

DECREE No.

2019/3178

PM OF

02 SEPT 2019

to specify the procedures for implementing the status of economic disaster areas and conditions for related tax benefits provided for by the provisions of Articles 121 and 121a of the General Tax Code.

THE PRIME MINISTER, HEAD OF GOVERNMENT,

- Mindful of the Constitution ;
- Mindful of Law No. 2002/003 of 19 April 2002 on the General Tax Code, together with its subsequent amendments;
- Mindful of Law No. 2016/018 of 14 December 2016 on the Finance Law of the Republic of Cameroon for the 2017 financial year;
- Mindful of Law No. 2018/0012 of 11 July 2018 on the financial regime of the State and other public entities;
- Mindful of Law No. 2018/022 of 11 December 2018 on the Finance Law of the Republic of Cameroon for the 2019 financial year;
- Mindful of Decree No. 95/145-a of 4 August 1995 to amend and supplement certain provisions of Decree No. 92/089 of 4 May 1992 to specify the powers of the Prime Minister;
- Mindful of Decree No. 2011/408 of 9 December 2011 on the organization of Government, as amended and supplemented by Decree No. 2018/190 of 2 March 2018;
- Mindful of Decree No. 2019/001 of 4 January 2019 to appoint a Prime Minister, Head of Government,

HEREBY DECREES AS FOLLOWS:

Article 1.- (1) This decree specifies the procedures for implementing the status of economic disaster areas and the conditions for benefiting from the related tax benefits, in accordance with the provisions of Sections 121 and 121a of the General Tax Code.

- (2) An economic disaster area should be understood as a pre-defined geographical area in which economic activity is structurally and durably affected by insecurity or disasters of any kind, such as floods, famine, drought, etc.
- (3) The designation of an area as an economic disaster area and its withdrawal shall be established by decree of the Prime Minister, Head of Government. Such status may be withdrawn when the effects of the disaster that justified it have ceased.

Article 2.- (1) Companies that carry out new investments in an economic disaster area shall be exempted from the following taxes and duties:

- a) In the installation phase that may not exceed three years:
- business licence tax waiver;
 - value added tax on purchases of goods and services;
 - registration fees on project establishment-related property transfers;
 - property tax on buildings used for the project.
- b) During the first seven years of operation:
- business licence tax;
 - company tax and minimum collection;
 - taxes and contributions on salaries paid to staff.

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- (2) To be granted the tax benefits referred to in paragraph 1 above, the investments must meet the following alternative criteria:
- lead to the creation of at least ten (10) direct jobs;
 - use the raw material produced in the said area, where necessary.
- (3) Where new investments are carried out by an old company, the exemptions provided for in paragraph 1 above shall apply only to operations and profits related to such new investments. In such a case, the company shall be bound to keep separate accounts.
- (4) Enjoyment of this system provided for in paragraph 3 above shall be subject to prior approval of the planned new investments by taxation authorities and the granting of an approval signed by the Minister of Finance.
- (5) Based on the actual implementation of the investment plan, the taxation authorities shall issue a discharge at the end of each financial year for the renewal of the above-mentioned tax incentives.
- (6) In case of non-compliance with the approved investment programme, the company shall lose the tax incentives granted and shall settle unpaid taxes and duties, without prejudice to late penalties and interests.

Article 3.- (1) Companies that make investments to restore their production facilities in an economic disaster area shall receive a tax credit of 30% of the expenses incurred. It is capped at one hundred (100) million CFA francs and is chargeable up to a maximum of three financial years following the one in respect of which the expenditure was incurred.

- (2) Expenditure eligible for the tax credit is that which directly contributes to the rehabilitation of the production tool or to its reinforcement.
- (3) Expenditure that gave rise to the recognition of a tax credit is subject to prior validation by the tax authorities.

Article 4.-The benefits referred to above may not be combined with those provided for by any other special tax regime or incentive.

Article 5.-This Decree repeals all other previous provisions that are contrary.

Article 6.-This Decree shall be registered, published according to the procedure of urgency, and inserted in the Official Gazette in English and French. /-

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Joseph DION NGUTE
PRIME MINISTER,
HEAD OF GOVERNMENT