

DEBAT PATRONAL

July 09, 2021 edition

Theme :

TAXATION !

Accentuated by the context of crises that the country has been experiencing in recent years, the debate on taxation now crystallizes public-private dialogue in Cameroon. Faced with the recurrence of grievances and recriminations constantly underlined and denounced by companies, the Cameroon Employers' Organisation (GICAM) decided to devote the 3rd edition of its high-level discussion meeting "Le Débat Patronal".

In order to mark the occasion and make it a key stage in advocacy on the matter, the organization of this edition was relocated to Yaounde, the headquarters of the institutions. Around the high-level panel mobilized for the occasion, members of the Government and senior administrative officials were invited to discuss with business leaders on this subject, which is a source of differences, and misunderstandings.

In her welcome address, Mrs. Aline Valérie MBONO, Executive Director of GICAM welcomed the audience of personalities from the business world, administrative and academic circles who had made the trip. She took the opportunity to specify the objectives of the meeting, its stakes and the motivations for the choice of this theme within the framework of the actions of GICAM.

Under the moderation of Mr. Alain FOKA, a renowned journalist working at Radio France Internationale, the debate was revolved around the presentation of the key note speaker and interactive exchanges between the discussion panel and the participants.

Dr. Yves Ekoué AMAÏZO, Chief Executive Officer of MutAgile, in his capacity as key note speaker, outlined the keys to the debate in a presentation articulated in seven points.

Addressing taxation as a resource, he noted that the persistence of misunderstandings obliges the State and the Employers to negotiate in order to break the perception of taxation as a tribute paid by the smallest to an ever greedy monster. If the tax system already appeared as the first concern of business leaders for several years, the Covid-19 crisis forces more than ever to lift the walls of misunderstanding, unilateralism and intransigence. In particular, it is necessary to break the trend of budgetary dependence illustrated by the weight of loans and Donations which are constantly increasing in the State budget to the detriment of own revenues (Tax

revenues, Internal taxes and duties, Import and export taxes and duties and Other revenues). To this end, the expert proposes a paradigm shift to focus on tax efficiency (regional and sectoral adaptation, limiting exemptions, more support and fewer sanctions, national preference) and accountability to taxpayers.

This paradigm shift could be based on examples of tax policies and practices in a few countries considered as references. These countries stand out for their ability to mobilize taxation for economic, social, environmental and cultural purposes and, above all, for the quality of the debate between the "tax partners". While Cameroon has made efforts in reducing the average time spent on tax payment operations and the number of payments made on average by businesses between 2014 and 2018, there is still a lot of room for improvement. In fact, it still takes 624 hours, the equivalent of 78 working days, to make 44 tax payments per year.

Referring to the problem of uniform taxation of turnover, he noted the contrasting evolution of tax revenues (+66%) compared to that of the turnover of large companies (-15%) between 2013 and 2017. Clearly, the priority of the tax administration to move from taxing profits (33%) to taxing turnover (2.2%) has created a perverse effect since the share of Large Enterprises that used to pay the bulk (more than 60-70% of the State's tax revenues) has been considerably reduced.

The Key Note Speaker then went back to the proposals already made by GICAM, an organization whose members' contributions represent about 70% of the State's tax revenues. In particular, he pointed out those relating to the broadening of the tax base, the increase in tax yield and the stimulation of economic growth by improving the competitiveness and productivity of companies.

For employers, the advent of a developmental taxation should be combined with the exit of an unpredictable, changing, unstable, complex and inequitable tax framework to move towards more simplification, more agility and especially towards a mutual and holistic understanding of taxation. It is this developmental taxation that conditions the attractiveness of the State and of companies.

Finally, Dr. Yves Ekoué AMAÏZO indicated that the debate today opposes two visions of taxation. One advocates the use of taxation for the creation of economic, social and environmental values and the other which is essentially based on budgetary balances. The essential reconciliation between these economic and budgetary imperatives must be based on, among other things:

- (i) The institutionalization of public-private dialogue on fiscal governance;

- (ii) The effectiveness of the State's fiscal governance and its institutions;
- (iii) The organization of an Africanized legal and judicial security;
- (iv) The establishment of institutions (public, private, and public-private) that provide incentives for sustainable and environmentally friendly wealth creation;
- (v) Preservation of business performance (payment of domestic debt, broadening of the tax base, support for investment) within the framework of predictable and fair rules;
- (vi) Adapting to best international tax practices.

