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BUSINESS ENVIRONMENT

THE CONSUMER

Consumer Profile

Cameroon has a large youth population, with 62.38% of the populace under the age of 25 (CIA World Factbook, 2020 est.). In spite of many economic challenges, consumers in Cameroon have enjoyed increased annual disposable incomes in recent years, resulting in rising consumer expenditure (in 2021 the per capita GDP was estimated at USD 1.650 – IMF). While still struggling with poverty (especially in rural areas), the country has a growing urban middle class that has benefited from an increased number of young professionals. The retail sector is becoming more formal and modern.

Cameroon's economy suffers from factors such as stagnant per capita income and relatively inequitable distribution of income. The Government of Cameroon provides subsidies for electricity, food, and fuel. Though these contributions helped many households, at the same time they had their toll on the federal budget and diverted funds from education, healthcare, and infrastructure projects.

Consumer Behaviour

Price and accessibility are the main drivers for the majority of Cameroonian consumers, though a smaller segment of wealthier consumers also takes into account brand recognition and quality.

As the family is central in Cameroonians' life, advertising campaigns centred on the family image are likely to have a stronger impact. Out-of-home advertisement could be an effective way of advertising.

Whereas in the past consumers tended to consider foreign products better in term of quality and reliability, products made in Cameroon are growing popular, especially in the agro and food sector. Cameroon is the country in Central and Western Africa where more alcohol is consumed. Durable products such as fridges and microwave ovens are becoming more common in urban areas. The basic Cameroonian diet consists of starchy foods and cereals. Even though Cameroon has a large variety of food products as compared to its neighbouring central-African countries, it has a deficit in meat products such as cattle or fishing. The demand for drinks is principally that for beer and in second place for fizzy drinks. Since the devaluation in 1994, the consumption of sweetened condensed milk, milk powder and yoghurt has risen faster than the demographic rate.

Consumers Associations

[Citizens Association for the Protection of Collective Rights \(ACDIC\)](#)

[Cameroonian Consumer League \(LCC\)](#)

IMPORTING & DISTRIBUTING

Import Procedures

All the import procedures are gathered at the Guichet unique des opérations du commerce extérieur (GUCE). This one-stop-shop gathers all the services involved in the import process. Procedures for importing and exporting goods to Cameroon include formalities for obtaining the status of importer/exporter involving registration in the Trade and Personal Property Credit Register, obtaining the trader card and professional exporter/importer card.

The import process involves five steps:

- prior export request;
- securing the certificate of origin;
- Inspection before shipment;
- technical procedures;
- import domiciliation.

The procedure for import customs clearance involves six main steps:

- goods bonding
- filing of the goods accounting
- declaration recording
- inspection
- duty settlement
- goods collection

For more information, please visit the website of [Cameroonian Customs](#).

Distribution market players

The distribution market in Cameroon is mainly dominated by the local chain stores Dovv and Santa Lucia. More recently, several French distribution chains have invested:

- Casino has Casino supermarkets and a Leader Price store. Monoprix, on the other hand, left the market.
- Carrefour has been in a partnership with the CFAO Group to build a 15,000 m² shopping centre that will open in 2021.
- Super U

The Indian distributor Mahima, with its two general stores, continues to strengthen its positions in the Cameroonian market, following the wholesaler business model.

OPERATING A BUSINESS

Type of companies

Private Limited Company

Number of partners: At least one partner with no maximum.

Capital (max/min): XAF 100,000 minimum

Shareholders and liability: Liability is limited to the extent of the shareholders' contributions

Public Limited Company

Number of partners: At least one partner with no maximum.

Capital (max/min): XAF 10 million minimum capital divided into shares

Shareholders and liability: Liability is limited to the amount contributed.

Limited Partnership

Number of partners: At least two partners with no maximum.

Capital (max/min): No minimum capital required.

