BORDER TAX ADJUSTMENTS

Information Supplied by Contracting Parties

Addendum

In response to the requests set out in L/3039 page 5, paragraphs 1 and 2, further replies which are attached hereto have been received from the following Governments:

A. Replies from member States of the Organisation for Economic Co-operation and Development, supplementing OECD documentation:

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norway</td>
</tr>
</tbody>
</table>

B. Replies from non-members of the OECD:

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cameroon</td>
</tr>
<tr>
<td>United Arab Republic</td>
</tr>
</tbody>
</table>
Annex I

NORWAY

A. The following corrections should be made to the OECD Fact-Finding Report (OECD document C (68) 47):

Part I

Page 11: Norway should be mentioned under paragraph 20(c). Producers' goods are taxable in Norway.

Page 13: Norway should be deleted from paragraph 28. Only certain services are taxable. Reference is made to Part III, page 41.

Page 39: Norway should be added to the list of countries under paragraph 93(a), but deleted from 93(b). As indicated above producers' goods are taxable, but no adjustments are made at the border for this tax.

Part III

Page 42: As from 1 January 1968 the excise duty on articles of silver was reduced to 7.5 per cent. A proposal has been made to the Storting to abolish as from 1 January 1969 the excise duty on articles of platinum, gold and silver as well as on imitation jewellery.

B. Changes contemplated

The Government intend to submit a proposal to the Storting in 1969 to introduce as from 1 January 1970 a value-added (TUA) system.

C. Note on taxation of company profits and dividends according to Norwegian tax legislation

Dividends

I. Taxation of profits of resident companies

Under Norwegian tax laws the company income tax, i.e. the ordinary national and local income taxes (including national contributions to the tax equalization fund and special tax in aid of developing countries) as levied on Norwegian companies, is on principle calculated on the basis of total profits of the company, regardless whether or not the profits are distributed to the shareholders. However, a Norwegian joint-stock company is entitled to deduct from its taxable profits dividends on new shares issued as from 3 March 1961, until 31 December 1970, without limitation as to the amount of the dividends. The same rule applies equally to dividends distributed by new companies set up during the said period. The deduction may be claimed for the income year in which the new capital has been paid up and for each of the next seven years.
The company tax rate is 30 per cent (special rules apply to co-operative societies, savings banks, mutual indemnity, insurance societies etc. and housing societies), and municipal income tax rate varies according to the municipality, but is generally 19 per cent, the contributions to the tax equalization fund is levied at progressive rates from 3 to 5 per cent, and the special tax in aid of developing countries is 0.25 per cent. None of these taxes are deductible for the purposes of computing the national company tax. The total income tax rate is therefore about 54.25 per cent.

II. Taxation borne by shareholders on dividends from resident companies

Resident shareholders. No tax at the source is levied on dividends paid to resident shareholders.

In the case of individuals the dividends are included in the income for the purposes of computing national income tax only.

As concerns companies it should be mentioned that under Norwegian law the business profits of a Norwegian company are as a general rule taxed twice (economic double taxation) - apart from the provisional rules referred to above - one in the hands of the company itself, and - in so far as the business profits are distributed as dividends - a second time in the hands of the shareholders as dividends received, but only for the purposes of the national income tax. However, in order to avoid as much as possible recurrent taxation of the same business profits, the tax laws provide a general exemption from any income tax as regards inter-company dividends, provided that the distributing as well as the receiving company are residents of this country.

Non-resident shareholders. Dividends payable to non-resident shareholders are subjected to a withholding tax at a rate of 25 per cent. The tax is withheld by the distributing company or its paying agent at the time of the payment of the dividends. However, the said tax is not levied if the dividends are assignable to income from business carried on in Norway through a permanent establishment in this country. The rate of tax may be reduced under the provisions of a tax convention.

III. Taxation borne by resident shareholders on dividends from non-resident companies

As a rule dividends from non-resident companies are included in the taxable income of the resident shareholder and liable to the ordinary national and local income taxes. However, dividends from a foreign subsidiary company may be exempt under the provisions of a tax convention.
IV. Tax base

The income tax is imposed on income during the accounting period, based on books and records which the Commercial Code and other regulations require each joint-stock company to keep.