The discussion panel around which the exchanges were organized was composed of:

- Mrs. Laure KENMOGNE DJOUMESSI, Certified Tax Consultant CEMAC and Legal Counsel, Founder, Partner - Manager of Juritax Conseil and President of the Tax and Customs Committee of GICAM;
- Mr. Dominique TATY, Legal and Tax Counsel, Partner, PwC Côte d'Ivoire and President of the Tax Committee of CGECI;
- Mr. Emmanuel WAFO FOKO, Promoter and Manager of MIT AFRICA SARL, Chairman of the GICAM Economic and Business Development Committee;
- Mr. Alain Symphorien NDZANA, Tax Expert.

In her capacity as President of the GICAM Parafiscal and Customs Committee, Mrs. Laure KENMOGNE DJOUMESSI insisted on the grievances and concerns of business leaders, in particular on the minimum flat-rate tax (IMF) based on turnover. With regard to relations with the tax authorities, GICAM is content to relay the concerns of businesses, which are clear and unwavering. In doing so, the Group has never failed to welcome progress when it has been made, particularly in terms of digitization, but regrets the quality of the dialogue and consultation, which very often remain superficial and seem to be conducted solely for formal reasons.

Sharing the budgetary stakes of the tax, GICAM has made proposals to broaden the tax base, some of which have been taken up by the tax authorities. It is necessary to go further by exploring other niches such as land, limiting tax expenditures and curbing tax evasion. However, a sincere dialogue supported by a real will to move forward is essential.

The concerns of business leaders were echoed by Mr. Emmanuel WAFO FOKO who emphasized the greater scope of these concerns with regard to SMEs.

The latter are all the more fragile as the counterparts in terms of infrastructures and public services are not always available.

Mr. Dominique TATY indicated that the progress made by Côte d'Ivoire during the last years in tax matters was based on the quality of dialogue. The tax administration and the Ivorian employers' association regularly exchange views within the framework of the Cercle d'échanges et de réflexion, a body whose presidency rotates and which makes it possible in particular to establish tax predictability. As for the MFI, it is 0.5% of revenues but capped at 35 million per year. Despite this ceiling, discussions are underway to consider its abolition altogether.

In addition, the tax authorities and the employers' association also meet within the framework of the Committee for the monitoring of the reimbursement of VAT credits, which is also a joint body. It also emerged from his remarks that thanks to the improvements made in its internal governance, the Ivorian tax authorities are now better equipped to track down fraudsters.

On his part, Mr. Alain Symphorien NDZANA provided details on the characteristics of the Cameroonian tax system. This system is declarative and presents insufficient performance in terms of revenue collection. The tax pressure rate, although it has evolved over the last few years, is only 13-14% while the African average is 18%. Furthermore, it is estimated that achieving the MDGs requires a tax burden of around 20% of GDP. Contrary to what the recurrent complaints of business leaders might suggest, the most cost-effective taxes are VAT and taxes on goods and services; far ahead of taxes on profits. From his point of view, the key to getting out of this dialogue of the deaf remains the broadening of the base which involves the fight against the underground economy, the reduction of tax expenditures but above all the creation of wealth through the structuring of the production channels; prerogative which unfortunately does not fall under the tax administration.

