

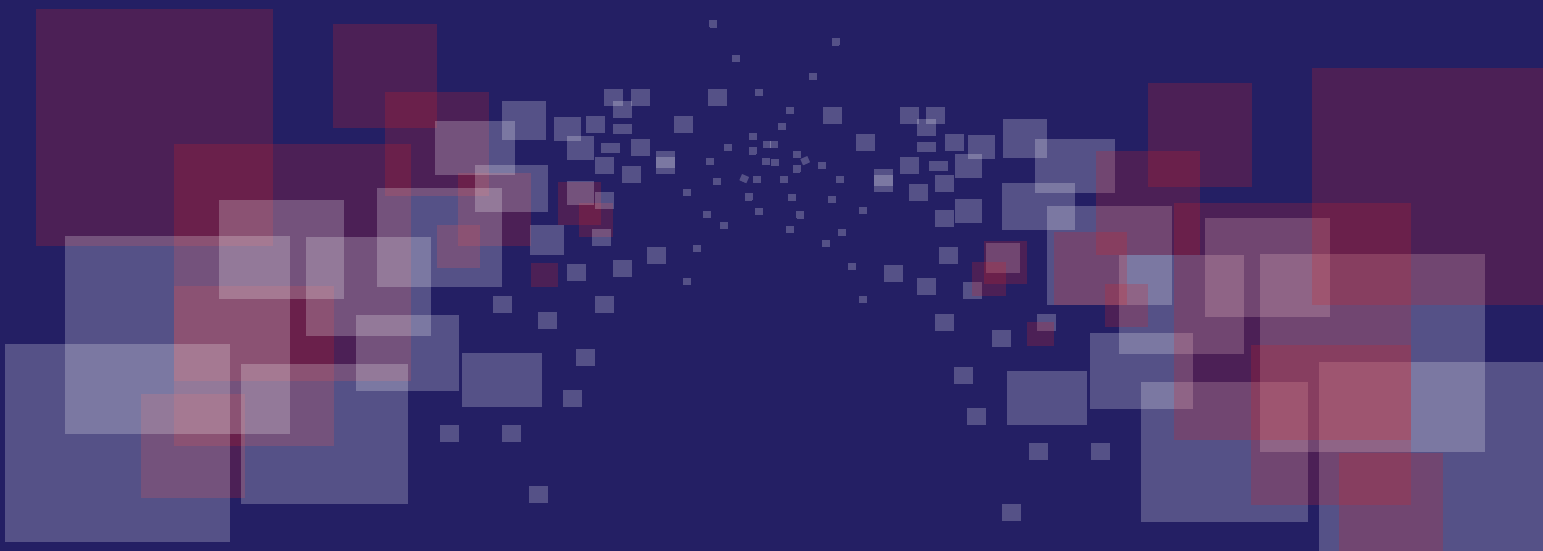


**LRA**  
LIBERIA REVENUE AUTHORITY



# Annual **REPORT**

Fiscal Year 2019 / 2020







# Foreword by Chairman of the Board



**Cllr. Frank Musah Dean, Jr.**  
Justice Minister and Attorney General  
Board Chairman

With great gratitude and deep sense of appreciation we are pleased to present, on behalf of the Board of Directors (BoD) of the Liberia Revenue Authority (LRA), the fiscal year 2019-2020 Annual Report. The Board remains diligent in carrying out its function of providing general governance and strategic direction for the management and organization of the LRA, as provided for in the Legislative Act of 2013. During the fiscal year under review, the LRA steadfastly provided oversight in the administration of the revenue and related laws in a fair, transparent and accountable manner. However, these achievements were not without challenges, heightened by the emergence of the Corona Virus Disease (COVID 19) in the latter half of the fiscal year. Despite these challenges, domestic resource mobilization and inflow of external resources from development partners

maintained an appreciable level that enabled the Government to address many of the competing national development issues during the height of the pandemic.

The journey ahead requires collective efforts, dedication, hard work and strategic engagements to foster revenue generation. Cognizant of the remarkable successes made over the years, I express profound gratitude to the Legislative, Executive and Judicial Branches of Government, Members of the Board of Directors, the Commissioner General and his team of highly professional employees, development partners and relevant stakeholders for their firm commitment in contributing to the growth and transformation of Liberia.

**Cllr. Frank Musah Dean, Jr.**  
Chairman of the Board

# Message from the Commissioner General



Hon. Thomas Doe Nah  
Commissioner General  
Liberia Revenue Authority

The review of Fiscal Year 2019/2020 marks four years of the Liberia Revenue Authority (LRA) successful efforts to collect legitimate taxes. Critical efforts in achieving the five-year corporate strategic plan have resulted in some notable gains amidst resource constraints, economic shocks, and the emergence of the Coronavirus pandemic, which significantly affected the second half of the reporting period.

We continue to embark on programs that help shift the way we operate and provide services to our many taxpayers and stakeholders. Significant efforts geared towards enhancing revenue generation and promoting the modernization of tax administration continues unabated. We have taken steps to improve the digital ecosystem and infrastructure, taxpayers' education and outreach, public confidence, and risk management. Management information system integration, improvement of the real property tax regime, legal and regulatory framework strengthening are also items we have worked to improve.

The government has instituted the Pro-poor Agenda for Prosperity and Development (PAPD), covering 2018 to 2023. The authority remains the primary source for revenue generation through domestic resource mobilization and contributions from external trade and donor partners. In this direction, the LRA's leadership remains committed to transparently, equitably, and fairly administer the assessment, collection, and accountability of lawful revenue in compliance with the Liberia Revenue Code (LRC).

A synopsis of the overall revenue performance for the reported period can be explained by a recast budget of US\$518 million from US\$525.9 million initially approved. The domestic envelope was lowered by 15 percent from US\$465.1 million to 395.5 million. On the other hand, the external resource increased from US\$60.8 million to US\$123.4 million. Overall revenue collection for the fiscal year was US\$543.8 million comprising US\$435.6 million in domestic revenue and US\$108.2 million in external resources. Domestic revenue exceeded its recast budget by US\$40.2 million or 10 percent, while external resources fell short of its recast target by US\$15.2 million or 12 percent. The performance remained appreciably stronger than expected despite the onslaught by the Coronavirus pandemic.

Going ahead, the LRA leadership remains committed to initiating tangible programs that will ensure the sustenance and maximization of the revenue envelop for Liberia's growth and development.

On behalf of senior management, I extend gratitude to the President of Liberia, His Excellency George Manneh Weah, and other public sector colleagues and entities for the immense support. To our hardworking staff, we remain forever grateful for help in achieving our mission and vision. I am also thankful to all partners for their technical and financial support provided over the period.

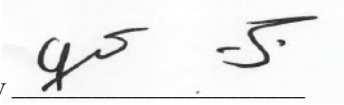
Signed:   
Commissioner General

# Fiscal Year 2019/2020 Attestation on Financials

## Budget and Finance

The International Public Sector Accounting Standards (IPSAS-Cash Basis) set the basis for the financial information provided there in. The financial on pages 72 - 81 do not contain material misstatements, are an adequate representation of the underlying economic and financial reality reported and complete in all material aspects.

Attested to this 30<sup>th</sup> day of October 2020 A.D.

By 

Mr. Aaron B. Kollie  
Deputy Commissioner General/Administrative Affairs

## Domestic Tax Department

Section 7(2) (g) of the LRA's Act provides that the data on pages 43 - 53 of this report contain no material misstatements; that revenue collection is a faithful representation of the underlying tax returns of the system; and that the data is truthful, accurate and complete in all material aspects.

Attested to this 30<sup>th</sup> day of October 2020 A.D.

By 

Mr. Darlington Y. Talery  
Commissioner/Domestic Tax Department

## Customs Department

These data on revenue collection is presented in accordance with the Section 7(2) (g) of the LRA's Act and shows that the data in pages 54 - 66 of this report contain no material misstatements, data on revenue collection is a faithful representation of the underlying tax returns of the system and the data is truthful, accurate and complete in all material aspects.

Attested to this 30<sup>th</sup> day of October 2020 A.D.

By 

Mr. Saa Saamoi  
Commissioner/Customs Department

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# About Us

## Establishment

- Semi-autonomous organ of the Executive Branch of the Government of Liberia; came into being on July 1, 2014 through an act ratified by the National Legislature in September 2013.
- Formerly Department of Revenue under the former Ministry of Finance, which included both the Bureau of Internal Revenue and the Bureau of Customs and Excise, as defined in Chapter 21 of the Executive Law of 1972.
- Mandated to “administer and enforce revenue laws in accordance to the Liberia Revenue Code (and other related laws under which it is assigned responsibility) for the purpose of assessing, collecting, auditing, and accounting for all national revenues and to facilitate legitimate international trade and customs border management-enforcement.

## Role and Responsibilities

- Enforce Revenue laws in accordance with the Code for the purpose of assessing, collecting, auditing and accounting for all national revenues
- Facilitate legitimate international trade and customs border management enforcement.
- Minimize tax administration and compliance costs
- Provide better services to taxpayers
- Promote efficient and fair collection of revenue
- Ensure greater transparency and integrity of revenue administration
- Maintain and publish tax and trade statistics

# Acronyms

A-CIP	Anti-Corruption and Integrity Promotion
AAA	Assessment, Analysis & Accounting
ASYCUDA	Automated System for Customs Data
BOTA	Board of Tax Appeal
BSC	Balance Scorecard
CG	Commissioner General
CMPA	Communication, Media and Public Affairs
CSP	Corporate Strategic Plan
DCGAA	Deputy Commissioner General for Adm. Affairs
DCGTA	Deputy Commissioner General for Tech. Affairs
DRM	Domestic Resource Mobilization Strategy
DRT	Debt to Collection Ratio
DTD	Domestic Tax Department
ERMCD	Enterprise Risk management and Compliance Div.
ERMIF	Enterprise Risk Management Integrated Framework
GoL	Government of Liberia
HRD	Human Resource Division
HS	Harmonized System
IAD	Internal Audit Division
IPFMRP	Integrated Public Financial Management Reform Program
ISO	International Organization for Standard
ITAS	Integrated Tax Administration System
LAA	Liberia Aviation Authority
LICPA	Liberia Institute of Certified Public Accountants
LITP	Liberia Institute of Tax Practitioners
LNP	Liberia National Police
LRA	Liberia Revenue Authority
MAC	Ministries, Agencies & Commissions
MFDP	Ministry of Finance and Development Planning
NORAD	Norwegian Agency for Development Cooperation
OSIWA	Open Society Initiative for West Africa
PCA	Post Clearance Audit
PED	Professional Ethics Division
PFM	Public Financial Management
PMMC	Precious Metal Marketing Company
PSSPD	Policy, Statistics & Strategic Planning Division
RG3	Revenue Generation for Governance & Growth
SIDA	Swedish International Development Agency
TAS	Tax Administration System
TATS	Tax Arrears and Transactional System
TATS	Tax Arrears Transaction System
TMD	Transformation and Modernization Division
TPSD	Taxpayer Service Division

# Executive Summary

The Liberia Revenue Authority (LRA) was established as a semi-autonomous agency to collect lawful revenue for the development of Liberia. The total revenue collected for the period (FY2019/20) was US\$543.8 million. This amount is US\$6.1 million above the average collection of US\$537.7 million recorded over the preceding five (5) fiscal years.

This report covers key achievements by departments, divisions and sections within the LRA for Fiscal Year 2019/20. These contributions can be disaggregated by operational activities covered by core operational departments – Domestic Tax & Customs, direct reports under the Commissioner General's office and divisions of the Deputy Commissioners responsible for Administrative and Technical Affairs. The structure of this report includes preliminaries (strategic review, transformation initiatives & partnership), external environment analysis, economic indicators, corporate governance, service quality, revenue performance, system management, compliance, trade facilitation, domestic resource mobilization, financial statement and an appendix.

The revenue performance for FY 2019/20 was challenged by a number of shocks prior to the outbreak of the pandemic. These include inter alia, tightening financial conditions, external economic dynamics, depreciation of the national currency, a double digit inflation, lingering supply-side constraints. These shocks and the anticipated impact of the COVID 19 pandemic necessitated a recast of the FY 2019/20 approved budget from US\$525.9 million to US\$518.9 million. The domestic envelope was downgraded by 15 percent from US\$465.1 million to US\$395.5 million. Tax lines mainly impacted by the pandemic include taxes on income and profits, real property taxes, international trade taxes, administrative fees and GSM sector revenue. The combined effect of these tax lines resulted in a US\$49 million or 22 percent reduction of the approved budget.

Total revenue collected during the fiscal year exceeded the recast budget by US\$24.9 million or 5 percent. At the same time, domestic envelope also exceeded the recast budget by US\$40.2 million or 10 percent. Key drivers of domestic revenue during the fiscal year include taxes on income and profit, real property taxes, taxes on goods and services, international trade taxes and social development contribution. Actual external resource collection of US\$108.2 million exceeded the approved budget by US\$47.4 million or 78 percent, but fell short of the recast budget by US\$15.2 million or 12 percent.

# OUR CORE VALUE



## Our Vision

To professionally, fairly, transparently and effectively collect lawful revenues, and to facilitate legitimate trade and social protection for the people of Liberia.

## Our Mission

To be a professional revenue administration adhering to international standards and to serve as a model for revenue collection and service delivery.

## Commitment

- Strive to collect legitimate revenues.
- Ensure the principle of fairness in the tax system.
- Execute sound revenue policies, fair and balanced enforcement for revenue growth thereby facilitating national development priorities.
- Facilitate legitimate trade and commerce within our borders thus helping to ensure social protection and economic growth and development.

## Integrity

- Act ethically and with integrity.
- Deal with people and issues openly, directly, respectfully, fairly transparently, equitably, and consistent with law.
- Take actions that are consistent with words (talk the talk and walk the talk).

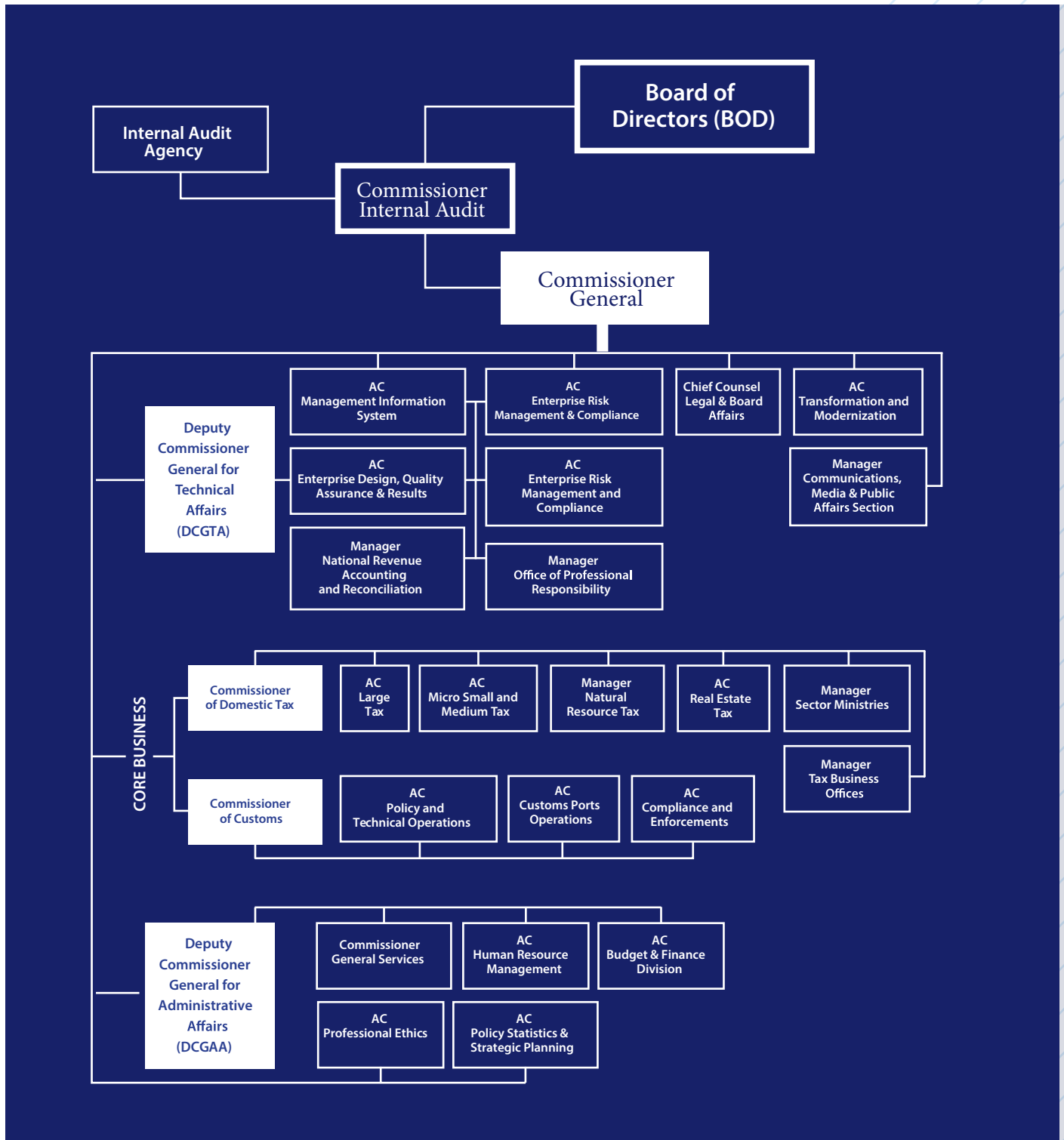
## Teamwork

- Take ownership of team goals, promote team work, be accountable for own part in the process and openly give and receive coaching and feedback.
- Set high performance expectations and a mindset for excellence and results.
- Be innovative in identifying new opportunities and approaches for our customers and ourselves.
- Embrace position change and be personally willing to undertake other responsibilities.