The taxable income of the company for each accounting period is the excess of the gross revenue over the total of its business expenses, including depreciations at certain annual rates. No allowances for foreign trade apply. Reference is made to the rules on inter-company dividends and the provisional rules on deduction with respect to dividends on new share capital as mentioned above.
### Annex II

**CAMEROON**

I. **Structure of the fiscal system**

1. **Revenue**

<table>
<thead>
<tr>
<th>Years 1964, 1965, 1966</th>
<th>Governmental</th>
<th>Communal</th>
<th>Total (CFAF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Indirect taxes of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- sales tax, turnover tax</td>
<td>9,069,611,899</td>
<td>-</td>
<td>9,069,611,899</td>
</tr>
<tr>
<td>- customs duties</td>
<td>46,898,168,796</td>
<td>6,307,274,622</td>
<td>53,205,443,418</td>
</tr>
<tr>
<td>(b) Income taxes of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- personal income tax</td>
<td>6,037,004,858</td>
<td>603,700,486</td>
<td>6,640,705,344</td>
</tr>
<tr>
<td>- company profits tax</td>
<td>4,562,462,851</td>
<td>456,246,285</td>
<td>5,018,709,136</td>
</tr>
<tr>
<td>(c) Taxes on wealth, inheritance and gifts</td>
<td>18,566,613</td>
<td>-</td>
<td>18,566,613</td>
</tr>
<tr>
<td>(d) Property taxes</td>
<td>353,930,063</td>
<td>-</td>
<td>353,930,063</td>
</tr>
</tbody>
</table>
2. Rates of tax in force at 1 March 1967

(a) Indirect taxes

- Internal turnover tax
  - General rate
  - Reduced rate

- Transfer tax (on value added)
  - General rate

(b) Income taxes

- Personal income taxes
<table>
<thead>
<tr>
<th>CFAF 0 to CFAF 200,000</th>
<th>More than CFAF 200,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial and commercial profits</td>
<td>10%</td>
</tr>
<tr>
<td>Non-commercial profits</td>
<td>10%</td>
</tr>
<tr>
<td>Agricultural profits</td>
<td>7.5%</td>
</tr>
<tr>
<td>Handicrafts profits</td>
<td>5%</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>3%</td>
</tr>
<tr>
<td>Rentals</td>
<td>20%</td>
</tr>
<tr>
<td>Income from capital and movables</td>
<td>10%</td>
</tr>
</tbody>
</table>

Progressive surtax

<table>
<thead>
<tr>
<th>From</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to 200,000</td>
<td>nil</td>
</tr>
<tr>
<td>201,000 to 320,000</td>
<td>5%</td>
</tr>
<tr>
<td>321,000 to 480,000</td>
<td>7.5%</td>
</tr>
<tr>
<td>481,000 to 600,000</td>
<td>10%</td>
</tr>
<tr>
<td>601,000 to 1,000,000</td>
<td>15%</td>
</tr>
<tr>
<td>1,001,000 to 1,400,000</td>
<td>20%</td>
</tr>
<tr>
<td>1,401,000 to 2,000,000</td>
<td>25%</td>
</tr>
<tr>
<td>In excess of 2,000,000</td>
<td>30%</td>
</tr>
</tbody>
</table>

(c) Tax on company profits

25%
II. Description of indirect taxes and the manner in which they are charged

The indirect taxes charged in Cameroon are the turnover tax and the transfer tax.

1. Internal turnover tax

(a) The internal turnover tax is charged at one or two stages, on the following operations:

- services, and activities resulting from the exercise of the liberal professions;
- sales, charged at the marketing stage on domestic manufactures and produce, including sales of used articles and materials.

(b) The tax base is the total price payable by the purchaser in order to take over the goods or to obtain the service. However, parties providing services may be authorized to be assessed on the basis of their encashment.

The user (manufacturer or party providing the service) may deduct from his turnover the purchase value of products on which the internal turnover tax or import charge has been paid.

In all cases the tax base includes all costs and charges, including the turnover tax.

(c) Exemptions

- goods or raw materials intended for export or for the manufacture of a product subject to the single charge system;
- products subject to the single charge system in accordance with the Investment Code or other instruments of the Central African Economic and Customs Union;
- transactions by forestry undertakings relating to logs;
- transactions carried out by:
  - farmers and planters relating to products and livestock from their undertakings.
(d) **Rates of tax**

- general rate: 6 per cent, i.e. 6.38 per cent exclusive of tax
- reduced rate (handicrafts, industrial and transport activities) 3 per cent, i.e. 3.09 per cent exclusive of tax.

**Rate of taxes charged by the Central Government as at 1 March 1967 — general characteristics**

Property transfers are subject to a State registration duty at the rate of 15 per cent. The transfer duty is charged on the value of the building.

