

REPUBLIQUE DU CAMEROUN

PAIX-TRAVAIL-PATRIE

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MINISTERE DES FINANCES



REPUBLIC OF CAMEROON

PEACE-WORK-FATHERLAND

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MINISTRY OF FINANCE

N°...../MINFI/DGD

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UNDERSTANDING THE REFORM UNDERTAKEN BY THE GOVERNMENT ON THE SYSTEM OF DIGITAL COLLECTION OF CUSTOMS DUTIES AND TAXES DUE ON IMPORTED TELEPHONES AND OTHER TERMINALS (IN TWELVE (12) QUESTIONS)

1- Why was this reform undertaken?

Despite the strengthening of border surveillance, notably through Operation Halt to Illicit Trade "HALCOMI", the Customs Administration recorded a drastic drop in revenue from the import of telephones. Today, less than 100 million CFA francs are collected per month out of the approximately 2 billion collected in the 2000s. This decline contrasts with the increase in the number and quality of telephones imported in a challenging security context.

It is estimated that nearly 4 million telephones are imported into Cameroon per year, representing a potential of 13 billion FCFA in revenue per year, if each phone has a minimum average of 10,000 FCFA. This represents a shortfall of nearly 12 billion per year.

Meanwhile, the revenue targets assigned to the Customs Administration have more than doubled in 15 years, going from 347 billion in 2005 to 841.5 billion in 2019. In this context where the Government itself is working to maintain the tax break, it was necessary to broaden the tax base, explore niches that continue to escape taxation, and seek the best mechanisms for collecting and securing revenue. The establishment of a digital collection system for customs duties and taxes on imported telephones and terminals is in line with this reflection. This innovative and revolutionary solution was presented by the Government to the Parliament, which approved it and enshrined it in article seventh of the finance law for the 2019 financial year.

2- What are the objectives of this reform?

The reform aims to optimize the revenue collected on telephones and terminals (tablets and modems) imported into Cameroon, whether they have spontaneously paid the duties

and taxes when crossing the border, or whether they have been introduced fraudulently or in suspension of said duties. In the short term, the Customs plans through this reform to multiply its revenues by 2500% from the first year of implementation.

On the other hand, this reform aims to provide the Customs Administration with modern tools for collecting taxes wherever they are located, in particular through ICTs. Likewise, the automation of collection reduces human contact which is oftentimes the basis of unethical practices.

Finally, this digitization of the collection of customs duties and taxes eliminates any effect of smuggling on telephones since, whatever the mode of entry, they will be taxed as soon as they are connected to a telephone network.

3- Is there still the possibility of customs clearance of phones when crossing the borders?

The right to pay customs duties and taxes due on importation remains a legal option provided for by article seventh of the finance law for fiscal year 2019. In this case, the importer files a customs declaration during the crossing of the border and proceeds immediately to the payment of customs duties and taxes due. Once payment has been made, the Platform is updated by the Customs Administration in order to avoid subsequent double taxation of the telephones and terminals concerned.

It should be noted that in the case of customs clearance at the borders, the telephones which have paid the customs duties and taxes will no longer receive a message requesting any payment upon the first connection.

4- What devices are concerned by the collection measure through the Platform?

This concerns telephones (fixed and portable) as well as similar digital terminals (tablets, modems) imported into Cameroon after the launch date of the "Digital government platform for collecting customs duties and taxes", which have not been spontaneously cleared at the point of entry into the territory.

In any case, all phones and terminals that have connected at least once to a network of a telephone operator in Cameroon are considered "customs cleared" and will not be subject to any levy.

5- What are the duties and taxes to be levied?

It should be made clear from the outset that this reform has not resulted in any new customs duties and taxes. It simply operates a switch from the "physical border" at the entry points of airports, ports and others to the "digital border" which is the SIM card inserted into the phone.

In general, telephones usually pay 33.05% of their dutiable value as customs duties and taxes (common external tariff, value added tax, additional centimes, community integration tax, contribution community integration, African integration contribution, IT fee, etc.).