## Service

- Demonstrate passion for professionally, fairly and transparently meeting needs of taxpayers and other stakeholders.
- Take active responsibility for the quality of service we provide.
- Assume a positive “can achieve” attitude.
- Hold self and others accountable for results.

# ORGANIZATIONAL STRUCTURE



## The Executive leadership of the LRA comprises of:

The Commissioner General (CG), the Deputy Commissioner General for Technical Affairs (DCGTA), the Deputy Commissioner General for Administrative Affairs (DCGAA), the Commissioner of the Domestic Tax Department and the Commissioner of the Customs Department.

The CG who heads the executive management team of the LRA is also the CEO and Secretary to the Board of Directors but retains a functional accountability to the Ministry of Finance and Development Planning (MFDP). The Board, which is the governing body of the LRA is appointed by the President.

The Deputy Commissioner General for Technical Affairs (DCGTA) is responsible for operational risk management, MIS and service delivery. While the Deputy Commissioner General for Administrative Affairs (DCGAA) leads the LRA in the areas of corporate affairs and administration and covers HRD, GSD and Budget & Finance.

The functional departments and divisions within the LRA are:

The Internal Audit Department headed by a Commissioner who reports administratively to the Commissioner General of the LRA and functionally to the BOD and the Internal Audit Agency (IAA) of the Government.

The Legal and Board Affairs Department handles the legal affairs of the LRA, including the prosecution of non-compliant taxpayers with the Board of Tax Appeals and in the tax court.

PED is charged with the important responsibility of monitoring and maintaining the integrity of the LRA staff.

PSSPD is responsible for the analysis and timely reporting of revenue data, liaising with local and international partners and economic and statistical research for policy purposes.

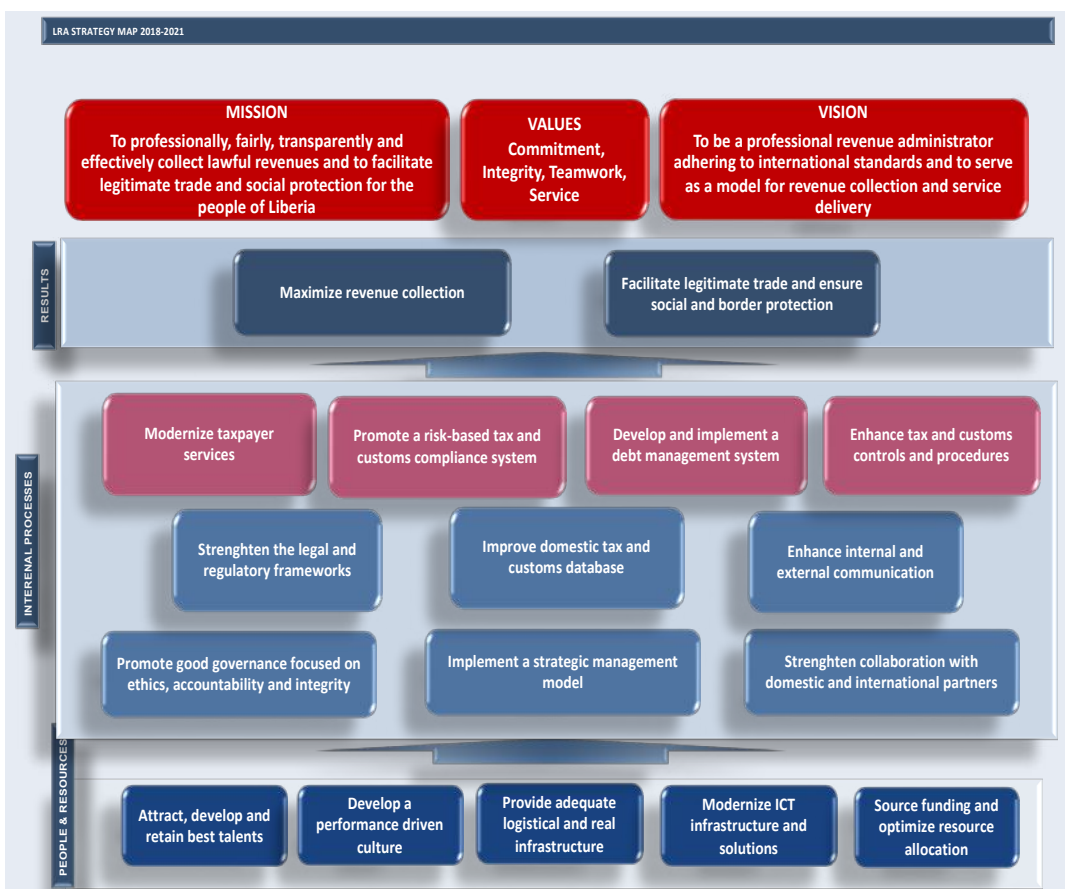
CMPA is in charge of liaising with the media and maintaining LRA's public image.

FID provides quality and timely tax intelligence, support audits, investigation and enforcement services that foster optimum revenue collection within the LRA.

TMD manages key strategic initiatives of the LRA and drives the implementation of the DRM strategy.

## STRATEGY MAP

The LRA Strategy Map represents the face of the organization’s high-level/strategic objectives which indicate the corporate direction of the authority. Its life span is based on the remaining three fiscal years (2018/19-2020/21) of the five-year Corporate Strategic Plan (FY2016/17-2020/21). There are seventeen (17) objectives categorized in the perspectives of people & resources, internal processes and results. The idea linking these perspectives is explained by a cascading effect which demonstrates that as a revenue authority, human capital, infrastructure (ICT etc.) and funding are the necessary resources needed to perform internal processes. These strategic activities include, improving the tax database, promoting good governance, strengthening the legal framework, increasing compliance, facilitating trade, among others, as guided by the Liberia Revenue Code. With frame achievements realized in this direction, the mission and vision of the authority can be accomplished through adherence to guided core values.





## TRANSFORMATION INITIATIVES

The Transformation and Modernization Division (TMD) manages at the enterprise level key strategic initiatives of the authority. These activities set the portfolio of the reform agenda through resource coordination, project management & results-oriented monitoring and evaluation for all existing and future reform projects.

### Key Highlights from TMD

1. Completed DRM work plan for year 1 in collaboration with various stakeholders
2. Acted as secretariat for the Domestic Resource Mobilization Steering Committee and the various technical working groups
3. Coordinated the implementation of the DRM Year 1 work plan which resulted to some of the following accomplishments
  - Three technical working groups were formed to assist with the DRM Implementation
  - Contract for the implementation of excise stamps in Liberia was awarded
  - Consultancy for strengthening of Tourism for taxation was completed
  - MOU was signed with MTN for extension of the proof of concept for payment of taxes via mobile money in Liberia
4. Managed the implementation of Component One (Revenue Mobilization) of the Public Financial Management and Institutional Strengthening Project resulting to some of the following accomplishments:
  - Completed award of contract for further development on ASYCUDA World
  - Completed contract award for purchase of ICT Equipment for the LRA Data Center
  - Completed Phase I of the procurement of an Integrated Tax Administration System for the LRA



# Strategic Partnership

Our strategic partners among others include:

USAID	Support to increase domestic revenue generation to enhance development
OSIWA	Strengthening Revenue Authority capacity to facilitate domestic resource mobilization; conducted a low-level forensic audit
UNDP	Institutional capacity building to enhance development effectiveness
OECD	Provide technical support to Domestic Tax (Exchange of Information EOI)
ODI	Provide technical support on the implementation of the DRM Strategy
IPFMRP	Revenue Mobilization and Administration
AFDB	Tax Gap Analysis geared towards identifying gaps in the Liberian Tax System and developing the requisite operational framework for potential revenue generation
NORAD	To address corruption and improve public confidence in customs and also for improved coordination and trade facilitation, a WCO Anti-Corruption and Integrity Promotion (A-CIP) Program for Customs
WCO	Embarked on the conduct of the first national Time Release Study to enhance trade facilitation
SIDA	Development of property cadaster
ATAF	Promote and facilitate mutual cooperation among African Tax Administrations and other relevant and interested stakeholders with the aim of improving efficiency of tax legislation and administration.
WATAF	Enhance the cooperation and actively promote improvement tax administration through better service delivery, taxpayer education, effective use of automated systems, countering tax evasion and aggressive tax planning and strengthening audit and human resource management capability.

# PESTEL Analysis

## Political

Despite series of political protests and other security related issues, expectation for political stability remained intact in 2019-20. The government's pro-poor policy remains in place with focus in 2020, intermingling with the preparedness and response to the coronavirus threat. (The EIU report). This national agenda is guided by four pillars focusing on empowering Liberians through education, health, youth development and social protection, enabling private sector-led economic growth, supporting a peaceful society, and creating an inclusive and accountable public sector.

The second half of the fiscal year records the pervasive impact of the corona virus which required political stands in enforcing measures, including state of emergencies and port & border closures which affected revenue generation as experienced in other jurisdictions.

In furtherance, the much talk about mid-term senatorial election could also determine the fate of the political-economy in relation to national security.

## Economical

The outbreak of COVID-19 wreaked havoc on the world economy, dampening growth prospects with an estimated output loss of approximately US\$9.0 trillion. The downturn in the global economy adversely affected financial markets, commodity prices, and business and consumer confidence and led to a revision of global economic forecast for 2020 to negative 3.0% (CBL).

Liberia's economy was projected to contract by 1.4% in 2019, following the modest growth of 1.2% in the previous period. Inflation reached 31.3% by the first half, up from 26.1% the previous year. The non-mining sector contracted by 3.4% in 2019, on the back of contraction in services and manufacturing and weak performance in agriculture; while mining sector is expected to grow by 7.8% due to increased production of gold and ore.

The average exchange rate in Q1 of the reviewed period depreciated by 13.1% to L\$204.37/US\$1.00, from L\$180.66/US\$1.00 recorded at the end of the previous quarter, while the end-June 2020 on average in Q4 moderately depreciated by 1.4 percent to L\$198.56/US\$1.00, from L\$195.82/US\$1.00 recorded at end-March 2020. The persistent depreciation of the Liberian dollar over the period was largely on the back of the moderate decline in net inflows of FX, as well as the monetary policy effort to manage the Liberian Dollar liquidity in the economy.

## Social

The proportion of poor households living below the national poverty line of US\$1/day was projected to increase further from 55.5% in 2019 to 65.2% in 2020 in line with continued negative per capita income growth. (Liberia Economic Update)

While it is difficult to gauge precisely the welfare impact of the COVID19 pandemic, households are expected to be affected negatively due to potential impact on employment, particularly the non-farm self-employed in urban areas, high prices of imported goods, restrictions on trade, and losses either in terms of the sale of productive assets or consumption of working capital as they try to cope. (World Bank Group, World economic outlook report).

In addition, the emergence of the recent health crisis has proved it might further impact revenue collection by having some negative/adverse impacts on the overall health of the domestic economy, thereby, lowering the collection of both domestic and international trade revenues.

Government in her national respond plan, has redirected significant efforts towards curbing the pandemic situation. National government will have to also pay keen attention to that sector in term of upscaling basic health and social services and implementing a robust macroeconomic recovery plan in order to maintain a good fiscal standing through domestic and external revenue mobilization to trigger the availability of basic social services in the country.

## Technology

Modernizing Information Technology Communication (ITC) infrastructure remains a key strategic objective of the LRA and the authority continues to solicit the needed support to advance in this direction.

The process of procuring a new Integrated Tax Administration System (ITAS) has commenced to replace SIGTAS. This effort includes bid and technical documentations for acquisition which has been completed and the procurement to date stands in its post qualification of bid evaluation phase. The procurement process for the selection of bidder to supply and operate the Electronic Fiscal Devices has also been completed by the LRA and the National Investment Commission.

Electronic filing and payment projects are also being expanded to include more options. In an effort to improve efficiency, there's been the development and launch of a mobile application to facilitate registration of individuals and real properties and filing of taxes.

Despite these efforts, challenges still remain in terms of the lack of adequate servers, storage controllers & enclosures, including limited amount of specialized skills set (programmers, cyber security, etc.), among others remains a challenge. Others include the lack of sophistication of laptops for software development and other system administration task.

## Environment

The environment plays a pivotal role in national preservation of natural resources which forms a major perspective in revenue generation.

The EPA as a leading body has to diligently deploy its mandate traced in executing environmental criteria, guidelines, specifications and standards for production processes and the sustainable use of natural resources for the health and welfare of the present generation in order to prevent environmental degradation for the welfare of the future generations; including climate change, air pollution, water pollution, deforestation / degradation biodiversity loss, etc.

Biodiversity and ecosystem services are integral elements of natural capital. Biodiversity, which encompasses species, ecosystems, and genetic diversity, provides invaluable ecosystem services (including raw materials for many sectors of the economy) and plays an essential role in maintaining life-support systems and quality of life.

The loss of biodiversity is a key concern nationally and globally. It reduces ecosystem resilience and increases vulnerability to threats such as the negative impacts of climate change.



## Legal

Reforms on statutory issues, training for legal practitioners in tax laws and lack of revenue lawyers' participation in high value audits remain areas of concern. Like in other developing countries, Liberia faces major challenges from Base Erosion and Profit Shift (BEPS).

Under/over-invoicing is one main way of tax evasion by importers. The legal complexities concerning this aspect in taxation has to be tackled in a more specialized way. Liberia needs robust legal instruments to address the revenue loss which comes as a result of tax evasion & transfer pricing. Talery study was on tax evasion and transfer pricing.

The judiciary dispensation of justice on tax matters has also adversely affected expected revenue intake in the past years.



