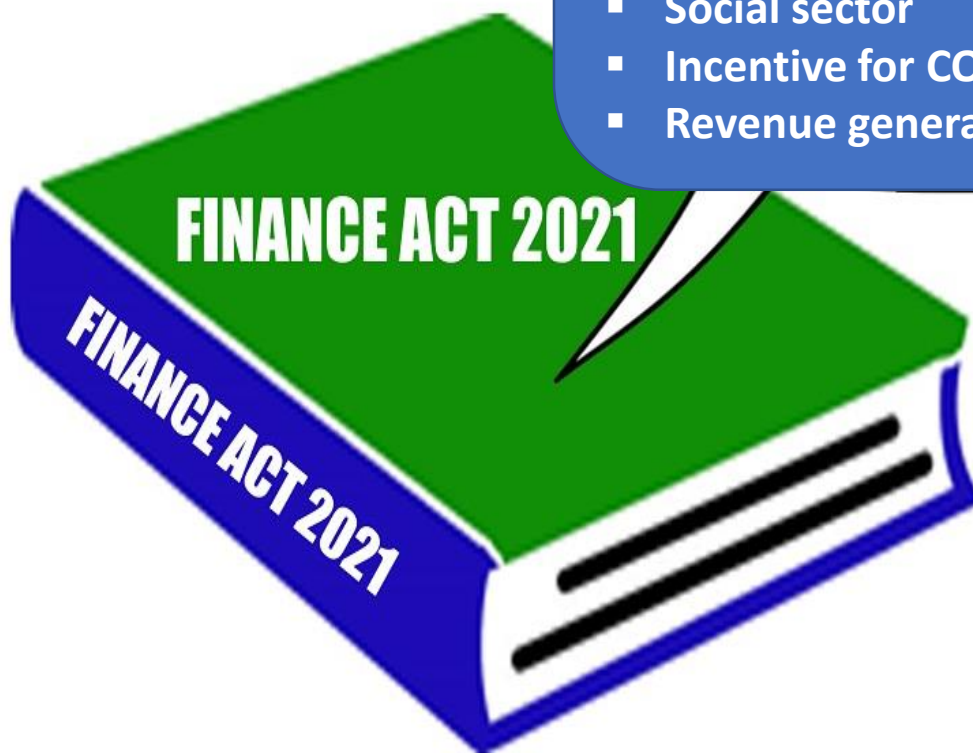


HIGHLIGHTS OF THE 2021 FINANCE ACT OF SIERRA LEONE

BENEFITS

Promotes:

- Local industries value addition and decentralization
- Business friendly environment
- Women empowerment
- Social sector
- Incentive for COVID-19 impact
- Revenue generation



Comparative tax rates in sub-region (Guinea. Liberia, Ghana, Gambia (CIT, VAT/GST)

Selected tax rates for African Countries (%)				
Country	Tax Type			
	PIT	CIT	VAT/GST	Average
Sierra Leone	30	25	15	23
Guinea	40	35	18	31
Liberia	25	25	N/A	25
Ivory Coast	60	25	18	34
Gambia	30	31	15	25
Ghana	30	25	17.5	24
Nigeria	24	30	7.5	21
Benin	30	30	18	26
Madagascar	20	20	20	20
Senegal	40	30	18	29
Sudan	15	35	17	22
Rwanda	30	30	18	26
Uganda	40	30	18	29
Kenya	30	30	16	25
Malawi	30	30	16.5	26
Tanzania	30	30	18	26
Zimbabwe	40	24	15	26
Zambia	37.5	35	16	30
Estwatini	33	27.5	15	25
South Africa	45	28	15	29
<i>Source: tradingeconomics.com and KPMG</i>				
Africa Average	32.97	28.77	15.92	26

Acknowledgement

This document presents highlight of a simplified version of the 2021 Finance Act. It intend to provide a reader friendly and satire document for the general public to understand key provisions of the 2021 Finance Act in a bid to increase awareness's and enhance voluntary compliance.

Gratitude to the leadership of the Minsitry of Finance (MoF) and the National Revenue Authority (NRA) for the support, input, comment and approval of this document.