Exchange of one building for another is subject to a proportional duty of 4 per cent. Where the buildings exchanged are of equal value (straight exchange) the duty is charged only on the value of one of them.

Where, on the other hand, the properties are of unequal value the exchange duty is charged on the lower value of the two, and the difference in value between the two is subject to the 15 per cent sales duty, or in the case of an exchange of movable property, to the 4 per cent sales duty.

The proportional duty on transfers of business goodwill is at the ordinary rate of 10 per cent. Subject to certain conditions, however, the main registration duty is reduced to 2 per cent on new goods (individual price and detailed estimate, article by article).

For inheritances and gifts, the rates applicable vary depending on whether the duties are on account of transfer following death or transfer *inter vivos* free of charge.

The duties on transfer following death are fixed at the following rates for everything comprised in the inheritance (net assets), regardless of the kinship between the heirs and the deceased:

- from CFAF 500,001 to CFAF 2 million: 2 per cent
- from CFAF 2,000,001 to CFAF 5 million: 5 per cent
- from CFAF 5,000,001 to CFAF 10 million: 8 per cent
- CFAF 10 million and over: 10 per cent

The tax is apportioned out among the heirs proportionally to the shares received by each of them.
The duties on transfer inter vivos (gifts) are fixed at the following rates:

- between direct descendants or ascendants and between spouses: 5 per cent
- between brothers and sisters: 10 per cent
- between relatives beyond the second degree and non-relatives: 20 per cent

The tax payable by the surviving spouse or spouses or by the direct heirs is reduced by 75 per cent, subject to a maximum of 30,000, for the spouse or all the wives in the case of polygamy.

Collateral or other heirs are also eligible for a 10 per cent reduction of tax for each dependent child (minor or disabled), subject to a maximum of 50 per cent.

Direct heirs and a surviving spouse can also receive this second reduction calculated on the reduced tax.

No change in the above-mentioned rates is contemplated.

**Customs duties and charges**

Imports and exports are subject to the customs duties and charges shown in the tariff in force, since 1 January 1966 in the member countries of the Central African Economic and Customs Union, according to their origin and nature.

These duties and charges are either established on a specific basis (weight, volume, number, etc.) or, more generally, are expressed as a percentage of the value of the goods concerned. The dutiable value of imports is the normal price of the goods, i.e. the market price prevailing for the goods on the date of registration of the declaration, in the place of entry into the customs territory, on the occasion of sale in fully competitive conditions between an independent purchaser and an independent vendor. On exports, the value is that of the goods at the place of exit on the date of registration of the declaration with the customs office, plus any transport costs up to the frontier, but not including exit duties and internal charges. For certain goods, the value to be declared at import or export may be determined by official price lists for compulsory use by the customs services and any parties using those services.

The customs duties and charges are levied at a single stage: on imports at the moment when the goods are removed to be offered for consumption, following direct import or exit from warehouse or factory; and on exports at the moment when the goods are embarked or when they cross the frontier. Imports cannot be offered for consumption and exports cannot leave the country until the amount of these duties and charges has been paid, guaranteed or deposited.
No reimbursement is permitted of customs duties and charges following any dispute as to settlement thereof, except in cases covered by the public accounting rules in force where the error is attributable to the customs administration because of an erroneous interpretation or application of the tariff, or because of a material error in settlement.

No direct or indirect premiums or subsidies are paid on exports of Cameroon products and the small sums granted since 1956 by various Stabilization Funds to efficient producers who have been adversely affected by the slump in commodity prices cannot be considered as constituting a premium or subsidy.

As an exception to the provisions of the Customs Code requiring customs duties and charges to be levied on all imports, duty exemptions and reductions are granted either directly under the customs tariff or by decision of the competent authorities of Cameroon or of the Central African Economic and Customs Union. This is the case for certain equipment goods, raw materials and essential products required by industry for the production of manufactures, for consignments in the context of international relations, for small packets of no commercial value, military equipment, imports of a social, religious, educational, scientific or cultural character, etc.

At the present time, the principal customs duties and charges on imports are the customs duties, entry duties, turnover tax, additional charge, special duty, equalization charge, unloading charge, municipal charge, etc.; and on exports, the exit duty, loading charge, packaging charge, health clearance charge, movement charge for meat, etc.

As already stated, the rates of these duties and charges vary according to the origin and the tariff classification of the goods imported or exported, with the exception of the turnover tax on imports which is at a uniform rate of 10 per cent ad valorem, applied on a value established by adding to the taxable value as defined above the amount of the customs duty and entry duty, if any.