# Economic Indicators

Year	2014	2015	2016
Nominal GDP	2,012	2,035	2,101
Real GDP	1,654	1,654	1,628
Real GDP growth	0.7%	0.0%	2.6%
GVA* in Agriculture, Forestry and Fishing	258	256	737
GVA* in Mining and Quarrying	285	272	84
GVA in Secondary Sector (Industry)	588	609	90
GVA Tertiary Sector (Service)	1,026	1,149	1,168
Annual Average Exchange Rate US\$/L\$	US\$/L\$84.5	US\$/L\$88.5	US\$/L\$88.5
Inflation Rate	9.9%	7.8%	8.8%

Year	2017	2018	2019
Nominal GDP	2,210	3,264	3,071
Real GDP	1,738	2,642	2,418
Real GDP growth	2.5%	1.2%	1.4%
GVA* in Agriculture, Forestry and Fishing	741	588	569
GVA* in Mining and Quarrying	741	588	633
GVA in Secondary Sector (Industry)	873	457	429
GVA Tertiary Sector (Service)	1,041	1,632	1,501
Annual Average Exchange Rate US\$/L\$	US\$/L\$112.6	US\$/L\$144.8	US\$/L\$186.4
Inflation Rate	12.4%	23.4%	27.3%

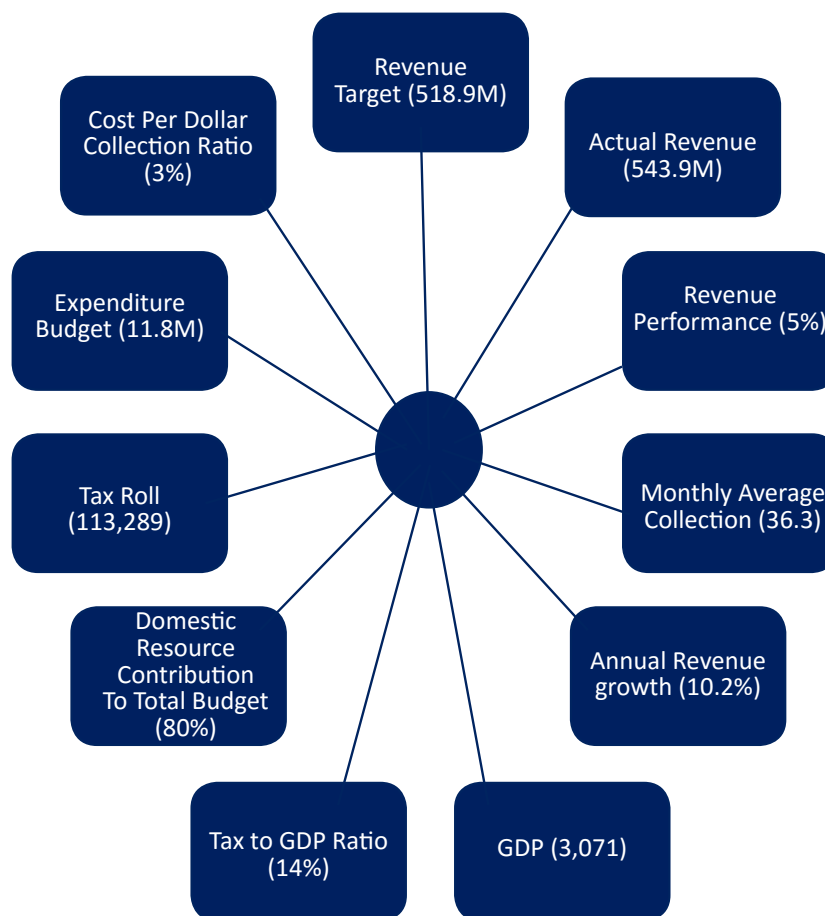
Source: World Development Indicator – World Bank



**Table 1**

Economic Indicators

# LRA at a Glance



**Table 2**  
Economic  
Revenue  
Indicators

Total National Budget (Recast)	518.9
Actual Revenue Outturn	543.9
Revenue Performance	5%
Monthly Average	36.3
Domestic Revenue Target	395.5
Domestic Revenue Actual	435.7
Annual Revenue Growth	10.2%
GDP	3071
Tax to GDP Ratio	14%
Domestic Resource Contribution to Total Budget	80%
Tax Roll	113,289
Expenditure Budget	11.8
Cost Per Dollar Collected Ratio	3%

# Corporate Governance

The Liberia Revenue Authority corporate governance structure descends from a Board of Directors, an executive management team, senior managers to other supervisory levels.

## The Board’s Mandate

The Board of Directors is mandated to ensure that LRA fully complies with the Liberia Revenue Code in collecting lawful revenues and facilitating legitimate trade and social protection. It also drives standard corporate best practices, strategic directions for the management and organization of the authority. The Board also provides quality assurances, guarantees planning, streamlines administrative policies and ensures prudent expenditure.

The composition of the board counts the Minister of Finance and Development Planning, the Minister of Justice, the Minister of Commerce, the Commissioner General and three other members from the non – governmental sector, including the Board Chair.

The LRA corporate governance structure is built on the following legal pillars:

### LIBERIA REVENUE AUTHORITY

Established by an act of legislation in 2013	Revenue code of 2011	Board comprises of 3 committees - Finance, audit and risk management & Executive and Governance	Financial affairs guided by the 2009 Public Financial Management Act	Human Resource Management Policy manual ensures policies and procedures for staff	Standard of Integrity drives the Professional Ethics and Code of Conduct
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## LEGAL AND BOARD AFFAIRS

The Legal and Board Affairs Department plays a vital role in protecting the fiscal & legal health of the Republic by defending court challenges to various tax assessments. The Department has the core responsibility of representing the Republic of Liberia, in collaboration with the Ministry of Justice (MOJ), in all criminal and non-criminal tax and revenue related cases.

In FY 2019/20, the Department built upon previous successful efforts to curb tax evasion and other civil tax issues in support of the Authority’s efforts to expand the revenue base and facilitate the collection of lawful revenue.

During the period under review, the department rendered services in the areas of litigation, protest and objection, debt management, regulations, taxpayer advocacy and others. The total number of cases (74) litigated was dominated by civil (labor employee related) cases of thirty (30), followed by protest & objection and BOTA or administrative revenue related amounting to twenty-three (23) and ten (10) cases respectively. The remaining cases comprised of criminal, civil tax, taxpayer advocacy and others involving retirees.



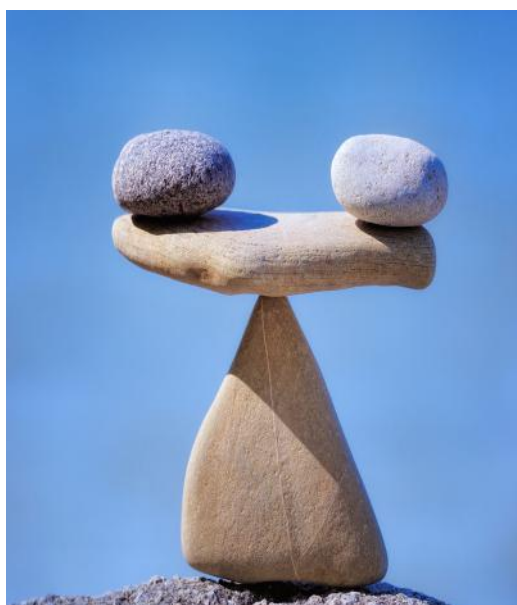
Cases Litigation	
Total No. of Legal Cases	74
Outstanding Cases	38
No. of Cases Closed & Completed	35

## Policies and Regulations

The Policies and Regulations Division is the arm of the Department principally charged with drafting of policies and regulations; reviewing and recommending amendments to existing statutes; advising the Commissioner General on regulatory and tax issues; among other things. The Division, during the period under review, drafted thirty-four (34) Regulations and four (4) Practice notes, two (2) Executive Orders on Airline Tickets tax reduction from 10- 7 percent and Payment on Annual Surface Rental, and drafted 1 treaty (Double Taxation between Liberia and Morocco).

## Board & Management Affairs

The Board and Management Affairs Division handles all Board related matters; provides legal guidance to the Board to ensure that compliance obligations under relevant laws are met; counsels the Authority on transactional matters such as, leases and contracts among other. During FY2019/20, two (2) statutory meetings of the Board were held. This division also drafted and concluded ninety-eight (98) contracts as approved.



## POLICY, STATISTICS AND STRATEGIC PLANNING

### Overview

The Division of Policy, Statistics and Strategic Planning is one of the Commissioner General's direct reporting arms of the Liberia Revenue Authority (LRA). It is responsible for advising the LRA senior management on policy matters regarding revenue administration, legal policy instruments, government's fiscal policies and economic programs. It also provides statistical and analytical reports on the economy and sectors of the economy that are relevant to revenue generation and its impact on sectors of the economy and the economy as a whole.

Other functions of the division include:

- Coordinating LRA Strategic management
- Managing domestic tax and international trade data for analysis of revenue forecast and interpretation for daily, weekly, monthly and other periodic outturns.
- Conducting studies and research for assisting senior managers with information for short, medium- and long-term planning:
- Coordinating LRA's relationships with donors and development partners and advise the Commissioner General and other senior managers accordingly: and
- Collaboration with responsible parties at other government ministries and agencies and other national and international institutions to develop the macroeconomic framework for the preparation of the national revenue budget.

The division underwent the following major achievements during the fiscal year under-review:

### POLICY & STRATEGIC PLANNING UNIT

Completed consolidation of amendments of the Revenue Code of Liberia, affecting Excise, GST, Real Estate, Customs Code, etc. thus, forming part of the Liberia Revenue Code of 2018.

Drafted 40 Practice Notes and Regulations.

- Identified contentious provisions of the revenue code and a work program was designed with RG3 to come up with short-term proposals to be submitted with FY2020/21 Budget
- Successfully completed the rollout of the Balanced Scorecard (BSC) Methodology across the LRA.
- Completed and submitted to the Commissioner General for Approval the draft Annual Business Plan, reflective of the second year of the Balanced scorecard (BSC) methodology
- Subsequently, development of the work plans of all divisions/sections/unit, given the fiscal year under review were coordinated by the Strategic Planning Unit and was used as the implementation road map for FY 2019/20 Annual Business Plan.
- Initiated and completed the first Strategic review of the BSC implementation and findings were presented to the Commissioner General by the members of the BSC Code team and PSSPD strategic Planning Unit.

## THE STATISTICS UNIT

- The update of the Revenue Chart of Accounts was completed and submitted to MFDP for review. Meanwhile, some new accounts (i.e. dividends from shares in NASSCORP, current grants from Senegal, etc.) were created in the tax system from the chart of Accounts.
- Kept the LRA's team and major stakeholders apprised of the revenue performance by producing and disseminating daily flash, and other relevant reports throughout the fiscal year.
- Completed the revenue forecast for the fiscal year and forwarded same to the MFDP for subsequent incorporation as the Revenue component for the Annual Budget of FY 2019/20.
- Conducted a Mid-year review of the revenue forecast, identified areas of potential adjustments, and developed a new COVID-19 Recast budget that was subsequently approved by the Legislature.
- Collected, validated, and submitted Liberia's data for the 2019 and 2020 publications of the ATAF's African Tax Outlook.
- Produced FY 2020/21 Draft Revenue Forecast and provided technical support to the LRA's senior management at the revenue hearings.

## STRATEGIC PARTNERSHIP UNIT

- Coordinated with RG3 & UNDP for the successful hosting of the Taxpayers Appreciation Day program for FY2017/18.
- Established bilateral relationship with the Swedish Tax Authority, following which the Authority was guest to the LRA on a scooping mission. Various needs assessments meetings were held with the virus Divisions/Section/Unit.
- Coordinated and facilitated LRA delegation to the Swedish Tax Authority on a study visit.

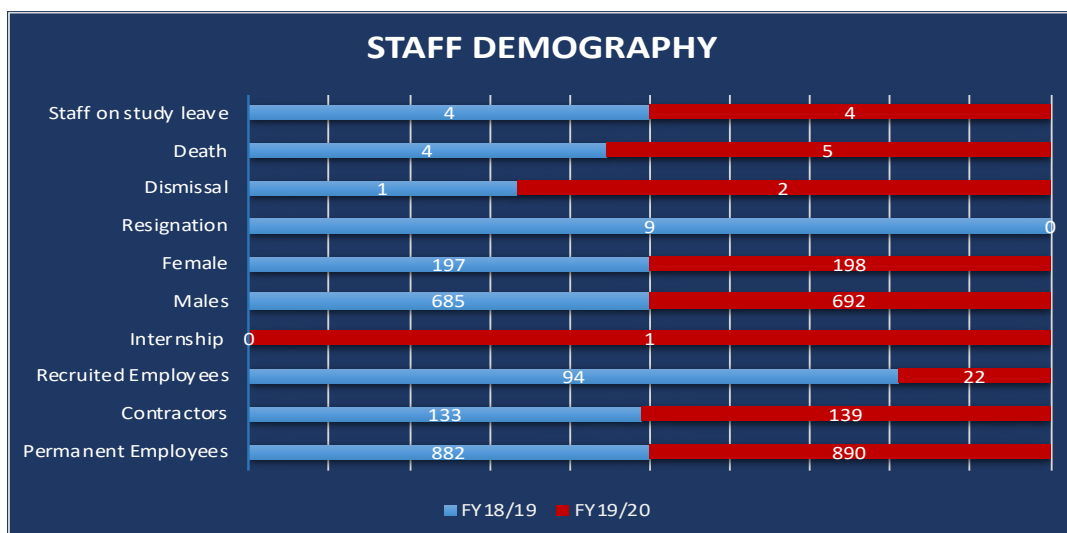
## HUMAN RESOURCE MANAGEMENT

This division of the organization is responsible for staffing including recruitment, training and development, performance appraisals, benefits administration (pay and benefits) and the reward system, personnel well-being and discipline within the LRA.

The below figure shows a two-year trend in staff demography for human resource management activities of the LRA. The total number of staff (permanent employees) recorded under the period FY2019/20 was 890. This amount represents a marginal increase of 8 staff or 1 percent against the previous fiscal year's total of 882. In addition, there was only one staff placed on internship over the entire period.

In gender stats, Fiscal Year 2019/20 showed an increase of seven (7) males and one (1) female staff. Also, in FY2018/19 there was 488 more male staff, while the reviewed period accounted for an even greater number of 494.

On the other hand, staff attrition experienced an overall reduction of 7 with respect to resignation, dismissal, death and study leave.



Reports captured under capacity building during the period show a total of thirty-six (36) trainings sponsored by LRA and external stakeholders (the People’s Republic of China & United Nations). These trainings among others include Customs border administration, IT based Customs based Customs statistics for developing countries, Customs Code & General Agreement on Tariff & Trade, financial accounting, revised Excise Tax law training, transfer pricing, e-filing and web application.

Periods	Local Trainings	Foreign Training	Total
Quarter 1	7	1	8
Quarter 2	8	1	9
Quarter 3	18	0	18
Quarter 4	1	0	1
Total	34	2	36

**Table 3**

Capacity Building for Customs, Domestic & Back Office staff

## INTERNAL AUDIT

The Internal Audit Department (IAD) is charged with the responsibility to evaluate and recommend improvements to the adequacy and effectiveness of governance, risk management and compliance with control policies and procedures throughout the LRA. It conducts independent and objective evaluation and examination of the activities, processes and procedures of the LRA operating units and provides consulting services aimed at assisting the Authority achieve its objectives. Internal Audit and Internal Auditors comply with the Institute of Internal Auditors Standards, Code of Ethics and Guidance and the Internal Audit Manual as well as the Professional Code of Ethics of the Authority. Internal Auditors also comply with other national and international codes and practices where applicable in fulfilling responsibility to conduct independent and objective evaluation and examination of business units, activities, processes and procedures.

### Achievements

- The Internal Audit completed one entity-wide risk assessment, seven comprehensive audits, four issue-oriented audits, eight surprise audits, four financial reviews, two compliance reviews and two system audits.
- Internal Audit completed analysis and reviews of Direct Transfer Payments system with nine commercial banks and identified irregularities between taxes collected by commercial banks and amounts remitted to the Government of Liberia’s Consolidated Revenue Account at the Central Bank of Liberia.

- Internal Audit also completed reviews and validations of SGS Liberia's monthly invoices for purposes of ascertaining their accuracy, completeness, reliability, legality and validity in accordance with the service agreement. The Internal Audit saved thousands of United States dollars from the reviews and validations of the invoices based on false claims, double claims and lack of appropriate supporting documents

**Table 4**  
Internal Audit  
Activity Matrix

No.	IA Activity	Planned	Achieved	Percent
1	Risk assessments	1	1	100
2	Comprehensive audits	10	7	70
3	Issued-oriented audits	10	4	40
4	Surprise-ad hoc audits	12	8	75
5	Information system audits	3	2	33
6	Operating system reviews	2	1	50
7	Financial audits	1	1	100
8	Quarterly financial statements review	4	4	100
9	Compliance audits	4	2	100
10	Follow-up reviews	12	0	0
11	In-house training	4	0	0
12	Report to Board Audit Committee	4	2	50
13	Report to Internal Audit Agency	12	4	25
OVERALL ACHIEVEMENTS		58		

## FISCAL INVESTIGATION

The Fiscal Investigations Division (FID) primary task is geared toward enhancing taxpayer voluntary compliance by detection and proactive investigations of tax evasion as well as responsible enforcement that maintains confidence in the integrity of Liberia's tax system by a dedicated and professional workforce. The division has three units namely Investigations, Intelligence and International Cooperation/Exchange of Information. Attached to the division is a team of lawyers from the Legal and Board Affairs Department with the responsibility of providing legal guidance and aid in the prosecution of cases resulting from tax crime investigations.