6- How does the « collection platform » function?

Placed under the authority of the Ministry of Posts and Telecommunications, which maintains it directly or through an agent, the "Platform" is a digital institutional device interconnected with the servers and network systems of telephone operators legally operating in Cameroon. Thus, as soon as a phone connects to one of the networks of these operators, the Platform detects it and identifies it through its "IMEI number" which is in principle unique in the world. If the platform notices that this is a first connection, the owner of the phone will receive a message indicating the amount of customs duties and taxes to pay, before offering her two payment options: in one lump sum (one-off) or in installments (gradual payment).

The owner who has sufficient telecommunication credits and who pays his duties and taxes in one lump sum immediately receives a message indicating that his phone is now cleared.

Conversely, those who do not have enough and who choose the "installment payment" option will be levied gradually and on a daily basis if they have credit, up to the full amount of the duties and taxes due. As soon as the collection is complete, he will in turn receive a message indicating that his phone is now "cleared".

It should be noted that the "Platform" is automatically updated when an operator has chosen to clear his phone (s) at the border and has paid the duties and taxes due. In this case, the customs cleared telephone (s) no longer receive(s) the message upon first connection.

7- What is the fate of phones that may have the same IMEI (International Mobile Equipment Identity) number?

The Platform has provided for a triangulation system that will, in cases where one or more phones have the same IMEI number (abnormal phenomenon), permit the association of other types of information such as the SIM number used or the name of its owner, IP address for terminals, etc.

In any case, measures have been taken to be able to assign a specific account to each phone even in the event of an IMEI account being duplicated.

8- Are the phones of foreigners staying in Cameroon affected by this measure?

It all depends on how you use the phone. If the foreigner makes broadcasts (calls, internet) with his telephone using the SIM card from his country of origin using the "roaming" system, no message will be sent to him. He will therefore not pay duties and taxes.

Conversely, if he substitutes his foreign SIM card for one from a local telephone operator, he will then receive the same message as the inhabitants of Cameroon with the right to choose the frequency of payment. In this case, he will only pay the fraction of the duties and taxes levied during his stay in Cameroon.

In any case, a point will be set up at the customs posts of international airports to allow identification and registration on the Platform of the telephones of people staying temporarily in Cameroon. Thus, they may be exempted from paying duties and taxes during the period provided for their regular stay.

9- What is the fate of telephones cleared before October 1 that have not yet been connected at least once to the network of a Cameroonian operator?

People who have stocks of phones already cleared through customs must simply contact the Customs Administration (Legislation and Litigation Division), with supporting documents of payment of duties and taxes, so that the Platform is updated. This must be done before November 15, 2020, under penalty of foreclosure.

10- How will the consumer know the customs status of the telephone he is buying?

Article 6 of Joint Decision No. 247 / MINFI-DGD / MINPOSTEL-IGT of March 13, 2020 establishing the modalities for the digital collection of customs duties and taxes on telephones and digital terminals provides that: " Importers and sellers are required to display or indicate to consumers the "customs cleared or not" status of telephones and other electronic tablets at the time of purchase or acquisition. Failure to do so, exposes them to the sanctions provided for by the regulations in force;

11- How can a consumer who wishes to make a complaint contact the Customs Administration?

A toll-free number is open to allow consumers to address any queries and complaints. It will be communicated without delay.

12- How will the Customs Administration come into possession of the duties and taxes collected by the telephone operators?

The customs duties and taxes collected each month must be transferred to the Public Treasury by the telephone operators who have completed the collection by the 15th of the following month at the latest. This repayment is made against the issuance of a receipt on the basis of a DR4 model customs declaration (repayment of customs duties and taxes collected on importation).

This declaration must be lodged with the Customs Office of domiciliation designated by the Customs Information System, together with a summary electronic listing of the direct collections made per telephone. An electronic copy of this listing must be sent to the Director General of Customs.

The Service conducts a comparison between the data produced by the Government Platform and the declarations made by the telephone operator concerned in order to assess their completeness and sincerity.