Shareholders and liability: Limited partners who do not participate in management have limited liability. However, general partners or managing partners have joint and unlimited liability

Setting Up a Company	Cameroon	Sub-Saharan Africa
Procedures (number)	6.0	7.5
Time (days)	13.5	21.3

Source: *Doing Business* - Latest available data.

Cost of Labour

Minimum Wage

36,270 XAF per month (Source: Minimum-Wage.org).

Average Wage

5,518,700 XAF per year (Source: World Salaries)

Social Contributions

Social Security Contributions Paid By Employers: Depending on the employee regime, between 9.65% and 16.2% of wages.

Social Security Contributions Paid By Employees: 4,20% of the gross wage.

Intellectual Property

National Organisations

Cameroon has signed an agreement at the time of the establishment of the World Organisation of Intellectual Property (WIPO). You can contact the Directorate of Technological Development and Industrial Property [by Email](#).

Regional Organisations

Cameroon is a member of the African Intellectual Property Organization since 24th February 1999.

International Membership

[Member of the WIPO](#) (World Intellectual Property Organization)

[Signatory to the Paris Convention](#) For the Protection of Intellectual Property

TAX RATES

Consumption Taxes

Nature of the Tax

Value Added Tax (VAT)

Tax Rate

The VAT rate is 19.25% (17.5% plus a 10% local surcharge)

Reduced Tax Rate

Exports and transactions carried out in free trade zones are zero-rated.

Certain essential goods are exempt, including transactions relating to the transfer of ownership of real estate and goodwill subject to transfer tax or equivalent taxation, provided such transactions are subject to registration duties; real estate transactions of all kinds carried out by non-professionals (if they are subject to registration duties); fees charged by educational institutions and universities; pesticides, fertilizers and their inputs, beef (except imported meat), pharmaceuticals, etc.; sales of petroleum products for the refuelling of airplanes of companies based in Cameroon; supplies of water and electricity for domestic consumption up to 20 m³/month and 220 kW/ month respectively; medical services; materials and equipment for producing solar and wind energy; urban public transport by bus; contracts and commissions on life insurance products with a savings component; local products sold directly by farmers, stockbreeders and fishermen; purchases of essential foodstuffs from farmers, stockbreeders and fishermen by public entities in charge of regulating or managing security stocks; interest on negotiable debt securities issued by the state, regional and local authorities; interest on loans of less than XAF 2 million granted by category 1 micro-finance institutions.

Other Consumption Taxes

Cigarettes, drinks, cosmetics, luxury items such as jewels and precious stones, slot machines, and other gaming devices are subject to an excise duty ranging from 25% to 50%. Soft drinks and private vehicles with engine capacities of 2,000 cm³ have a medium excise duty rate of 12.5%. Games of chance and entertainment not subject to the special tax on such games have a reduced excise duty rate of 5%. Mobile telephone communications and Internet services have an extra-reduced excise duty rate of 2%. Minimum excise duties apply to alcoholic beverages and tobacco. The minimum tax for 1,000 cigarette rods is set at no less than XAF 5,000 for tobacco. The minimum tax for alcoholic beverages varies based on the alcohol's nature and alcohol level per litre. Additionally, imported arms, their parts, and ammunition (from Chapter 93 of the CEMAC Code) by non-public entities are subject to a 25% excise duty based on the taxable value.

Gambling activities, including lottery, are subject to a specific tax rate of 15% of turnover.

The nightly tourist rates for different categories of hotels and accommodation facilities are as follows: 5-star hotels charge XAF 5,000, 4-star hotels charge XAF 4,000, 3-star hotels charge XAF 3,000, 2-star hotels charge XAF 1,000, and 1-star hotels along with other unclassified accommodation facilities charge XAF 500. Furnished establishments and other similar options have a nightly rate of XAF 2,000.

Corporate Taxes

Company Tax

33% for companies with a turnover above 3 billions

27.5% for companies with a turnover below 3 billions

Tax Rate For Foreign Companies

Non-residents are only taxed on their Cameroon-source income.