### Case Statistics

A total of twelve (12) cases were received by the division with all pending completion due to the investigation process. Of these cases, five (5) were referred to the Domestic Tax Division, of which, two (2) audits have been completed. Also, the transferred case to the Liberia National Police which involved illicit foreign transfers amounted to US\$68.3 million and LD\$18.3 million.

**Table 5**  
Cases on Fiscal  
Investigation

Cases	Number
Total cases reported/received	12
Cases under investigation	6
Referred to DTD for audit	5
Transfer to LNP	1
Completed	0

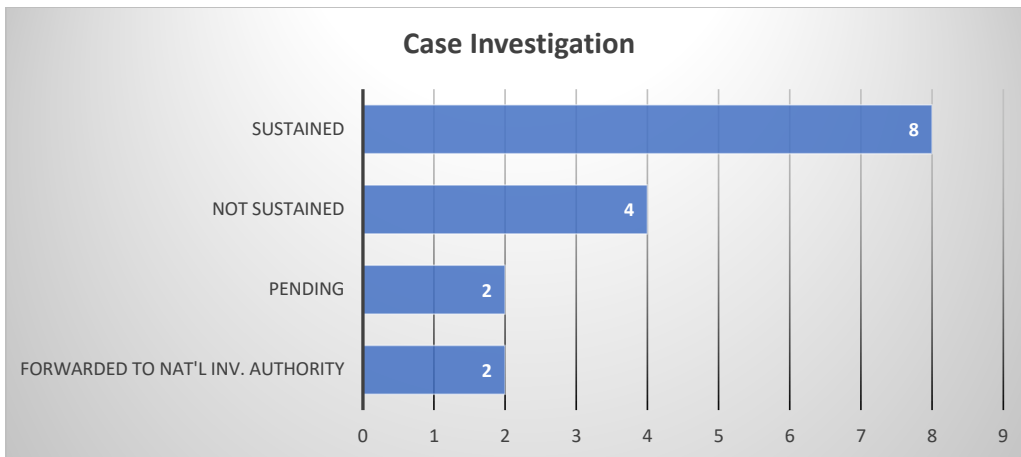
From previous reporting period, thirteen (13) cases were brought forward. Two (2) of those cases were transferred to the MOJ on alleged engagement in illicit money transfers totaling US\$42 million, and the other which involved diversion of revenue from the Liberia Telecommunications Authority into dubious account in the tune of US\$1,7 million. A freeze was placed on the dubious account containing total cash of US\$419.4K in Access Bank. The police investigated and criminally charged six persons from the banks and a staff from the Sector Ministry section, LRA.

During the period under review, the Commissioner General gave special assignments to the FID to conduct Lifestyle Audit of high-risk positions. Life Style Audit was commenced for Twelve (12) Staff at different levels of the LRA within the two core departments. Of the Twelve (12) commenced, eight (8) were concluded and a report submitted to CG for his review and action. The remaining five (5) are actively ongoing.

## ETHICS AND INTEGRITY

PED is mandated to ensure integrity through policies, procedures, administrative inquiries and the conduct of investigations that shape and reinforce integrity. It investigates all allegations of employees' in order to maintain public trust. If a formal investigation is required, the investigation must be painstaking, unbiased and completed in a timely and impartial manner. Professional Ethics & Code of Conduct, the Human Resource Management Policy (HRMP) and other related regulations and statutory laws are used to regulate employee's misconduct.

During the period under review, PED received a total of twenty-one (21) cases. These alleged cases reported, six (6) accounted for altered and missing documents, three (3) theft related, two (2) alleged exit of containers without Customs Duty Payment and proper authorization, two (2) cases involving deformation and insubordination including misconduct, harassment and others as inscribed in the professional ethics code of conduct. Investigative results showed that the cases (16) reported were either sustained, not sustained, pending or forwarded to the National Police authority and sent to court for criminal investigation and prosecution.



## OFFICE OF PROFESSIONAL RESPONSIBILITY

The mission of this Section (OPRS) within the organizational structure of the Liberia Revenue Authority (LRA) is to effectively interpret and apply the standards of practice (promulgated by law, rules, and regulations) for tax professionals and customs brokers in a fair, transparent, accountable, and equitable manner. Its strategic goal is to support effective and efficient tax administration by ensuring

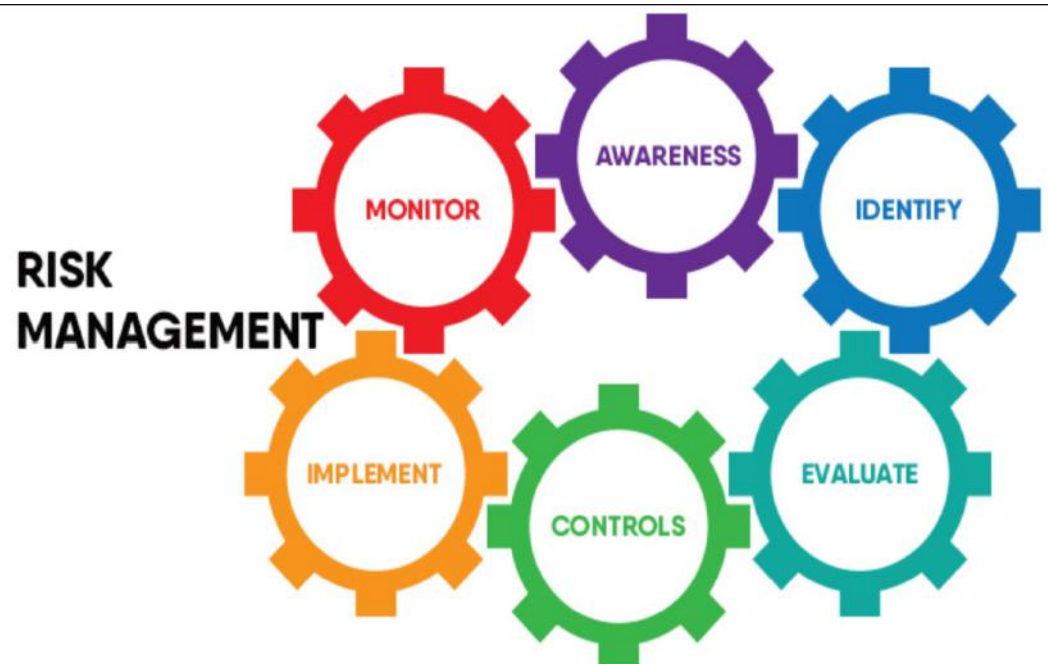
that all tax practitioners and customs brokers providing services to clients of both the Domestic tax and Customs Departments and practicing before the LRA adhere to professional standards and follow the law, rules, and regulation.

## Key achievements

1. Developed a draft Training Manual for Tax Practitioners in collaboration with the Liberia Institute of Tax Practitioners (LITP), Liberia Institute of Certified Public Accountants (LICPA)
2. Vetted and qualified 136 individuals and 15 institutions under a One Time Grandfather Clause program to be licensed as Tax Practitioners. However, out of the total number of individuals examined, 38 were licensed
3. Tested over 700 customs broker applicants and issued licenses to 441, representing 88.2 percent of the total target.
4. Held 4 mutually benefitting engagement meetings with the National Customs Brokers Association of Liberia in the vein of collaboration and coordination

## ENTERPRISE RISK MANAGEMENT

The Enterprise Risk Management & Compliance Division (ERMCD) was established in conformity with the risk framework of the community Committee of Sponsoring Organization of the Tread way Commission (COSO) as well as the International Organization for Standardization (ISO) Enterprise Risk Management Integrated Framework (ERMIF). Its goal is ERMCD is to provide reasonable assurance to the Liberia Revenue Authority's (LRA) Management team and the Board of Directors that the organization's key aims and objectives are being achieved and all risk are comprehensively identified and proactively managed in an efficient and effective manner to protect national revenue and LRA image.



# Overall Revenue Performance

During the period (FY2019/20) under review, total revenue actualized was US\$543.8 million. Of this amount, domestic revenue contributed US\$435.7 million or 80 percent, and external resources accounted for US\$108.2 million or 20 percent. Of the total amount collected in domestic revenues, Domestic Tax Department accounted for US\$285.4 million, while US\$150.3 million is ascribed to the Customs Department. Domestic revenue fell by 7 percent in FY 2019/20, when compared to the previous fiscal year, FY 2018/19.

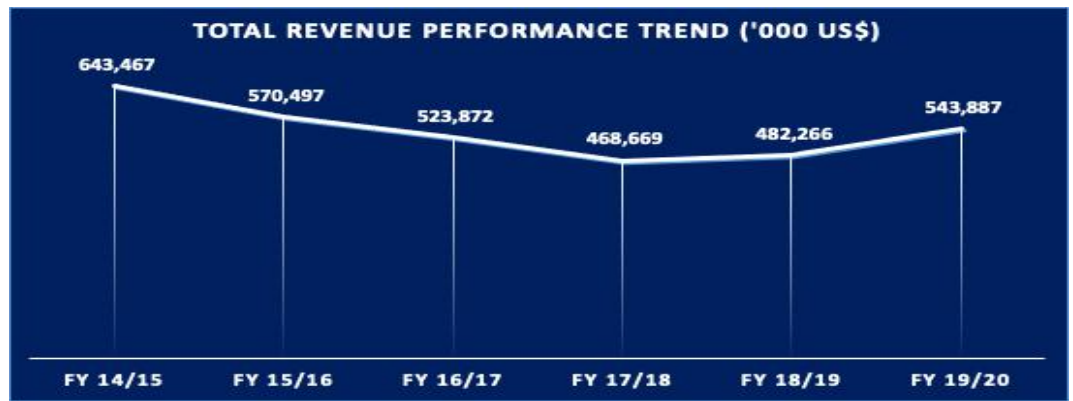
Tax Kind	Approved Budget	Recast Budget	Actual	Var.+/-	% Var.+/-
Total Revenue (Incl. Financing Gap)	525,907	518,911	543,887	24,976	5%
Total Revenue (Excl. Financing Gap)	525,907	518,911	543,887	24,976	5%
Domestic Revenue	465,107	395,502	435,665	40,164	10%
Domestic Tax Department	286,110	260,739	285,398	24,659	9%
Customs Department	178,997	134,763	150,268	15,505	12%
Tax Revenues	377,898	313,255	352,354	39,099	12%
Taxes on Income & Profits	145,393	133,320	153,343	20,022	15%
O/W Personal Income Tax (PIT)	78,826	94,464	124,019	29,555	31%
O/W Corporate Income Tax (CIT)	28,782	21,896	28,377	6,481	30%
O/W Other Income Taxes	37,786	16,960	947	(16,012)	-94%
Taxes on Property	5,355	3,145	4,344	1,199	38%
Taxes on Goods & Services	45,977	39,820	43,753	3,934	10%
O/W Maritime Revenue	12,000	12,000	11,975	(25)	0%
Taxes on International Trade	178,017	133,814	147,503	13,690	10%
Other Taxes (SDCs)	3,156	3,156	3,410	254	8%
Non-Tax Revenues	87,208	82,247	83,312	1,065	1%
Property Income	69,963	70,601	70,022	(579)	-1%
O/W Road Maintenance Fund	29,300	26,752	26,891	139	1%
Administrative Fees	16,203	10,896	12,600	1,704	16%
Fines, Penalties & Forfeits	1,042	750	276	(473)	-63%
Miscellaneous & Unidentified	-	-	413	413	0%
External Resources	60,800	123,409	108,221	(15,188)	-12%
FINANCING GAP	-	-	-	-	0%

Source: LRA Tax Administration System

**Table 6**

Overall Revenue Performance





The above figure presents a six-year total revenue performance trend accounting for an average in collection of US\$538.6 million. The declining trend from FY 2014/15 to FY 2017/18 is largely due to a steady reduction in external resource receipts. Domestic revenue has been relatively stable over the post-Ebola recovery period. The Ebola epidemic in FY 2014/15, and the Corona pandemic in FY 2019/20 witnessed a surge in external resources that explains the peak collection in these two crisis years. Again domestic revenue growth has been stable over this period.

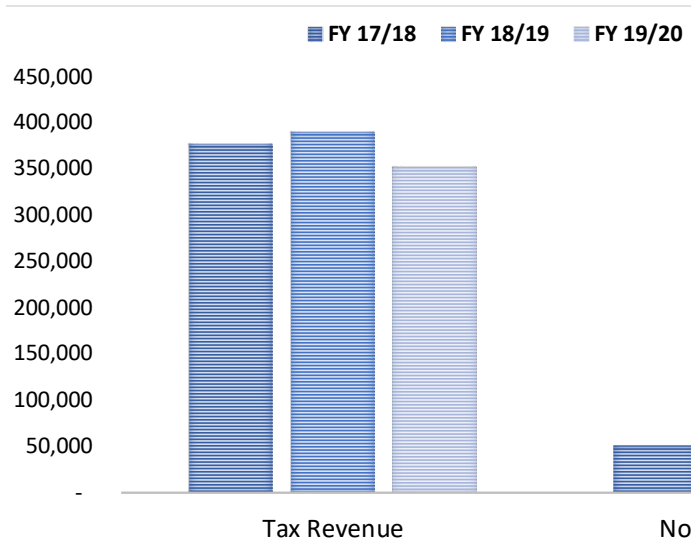
## TAX AND NON-TAX REVENUE

Actual domestic revenue collection for the fiscal year under review was US\$435.7 million. Tax revenues contributed US\$352.4 million or 81 percent while non-tax revenues accounted for the remaining US\$82.3 million or 19 percent of domestic revenues. Both tax and non-tax revenues exceeded their recast budgets by US\$39.1 million and US\$1.06 million respectively. Taxes on income and profits, GST and international trade taxes were the major drivers of tax revenues; while non-tax revenue was propelled by administrative fees.

