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CAPACITY-BUILDING SEMINAR FOR THE HONOURABLE MEMBERS OF THE NATIONAL ASSEMBLY'S FINANCE AND BUDGET COMMISSION AND ITS TECHNICAL SUPPORT UNIT AS PART OF THE AWARENESS-RAISING CARAVAN ON ACCOUNTING REFORM RLA

Thème : **CHALLENGES OF IMPLEMENTING THE LAW ON LOCAL TAXATION**



GENERAL REPORT

Yaounde, 03 April 2025, Paul BIYA Glass Palace,
Commission room Solomon TANDENG MUNA

As part of strengthening the Parliament's informational authority in budgetary matters, capacity-building seminars are regularly organized for the Honourable Members of Parliament, particularly those on the Finance and Budget Commission, along with its technical support unit, which has been expanded to include representatives from the Audit Bench of the Supreme Court.

The session held today, 03 April 2025, in the Solomon TANDENG MUNA Commission Room of the Paul BIYA Glass Palace is a perfect example of this initiative.

The challenges of implementing the law on local taxation served as the guiding theme for the two discussion topics addressed during the session, which brought together experts from the Advanced Specialization Programme in Public Finance (PSSFP)—the designated training facilitator—and the aforementioned target participants.

This general report is structured around three main points: the protocol phase (i), course of the seminar (ii), and finally, recommendations (iii).

I- PROTOCOL PHASE

In her opening remarks, **Mrs. Rosette Julienne MOUTYMBO**, née **AYAYI**, Chairperson of the Finance and Budget Commission of the National Assembly, extends, on behalf of the President of the National Assembly, a warm welcome to all stakeholders participating in this important capacity-building activity. She



acknowledges the government's continued commitment and expresses her appreciation, particularly to the Minister of Finance, for his ongoing involvement in strengthening the capacities of Members of Parliament and the technical support unit on issues related to public financial management in our

country. The current economic situation, combined with the development challenges facing our country, necessitates the rational use of public funds.

This seminar thus provides continuous training for the honorable deputies and their technical support unit in order to better fulfill their roles in lawmaking and oversight of government action, based on predefined public policies.

After presenting the topics selected for this training initiative — the most significant of which is Law No. 2024/020 of December 23, 2024, concerning local taxation — she concluded her remarks by expressing deep gratitude to the Speaker of the National Assembly for his constant attentiveness, and to the Ministry of Finance for its regular and multifaceted support during these training sessions.

By declaring the seminar open, she wished the various participants fruitful and enriching discussions that could lead to strong resolutions and tangible added value for the work of the Finance and Budget Committee.

Following the intervention of the Chairperson of the Budget and Finance Commission, Dr. Achile Nestor BASAHAG, Chairman of the Steering Committee of the PSSFP, extends his customary courtesies to the distinguished assembly. Seizing the historic opportunity of this exchange meeting, he expresses his deep



gratitude to the Right Honourable President of the National Assembly and to the Chairperson of the Budget and Finance Commission of the National Assembly.

In addition to outlining the foundation and context of the current capacity-building session, he will also inform the distinguished audience about the

background and added value of this training initiative, which focuses on the theme: “The challenges of implementing the law on local taxation.”

As he introduces the expert trainers brought in for this purpose, he expresses the hope for a productive and enriching session, as is customary. He assures the Commission of the PSSFP’s continued availability to carry out future work on specific issues related to public finance management in our country.

II- COURSE OF THE SEMINAR.

The seminar was structured around two main presentations: the outlines of the reform of local taxation, presented by Mr Alain Thierry MVOGO MVOGO, DGI/MINFI, and the mechanisms for making resources from local taxation available, and the need for interoperability between MINFI and MINDDEVEL information systems, led by Dr Achile Nestor BASAHAG.



With regard to the first paper on ‘The outlines of local tax reform’, the presenter structured his presentation around three points: an introduction setting out the context, the process of drafting the law and the main thrusts of the reform; the content of the local tax reform and the prospects for implementing the reform.



As regards the introduction, it should be noted that the law on local taxation is part of a process of reinforced decentralisation (political will of the President of the Republic, Head of State) resulting from major national consultations (general conference on the commune



and the great national dialogue of 2019, low yield of local taxation, competing interventions of the various State tax departments) and aimed at the financial autonomy of the local authorities. The tables showing the ups and downs of local tax yields are clear examples of this.

