Passed in Parliament this *6th day of December,* in the year of our Lord two thousand and Seventeen.

IBRAHIM S. SESAY,
Clerk of Parliament.

THIS PRINTED IMPRESSION has been carefully compared by me with the Bill which has passed Parliament and found by me to be a true and correct printed copy of the said Bill.

IBRAHIM S. SESAY,
Clerk of Parliament.

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GAZETTE NO. 31 OF 1ST MARCH, 2018.

ACT

Supplement to the Sierra Leone Gazette Vol. CXLIX, No. 31 dated 1st March, 2018

SIGNED this *15th day of January, 2018.*

DR. ERNEST BAI KOROMA,
President.

LS

No. 2 **2018**

Sierra Leone

THE FINANCE ACT, 2018. Short title.

Being an Act to provide for the imposition and alteration of taxes for the year 2018 and for other related matters.

[ ] Date of commencement.

ENACTED by the President and Members of Parliament in this present Parliament assembled.

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Date of Commence-ment

1. Unless otherwise provided, this Act shall commence on the 1st day of January 2018.

Amendment of the Customs Tariff Act, 1978

Amendment of section 1

2. The Customs Tariff Act 1978, is amended in section 1 by inserting the following new definition immediately after the word "Minister"

"packaging materials" mean all products made of any material of any nature to be used for the containment, protection, handling, delivery and preservation of goods from the producer to the user or consumer and include-

(a) 'primary' or 'sales' packaging which is packaging which forms a sales unit for the user or final consumer, such as, a box containing soap powder;

(b) 'secondary' or 'grouped' packaging which contains a number of sales units, such as a cardboard outer containing a number of boxes of soap powder;

(c) 'tertiary' or 'transport' packaging which is packaging that is used to group secondary packaging together to aid handling and transportation and prevents damage to the products;

(d) wood packaging and packaging made from other materials such as hessian, jute,cork and ceramics;

(e) bottle and crate packaging and packaging from other materials such as glass bottle, rubber bottle, cans and crates.

Amendment Of section 2

3. The Customs Tariff Act 1978, is amended in section 2 by inserting the following new section immediately after section 2-

"2 A For the purposes of section 2 of this Act and any other laws relating to customs and tariffs, the definition of raw materials shall mean materials in their natural state for which no material value addition is required and excludes materials such as liquid olien and associated products.

Amendment of the Development of Tourism Act, 1990

Repeal of sections 30 to 38

4. The Development of Tourism Act,1990 is amended by repealing sections 30 to 38.

Amendment of the Income Tax Act, 2000

Amendment of section 9.

5. The Income Tax Act, 2000 is amended by inserting the following new section immediately after section 9 -

"Exempt Provision 9A. Notwithstanding section 9, with-holding taxes, corporate and other related taxes shall be applied in accordance with this Act on all income generating activities undertaking by the

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organisations specified in section 9 in-cluding goods and services tax as contained in the Goods and Services Tax Act 2009 where a chargeable supply is made."

Amendment of section 85

6. The Income Tax Act, 2000 is amended in section 85 by inserting the following new paragraph immediately after paragraph (b)-

"(c) retained earnings in excess of 50% post tax profit in a current year of assessment for all corporate entities including parastals shall be taxed at the rate of 30%.

Amendment of section 95.

7. The Income Tax Act, 2000 is amended in section 95 by inserting the following new subsection immediately after subsection (7)-

"(8) Associated persons shall include parent or holding companies, subsidiary companies, associates or joint ventures, irrespective of their residential status for tax purposes."

Amendment of section 96.

8. The Income Tax Act, 2000 is amended in section 96 by inserting the following new subsections immediately after subsection (2)

"(3) A taxpayer shall forward for approval by the Commissioner-General any permissible tax avoidance or tax scheme it intends to use prior to its application in any year of assessment."

(4) A tax avoidance or tax planning scheme shall be disallowed by the Commissioner-General if it does not get the prior approval from the Commissioner-General before its application.

Amendmentof section 99

9. The Income Tax Act, 2000 is amended in section 99 by repealing and replacing subsection (1) with the following new subsection -

"(1) Every person who makes payment of Sierra Leone source interest, dividends, royalties, management fees, rent or any other income from a source in Sierra Leone, whether the taxpayer is resident or not in Sierra Leone, or any person who awards or intend to award contract for the supply of goods and the provision of services to resident or non-resident supplier shall file an information return to the Commissioner within 30 days of the award of such contract or the making of such payments containing the following information-

(a) the name, address, other contact details and TIN (where appropriate) of each person receiving such payment or income;

(b) total contract value, duration of the contract, method and time of payment for the contract or income and the total tax payable or withheld from such payment;

(c) evidence of payment of withholding and all other related taxes on the contract or income earned; and

(d) such additional information as the commissioner may require.