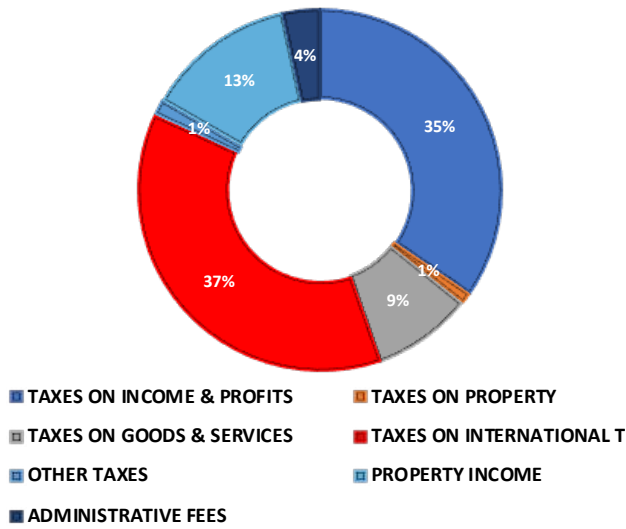
**Table 7**  
Tax & Non-Tax  
Revenue

Tax Kind	Approved Budget	Recast Budget	Actual	Var.+/-	% Var.+/-
Domestic Revenue	465,107	395,502	435,665	40,163	10%
<b>Tax Revenues</b>	<b>377,898</b>	<b>313,255</b>	<b>352,354</b>	<b>39,099</b>	<b>12%</b>
Taxes on Income & Profits	145,393	133,320	153,343	20,022	15%
O/W Personal Income Tax (PIT)	78,826	94,464	124,019	29,555	31%
O/W Corporate Income Tax (CIT)	28,782	21,896	28,377	6,481	30%
O/W Other Income Taxes	37,786	16,960	947	(16,013)	-94%
Taxes on Property	5,355	3,145	4,344	1,199	38%
Taxes on Goods & Services	45,977	39,820	43,753	3,934	10%
O/W Maritime Revenue	12,000	12,000	11,975	(25)	0%
Taxes on International Trade	178,017	133,814	147,503	13,690	10%
Other Taxes (SDCs)	3,156	3,156	3,410	254	8%
<b>Non-Tax Revenues</b>	<b>87,208</b>	<b>82,247</b>	<b>83,311</b>	<b>1,064</b>	<b>1%</b>
Property Income	69,963	70,601	70,022	(579)	-1%
O/W Road Maintenance Fund	29,300	26,752	26,891	139	1%
Administrative Fees	16,203	10,896	12,600	1,704	16%
Fines, Penalties & Forfeits	1,042	750	276	(474)	-63%
Miscellaneous & Unidentified	-	-	413	413	-

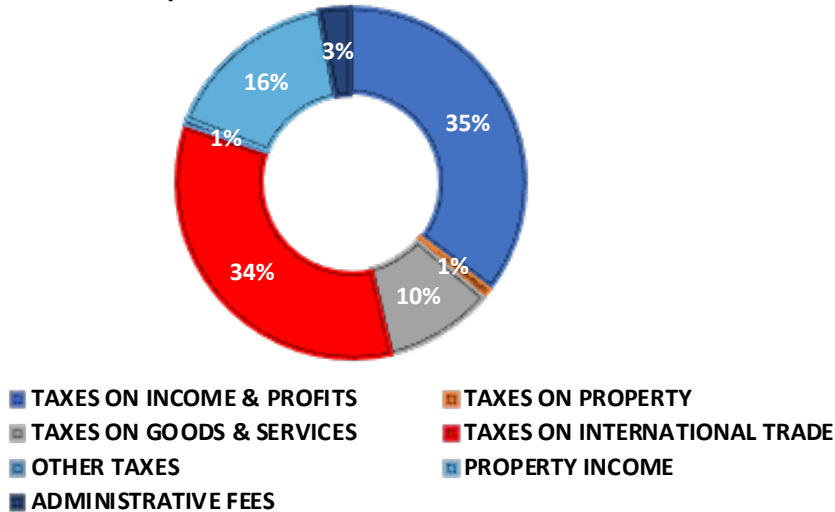
Source: LRA Tax Administration System



FY 18/19 MAJOR TAX KINDS CONTRIBUTION



FY 19/20 MAJOR TAX KINDS CONTRIBUTION





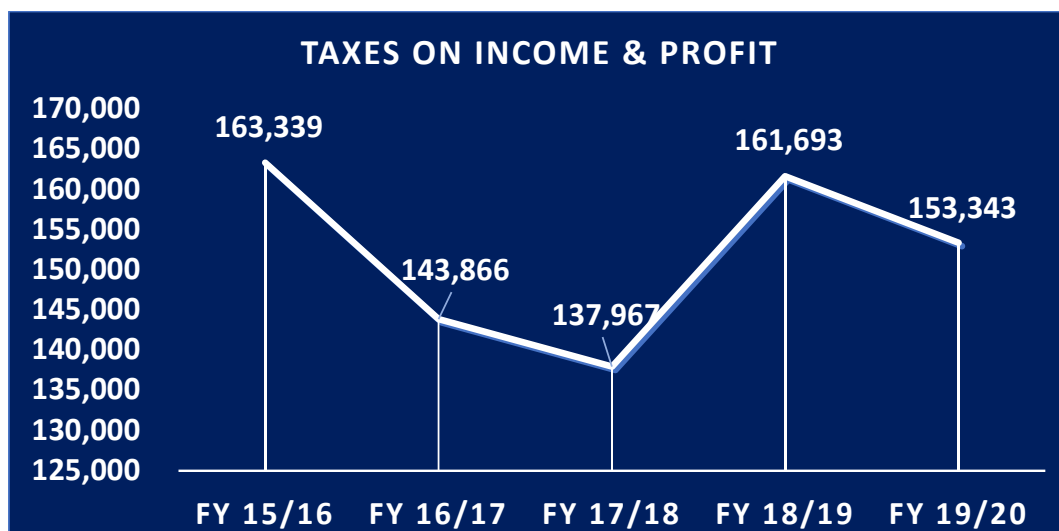
## TAXES ON INCOME & PROFIT

The actual collection of Taxes on Income and Profit for the period amounted to US\$153.3 million, which represents a surge of US\$20 million or 15 percent against a recast budget of US\$133.3 million. Most notable performing tax line was Personal Income Tax (PIT), producing a collection of US\$124 million or an over performance of 31 percent mainly on account of Taxes on residents and withholding taxes on residents. In the same vein, revenue collection on Corporate Income Tax (CIT) amounted to US\$28.4 million, a positive variance of 30 percent above the recast budget. Other Income Taxes, experienced a steep dip in performance, with an actual collection of US\$946K or 6 percent of the recast target of US\$16.9 million.

Tax Kind	Approved Budget	Recast Budget	Actual	Var.+/-	% Var.+/-
TAXES ON INCOME & PROFITS	145,393	133,320	153,343	20,022	15%
PERSONAL INCOME TAX (PIT)	8,826	94,464	124,019	29,555	31%
Taxes on Residents	135,155	108,200	147,064	38,864	36%
PIT Section 200A (Residents)	424	480	313	(166)	-35%
Withholding Taxes (Residents)	104,680	84,100	117,428	33,328	40%
Taxes on Non-Residents	10,238	9,885	6,279	(3,606)	-36%
CORPORATE INCOME TAX (CIT)	28,782	21,896	28,377	6,481	30%
OTHER INCOME TAXES	37,786	16,960	946	(16,014)	-94%
Presumptive Section 200c (Small Tax)	1,270	1,000	946	(54)	-5%
GSM Annual Gross Margin Tax	-	-	-	-	0%

**Table 8**

Taxes on Income & Profit



Source: LRA Tax Administration System

The figure above shows a trend analysis of performance in Taxes on Income and Profit. FY2015/16 produced a five-year peak of US\$163 million. FY2016/17 and FY2017/18 slumped to an ebb of US\$143 million and US\$137 million or deficits of 12 percent and 4 percent respectively when compared to their immediate previous years. The underperformance was occasioned by the pre and post elections uncertainties and the corresponding reduction in investment activities in the economy. FY2018/19 and FY2019/20 produced a relatively stable performance of US\$161.6 million and US\$153.3 million respectively.

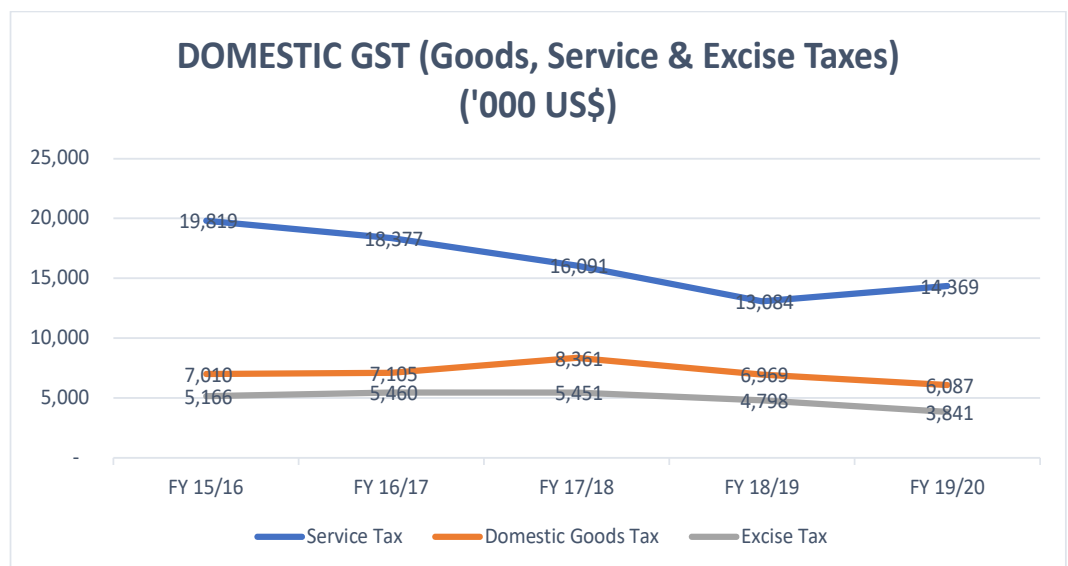
## TAXES ON GOODS AND SERVICES

Actualized collection of Taxes on Goods and services, for the period, was US\$43.7 million, up by 10 percent in comparison to the recast budget of US\$39.8 million. Collection on Goods and Services Tax (excluding motor vehicle) contributed a significant share of US\$14.4 million which is 28 percent more when compared to the recast budget. Additionally, Motor Vehicle Taxes also performed above target with an actual collection of US\$6 million, an over performance of 31 percent against approved recast budget. Meanwhile, Maritime revenue, though, slightly fell below target, recording a collection of US\$11.9 million, down by US\$25K.

**Table 9**  
Goods & Service  
Tax

Tax Kind	Approved Budget	Recast Budget	Actual	Var.+/-	% Var.+/-
Total Goods & Service Tax	45,977	39,820	43,753	3,934	10%
GST Excluding Motor Vehicle	17,727	11,211	14,401	3,190	28%
Domestic Excise	6,388	5,354	3,841	(1,514)	-28%
Motor Vehicle Taxes	6,995	4,611	6,055	1,445	31%
Use of Goods & Permission to use Goods	2,829	6,615	7,480	865	13%
Maritime	12,000	12,000	11,975	(25)	0%
Other Taxes on Goods & Services	38	29	2	(27)	-94%

Source: LRA Tax Administration System



The above GST figure presents a graphical trend analysis of Service, Domestic and Excise Taxes for the five-year period – FY2015/16 to FY2019/20. Over the interval, revenue collection on Excise Tax has recorded a relatively low but stable yield in comparison to the Domestic Goods Tax and Service Tax. On the other hand, Service Tax collection has been far more volatile recording a negative growth of 7, 19, 34 and 27 percent respectively using FY2015/16 as base year.

## TAXES ON INTERNATIONAL TRADE

The total revenue collected by the Department of Customs during the fiscal year was US\$150.2 million against a revised budget of US\$154.6 million; thereby resulting in a 3 percent under performance. This under performance was largely on account of delay in the passage and implementation of the Excise Law and COVID-19, which led to 21 percent aggregate decline in taxable trade. International trade dipped by a variance of US\$6 million or 4 percent, mainly impacted by negative variances of US\$3.4 million in collection on import duties and US\$4.5 million on import charges.

DESCRIPTION	AS AT JUNE 30TH FY19/20			
	BUD	ACT	VAR.+/-	percentage
Total Customs	154,631	150,213	(4,418)	97percent
International Trade	153,681	147,606	(6,075)	95percent
Import Duties	76,570	73,085	(3,485)	47percent
O/W: Imp. On Goods Other Than Rice And Petro	48,585	43,503	(5,082)	28percent
Import Duties on Petroleum Products	14,061	16,504	2,443	11percent
Other Import Duties	9,908	9,694	(213)	6percent
Charges on Imports	70,668	66,121	(4,547)	43percent
O/W: GST on Imported Goods (Exc. Petro)	50,598	43,757	(6,841)	28percent
GST on Imported Petroleum	12,303	14,554	2,251	9percent
Excise	5,952	7,718	1,765	5percent
O/W; Excise Tax on Other Imported Goods N.E.C.	863	78	(785)	0percent
Excise Tax on Alcoholic Beverages (Imp.)	1,404	402	(1,002)	0percent
Excise Tax on Tobacco and Tobacco Products	812	933	120	1percent
Excise Tax on Non-Alcoholic Beverages	1,359	2,945	1,586	2percent
Fees on Exports	447	679	233	0percent
O/W: Other Exports	295	421	126	0percent
Cocoa And Coffee	139	248	108	0percent
<b>Other Non- Tax Revenue</b>	<b>949</b>	<b>2,607</b>	<b>1,658</b>	<b>2percent</b>
Forestry (FMCs)	915	2,572	1,658	2percent
Bonded Warehouses	34	35	0	0percent

Source: LRA Tax Administration System

## ADMINISTRATIVE FEES

The total revenue collected under Administrative Fees was US\$12.7 million. When compared against recast, the actual collection reflects an increase by US\$1.8 million or 17 percent. This positive variance was mainly as a result of overperformance in the amounts collected by Foreign Affairs Ministry, Labor Ministry, Liberia Business Registry, Agriculture Ministry, including others.

**Table 10**

Customs Revenue Contribution by Major Tax kind (Thousands of US Dollars)

**Table 11**  
Administrative Fees

Tax Kind	Approved Budget	Recast Budget	Actual	Var.+/-	% Var.+/-
SECTOR MINISTRIES & AGENCY FEES	16,203	10,896	12,768	1,872	17%
AGRICULTURE MINISTRY	97	30	170	140	461%
CENTER FOR NATIONAL DOCUMENTS AND RECORDS	344	261	375	114	43%
COMMERCE AND INDUSTRY MINISTRY	102	63	2	(61)	-97%
EDUCATION MINISTRY	46	36	63	27	76%
ENVIRONMENTAL PROTECTION AGENCY	75	60	16	(43)	-73%
FOREIGN AFFAIRS MINISTRY	3,379	2,037	2,696	659	32%
FORESTRY DEVELOPMENT AUTHORITY	80	76	-	(76)	
GENDER, SOCIAL & CHILDREN PROTECTION MINISTRY	15	8	56	48	585%
HEALTH AND SOCIAL WELFARE MINISTRY	167	129	71	(58)	-45%
INDUSTRIAL PROPERTY OFFICE	-		24	24	0%
INFORMATION MINISTRY	39	24	26	2	8%
INTERNAL AFFAIRS MINISTRY	118	86	70	(15)	-18%
JUSTICE MINISTRY	53	10	39	29	296%
LABOR MINISTRY	4,800	3,391	3,946	555	16%
LANDS, MINES AND ENERGY MINISTRY	65	47	165	118	251%
LIBERIA COPYRIGHT OFFICE	0	0	1	0	120%
LIBERIA ELECTRICITY CORPORATION	-	-	-	-	0%
LIBERIA IMMIGRATION SERVICE	4,295	2,738	3,010	271	10%
LIBERIA NATIONAL POLICE (LNP)	23	15	10	(5)	-34%
LIBERIAN BUSINESS REGISTRY	1,300	968	1,444	476	49%
NATIONAL FIRE SERVICE (NFS)	70	47	74	27	57%
NATIONAL IDENTIFICATION REGISTRY	1	1	0	(0)	-16%
OTHER MINISTRIES AND AGENCIES (OMA)	6	4	20	16	407%
POST AND TELECOMMUNICATIONS MINISTRY	81	69	21	(47)	-69%
PUBLIC WORKS MINISTRY	939	705	355	(350)	-50%
TEMPLE OF JUSTICE	3	3	10	7	259%
TRANSPORT MINISTRY	103	86	92	6	7%
YOUTH AND SPORTS MINISTRY	3	2	11	9	393%

Source: LRA Tax Administration System

# Tax Administration Quality Service

## TAXPAYER SERVICES

This division is one of the four (4) divisions that report to the Deputy Commissioner General for Operations and Technical Affairs. It is headed by an Assistant Commissioner and has two sections – Taxpayers Inquiries, Information and Education and Banks Service Delivery and Monitoring.

### Taxpayer Inquiries, Information and Education

This section provides adequate responses to all taxpayers and potential taxpayers inquiries; design, produce and provide needed education materials for use by current taxpayers, potential taxpayers and staff of LRA, professionally handles taxpayers' complaints finding resonate solutions.

### Banks Service Delivery and Monitoring

This section provides quality service deliveries to taxpayers paying their taxes through walk-in and direct transfers. It regularly monitors the services being provided at the various service windows.

