshall Islands, Mauritania, Mauritius, Mexico, Moldova, Monaco, Mongolia, Montenegro, Montserrat (extension by the United Kingdom).

<sup>51.</sup> Note by Türkiye: The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Türkiye. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Morocco, Namibia, Nauru, Netherlands, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Poland, Portugal, Qatar, Romania, Russia, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Senegal, Serbia, Seychelles, Singapore, Sint Maarten (extension by the Netherlands), Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Tunisia, Türkiye, Turks and Caicos Islands (extension by the United Kingdom), Uganda, Ukraine, United Arab Emirates, United Kingdom, Uruguay, Vanuatu and Viet Nam.

In addition, the Multilateral Convention was signed by the following jurisdictions, where it is not yet in force: Gabon, Honduras, Madagascar, Philippines, Togo, United States (the original 1988 Convention is in force since 1 April 1995, the amending Protocol was signed on 27 April 2010).

# **CEMAC** Convention for the avoidance of double taxation and tax evasion on income tax

The CEMAC Convention for the avoidance of double taxation and tax evasion on income tax (CEMAC Tax Convention), originally signed on 14 December 1965 by Cameroon, Congo, Gabon, Equatorial Guinea, Central African Republic and Chad, was revised on 8 April 2019. This new version of the CEMAC Tax Convention entered into force on 1 January 2021. Article 27 of this convention sets out the provisions relating to the exchange of information for tax purposes between the signatory jurisdictions.

# Annex 3. Methodology for the review

The reviews are based on the 2016 Terms of Reference and conducted in accordance with the 2016 Methodology for peer reviews and non-member reviews, as approved by the Global Forum in October 2015 and amended in December 2020 and November 2021, and the Schedule of Reviews.

The assessment is based on the information available to the assessment team, including the exchange of information arrangements signed, laws and regulations in force or effective as of 12 January 2024, Cameroon's EOIR practice in respect of EOI request requests made and received during the three-year period from 1 October 2019 to 30 September 2022, Cameroon's responses to the EOIR questionnaire, inputs from partner jurisdictions, as well as information provided by the Cameroonian authorities during the onsite visit that took place in Yaoundé from 19 to 23 June 2023.

# List of laws, regulations and other materials used

# Company law

Law no. 90-053 of 19 December 1990 on freedom of association

Law No. 2003/008 of 10 July 2003 on the repression of offences contained in some OHADA uniform acts

Law no. 2003/013 of 22 December 2003 on patronage and business sponsorship

Law no. 2014/007 of 23 April 2014 and Decree no. 2014/3763 of 17 November 2014 (concerning the dematerialisation of company shares).

Law no. 2016/014 of 14 December 2016 setting the minimum share capital of a SARL in Cameroon

OHADA Uniform Act on Accounting Law and Financial Reporting (AUDCIF)

OHADA Uniform Act on Commercial Companies and Economic Interest Groups (AUDSCGIE)

OHADA Uniform Act on Cooperative Societies (AUSC)

OHADA Uniform Act on General Commercial Law (AUDCG)

OHADA Uniform Act on Insolvency Procedures (AUPC)

### Tax law

Decree of 27 September 2023 setting out the terms and conditions for the application of Article L8 quinquies of the General Tax Code relating to the transparency of the beneficial ownership

General Tax Code, which includes the Tax Procedures Code

Guide of Administrative Assistance

Order of 4 December 2023 on the modalities of implementation of the Decree of 27 September 2023

### Anti-money laundering, banking and financial laws

- BEAC Instruction no 005/GR/2019 relating to the terms and conditions for opening and operating foreign currency accounts for residents and non-residents
- CEMAC Convention on the Harmonisation of Banking Regulations
- COBAC Regulation R-2005/15 on diligences to be implemented by institutions for anti-money laundering and terrorism financing in Central Africa
- COBAC Regulation No.R-2016/04 on internal control in credit institutions and financial holding companies
- Decree 2023/464 of 30 October 2023, setting up, organising and operating the National Policy Coordination Committee to Combat Money Laundering, the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction

Implementation Guide on Beneficial Ownership standard

- Law No. 2022/006 of 27 April 2022 governing banking secrecy in Cameroon
- Regulation nº 1/00/CEMAC/UMAC/COBAC on the unique accreditation of credit institutions
- Regulation nº 02/14/CEMAC/UMAC/COBAC on the handling of credit institutions in financial difficulty

Regulation nº 02/15/CEMAC/UMAC/COBAC amending and supplementing certain conditions relating to the exercise of the profession of banking in the CEMAC

Regulation n° 01/CEMAC/UMAC/CM of 11 April 2016 on the Prevention and Suppression of Money Laundering and the Financing of Terrorism and Proliferation in Central Africa.