The drafting process began with the creation of an interministerial committee dedicated to the cause by decree in 2020, followed by multiple consultations with a range of stakeholders including TFPs, CSOs and taxpayers' associations. These consultations were coupled with an international



benchmarking exercise supported by the IMF and the German Development Cooperation. The reform is based on four pillars: a budgetary pillar (optimising the yield from local tax resources); a simplification pillar (reducing the number of levies and modernising collection mechanisms); a reorganisation pillar (restructuring management services); and a socio-political pillar (strengthening the accountability link between local authorities and citizens).

Regarding the second part of the presentation on the content of the reform of local taxation, it can be summarized in three key points:

First, an ambitious local tax policy marked by a clear distinction between the tax revenues allocated to councils (such as council surtaxes,



business licenses, general synthetic tax, land ownership tax, real estate transfer duties, vehicle stamp duty, advertising stamp duty, tourist tax, annual forestry fee, special excise duty for the collection and treatment of waste, local development tax, local stamp duty, livestock slaughter fee, impoundment fee, rental fees for designated market areas, building and planning permit fees, parking space occupation fees, parking lot and dock fees, and excise duty on polluting activities), and those allocated to **regions** (such as the transferable portion of oil and gas royalties, a portion of mining royalties, a portion of the special tax on petroleum products, a portion of water resource royalties, airport stamp duty, vehicle registration stamp duty, a



portion of the frequency usage fee for radio communications, a portion of the annual gaming royalties, and the local stamp duty paid to the region).

Other levy-related measures include communal and regional equalisation, inter-municipality and inter-regionality; secondly, a revamped local tax administration through the transformation of divisional tax centres into Local

and Personal Tax Centres (CFLP), the establishment of Local Tax Monitoring Units (USFL) within each CTD, the dematerialisation of procedures; and lastly, budgetary and financial performance measures (General Decentralisation Allocation, TSA open in the books of CAMPOST)..

With regard to the prospects for implementing the reform, a distinction must be made between short-term measures (deployment of an information and awareness-raising caravan for stakeholders, collection and transfer of files from the RLA's assessment departments to the CFLPs, validation of the reform deployment plan, implementation of all tax policy measures from 15 February 2025, implementing legislation, codification of levies, deployment of the change management strategy, reorganisation of accounting procedures, interfacing of IT systems) and medium- to long-term actions (determination of DGI indexation bases, effective establishment of CFLPs and USFLs, operationalisation of collection tools, finalisation of the TSA, operationalisation of tax service telecentres).

With regard to the second presentation on ‘the mechanisms for making resources from local taxation available and the need for interoperability between MINFI and MINDDEVEL information systems’, the expert trainer began with the context before structuring his presentation around three major aspects, namely the current mechanisms for making resources available to the RLA, the constraints observed, the innovations introduced and the contribution of interoperability between the MINFI and RLA information systems.

Here is the English translation of your text:



Overall, it is noted that the mechanisms for making resources available to Local and Regional Authorities (LRAs) are subject to significant legal oversight (Article 67 of CEMAC Directive No. 1, Point 52 of the 2025 Budget Preparation Circular, the Local Taxation Law, the digitization of the public revenue collection system, Article 79 of the Financial Regime of the State and Other Public Entities, the decree of February 28, 2024, setting the modalities for managing the treasury of the State and other public entities).

With regard to the mechanisms for making resources available, it should first be noted that these mechanisms cannot be considered absolute, as they may have limitations. These mechanisms include: communal tax revenues, communal additional cents, communal taxes, transferred credits, and established financial mechanisms.

The challenges observed can be identified on three levels:

1. **In the management of transferred credits** (exceeding the legal payment deadline of 90 days);
2. **In equalization** (delays in distribution operations, delays in the disbursement of funds by the public treasury, and insufficient allocations);
3. **In the management of local tax revenues** (lack of detailed information for monitoring resources, lack of oversight of LRA operations at CDI offices, conflicts of authority between the State's financial services and those of the LRAs, and the intermediation role played by Public Treasury Accountants (TPGs)).

The shortcomings identified above call for appropriate corrective measures.

This is the *raison d'être* of the innovations underway. These relate in particular to the application of the relevant



provisions of law no. 2024/020 of 23 December 2024 on local taxation, namely: direct access by the RLAs to their resources through the TSA on the one hand, and the optimisation, securitisation and automation of the circuits for collecting, centralising and distributing local authority resources through the interoperability of financial information systems (TAX-GOV, TRESOR PAY and PATRIMONY) with SIM BA installed in the RLAs and those of CAMPOST.