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Supporting Local Content in Farming

Reduce excise tax rates for the use of local raw materials in the production of beer

Proportion of local raw materials	Excise rate
Using more than 80%	5%
Using more than 70% but less than 80%	8%
Using more than 60% but less than 70 %	12%
Using more than 60% but less than 70 %	15%



Promoting Decentralisation of Industries

Manufacturing industries established outside Western Area will attract reduction of corporate income tax from 25% to 15%



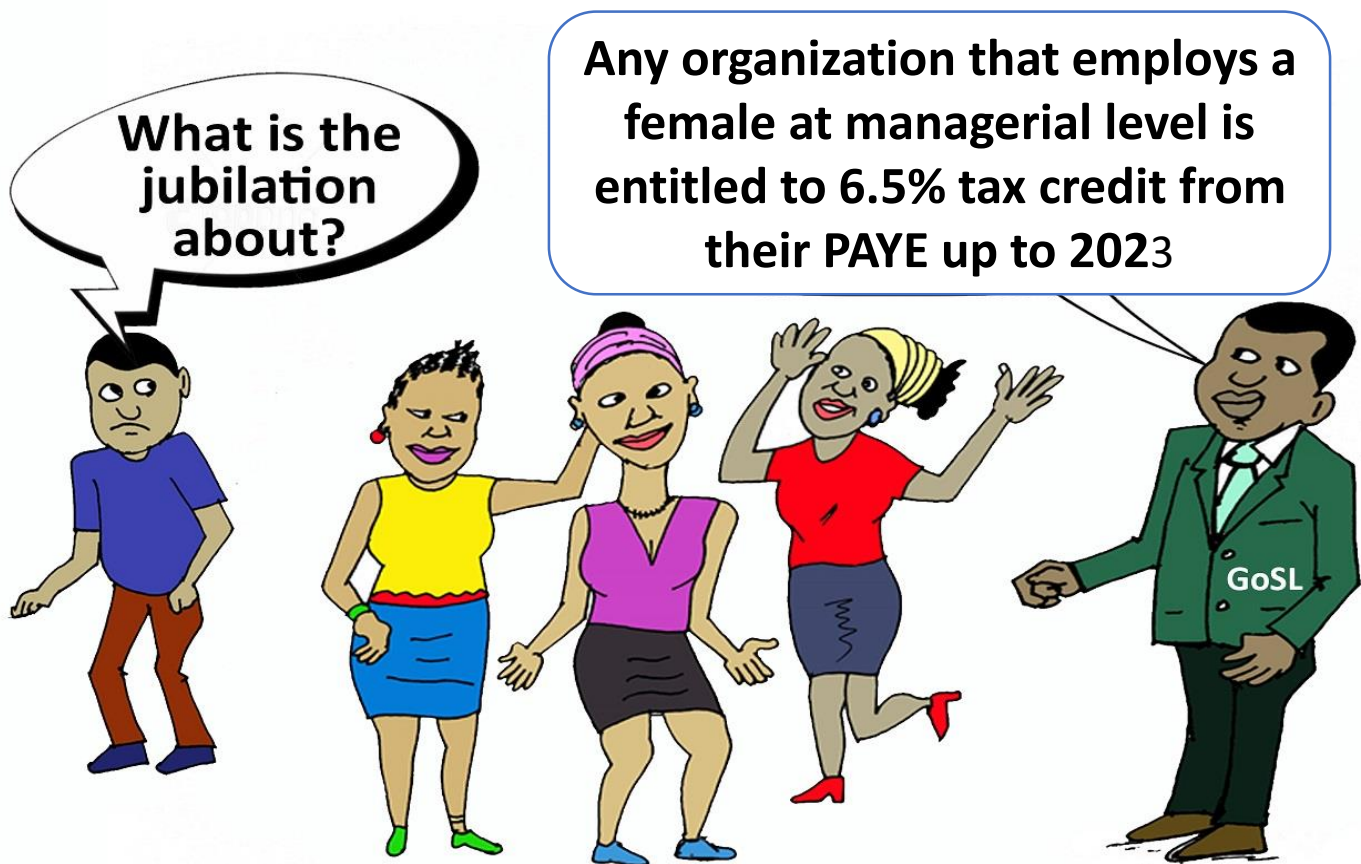
Exemption from Payroll Tax for Foreign Staff

All foreign staff working for Public International Organization (PIO) in Sierra Leone are exempted from payroll tax



