



BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

# Digital Transformation of Tax Administrations

## Virtual Seminar

**Presentation on: Tax Policies, Tax Incentives for Investment, Tax Services and Tax Administration Systems in Sierra Leone**

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# Part 01

## **Background**



## BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

### About SL National Revenue Authority



01

NRA founded in 2002 as a Semi-Autonomous agency by an Act of Parliament and commenced operation in 2003.

02

Supervised by the Ministry of Finance, Overseen by the Board of Directors, and managed under the leadership of the Commissioner General

03

Revenue performance had increased recently driven by major tax reforms, but could not be sustained due to global economic shocks



# Part 02

## **Tax Policies in Sierra Leone**



## Tax Policies in Sierra Leone

No	Tax Legislation	Description	Unique Content
1	Traditional Tax Laws (Income Tax Act, GST Act, Customs Act, Tariff Act)	Income Tax  GST  Import Duties	<ul style="list-style-type: none"><li>- Tax on employment income e.g. salary, profit made by corporate entity and on sale of capital assets, withholding taxes)</li><li>- Taxes on goods imported and on the domestic consumption of imported and locally-produced goods and/or services</li><li>- Tax on the value of import/export goods levied at the point of entry/departmenture</li></ul>



## Tax Policies in Sierra Leone

No	Tax Legislation	Description	Unique Content
2	Excise Act 1982	Tax levied on the production, sales, import of specific goods With some adverse externality	Alcohol, tobacco products, energy drinks, fruit juices, petroleum products, luxury vehicles
3	EIRA 2018	Covers the fiscal terms for mineral and oil and gas projects/companies	General royalty rates on various mineral types, non-negotiation of fiscal terms beyond those stated in the Act.
4	RAA 2017	Harmonises the administrative provisions of the tax laws of the country in one document	Generalised penalties, fines and other administrative provisions unified for default in either GST, Income Tax, Excise or Customs.
5	FMCA 2017	Ensures the collection of revenues from previously retaining MDAs to the centralised government account	All treasury single account agencies now account for their collected revenues in the central government CRF.



## Tax Policies in Sierra Leone

No.	Tax Legislation	Description	Unique Content
6	FAs 2006-2022	The Finance Acts serve to amend parent tax laws and propose additions to them.	Since 2006, Parliament has been enacting annual Finance Acts for the aforesaid purpose.
7	NRA Act 2022	In 2022, the NRA Act has been revised and enacted by Parliament to reflect contemporary revenue administration trends.	Expansion of the revenue administration scope of the Authority over other revenue related legislation, funding of the NRA, supervision of the NRA, and other administrative matters.
8	TP Regulation	Caters for treatment of transfer pricing issues	Covers all sectors and issues relating to transfer-mispricing, PE etc.





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## Tax Policies in Sierra Leone

No.	Tax Legislation	Description	Unique Content
9	ECR Regulation	Caters for regulating and guiding taxpayers, customers and the NRA in the administration of the ECR devices.	Covers the penalties for default, the roles of the GST registered businesses, customers, the NRA and vendors.
10	Excise Stamp Regulation	For regulation of the administration excise stamp and product marking	Covers exercisable goods of tobacco, alcohol, and energy drinks. Includes also fuel marking.
11	<b>Other Tax Policies</b>		
	- Duty waiver and tax exemption policy	Provides a policy for treatment of duty waiver and tax exemptions requests.	Roles of the various institutions involved, description of the terms, and those exempted.
	- MTRS	Medium term (2023-27) strategy for revenue mobilisation	Includes tax policy proposals, revenue administration reforms and measures, and capacity building for effective revenue administration.