In an interactive exchange, these interventions of the panelists were complemented by various observations and proposals from participants in the debate. Among other personalities who spoke:

- Mr. Grégoire OWONA, Minister of Labor and Social Security;
- Mr. Gabriel DODO NDOKE, Minister of Mines, Industry and Technological Development
- Mr. Philippe TAGNE NOUBISSI, Director General of DOVV;
- Mr. Guy Honoré TCHENTE, Tax Counsel;
- Mr. Du Prince TCHAKOTE, Economist at the IMF Office in Yaounde;
- Mr. Jules DIFFO, Head of the Legislation Unit at the DGC;
- Mr. Richard EVINA OBAM, Director General of CAA;
- Prof. MINKOA SHE, Chanellor of the University of Yaounde II;

- Mr. Samuel Dieudonné MOTH, Member of the National Assembly;
- Mr. Dieudonné ESSOMBA, Economist Expert;
- Mrs. Reine TAMO, Tax Advisor;
- Mr. Hervé Emmanuel NKOM, Financial Expert;
- H.E. Philippe VAN DAMME, Head of the Delegation of the European Union in Cameroon;
- Mr. Emmanuel DE TAILLY, General Manager of SABC Group;
- Mr. Jean Paulin JIOTSA, Promoter of entrepreneurship.

The topics discussed by the latter included:

- The harmful multiplicity of tax audits;
- The presumption of guilt from which the heads of companies suffer with the tax inspectors;
- The civic role of the company which is far from being the strict property of its promoter;
- The weight of IMF recommendations / injunctions;
- The weight of tax expenditures which are around 3-4% of GDP;
- The non-progressive nature of social spending, since out of every 100 francs spent, only 20 francs actually reach the target poor households;
- The need to take into account the dual technical and political nature of the debate on taxation;
- The importance of a climate of confidence, the construction of which is the responsibility of both the tax administration and the employers;
- The need to have a holistic view of the subject and to add concerns such as the level of wages;
- The efforts of dialogue and the progress made by the tax administration in recent years, including the establishment of a Committee for reflection on tax issues;
- The importance of tax compliance;
- The relevance of a targeted tax approach by sector and by industry to take into account the different specificities;
- The commitment of the Minister of Mines, Industry and Technological Development to bring the voice of industrialists on the subject of the MFI and his invitation to the latter for a consultation;
- The urgent need to give priority to the creation of wealth;
- Taking into account the essential equalization between taxpayers because whatever efforts are made to broaden the base, some will always have to pay for others;
- The need to get out of the bad formatting of the current economy to define, within the framework of the strategic projection, the role of the company and the role of the entrepreneur;
- The need to put forward the counterparts of tax levies to strengthen the acceptance of the tax which ultimately returns a democratic question;
- The imperative need to track down and denounce the big fraudsters, particularly in the timber and gold mining sector;

- The urgent need to consider taxation not as an objective but as a tool whose effectiveness must be measured in terms of job creation, the formalization of companies, the evolution of dependence on the outside world in terms of debt and growth;
- The need to consider a pact of confidence between the Administration and the Employers based on commitments on the one hand of stability, justice and confidence and on the other hand of efficiency, transparency and creation of value;
- The reinforcement of the transparency through the publication of the contributory efforts of each Company;
- The consideration of the entrepreneurial succession by the support and the financing of the projects carried by youths;
- Etc.

The closing remarks were made by the President of GICAM, Mr. Celestin TAWAMBA, who first thanked all the personalities who came, the sponsors and the entire panel. He indicated his satisfaction with the quality of the debates and contributions; quality which shows, if one still had any doubt, that taxation is an important subject, a subject which does not only concern the tax administration and the Companies but which must mobilize the whole society.

Also, he specified that GICAM has never intended to put anyone on trial but to work towards the rapprochement of ideas in order to get out of the dialogue of the deaf in which the country seems to be stuck. GICAM, in no case, defends the fraudsters, he insisted. Also, it is urgent to get out of this tax trap which feeds the informal sector.

As long as this tax system will keep its confiscatory, unfair, predatory character and will operate by ambush, GICAM reserves the right to carry the voice of companies, to debate without stigmatizing in order to find solutions which allow Cameroon to advance and to be stronger.

For this, the President of GICAM reiterated his call for a Pact of Trust between the Tax Administration and the Companies because they are aware that they would not exist if the State was not able to fulfill its sovereign missions.

It is this commitment and availability of the GICAM that will summarize this Act 3 of the Débat Patronal as a response to the unanimous call of the participants for the advent of a frank and constructive dialogue between the Tax Administration and the employers' organisation.