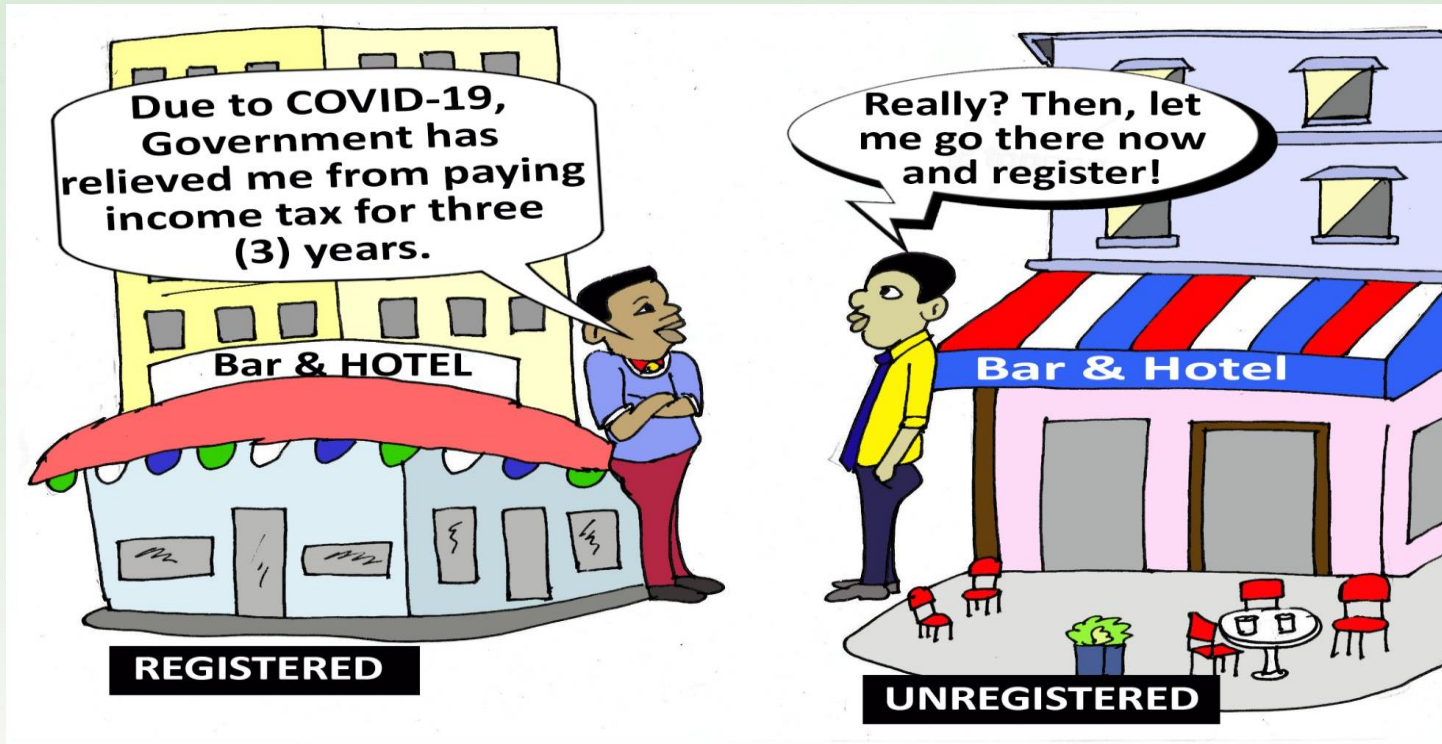
International Public Organisation

Women Empowerment



Promoting the Tourism Sector

Tourism Establishments registered with the National Tourism Board are exempt from paying Income Taxes for 3 years (2021-2023)



Encouraging SMEs to Register a Business

Income tax relief for the first year of operations for Small and Medium Enterprises registered between 2021 to 2023