## ACHIEVEMENTS

1. TPSD conducted 26 tax education outreach programs. These outreaches focused on LRA Compliance Clustering System, General Compliance in collaboration with Voluntary Hub Liberia, Real Estate tax payment in collaboration with five (5) line government ministries and agencies, a general real estate registration and compliance in Lower Margibi County and a nationwide zoom conference on domestic tax compliance.
2. Three (3) customer service programs on capacity building were developed and implemented. The first two programs covered TPSD staff and front liners and the last program covered all LRA staff.
3. Call Phone Directory was updated and confirmation of extension is in progress. Call Center Strategy is also being executed. recognized
4. Two (2) customer service trainings were hosted. One (1) for new staff and the other for all staff focusing on on-line payments and channels.
5. Conducted thirty-two (32) tax clinics for businesses, organizations and agencies. These clinics focused on general compliance, customs duties, withholdings on income, rent, etc.
6. Seventy-Six Thousand Five Hundred (76,500) pieces of tax and customs forms, information flyers and brochures were printed and distributed to taxpayers through LRA concierge desks and service windows.
7. TPSD conducted twenty-seven (27) radio talk shows highlighting every aspect of LRA functions, encouraging general compliance, reminding taxpayers of due dates, etc.
8. Conducted one (1) compliance check of the MOU with all commercial banks.
9. Assessment on compliance was conducted at eight (8) service windows. Also, TPSD assessed all LRA Billboards in and around Monrovia and made recommendation for refurbishing and replacement where necessary.
10. Ninety percent (90 percent) of all inquiries, complaints and recommendation from taxpayers via the concierge desks, emails, call center (including phone calls, social media) were addressed.



## COMMUNICATION, MEDIA & PUBLIC AFFAIRS

The CMPA Section is responsible to disseminate factual, clear and accurate information about the LRA and its existence to the public through media and other engagements and as well as working with other units, divisions and sections through outreach activities. It focuses on public relations, public education, and maintenance of a good image of the LRA. The Section worked with all departments as well as other units and divisions to facilitate information dissemination, education and awareness on tax education, tax collection and the responsibility of tax payers.

### KEY ACHIEVEMENTS

1. Developed and implemented a Communications, Media and Public Affairs plan
2. Enhanced internal communication by updating bulletin boards and producing short educative video messages about LRA activities.
3. Built a strong media partnership including an active and ever-ready emergency media response team.
4. Facilitated 97 media publications (21 press releases, 35 Public Service Announcements and Revenue Notices, 26 Exchange Rate Notices and 15 Procurement Notices)
5. Signed and implemented 30 Advertising contracts with 21 major radio stations to enhance dissemination of tax messages through talk shows, dramas and jingles
6. Produced 5 tax education videos—highlighting the importance of paying taxes and processes and procedures of payment
7. Responded to over 35 media and public inquiries including two Freedom of Information Requests
8. Facilitated more than 68 radio talk shows and Call-Ins on various issues (tax awareness, customs and enforcement) in Monrovia and the rural counties
9. Facilitated mass media coverage/publicity on LRA Taxpayers Appreciation Day, International Customs Day, DRM Strategy awareness and licensing of Customs Brokers
10. Established an effective media monitoring mechanism

# System Management

## MANAGEMENT INFORMATION SYSTEM

The MIS division typically leads IT back-office operations, network administration and systems, program/software development and acquisition efforts. MIS management also provides expertise in choosing and operating technology solutions for the Authority's lines of business such as Customs and Domestic Tax administration, software development, Finance & Human resources management, and all other enterprise-wide activities such as security and business continuity planning. This dual role and the increasing use of technology raise the importance of the MIS division in the effective corporate governance of the LRA.

### Achievements

In line with its stated goals and objectives and robust approach to the LRA IT enhancement, the MIS overall performance can be measured by the following categories:

Promote ICT Governance

Manage ICT Solutions and Tools

Improve ICT Infrastructure

#### Promote ICT Governance:

Setup MIS Steering Committee with charter developed. Committee members include both internal LRA executives and Donor community.

- Adopted IT Risk Charter and held several successful meetings
- Updated the IT security policy to reflect the OECD recommendations
- Developed and approved Three SOPs

#### Manage ICT Solutions and Tools:

##### • Online Payment

United Bank for Africa Liberia (UBA) has finally imported the co-branded Tax Card, which will be used along with LRA's newly developed online payment platform and POS payment centers. In addition, UBA has conducted training of staff from relevant sections on the use of the POS devices. The LRA acquired two POS devices from UBA, which will be deployed in the Banking Hall at HQ and Freeport/RIA.

##### • Online Duty-Free Application & Simplified Declaration

The MISD working in concert with Customs Department has developed an online Duty-Free Application. The application provides an online form for the submission of Duty-Free request and has the capability to calculate duties waiver and payable. It is designed with a workflow with approval hierarchy. In addition, the simplified declaration for customs has been developed. This simplified solution will be deployed at various customs port to facilitate easy declarations.

##### • Online TAS

The Online TAS application has been developed and deployed. All services have been developed and

integrated with the existing TAS database to allow a single repository for both online and offline version of TAS. This online solution will provide access for MOT collections across the country and for rural tax offices collection. The system is design to work both online and offline environments.

Improve ICT Infrastructure

- **Restoration of services at LRA Data Center**

The MISD team with support from Management has been able to restore services to core network and Data Centers affected by fire and lightning strike. Damaged hardware (switches, routers, radio equipment etc.) were replaced by newly procured hardware.

- **Resolution of Data Center Power issue**

The LRA Data Center is still challenged with the situation of unstable power. The existing battery bank is not fit-for-purpose - has lasted over 5 years and has been overloaded over time. All servers and network equipment are at high risk of damage due to abrupt shutdown whenever there is power outage. However, Management procured a generator and UPS system (20KVA) to provide stable power to the Data Center.

- **Disaster Recovery- LIBTELCO**

The LRA has engaged LIBTELCO for the provision of a location to serve as LRA's DRS. LIBTELCO has provided the LRA with a proposal. Some of the hardware to be supplied by PFMRS Project at the MFDP will be deployed at the DRS. Once this setup is completed, the LRA will have backup servers that can come online immediately when the ones at our primary data center is off.



# Monitoring Compliance

## DEBT MANAGEMENT/DEBT COLLECTION UNIT

During the period under review, the Debt Management/Debt Collection Unit performed the following activities:

1. The Debt Management Division Requested the Technical support of USAID RG3 to review and establish the LRA Debt Management framework and help in the development of a system to track all tax debt within the Authority.
2. Proposed the creation of a Tax Arrears monitoring system – the Tax Arrears Transaction System (TATS) – that will be launched in the next few weeks for testing.
3. RG3 technical assistant was assigned to the Debt management Division, the Enforcement/ Arrear manual was reviewed and submitted to the Domestic tax Department, the debt write of policy was also reviewed and finalize for publication.
4. Tax Arrears and Transactional System (TATS) was developed for the tracking of all tax debts within the Authority.
5. Debt management division also legitimized the claims for tax arrears in the amount of US\$326.4K to the International Insurance Company, INC. that was almost written off due to the taxpayer closure of business through the Central Bank of Liberia public announcement.

## DOMESTIC TAX MONITORING

The Domestic Tax Department is one of the core departments of the Liberia Revenue Authority that has the objective in ascertaining the collection of “Lawful Revenue” with professionalism and integrity. Some of the core functions of the Department is to increase domestic revenue collection to finance human and economic development, increase the public trust in the Authority, to enhance voluntary compliance and to enforce the collection of tax debt. The Department, in its effort to improve revenue compliance across every facet of the Liberian economy, has in actual terms collected 15 percent more of its revised approved revenue projection by 247 million for Fiscal Year 2019/20.

The core functions of the Domestic Tax Department are:

1. Control of Taxpayers’ Return
2. Services (Enterprising)
3. Audit
4. Collection and enforcement

## CONTROL OF TAXPAYERS’ RETURN

The regular control and validation of the lodgement of taxpayers’ return describes the basic function of the Assessment, Analysis and Accounting (AAA) section. The section’s management of taxpayers’ return/profile was further strengthened through the creation and implementation of the Desk Review/Audit program, redesigning the business processes of the Section, and increasing the level of monitoring and validation of returns being lodged. The objective of this structure and approach is to adequately control and validate taxpayer’s lodgement by economic sectors, i.e., manufacturing, merchandising, natural resources, inter alia. It also serves as means of pursuing taxpayers’ report

and declaration by tax types as per sectors, that will inform authorities of the level of compliance, performance and needed interventions where and if applicable. Additionally, the mechanism was employed to ensure that returns being lodged are adequate, complete and correct.

To date, the Department has embarked on its plan to mitigate the risk associated with incorrect and incomplete tax roll. This plan aims at capturing complete information of taxpayers, thus verifying current information in the SIGTAS and updating information where required.

During the year in retrospect, the Department liaised with the Taxpayer Service Division in reviewing taxpayers' returns and the verification of withholding on salaries, rent, and contract on services to ensure calculations were correct and declarations were fair and legal. The Department also conducted series of stakeholders (mining, agriculture and forestry sectors, the Liberia Institute of Tax Practitioners, the Liberia National Tailor Union, the Petty Traders Association, as well as Ministries, Agencies and Commissions of Government) engagements with Tax Practitioners in ensuring their clients are compliant in accordance with the law.

## AUDIT

The Department's Audit Program aims to promote voluntary tax compliance. A well- managed audit program plays a pivotal role in ensuring compliance. An effective audit program will have significantly wider impacts than just raising revenue directly from audit activities. In addition to the primary role of the taxpayer audit function as stated above, Auditors are often required to carry out intensive tax education and awareness as a preventive and corrective measure. The strategy is to improve tax payers' compliance, and mitigate the level of enterprise and industrial risks.

## COLLECTION AND ENFORCEMENT

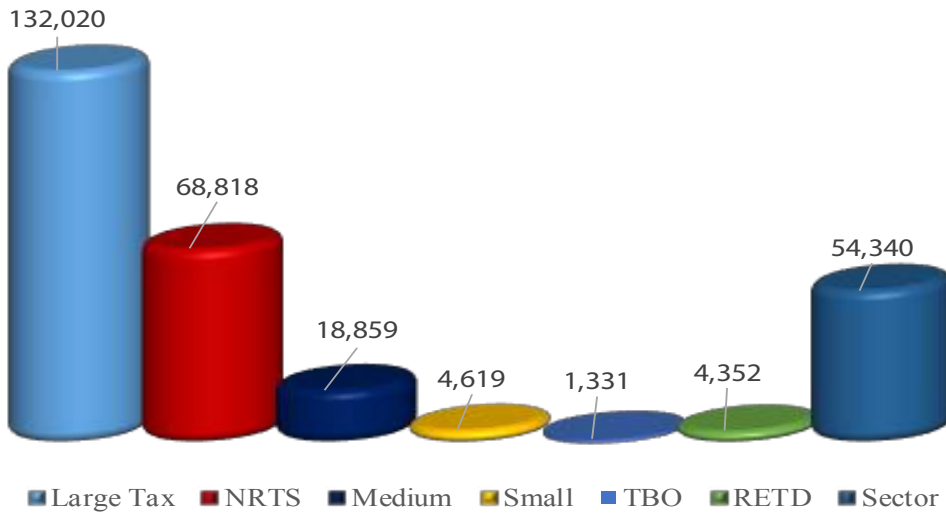
The tax debt management program of DTD is also structured into teams, i.e., economic sectors, and tax debt collection is being executed per zones. That is, enforcement officers are deployed in and around the environs of Monrovia into the administrative demarcations of the City. During FY 2019/20, the Department ensured compliance through robust enforcement, collaboration, information dissemination between sections, divisions and departments, and assessing and collaborating with other government agencies and line Ministries.

Domestic Tax Fiscal Year 2019/20 projection against actual collection

**Table 12**

DTD Divisional  
Consolidated  
Actuals

FISCAL YEAR 19/20 PROJECTION AGAINST ACTUAL						
Divisions	FY 19/20 Projection	FY19/20 Actual USD	FY 19/20 Actual LRD	FY 19/20 Actual CONS.	Variance	% Achieved
Large Tax	131,917	53,890	15,448,088	132,020	103	100%
NRTS	47,730	68,738	15,623	68,818	21,088	144%
Medium	17,909	16,939	381,249	18,859	950	105%
Small	2,882	3,412	239,147	4,619	1,737	160%
TBO	2,104	670	129,989	1,331	(773)	63%
RETD	3,366	2,820	299,911	4,352	986	129%
Sector	41,871	40,079	2,774,165	54,340	12,469	130%
Totals	247,779	186,547	19,288,173	284,339	36,560	115%



## LARGE TAX DIVISION

The Large Tax Division manages the compliance of taxpayers whose annual turnover is LRD30 million and above or those in the Banking, Finance, Insurance and Telecommunication sectors. It is one of the three divisions in Domestic Tax. It is a Public Service Division charged with domestic administration of all large taxpayers. The Division is made out of three core sections, including Analysis, Assessment and Accounting, Audit and Collection and Enforcement. Currently there are 465 Active Taxpayers of which 62 percent are corporations with 38 percent in the wholesale and retail sector. There are currently 50 employees reporting under three managers and an assistant commissioner. There were 1,285 tax payers identified as large tax payer prior to the commencement of the data cleansing project. This project correctly placed tax payers in the appropriate division or unit based on their activity. As a consequence, 896 were correctly identified as large tax payers including NRTS large tax payers and inclusive of active and inactive taxpayers. Currently, the data cleansing team is carrying out the project into phases. The team has earmarked the suspension of tax accounts and enterprises identified as inactive during the month of Nov. 2019. When the inactive number is subtracted, both the NRTS and the Large Tax Division have a total tax roll of Seven hundred and fifty-seven taxpayers (757) as the tentative and active tax roll and of this number, NRTS has a total of One-Hundred Sixty Eight (168) while the Large Tax Division has a total of Five-Hundred and Forty Four (544) active taxpayers.

Currently, there are seven-hundred and fifty-seven (757) active taxpayers within the domain of the LTD. The Wholesale & Retailing Sector constitutes 34 percent or 183 taxpayers; Public Administration Sector constitutes 20 percent taxpayers (public corporations, that do not qualify for CIT payment); Construction sector constitutes 10 percent or 55 taxpayers, Finance & Insurance constitutes 10 percent or 52 taxpayers and Manufacturing sector constitutes 6 percent or 35 taxpayers. As it relates to the business type, the Large Taxpayers Tax Roll for the period under review has 341 corporations or 63 percent of the active tax roll; Partnership has 26 taxpayers or 5 percent of the active tax-roll; Sole Proprietorship 32 taxpayers or 6 percent of the active tax-roll and trust with 16 taxpayers which constitutes 3 percent of the active tax roll.

The functions of the Division include the following:

- a. Returns Control (validation);
- b. Audit; and
- c. Collection and Enforcement.

## Activities

During the fiscal period 2019/20, the Large Taxpayers' Division received a total of three hundred & thirty-eight (338) tax clearance requests. Three Hundred Twenty-seven (327) were processed and issued. However, the following taxpayer request was cancelled (Westwood Construction (cancelled base on none compliance with domestic taxes payment)).

## CONTROL OF RETURNS

### Assessment, Analysis & Accounting (AAA)

The AAA section raised a total of Seven Hundred and twenty-nine (729) bills to delinquent taxpayers resulting in US\$6.2 million including penalty and interest charges. The principal tax constitutes 89.33 percent while the penalty and interest charges constitute 10.67 percent.

**Table 13**  
Delinquent  
Assessment by  
AAA, FY2019/20  
(In thousands of  
Dollars)

No	Number of Bills	Tax Kind	Total Tax	Total P & I	Total Tax Due
			US\$	US\$	US\$
1	729	CIT/W/H	5,700	562	6,262

Source: LRA Tax Administration System

To ensure the timely payments and filings of due and payable taxes for the fiscal period FY2019/20, the section took some proactive measures. These measures include; reminder phone calls to all active taxpayers, reminder emails which included an update of exchange rates and also collaborated with the Banking Services Center of the Taxpayers' Services Division to make follow-up calls to taxpayers who have paid their taxes via the direct transfer but didn't file the requisite tax returns for the period.