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Amendment of section 114.

10. The Income Tax Act, 2000 is amended in subsection (1) of section 114 by repealing and replacing paragraphs (a) and (b) with the following new paragraphs-

(a) 5% of the CIF value of the goods imported;

(b) 5% of the value of the goods imported.

Amendment of section 120.

11. The Income Tax Act, 2000 is amended in section 120 by repealing and replacing subsection (3) with the following new subsection-

"(3) This section shall apply to rental income as follows-

(a) the rate of tax on taxable rental income shall be 10% with the taxable rental income being arrived at by granting to the landlord-

(i) non-taxable threshold of Le 6,000,000 in the aggregate; and

(ii) a tax deductible allowance of 10% of the gross rental income that is in excess of the non-taxable threshold.

(b) individual tenants shall withhold tax on the full rent payable to non-resident landlords;

(c) individual tenants shall withhold tax on rents payable to resident landlord if the rent payable is at least US$1,000 (or its equivalent in Leones) per annum;

(d) institutional tenants paying rent to either resident or non-resident landlords shall withhold tax on the rent payable;

(e) landlord receiving rent above the non-taxable threshold shall submit a copy of the tenancy agreement to the National Revenue Authority not later than 30 days after signing such agreement;

(f) where rent is paid directly to an agent of the landlord, the tenant shall withhold the tax regardless of the residence status and amount of rent payable to the landlord;

(g) the due date for the payment of tax on rental income and the filing of the relevant returns shall be-

(i) the first day of each lease year (that is to say, the calendar day and month on which the lease or tenancy agreement came into force) with a grace period of 30 days;

(ii) in the case of a tenancy in respect of which there is no written agreement, the first day of January of each calendar year with a grace period of 30 days;

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(h) any amount in respect of tax on rental income remaining unpaid beyond the grace period of 30 days shall attract interest at the prevailing commercial bank rate per annum for as long as it remains unpaid;

(i) any profit accruing from a sub-lease or other sub-letting arrangement shall be taxed as if it were rental income;

(j) the Commissioner-General may take or authorise an officer to take other enforcement measures, including sealing off the premises for which rental income tax remains unpaid beyond the grace period of 60 days after which a notification would have been sent to the tax payer within the first 30 days;

(k) a landlord receiving rental income or on whose behalf a rental income tax is withheld and paid to the National Revenue Authority shall file a rental income tax return to the National Revenue Authority within 30 days of the date the rental income tax is due and payable containing the following information among others-

(i) name and contact address of landlord and location of property;

(ii) TIN of landlord;

(iii) gross amount of rental income received;

(iv) rental income tax payable;

(v) evidence of payment of tax withheld by tenant or agent or paid by landlord; and

(vi) any other information as deem necessary by the Commissioner.

(l) rental income tax shall be payable on the rental market value or imputed rental value of owner's occupied premises used for business purposes consistent with this section.

Amendment of section 176.

12. The Income Tax Act, 2000 is amended in section 176 by repealing and replacing subsection (9) with the following new subsection-

"(9) 'The taxable value of all benefits in kind as contained in section 23 shall for the year of assessment be the market value of all such benefits accruing to the employee during the course of his employment'

Amendment of the Goods And Services Tax Act, 2009

Amendment of section 7.

13. The Goods and Services Tax Act, 2000 is amended in subsection (1) of section 7 by repealing and replacing paragraph (d) with the following new paragraph -

"(d)an activity carried out by a government entity or a local council, except to the extent that the activity-

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(i) involves the supply of goods or services for a fee, including the supply of a licence, permit, permission or other rights, a lease and sale of property or mining lease agreements or rights to exploration activity including on-shore and off-shore drilling activities, right to secure a supply of goods or services; rights to secure building permission, all governments documents for which fees are paid for; and

(ii) is one in which the entity carries on activities commonly conducted by other persons for profit are GST chargeable.

Amendment of second Schedule.

14. The Goods and Services Tax Act 2000 is amended in the Second Schedule by -

(a) deleting paragraph 5;

(b) repealing and replacing the properties corresponding to "supply" in paragraph 12 with the following -

"Supply: Land and building"

(c) deleting item B in paragraph 12;

(d) deleting paragraph 15;

(e) repealing and replacing the paragraph 16 with the following new paragraph -

"16. Supply: baby foods; exercise books; raw fish

Description: Baby food given to children between ages 1-5 years, exercise books used in primary and secondary schools and raw fish that are caught in Sierra Leone territorial waters

CUSTOMS ACT, 2011

Amendment of section 1.