Regulation 001/CIMA/PCMA/PCE/SG/2021 of 2 March 2021

# Other legal rules

Constitution of Cameroon

Criminal Code

DGI's Confidentiality Charter

General Statute of the Civil Service

Law no. 90-059 of 1990 on the legal profession

Law on archiving no. 2000/010

Law N° 2006/022 of 29 December 2006 Setting the Organisation and Functioning of Administrative Courts

Law n° 2011/009 of 6 May 2011 relating to the practice of the liberal accounting profession and the operation of the National Order of Chartered Accountants in Cameroon

Law n° 2011/010 of 6 May 2011 to lay down the organisation and conditions of practice of the profession of tax consultant in Cameroon

Note of service no. 067/MINFI/DGI/ISI of 11 August 2017 on the Confidentiality Charter

# Authorities interviewed during on-site visit

Tax authorities

Ministry of Economy and Finance

Ministry of Foreign Affairs

Centre Court of Appeal Yaoundé (responsible for keeping the RCCM)

Caisse autonome d'amortissement

National Agency for Financial Investigation (ANIF)

Central African Banking Commission (COBAC)

Inter-African Conference on Insurance Markets (CIMA)

Representatives of relevant professionals:

- National Order of Chartered Accountants of Cameroon
- National Order of Tax Consultants of Cameroon
- Cameroon Bar Association
- National Chamber of Notaries of Cameroon.

Representatives of the banking and financial sector

# **Current and previous reviews**

This report analyses Cameroon's implementation of the EOIR standard, as part of the Global Forum's second round. The Global Forum conducted a first review of Cameroon's legal and regulatory framework and its implementation in practice in 2016 against the 2010 Terms of Reference.

Information on the Cameroon's reviews is listed in the table below.

### **Summary of reviews**

Review	Assessment team	Period under review	Legal and Regulatory Framework as on	Date of adoption by the Global Forum
Round 1	Mr Matthieu Boillat, Switzerland	not applicable	May 2015	August 2015
Phase 1	Ms Oana Ciurea, Romania			
	Ms Séverine Baranger, Global Forum			
	Secretariat.			
Round 1	Mr Matthieu Boillat, Switzerland	1 July 2012 to	February 2016	July 2016
Phase 2	Ms Alice Zango, Burkina Faso	30 June 2015		
	Ms Séverine Baranger, Global Forum			
	Secretariat.			
Round 2	Mr Alpha Ngom, Senegal	1 October 2019 to	12 January 2024	27 March 2024
	Mr Samuel Gella, France	30 September 2022		
	Ms Carine Kokar, Global Forum			
	Secretariat			

# Annex 4. Cameroon's response to the review report<sup>52</sup>

Pursuant to the second round peer review of Cameroon by the Global Forum on the Exchange of Information on request (EOIR) standard, Cameroon would like to express its sincere appreciation to the Assessment Team, the Secretariat of the Global Forum and the entire Global Forum membership, for the support and assistance received throughout the evaluation process which assigned a "Largely compliant" rating to our jurisdiction.

The peer review process has been for our jurisdiction an opportunity to assess our legal framework for transparency and exchange of information as well as the practical implementation of exchange of information on request. It has also permitted us to bridge the gaps identified and implement major reforms to strengthen our compliance with the international standards.

Cameroon intends to continue its efforts to further improve its legal framework and its implementation in practice.

We have taken careful note of the recommendations made in the report and we commit ourselves to work diligently to implement those recommendations in the prospect of upcoming assessments, but above all with a view to optimising the use of the exchange of information in the mobilisation of domestic revenue.

<sup>52.</sup> This Annex presents the Jurisdiction's response to the review report and shall not be deemed to represent the Global Forum's views.

# GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

# Peer Review Report on the Exchange of Information on Request CAMEROON 2024 (Second Round)

The Global Forum on Transparency and Exchange of Information for Tax Purposes is a multilateral framework for tax transparency and information sharing, within which over 160 jurisdictions participate on an equal footing.

The Global Forum monitors and peer reviews the implementation of international standard of exchange of information on request (EOIR) and automatic exchange of information. The EOIR provides for international exchange on request of foreseeably relevant information for the administration or enforcement of the domestic tax laws of a requesting party. All Global Forum members have agreed to have their implementation of the EOIR standard be assessed by peer review. In addition, non-members that are relevant to the Global Forum's work are also subject to review. The legal and regulatory framework of each jurisdiction is assessed as is the implementation of the EOIR framework in practice. The final result is a rating for each of the essential elements and an overall rating.

The first round of reviews was conducted from 2010 to 2016. The Global Forum has agreed that all members and relevant non-members should be subject to a second round of review starting in 2016, to ensure continued compliance with and implementation of the EOIR standard. Whereas the first round of reviews was generally conducted as separate reviews for Phase 1 (review of the legal framework) and Phase 2 (review of EOIR in practice), the EOIR reviews commencing in 2016 combine both Phase 1 and Phase 2 aspects into one review. Final review reports are published and reviewed jurisdictions are expected to follow up on any recommendations made. The ultimate goal is to help jurisdictions to effectively implement the international standards of transparency and exchange of information for tax purposes.

This peer review report analyses the practical implementation of the standard of transparency and exchange of information on request in Cameroon, as part of the second round of reviews conducted by the Global Forum on Transparency and Exchange of Information for Tax Purposes since 2016.



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