Over the years, government's focus on taxation of natural and legal persons has been on personal income tax (PIT) through pay-as-you earn (PAYE) system and the Corporate Income Tax (CIT) collected from the private sector through voluntary self-assessment regime. This is due to ease of monitoring by relying on employers, business owner and tax consultants. This concentration of self-assessment has left a huge CIT gap ranging from withheld amounts collected by Private Sector entities and not remitted or amounts not withheld at all. In consideration of this, the Large Tax Division held six (6) tax clinics and four (4) tax dialogues with the private sector with the sole purpose of enhancing voluntary compliance through tax enlightenment to facilitate voluntary tax compliance.

## ENFORCEMENT ACTIVITIES

For FY 2019/20, the division was tasked with an 80 percent collection of debt as a key activity to be carried out by the legal collections and enforcement section. In line with this key activity, assessments bills raised by both AAA and the Audit section for the period were served the respective taxpayers.

As per the provisions of section 70 (c) of the Liberia Revenue Code, an assessment served becomes final after a 30 days period. Considering this core LRC provisions, assessments for the period were served and enforced accordingly. Other enforcement actions carried out included 72 hours warnings, as well as recommendations to LRA legal Department for closure.

I. The amounts outstanding at the end of the fiscal year are composed of the following:

- US\$141.1 million; representing 277 taxpayers assessments forwarded for closure actions after exhausting all enforcement activities ranging from serving of assessment, periodic

field visits, phone calls and 72 hours warnings;

- US\$141.1 million, representing 732 assessments protested by various taxpayers with the LRA legal protest division with no resolution reached at June 30th, 2020; and
- A total amount of US\$69.3 million representing penalty and interest charges qualified for write-off as under the various Tax Arrears Payment Incentive Scheme (TAPIS), 100, 50 and 30 percent.

II. As per the LTD work plan, the enforcement section Key Performance Indicator (KPI) relative to debt portfolio management should have been attained at 80 percent on all collectibles.

The collections and enforcement section of the Large Tax Division enforced and collected the following amounts as per assessments provided by the AAA, Audit and NRTS.

LTD/AAA Assessments: USD6.1 million; or 5.56 percent of the total collections;

LTD Audit Bills: USD5.0 million of the total collections; and

NRTS Bills: USD11.0 million

SOEs BILLS USD3.3 million

## AUDIT ACTIVITIES

The primary role of the Liberia Revenue Authority (LRA) Audit function is detecting and deterring non-compliance with the Revenue Code of Liberia, Executive orders, Administrative regulation promulgated by the Commissioner General or the Minister of Finance and Development Planning (MFDP), and other laws, regulations and concessions enacted by the National Legislature. In addition to the primary role of the Large Tax Audit Section as stated above, we are often require to interpret complex laws, carry out intensive examinations of taxpayers’ books and records, while through our numerous interactions with taxpayers operating as the “public face” of the Liberia Revenue Authority.

Findings emanating from the Large Taxpayers Audit assessments shall inform the decision of the LRA to deter non-compliance taxpayer with penalty and execute the collection of assessments bills through the Legal Collection & Enforcement. Further, copy of the findings shall be shared with Risk Enterprise Department to adequately guide in their planning process to highlight taxpayers who are inherently risky.

## CASES COMPLETED

The below table shows a summary of the audit activities initiated during the period.

	PLANNED		AMENDED
	2018/2019	2019/2020	2019/2020
Audit Cases brought forward	43	53	53
Cases added during the year	47	54	69
<b>Total cases to be audited</b>	<b>90</b>	<b>107</b>	<b>122</b>
Cases completed and served	85	72	72
Taxpayers closed / not located	0	0	0
Audit cases rolled forward	85	72	72

**Table 14**

Summary of Large Tax Audit Activities



	PLANNED		AMENDED
	2018/2019	2019/2020	2019/2020
% of Completion	94%	67%	59%
% of Incompletion	6%	33%	41%

Source: LRA Tax Administration System

## AUDIT ASSESSMENT RAISED

As a result of the cases audited during the period, the following assessments were raised:

**Table 15**

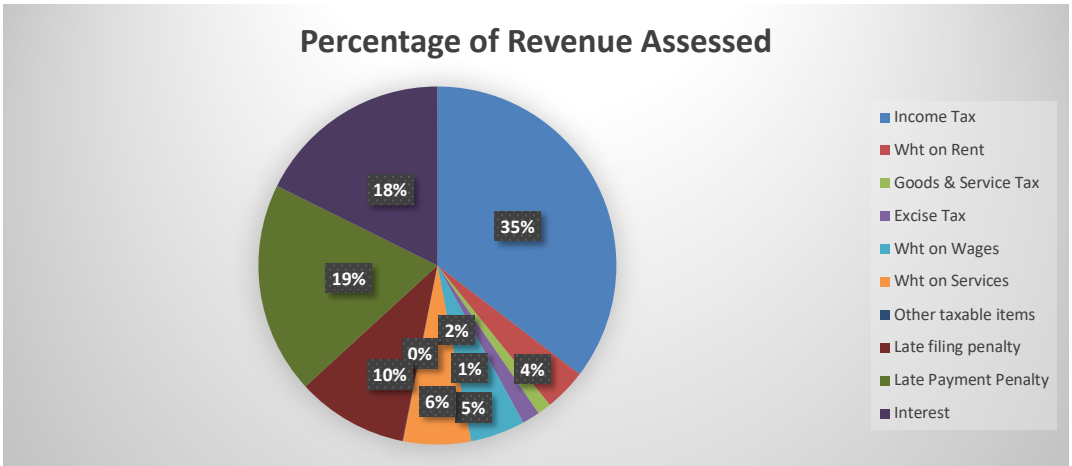
Large Audit  
Assessment Raised

	ASSESSMENT			RATE	CUMULATIVE
	Num (s)	USD	LRD		USD
Jul-19	1	12,979	-	1	12,979
Aug-19	8	557,061	-	1	557,061
Sep-19	5	135,594	-	1	135,594
Oct-19	5	91,379	-	1	91,379
Nov-19	5	90,580	-	1	90,580
Dec-19	10	259,014	-	1	259,014
Jan-20	3	58,059	-	1	58,059
Feb-20	5	617,405	-	1	617,405
Mar-20	9	1,788,653	124,399,214	196	2,423,342
Apr-20	7	774,721	-	1	774,721
May-20	6	224,145	479,206	196	226,590
Jun-20	8	190,663	149,2029	196	198,275
<b>TOTAL AUDIT TO DATE</b>	<b>72</b>	<b>4,800,253</b>	<b>126,370,449</b>		<b>5,444,999</b>

	Num (s)	Amended Num (s)
Audit cases brought forward	53	53
Cases added in 2019/2020	54	69
Total cases to be performed	107	122
<b>TOTAL OUTSTANDING</b>	<b>35</b>	<b>50</b>
<b>% OF COMPLETION</b>	<b>67%</b>	<b>59%</b>

During FY 2019/20, seventy-two (72) audit cases were completed and served out of the total planned cases of 107 audits started during the period. Total audit cases completed and served during the fiscal year 2018/19 were eighty-five (85). Total revenue generated from the tax audits completed and served during the Fiscal year 2019/20 was US\$5.4 million which can be broken down into US\$4.8 million and L\$126.3 million. The amounts reported as assessed tax revenue are inclusive of penalties and interest computed to penalize taxpayers for non-compliance.

During the period under review, audit assessment raised were from the following sources in terms of tax kinds:



The highest tax type contributing to 35 percent of the total audit assessment was Income Tax (CIT/ Advance CIT). Most of the taxpayers were also penalized for not withholding taxes and remitting same to the Government of Liberia. The late payment penalty stands at 19 percent with 18 percent as Interest on the taxes not paid.

**LOSSES OVERTURNED**

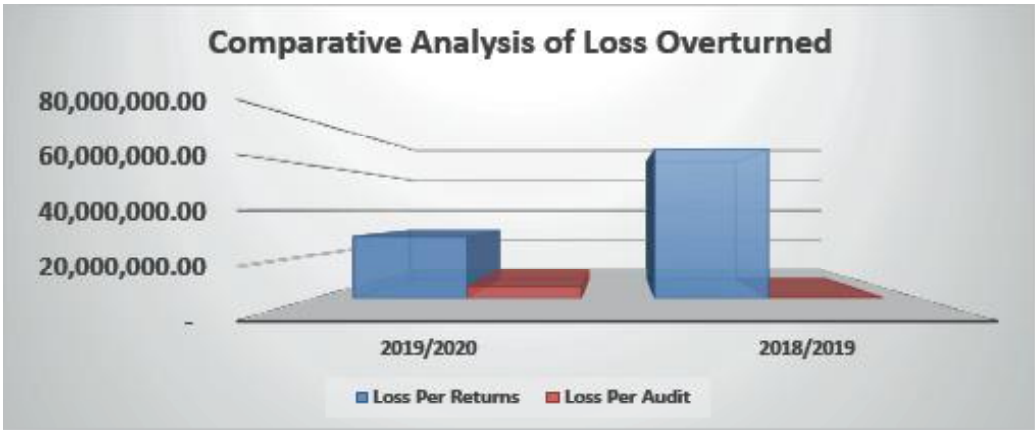
During the period under review, it was noted that the seventy-two (72) audit cases completed and served, thirty-seven (37) taxpayers reported losses. As per the audit procedures performed, a total loss of US\$22.9 million was overturned and of which there were five (5) cases with losses in sum of US\$5.1 million carried forward.

**COMPARATIVE ANALYSIS OF LOSS OVERTURNED**

Below are the table & graph showing the comparative loss overturned for FY2018/19 and FY2019/20:

Description	2019/2020	2018/2019
	US\$	US\$
Loss Per Returns	28,131,349	67,392,013
Loss Per Audit	5,157,259	443,144
Loss Overturned	22,974,090	66,948,868
% of Loss Recovered	28%	99%

**Table 16**  
Loss Overturned



## AUDIT YIELD

During the period, the Domestic Tax Department recovered some of the audit assessments. From monthly collection reports received from the Legal Collection and Enforcement Section, US\$2.4 million of the audit assessment were collected. The low audit yield noted can be attributed to protest of GN Bank Liberia Limited, and Liberia Cement Corporation to audit findings during fiscal year 2019/20, and the issuance of Executive Order No. 89 granting taxpayers' waiver of penalties and interest.

Below is a monthly summary of the audit yield:

**Table 17**  
Monthly  
Audit Yield

	Collection				Cumulative
	Num (s)	USD	LRD	RATE	USD
Jul-19	4	72,960		1	72,960
Aug-19	7	295,360		1	295,360
Sep-19	4	73,338		1	73,338
Oct-19	0	-		1	-
Nov-19	5	76,426		1	76,426
Dec-19	9	199,220		1	199,220
Jan-20	4	40,941		1	40,941
Feb-20	4	102,408		1	102,408
Mar-20	4	43,252		1	43,252
Apr-20	13	1,314,056		1	1,314,056
May-20	5	66,539	12,000	196	66,601
Jun-20	8	112,558	1,492,029	196	102,171
Total Collection TO Date	67	2,397,058	1,504,029		2,404,731

**Table 18**  
Audit Risk  
Analysis per  
Audit Type

Tax Kinds	Assessment		
	USD	LRD	Total in USD
Income Tax	1,918,049	1,658,275	1,926,510
Withholdings Tax on Rent	205,576	441,942	207,831
Goods & Service Tax	67,931		67,931
Excise Tax	86,525		86,525
Withholdings Tax on Wages	50,940	42,749,882	269,052
Withholdings Tax on Services	238,375	18,527,963	332,905
Other Taxable Items	1,596		1,596
Late Filing Penalty	547,890	90,103	548,349
Late Payment Penalty	800,122	47,460,544	1,042,267
Interest	883,251	15,441,739	962,035
Total	4800,254	126,370,448	5,445,002
Exchange Tare	196		

## MEDIUM TAX DIVISION

The Medium Tax Division (MTD) is the arm of the Department of Revenue responsible for ensuring the compliance of taxpayers in the medium category. The main criteria used to categorize taxpayers is the gross annual turnover and as such, medium taxpayers are taxpayers with gross annual turnover of more than L\$3 million and up to L\$30 million.

The Division currently consists of three sections: Accounting, Assessment & Analysis Section, Audit Section, and Enforcement Section. The Division is expected to roll out rural Medium Tax Offices in future period to further enhance compliance in large cities outside Montserrat. The Division is headed by an Assistant Commissioner who is assisted by three Managers that head various sections as follows:

1. Accounting, Assessment & Analysis (AAA) Section is responsible for the maintenance of taxpayers file to ensure proper filing and payment of taxes per the due date. The AAA Section raises estimated assessment where taxpayers fail to file and pay taxes to bring them to compliance. Officers in this section are assigned into teams monitor taxpayers grouped by their economic sector.

The AAA Section consist of a total of 17 staff including the Manager. The Section manages a tax roll of approximately 12,000 taxpayers.

2. Audit Section is responsible to ensure proper reporting through periodic verification of taxpayers' declarations usually done on a risk basis. The Audit Section consist of a total of 25 staff including the Manager.
3. Enforcement Section is responsible to ensure the delivery of assessment that may be generated due to failure to file and pay taxes on time or due to audit of a taxpayer's declaration. The section is also responsible to carry out exercises aimed at capturing new businesses outside the tax net. Officers in this section are assigned into teams based on geographic locations or zones.

## COLLECTION STATISTICS

Collection for the fiscal year 2019/20 per the TAS report is US\$18.8 million against a projection of US\$17.9 million indicating that the Division over-performed by US\$0.94 million.

## ACCOUNTING, ASSESSMENT & ANALYSIS

The Division submitted a list of 3,724 taxpayers for suspension and so far, 1,343 taxpayers have been suspended with the rest pending further investigation.

The Division has started work with the Domestic Tax Modernization team to plan the roll out of medium taxpayers to the e-filing platform. However, the plan has been halted due to COVID 19 pandemic and ensuing state of emergency.

The e-tax clearance process is fully operational, and the processing time has been reduced from 3-7 days on the average to 1-3 days! Taxpayers can now apply online using computer or mobile device and can upload documents or download approve certificates from the platform.

While the Division tried to work with the Desk Review for the compliance review since the 2nd quarter, this has been significantly halted due to huge challenges faced by AAA Officers in viewing taxpayers' returns. The first issue is that historical files forwarded for scanning has not been uploaded to the system! This issue has not been resolved for more than a year now and was highlighted in the quarterly reports submitted during the fiscal year. In addition to this, there are still some issues with respect to the number of annual returns for medium taxpayers have not been uploaded to the RG3 platform.

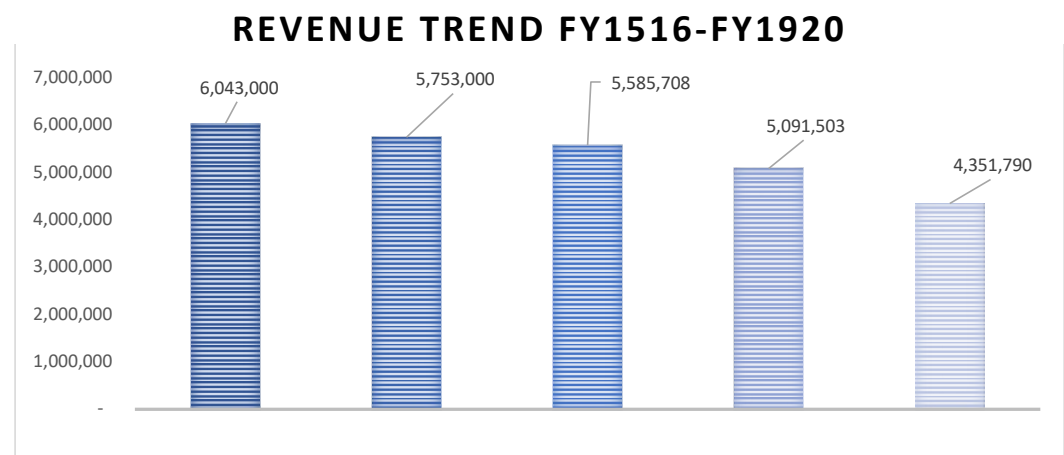
Staff to tax roll size ratio remains high at the average 1:530 which makes it difficult for the individual Officers to fully complete the monitoring of the assigned tax roll monthly. An Officer would more efficiently monitor 50 to maximum 75 taxpayers per month, however, we could look at targeting a ratio of 1:200 for now.