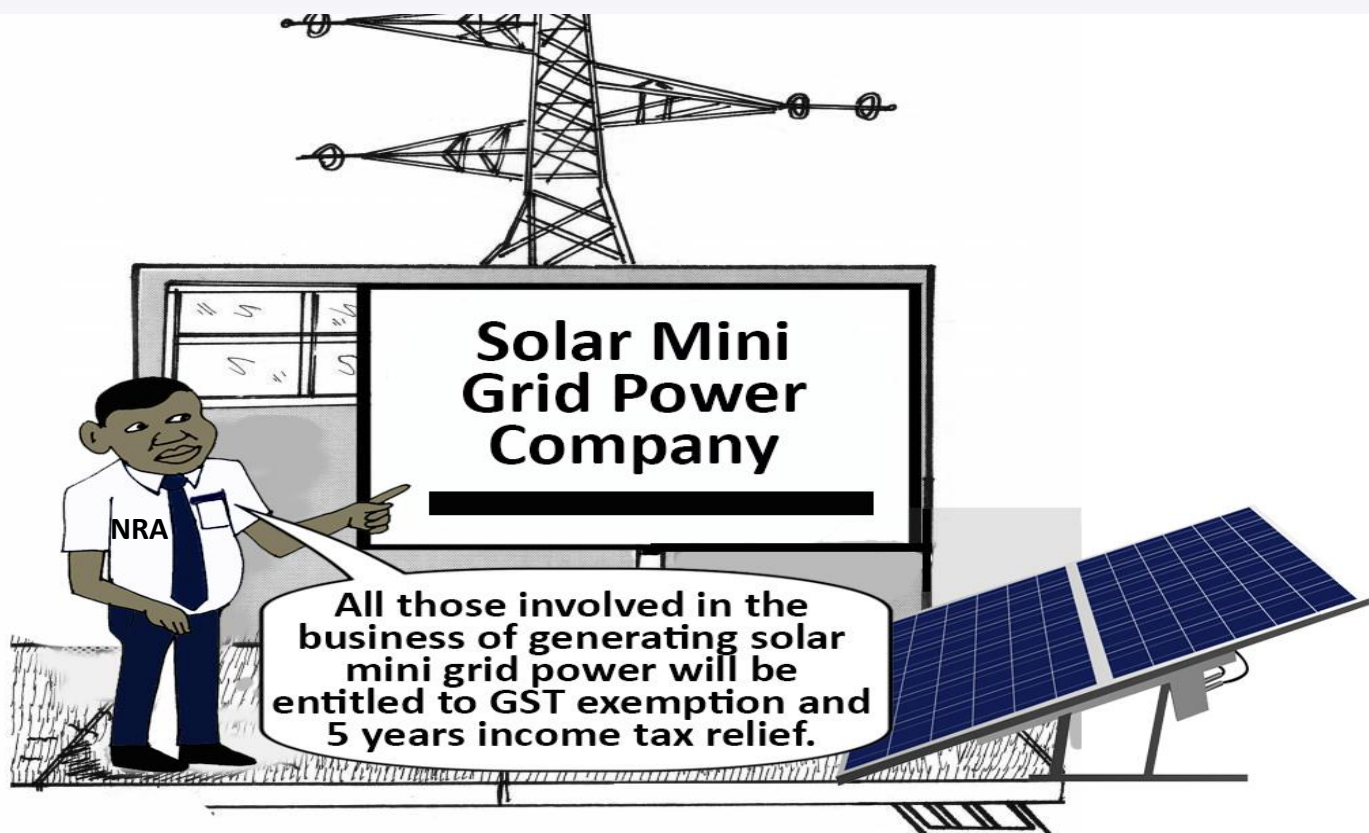


Encouraging the Provision of Social Services by Businesses

25% Corporate Tax relief for Corporate Social Responsibility



Supporting Businesses in Electricity Sector



Financial Institution Exempt from Paying GST in their Financial Transactions

No GST on financial transaction for financial institutions



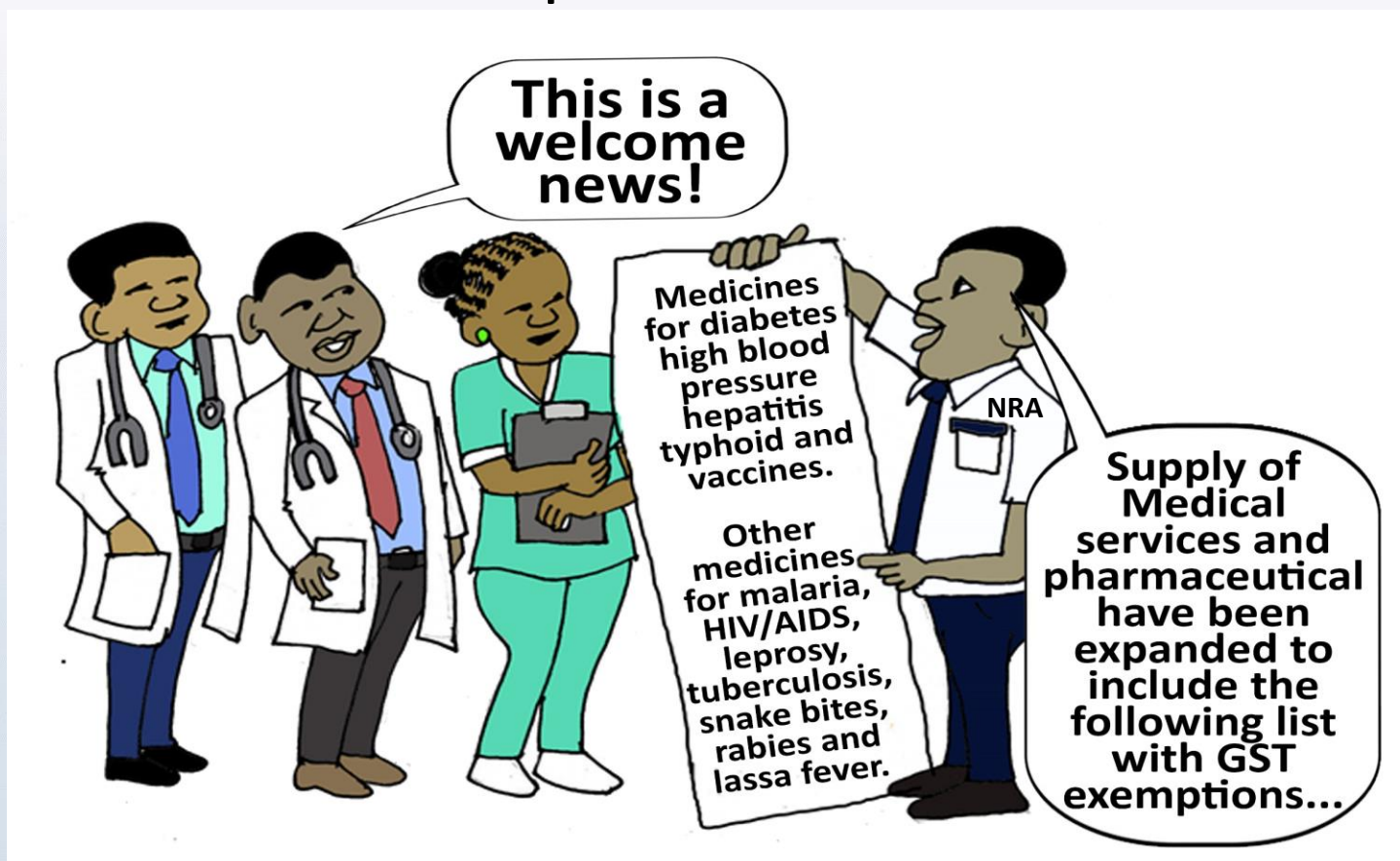
Supporting Small and Medium Enterprises (SMEs)