In response to these presentations, a number of questions were asked. These included:

Hon. BINDOUA Mathurin:
What is the link between the town hall and the head of the Local and Individual Taxation Centre? Will the mayor have an agent who will provide him with a daily statement of his revenue?



Hon. President MOUTYMBBO AYAYI: who is to blame for CAMPOST's bad habits, lack of energy and lethargic situation?

Hon. MOHAMADOU MAHDI: CAMPOST's organisation and operations are problematic.

CAMPOST was rehabilitated 10 years ago by the World Bank, and COBAC ensures that its commitments are respected. Communication and visibility are certainly a problem, but many neighbouring countries have confidence in CAMPOST. It is



strongly recommended that national banking institutions support public administrations in financial inclusion. CAMPOST collects a lot of tax revenue. Here is the English translation of the passage:

"This is also the case for customs revenues, as well as revenues from MINDCAF and MINSANTÉ. As for securing the revenue circuit, the Ministry of Finance (MINFI) is ensuring digitalization. Only minor expenses allow CAMPOST agents to handle cash. The guiding principle is 'everything digital.' The 340 municipalities covered by the Internet account for 90% of the revenues. The remaining 10% will be subject to flexibility through the exceptional possibility of handling cash.

Regarding the IT applications, they are interconnected, and gateways have been established between them. The creation of tax service telecenters by the Directorate General of Taxes (DGI) will help ensure taxpayers have access to the Internet."

Hon. MOTH Samuel: the mayors believe that the criteria used for equalisation should be reviewed. Furthermore, won't the innovations in forest royalties dilute the hoped-for positive effects of the RLA? Will citizen control of these revenues remain? What about the accessibility of these computer applications? However, the same cannot be said of the criteria for allocating the RFA. The CACs are not essentially allocated to operations. There is nothing to prevent them being used for investment. Difficulties with Internet access do not prevent the DGI from achieving its objectives, but the relevant departments are working to improve the quality of services.

Hon. DJEUMENI Benilde: how are we going to satisfy the RLAs not covered by energy and internet coverage? won't the multitude of actors and administrations complicate the fluidity of the



said reform? what is the place of the town mayors? what positioning for the regional audit courts? The law on local taxation does not call into question the positioning of the actors and administrations created.

Hon. FONGE Julius: is it possible to ignore CAMPOST's obscure past?

how can the effects of opening up certain areas be underestimated? Efforts to bring the administration closer to the people deserve to be stepped up as part of this reform. In the case of commercial leases, it is the lessor who must pay the



rental tax. The deduction made by the tenant is only a deposit. Property tax is also payable by the owner of the building, even if he does not make a profit from it.

Audit Bench: One reform should go hand in hand with another. Indeed, this reform of local taxation should be accompanied by the effective implementation of jurisdictional control of these resources. The DGI cannot be both judge and judged when it comes to the remission of debts. The establishment of 384 accounts at the RLA should be accompanied by the establishment of regional audit courts.



The control in question here is fiscal and not jurisdictional.

Here is the English translation of the provided text:

Mr. MOKA Samuel: What are the developments regarding the management of public funds in commercial banks that were to be repatriated under the CUT (Single Treasury Account)? Is the advance payment by the tenant necessary? Has the annual income declaration had the expected impact?

Regarding the CUT caravan, the CDEC (Caisse des Dépôts et Consignations) was not yet operational. The establishment of this institution has fundamentally changed the mapping of funds that can be repatriated to the State. The CDEC must return deposits upon first request. Furthermore, the CDEC can genuinely act as an institutional investor, and thus as a catalyst for development. The advance payment is necessary to protect taxpayers from the risk of insolvency. The excuse of unavailable software applications cannot justify the failure to submit the annual income declaration.

Hon. DOOH COLLINS: The deposits required for the creation of companies can be burdensome for businesses. Some notaries deposit these required funds in commercial banks. This situation can be problematic. A directive from CEMAC is expected to harmonize and ensure the competitiveness of all deposit and consignment funds.

III- RECOMMENDATIONS.

- Revising equalisation mechanisms;
- Taking account of vulnerable groups and the human element by stepping up efforts to bring the administration closer to the people it serves;
- Effective establishment of regional audit courts to guarantee the accuracy of RLA accounts.

SEMINAR IN PICTURES