The customs duty is charged on goods originating elsewhere than in the European Economic Community or any of the member States of the former AAMS; the entry duty is charged on imports of products from all origins and sources.

The Cameroon Government has sole authority to determine the rates of the additional charge and any other quasi-fiscal charges. Likewise, the export tariff is not within the authority of the customs administration of the Central African Economic and Customs Union.

The special duty which replaces the entry duty, the turnover tax on imports and the additional charge, if any, is charged on imports sent by post or postal packet, and on frontier traffic for which no detailed declaration is required.
The only equalization charge applied in Cameroon consists of the levies on imports of sugar from countries not parties to the African and Malagasy Agreement on sugar. This is a specific charge, currently at the rate of CFAF 20 per kg. on sugar offered for local consumption.

The exemptions granted on raw materials and essential products for industry are partly or entirely compensated by a single charge on manufactures. The Decree establishing the single charge system determines the rate of the charge applicable to each product manufactured by the undertaking concerned; the charge may be on an ad valorem or a specific basis, in an amount depending on the one hand on any exemptions from duties and charges for imported or domestic products, on the other hand on any other customs or tax benefits and dispensations which may have been granted to the undertakings concerned, as well as any other provisions concerning production of like articles. Certain products are exempt from this.

The municipal unloading and loading charges are specific; they correspond to services rendered and are charged by "series" of goods imported or exported and are collected either by the municipalities or by the Harbour and Waterways Authority.

III. Changes envisaged

Following the application of the new definition of value for customs purposes of imports and exports, as indicated above, many cases of fraud have been reported; the authorities are therefore envisaging the establishment of official price lists for the imported products most likely to be the subject of incorrect declarations of value or species because of their packaging and invoicing, e.g. used clothing, certain fabrics, etc.

In addition, having regard to the industrialization programme undertaken for the entire territory, a greater degree of specialization in the existing tariff nomenclature is to be envisaged with a view to protecting domestic industries.
Annex III

UNITED ARAB REPUBLIC

PART II

A. Description of the indirect taxes and the manner in which they are charged on exports and imports of goods and services

1. Stamp duties
   (a) Collected at one stage and by various ways according to circumstances;
   (b) levied on all deeds, documents, applications, registers, contracts, gas/electricity, water supplies, etc.;
   (c) the tax base and the rates applied differ according to the different forms of goods and services involved, on the basis of graduation according to value;
   (d) tax revenue for the years 1964, 1965 and 1966 is included in the annexed table.

2. Excise duties
   (a) Collected at a single stage, e.g. production or importation of certain consumer goods and mineral products;
   (b) levied on certain locally produced minerals and manufactured products as well as imported products like cement, some oils, alcohols, beverages and some yarns and fibres;
   (c) the tax base is the quantity of the product subject to the duty;
   (d) the tax rate is specific per quantity or unit of production (detailed products and rates of tax are indicated in supp. (3) of the UAR Customs Tariff, Cairo 1962).

3. Customs duties
   (a) Collected at a single stage; passage of imported goods through customs frontiers;
   (b) levied on all imported goods subject to tariff duties;
   (c) exemptions are applied according to national laws and regulations as well as to international obligations;
   (d) the tax rates are listed in the UAR Customs Tariff which is drawn up according to the BTN.
4. **Statistical tax**
   
   (a) Collected at a single stage; importation of foreign goods;
   
   (b) levied on certain categories of imported goods;
   
   (c) exemption is applied for supply materials and popular goods;
   
   (d) the rate is 10 per cent ad valorem.

5. **Special taxes**
   
   (a) Collected at different stages according to its base;
   
   (b) levied on amusement places, cars (property or use), radio, television, etc.

6. **Local community taxes**

   Instituted by local community organizations within the limits of their jurisdiction.

**B. Treatment of exports**

1. Excise duty is repaid for exported products.

2. Repayment of the tax rate is applied on the exported product.

**C. Treatment of imports**

1. Excise duty is applied to imported as well as to locally produced products.

2. Taxes levied according to economic and national revenue interests, and subject to the product itself.

3. The base used in calculating the import customs duties are those agreed upon in the Customs Co-operation Council, and in conformity with the provisions of Article VII of GATT.

4. Exemptions are mainly applied for social and popular supply concepts, e.g., food and meat imports.

**PART III**

**Changes envisaged**

The statistical tax is a matter of study for bringing it to a lower rate in conformity with GATT Article VIII.