3% tax rate on turnover instead of multiple turnover rate for SMEs



Promoting Health Care Services

GST exemption for medical services



Empowering NRA to Capture Real Time GST Transactions

For GST administration, NRA is now empowered whether remotely or through installations, ensure real time and direct capture of information on turnover



Promoting environmental friendly activities

supply relating to the management and recycling of plastics and other wastes in support of environmentally friendly activities will be exempt from paying GST

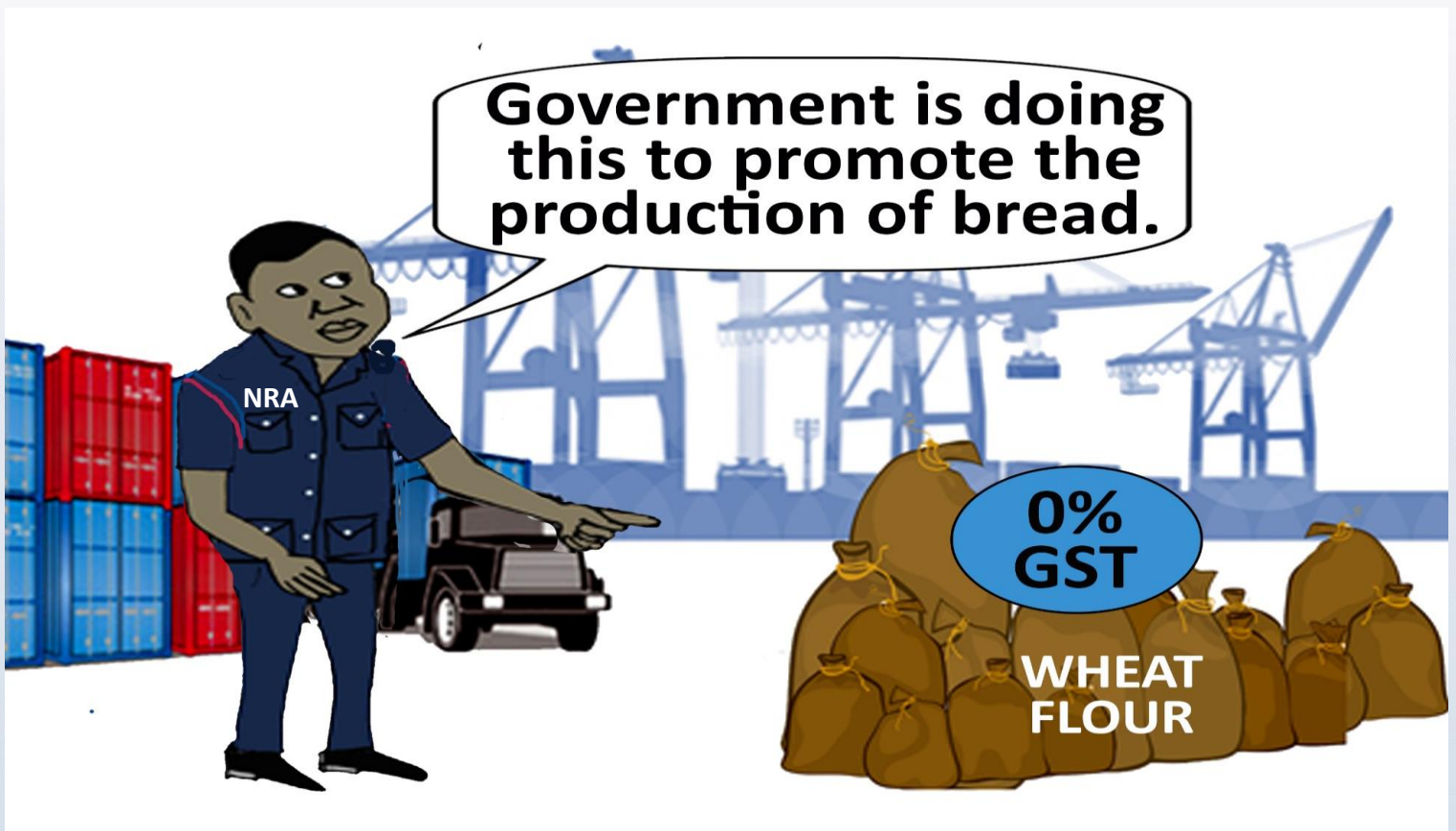


Promoting Food Security

To encourage the production of flour products in Sierra Leone, including bread, the import duty rate on wheat has been reduced from 5% to 0% and GST from 15% to 0%.

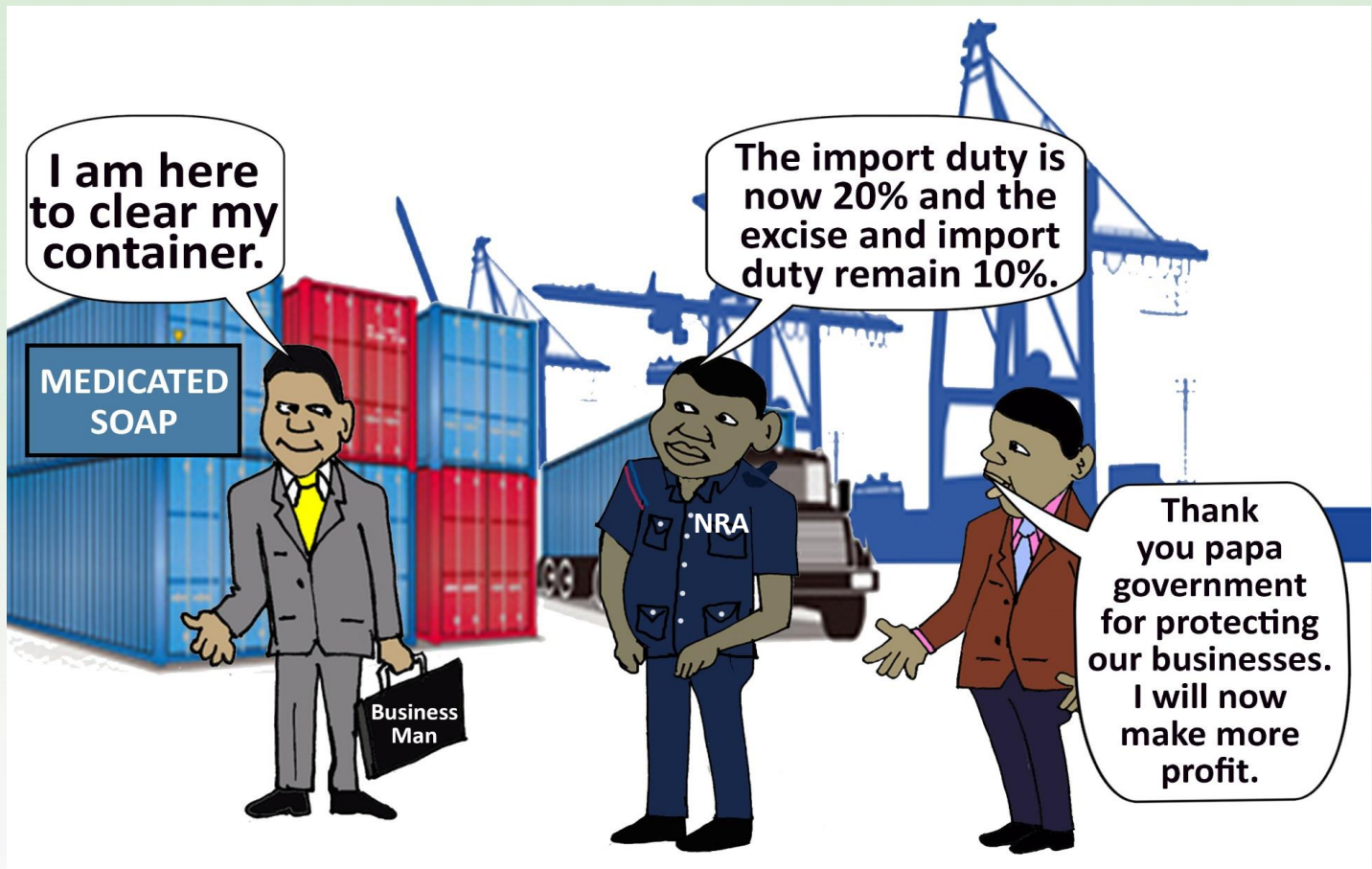


To promote the production of bread in Sierra Leone, GST for wheat flour is now 0%