Capital Gains Taxation

Capital gains are treated as business income and taxed at the standard corporate tax rates. Capital gains arising from the sale of listed shares or the transfer of rights related to natural resources are subject to a 16.5% withholding tax. Gains derived from the transfer of stocks and shares and bonds are taxable even in the case of indirect disposals.

Capital gains paid to beneficiaries domiciled or established in a territory or state considered a tax haven are taxed at 33%.

Main Allowable Deductions and Tax Credits

Depreciation of tangible and intangible assets is tax-deductible at rates ranging from 1% to 100%. Deduction of depreciation can be carried forward indefinitely. Goodwill can also be amortised for tax purposes.

The Cameroon Tax Code does not provide any mechanism for the deduction of start-up costs, but these may be deductible over a period of two to five years based on the accounting principles of the Organisation for the Harmonisation of Business Law in Africa (OHADA).

Any payment made for the purchase of intellectual property (within the Central African Economic and Monetary Community) is deductible up to 2.5% of taxable income.

Interest costs and bad debt are generally deductible. For bad debt deductions, companies must prove they have unsuccessfully carried out measures for debt recovery.

Donations to charities are not deductible. On the other hand, payments to research and development organizations, educational, sports, philanthropic and social organisations are deductible at the rate of 0.5% of the annual turnover (the rate goes up to 5% for donations to clubs participating in the elite national competitions or to recognised organisations responsible for the organisation of official sports competitions).

Fines and taxes paid are not deductible (with the exception of business taxes regarding operations in Cameroon).

The deduction of head office overhead expenses related to operations in Cameroon and payments made for specific effective services provided by foreign individuals or companies to Cameroonian firms is subject to certain limitations. Generally, fees paid are deductible up to a maximum of 2.5% of intermediary earnings. However, for firms specializing in public works, the deduction limit is 1% of the turnover, and for design firms operating in compliance with relevant regulations, the deduction limit is 5%.

Tax losses can be carried forward for up to four years (six years for credit institutions and companies in the State portfolio undergoing restructuring). The carryback of losses is not permitted.

Other Corporate Taxes

Social security contributions payable by the employer amount to 11.2% of the salary. The contribution base is capped at XAF 750,000 per month. Employers are also required to pay a 1.75%, 2% or 5% salary contribution to the National Social Insurance Fund. The payroll tax is 2.5% of the total amount of wages and benefits in kind. All companies are subject to a professional tax (business license tax) at varying rates based on their turnover. It amounts to 0.159% of the turnover of large companies (a minimum contribution of XAF 5 million and a maximum of XAF 2.5 billion), 0.283% for medium-sized enterprises (a minimum contribution of XAF 141,500 and a maximum of XAF 4.5 million) and 0.494% for small businesses (a minimum contribution of XAF 50,000 and a maximum of XAF 140,000). Newly incorporated businesses are exempt from this tax in their first year of operation.

A 16.5% WHT is to be deducted at source by entities that pay remunerations granted to the board members of

public institutions, public corporations, and semi-public companies in any capacity.

Stamp duties range from XAF 1,000 to XAF 1,500. Registration fees are also levied on most transactions (listed by the General Tax Code) at rates ranging from 1% to 15%. The sale of a company is subject to a 15% transfer duty.

The property tax is levied at 0.1% of the assessed value of a property.

A tourist tax is levied according to the type of hotel, between XAF 500 and 5,000.

A special tax on petroleum products is payable by companies distributing taxable products. The rate is XAF 110 per litre on super gasoline, XAF 65 per litre on petroleum diesel, and XAF 70 per cubic metre of industrial natural gas.

Other Domestic Resources

[Consult Doing Business Website](#), to obtain a summary of the taxes and mandatory contributions.

Double Taxation Treaties

Countries With Whom a Double Taxation Treaty Have Been Signed

[See the list of the conventions signed by Cameroon](#)

Withholding Taxes

Dividends: 16.5% (10% surcharge included), Interest: 16.5% (10% surcharge included), Royalties: 15% (no surcharge applies).