## Part 03

# **Tax Incentives for Investment in Sierra Leone**



Sierra Leone has several **Tax incentives in its general laws** and **special concession agreements** meant for attracting Investment

Incentives in general tax laws relating to:

1. **Mining** (tax holidays, import duty waivers on mining machineries and equipment, GST waiver on same)
2. **Agriculture** (import duty and GST exemption on agricultural inputs, machineries, 10 years income tax holiday),
3. **Manufacturing** (5 years tax holiday for USD2 million investment, import duty and GST waiver on plant and machineries in the sector, tax exemption on interest from loans in the sector, reduced corporate tax for setting up a factory outside of the capital city – 15% instead of 25%, petroleum refinery – 5 years income tax holiday for USD20million investment)
4. **Tourism** (Income tax exemption from 2021-2023)
5. **Trading** (Import duty waiver on plants and machineries in this sector, 5 years tax holiday for renewable energy businesses)
6. **Infrastructure** (15 years tax holiday for PPP investment worth USD20 million)



Sierra Leone also has several Tax incentives in **special concession agreements** meant for attracting Investment, and include:

1. Companies in the **mining sector**

- Both companies on iron ore mines
- Company on rutile mining
- Companies on bauxite mining
- Companies on industrial diamond mining
- Companies on industrial gold mining

2. Companies in the **agricultural sector**

- Companies in oil palm production and oil palm extraction
- Company in pineapple production and processing

3. Companies in the **manufacturing sector**

- Companies involved in processing and exporting of oil, soap etc



Additionally, Sierra Leone is a **part of international treaties**, where there are provisions for tax exemptions and incentives to expand investments, and include:

### 1. ETLS



- Increasing use of the facility by several private sector companies operating within the sub-region

### 2. AfCFTA

- This will lead to significant customs revenue losses, even though may be compensated in the long run by increased domestic tax revenues arising from increased investment



## Estimation of revenue loss from tax exemptions

Ongoing work on:

tax exemptions review , estimation and recommendations with World Bank experts

Preliminary assessment of Domestic Tax and Customs Exemptions:

Customs Losses = 25% of import duty, waived in 2021

Domestic Tax Losses = USD238 million from 2018-21 for only 10 Income taxpayers and 151 GST suppliers) representing 20% of domestic tax revenues over this period.

Effort by NRA to track tax exemptions

especially for domestic taxes; and centralization of exemptions tracking



# Part 04

## **Tax Services in Sierra Leone**



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## Implemented Tax Services in Sierra Leone

Taxpayer services  
offices in DTD  
main offices

ONE

Help desk at DTD  
main office

TWO

Digital interactive  
platforms for taxpayer  
services in current  
system

THREE





## Implemented Tax Services in Sierra Leone

Call centre

FOUR

Dedicated NRA hour on TV and radio creating a platform for Q&A from taxpayers

FIVE

SMS and declaration tracking facilities for importers

SIX



## Implemented Tax Services in Sierra Leone

PPD seminar series with SMEs and Large taxpayers on reforms and other needs

SEVEN

Dedicated social media interactive platforms for taxpayer services – including Q&A - Facebook

EIGHT

Tax guide

NINE



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## Planned Tax Services in Sierra Leone

Setting up help  
desk offices across  
DTD offices

ONE

Setting up taxpayer  
service centres  
nationwide

TWO

Taxpayer award  
and reward – to  
be revamped

THREE



## Planned Tax Services in Sierra Leone

E-portal

FOUR

Publication of  
Commissioner  
General's Practice  
Notes

FIVE

Revamping of NRA  
website to be more  
interactive and user-  
friendly

SIX



# Part 05

## **Tax Administration Systems in Sierra Leone**



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## Tax administration systems in Sierra Leone

Integrated Tax  
Administration  
System

ONE

Electronic Cash  
Register system

TWO

ASYCUDA  
World

THREE



## Tax administration systems in Sierra Leone

Customs Electronic  
Single Window  
system

FOUR

Mobile Payment App  
for non-tax and SMEs  
payments

FIVE

Excise Stamp and  
Product Marking  
system

SIX



# Part 06

## **Conclusion**





## BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT



- ❖ **Sierra Leone has made notable progress in tax policy, tax services, and tax administration systems in recent years.**
- ❖ **However, we are yet to meet the TADAT standards, and for this reason, we are developing and implementing an MTRS over the next five years.**
- ❖ **Meaning, by 2027, the country should have made significant progress in achieving high scores in these international assessments – TADAT, DTMM to the levels of top global performing tax administrations.**
- ❖ **Immediate plans are on integrating our internal systems and with external ones as well, enhancing their functionality, sustaining these systems, and making better use of data accumulated.**



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**THANKS**