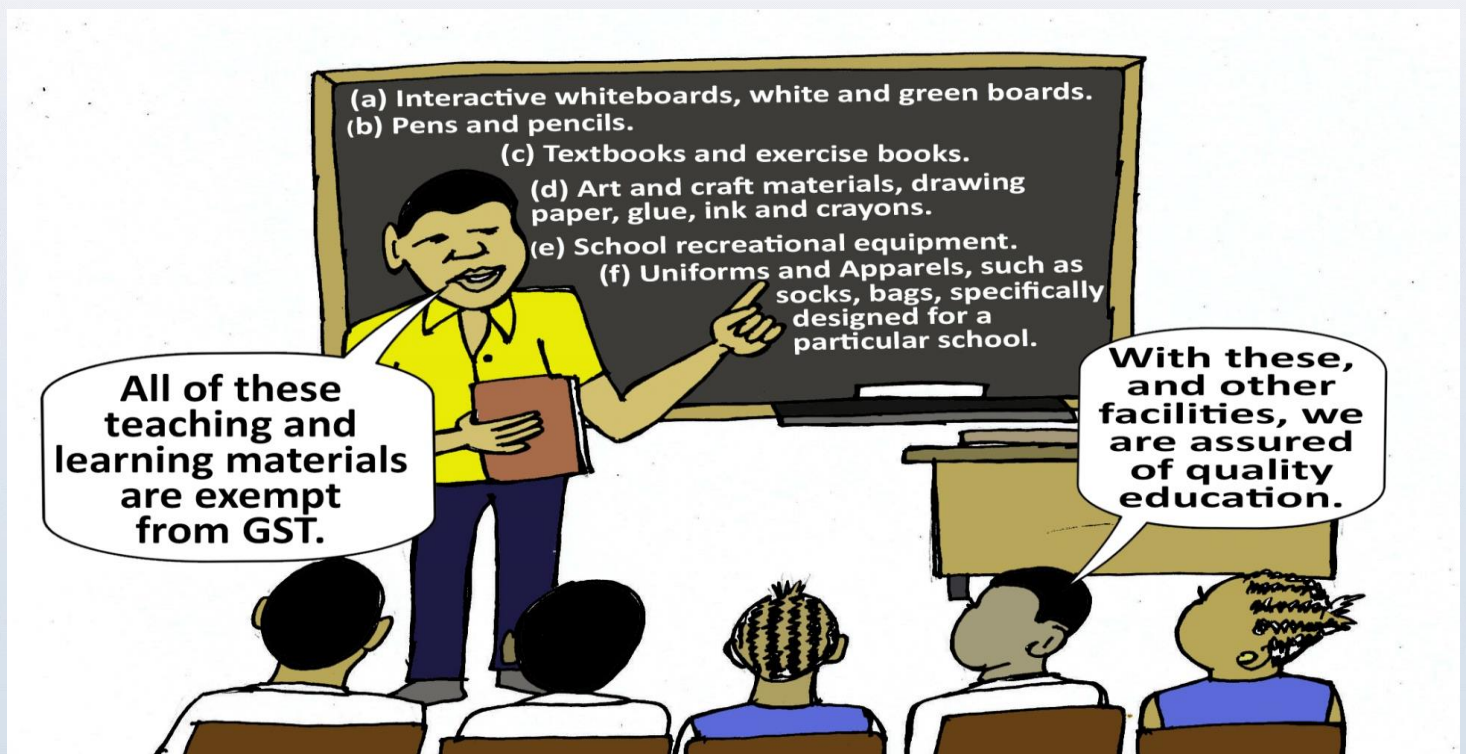
Protecting Local Soap Producers

To protect local producers of medicated soap, the import duty rate for medicated soap has been increased to 20%.