15. The Customs Act, 2011 is amended by inserting the following new definitions-

"authorized economic operator" means a party involved in the international movement of goods approved by a national customs administration complying with World Custom Organisation;

"customs service fees" means charges levied when an importer requests the services of a customs officer outside the normal -

(a) working hours of customs or

(b) offices or workplaces of customs to cover transport cost, lodging and food."

"transit fee" means charges levied on goods passing through the customs territory of Sierra Leone to another country or customs territory.

Amendment of section 16.

16. The Customs Act 2011, is amended in section 16 by-

(a) repealing and replacing paragraph (c) of subsection (1) with the following new paragraph-

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"(c) no part of the proceeds of any disposal, use or subsequent resale of the goods by the buyer shall accrue directly or indirectly to the seller, unless an appropriate adjustment can be made under Section 17",

(b) repealing and replacing subparagraph (ii) of paragraph (a) of subsection (7) with the following new sub-paragraph-

"(ii) the cost of transportation and the cost of loading, unloading, handling, insurance and associated costs incidental to the transportation of goods from the duty point at the place of introduction in Sierra Leone to the importer's premises".

Amendment of section. 29.

17. The Customs Act, 2011 is amended in section 29 by repealing and replacing subsection (1) with the following new sub-section -

"29(1) An officer may examine goods and may re-determine

(a) the classification determined in accordance with section 13,

(b) the value for duty determined in accordance with section 14, or

(c) the country of origin of imported goods determined in accordance with section 19,

at any time before or within three years after the goods declaration is lodged under section 11."

Amendment of section 40.

18. The Customs Act 2011, is amended in section 40 by-

(a) repealing and replacing subsection (2) with the following new subsection -

"(2) Freedom of transit shall be allowed through the territory, via the routes most convenient for international transit, for traffic in transit to or from the territory of neighbouring countries.

(b) inserting the following new subsection immediately after subsection 2

(2A)No distinction shall be made for customs control or for liability of customs duties, tax or other levy under Sierra Leonean law which is based on the flag of vessels, the place of origin, departure, entry, exit or destination or on any circumstances relating to the ownership of goods, of vessels or of other means of transport, except for reasonable administrative expenses such as;

(a) transit fee levy on goods declared for transit;

(b) customs services fees paid by importers requiquiring the service of customs outside customs working hours or places of work.

Amendment of section 52.

19 The Customs Act 2011, is amended in section 52 by inserting the following new sub-sections immediately after sub-section (7)

"(8) Any company which fails to comply with this section shall be liable to a penalty of USD20,000 or its equivalent in Leones

(9) Any importer other than a company who fails to comply with this section shall be liable to a fine of USD10,000 or its equivalent in Leones."

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Amendment of the Finance Act 2011

Amendment of section 11.

20. The Finance Act 2011, is amended by repealing section 11.

Amendment of section 15.

21. The Finance Act 2011, is amended by repealing section 15.

Amendment of section 24.

22. The Finance Act 2011, is amended by repealing section 24.

Amendment of section 15.

23. The Finance Act 2011, is amended by repealing section 25.

General Provision

Tariff Code.

24. The rate for the following tariff code and the product shall be as follows-

HS CODE	PRODUCT	RATE
15111010	Crude Oil for manufacture of Soap	20%
15119090-	Crude Oil for manufacture of other Products	20%
15152900-	Other fixed vegetable fats	20%
15171000-	Margarine, excluding liquid margarine	30%

Common External Tariff.

25. (1) The National Revenue Authority may install a prescribed device or software in a taxable premises, facility or installation in order to obtain information on all business transactions undertaking including supplies made for goods and services and payment received in a year of assessment in order to determine the tax liability for the period of assessment.

(2) The National Revenue Authority in consultation with the minister responsible for finance may approve any taxable person's premises, facility or installation for installation of the prescribed devise or software referred to in subsection (1)

(3) An owner of any taxable premises, facility or installation who refuses access to his premises, facility or installation for the prescribed devise to be installed shall be liable to a penalty consistent with the tax laws of Sierra Leone .

Common External Tariff.

26. The ECOWAS Common External Tariff (CET) shall come into force on the date ECOWAS accepts Sierra Leone's 3% ECOWAS preferential rates.

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