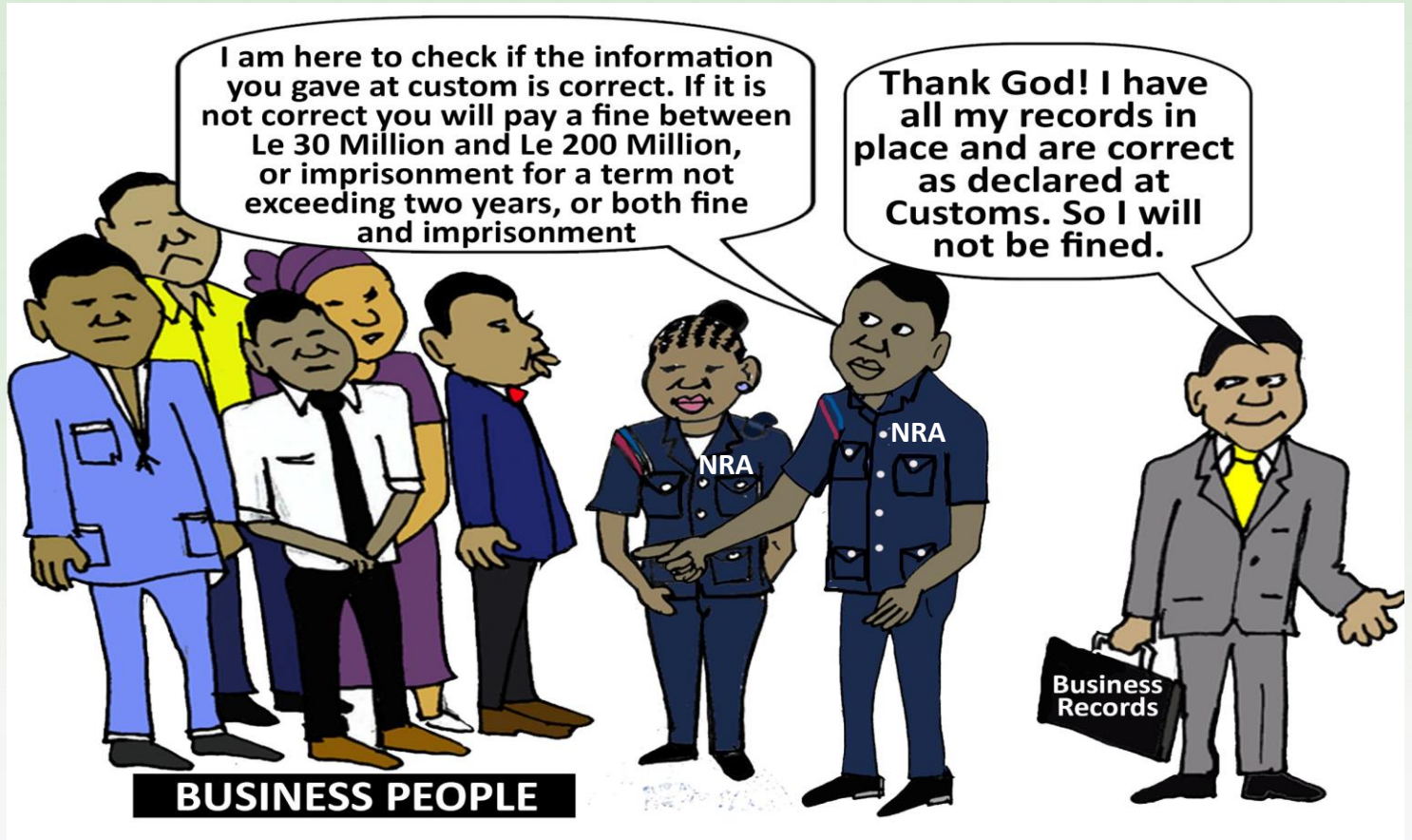
Supporting the Free Quality School Education

Teaching and Learning Materials exempt from GST



Penalties

A penalty is introduced for failure to provide books and maintain proper records for customs post-clearance audit purposes



Taxpayers will be levied penalties for not providing information to the NRA within a required period.



Penalties

The penalty for failure to file an income tax return without a good cause is as follows: Le 5 million for SMEs, Le 50 million for medium and Le 100 million for large tax payers



A new requirement has been introduced for taxpayers to register with the NRA.



Penalties

The Tax Evasion penalty has been increased from Le 50 Million to Le 250 Million



About Budget Advocacy Network

The Budget Advocacy Network (BAN) is a Network of Civil Society Organisations in Sierra Leone committed to work on budgets and budget policies to enhance policy making and implementation for sustainable and equitable development. BAN was established in 2006. BAN consists of local and international organizations such as the Campaign for Good Governance (CGG), Network Movement for Justice and Development. (NMJD), Western Area Budget Education Network (WABEAN), Action Aid Sierra Leone (AASL), Search for Common Ground (SFCG), Christian Aid (CA) and Transparency International (TISL).