Tax Clearance: The total number of tax clearance approved for the quarter was 470 while 17 were outstanding as at March 31, 2020.

## REAL ESTATE TAX DIVISION

The Division of Real Estate Tax is responsible for the collection of taxes on land and building. This Report gives an overview of the Division activities with respect to collection and implementation of its business plan which is aligned to the overall strategic plan of the Domestic Tax Department (DTD). The report contains the following key issues: summary of collection for the fiscal year 2019/20, comparative trend analysis of Real Estate Tax collection for the fiscal periods from 2015/16, 2016/17, 2017/18, 2018/19, 2019/20, and status of the implementation of its business plan.

RETD Revenue  
Trend FY2015/16  
– FY 2019/20



As shown in the figure above, new property discovery and registration in the authority's tax administration system has been steadily increasing, peaking in FY2015/16 at US\$6 million on account of massive awareness and education campaign, a new construction boom, favourable economic climate, tax incentives/waivers, especially interest and penalties on delinquent taxes, and the execution of jeopardy assessments. These initiatives together helped peak property tax revenue collection in 2015. We experienced substantial decline in property discovery and registration for the years which followed due to lack of logistical support, national crisis, competing demand for revenue collection against property discovery and registration, and the challenges involved in property ownership identification in the absence of national property/land registry.

There is a need for adequate property mapping and data collection to help increase base coverage and revenue collection. This is the vision of the division and it needs adequate investment from the national government. Consistent with this vision, the LRA should give serious consideration to outsourcing the property mapping and data collection for efficiency, considering the current capacity constraint in the Real Estate Division.

## NATURAL RESOURCE TAX

NRTS is a specialized tax section within the domestic tax department responsible for administering taxation in the natural resources sector of Liberia. The section is responsible for Audit and Analysis, Assessment and Accounting functions in the Mining, Petroleum, Agriculture and Forestry sectors. As at June 30, 2020, the section managed a total tax roll (inclusive of active and inactive taxpayers)

of two thousand eight hundred and eight-one (2,881) taxpayers (Petroleum taxpayers were removed from the tax roll, Mining 2,157 (inclusive of Class C Miners) with 65 active, Agriculture 484 with 28 active and Forestry 240 with 25 active taxpayers). Although section consisted of two thousand eight hundred and eight-one (2,881) taxpayers, only one hundred and eighteen (118) taxpayers were active up to June 2020. The data cleansing project and process are ongoing to identify non-existence taxpayers, wrongly classified, etc. to ensure the tax roll reflects correction information of taxpayers' database. The team commenced reporting using the SIGTAS tax roll as of January 1, 2019 but is adjusting for inactive taxpayers. Currently, the section consists of a manager, two supervisors, eight auditors and five compliance officers. This report summarizes the activities undertaken by the Natural Resources Tax Section (NRTS) for the FY 2019/20 from July 1, 2019 to June 30, 2020.

## CUSTOMS COMPLIANCE & ENFORCEMENT INTERVENTION

The Customs budget approved by the National Legislature for FY2019/20 was US\$154.6M. The actual revenue collected by the department for the fiscal year was US\$150.2M. This amount was US\$4.4M, or 3 percent, below the budgeted amount. The underperformance in revenue was largely on account of two factors. First, the volume of commercial trade was on a decreasing trend at the start of the fiscal year. The monthly imports from July to January were all lower than the corresponding months in the preceding year. The second factor then came to the fore in February: Covid-19 caused a pandemic and measures were taken to limit the spread of the virus. These measures came at a high economic cost, and caused a decrease in revenue. In May and June, imports made a strong rebound to recover some of the lost ground, but not all of it.

The Compliance and Enforcement Division consists of Post Clearance Audit (PCA), Anti-Smuggling, Risk Management and Collection and Enforcement units. Their activities are summarized in tables 18 & PCA activity figure.

### POST CLEARANCE AUDIT

During the period, the unit undertook two hundred nineteen (219) activities. One hundred ninety-nine (199) bills were raised amounting to US\$1.1 million in duties and taxes and L\$12.2 million in penalties and fines whilst twenty (20) assessments were done for auction activities amounting to US\$72.7K and L\$1.1 million.

BILL RAISED			
ACTIVITY TYPE	S/N	USD	LRD
Desk Rev. Audit (PCA)	21	108	400
Comprehensive Audit	52	287	2,400
Issue Rev. (IAD, RMU, OTH.)	33	339	850
Auction	20	73	1,142
PCA & ASIU Int.	93	390	8,600
TOTAL	219	1,196	13,392

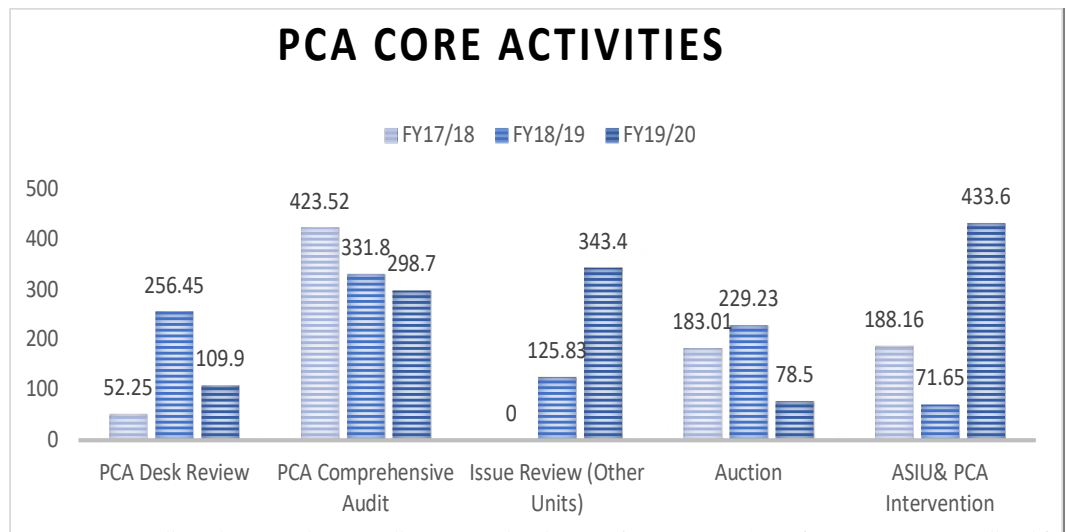
SOURCE: PCA bill Tracker

**Table 19**

PCA Core Activities FY19/20

A comparative analysis of the Unit's performance for FY19/20 with the past fiscal periods revealed reduction in revenue bills raised for comprehensive audit and auction activities, which can be attributed to the COVID-19 pandemic. Refer to the figure below for details of the comparative analysis:

#### Comparative Analysis of Revenue Bills raised



SOURCE: PCA Bill Tracker NB: Liberian Dollar converted at the rate of US\$1=L\$196 (Data for auction was not collated for FY17/18).

## COLLECTION AND ENFORCEMENT UNIT

Table 20 depicts the activities of the Collection and Enforcement Unit for the period under consideration. As analysed in the below table; the total bill raised was US\$1.03 million and L\$11.3 million while US\$494K and L\$5.03 million was recovered respectively. The debt-to-collection ratios (DTR) for US\$ and L\$ transactions were 87 and 84 percent, correspondingly. The DTR calculation is based on unprotested bills and not the total bills issued by the Collection and Enforcement Section. Protested bills are still undergoing legal considerations with the protest and appeals team in the Legal Department.

**Table 20**  
Collection and Enforcement (In Thousands of US Dollars)

DESCRIPTION	USD	LRD
Bill Paid	493.84	5,037.50
Outstanding Part Payment	125.12	1,862.50
No Payment	70.99	950.00
Auction	0.00	0.00
Taxpayer Can't Be Located	48.26	2,400.00
Protested Bill	295.75	1,050.00
Total Bills Raised	1,033.97	11,300.00
DTR	87%	84%

Table 21 also depicts the comparative trend of FY2018/19 & 2019/20 of the Collection and Enforcement Unit. As indicated in the table, the United States Dollars DTR fell from 89.9 percent in FY2018/19 to 87.4 percent in FY2019/20, while the Liberia Dollars DTR increased from 43.8 percent in FY2018/19 to 84.1 percent.

<sup>1</sup>The debt to collection ratio is calculated by dividing the total amount paid by the total receivable.

Desc.	(In USD)			(In LD)		
	FY18/19	FY19/20	% change	FY18/19	FY19/20	% change
Receivable	473	565	19%	2,000	5,988	199%
Amount Paid	425	494	16%	875	5,038	476%
Outstanding	18	125	607%	25	1,863	7350%
DTR	89.9%	87.4%	-2.7%	43.8%	84.1%	

**Table 21**

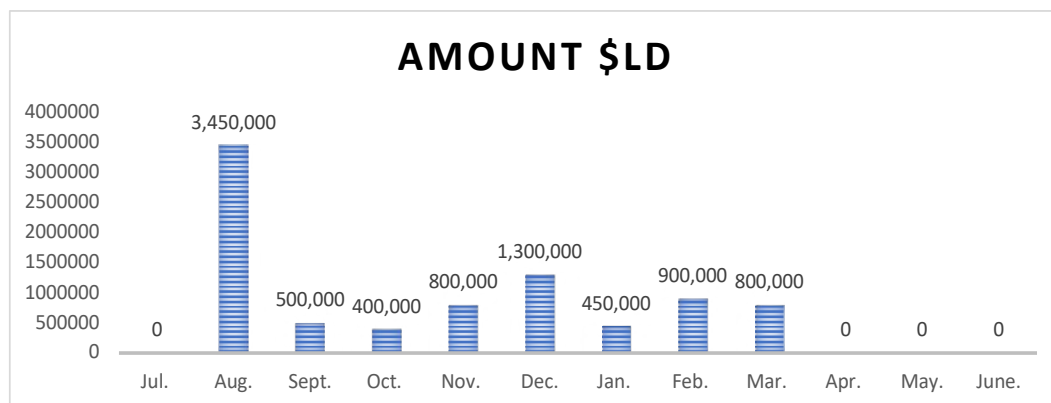
Enforcement  
FY18/19 & 19/20  
Comparative  
Trend (In  
Thousands of  
Dollars)

### Anti-Smuggling and Investigation Unit (ASIU)

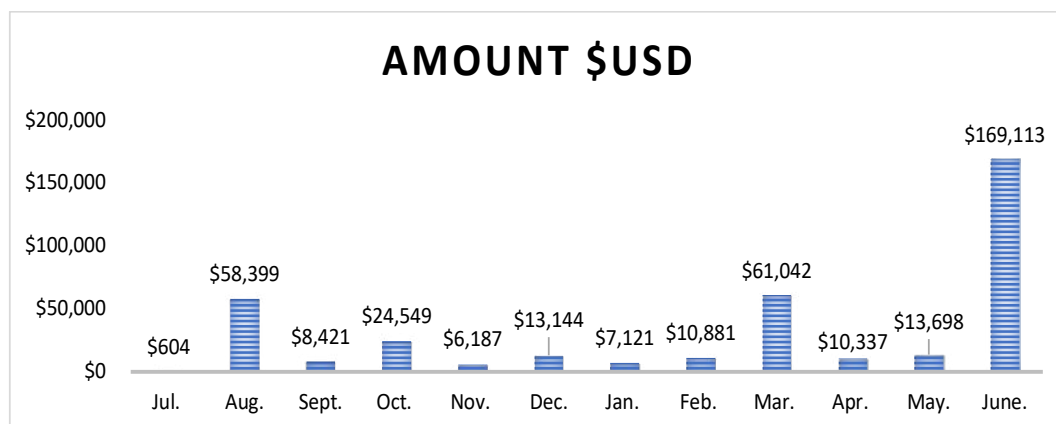
This section reflects the workings of ASIU in compiling analysis that shows a total of 108 Interventions which resulted into a cumulative revenue of L\$8.2 million and US\$383.4K for the period under review.

Examining more closely as depicted in the figures below, the interventions of ASIU, produced revenue according to monthly interceptions in both L\$ and US\$. Due to increases in activities and the corresponding revenue generated, the month of August recorded a total of L\$3.4 million in penalties and fines. The Unit also collected US\$169.1K in June. This amount represented the highest revenue recovered for the period under consideration.

ASIU Liberian Dollars Trend



ASIU Liberian Dollars Trend





## Customs Risk and Intelligence

This section presents the extent to which the Risk and compliance management strategy had performed during FY2019/20 by the use of ASYCUDA selection of declarations made under different Customs regimes and procedures in a way that measures and evaluates the Customs Department controls.

### Freeport CBO Selectivity Analysis

The below tables show the selection of all declaration at the Freeport CBO for FY2019/20 in various customs regimes and procedures. As depicted in Table 22, Import for home consumption (PSI4, IM4 & COM4) accounts for 96 percent of all declarations made and 86 percent of total value of trade at the Freeport CBO. Tables 22 & 23 show the distribution of lanes selection and general hit rate at the Freeport CBO. The Lane Selection which is Red, Yellow, Green or Blue is a measure of customs interventions and extent thereof while the hit rate illustrates the total inspection and their discrepancies results.

**Table 22**

Freeport CBO  
Selectivity  
Analysis for  
FY 2019/20  
(CIF & Fees In  
Thousands of  
Dollars)

Type	No. Dcl.	No. Dcl%	RED	YELLOW	BLUE	CIF	CIF %	Fees
COM 1	5	0%	0	5	0	1,563.12	0%	19.54
COM 3	1	0%	0	0	1	10.08	0%	-
COM 4	111	1%	15	87	19	14,182.64	1%	1,587.73
EX 1	319	2%	6	307	12	102,110.05	11%	994.67
EX 3	76	0%	1	75	1	5,930.51	1%	3.00
IM 4	3,539	20%	615	2,269	929	203,384.21	21%	11,345.32
IM 5	51	0%	0	41	10	437.64	0%	-
IM 7	1	0%	0	1	0	29.32	0%	-
IM 8	82	0%	17	63	16	8,893.49	1%	224.20
PSI 4	13,548	76%	4,613	5,748	3,289	609,961.96	64%	103,317.15
PSI 7	83	0%	64	14	5	7,667.76	1%	-
SRC 4	1	0%	1	0	1	285.90	0%	75.76
SRI 4	10	0%	0	4	6	2,248.96	0%	0.00
<b>Total</b>	<b>17,827</b>	<b>100%</b>	<b>5,332</b>	<b>8614</b>	<b>4289</b>	<b>956,705.64</b>	<b>100%</b>	<b>117,567.37</b>

**Table 23**

Freeport CBO  
Lane Distribution  
for FY2019/2020

Description	RED	YELLOW	BLUE	Total Dec.
No. of Declaration/Lane	5,326	8,614	4,289	18,229
Percentage	29.21%	47.25%	23.52%	100%

**Table 24**

Freeport's  
General Hit Rate

Description	Inspection	Discrepancies	Hit Rate
Total Red Selection/inspection	5,332	242	5%

### Roberts International Air (RIA) Port CBO Selectivity Analysis

As depicted in Table 23, imports for home consumption accounts for 95 percent of all declarations made to Customs and 100 percent of total value of trade at the RIA CBO while Table 25 presents the lane distribution for the period under consideration.

Type	No. of Decl	Decl %	Red	YEL	GRE	BLU	CIF	CIF %	Duties
COM 1		0						0	
COM 4	29	1%	1	17		11	456.35	1%	5.03
EX 1		0%					-	0%	0.00
EX 3	18	0%		7		11	63.25	0%	0.60
IM 4	3,064	73%	299	1,824		1,009	34,222.95	79%	1140.84
IM 5		0%					-	0%	0.00
IM 7	1	0%		1			3.30	0%	0.00
IM 8	5	0%		5			20.19	0%	0.03
PSI 4	176	4%	29	112		40	2,427.26	6%	487.60
SDI4	760	18%	295	403		71	507.48	1%	121.11
SRC4	1	0%		1			1.80	0%	0.00
SRI 4	172	4%	5	17		150	5,478.73	13%	29.53
Total	4,226	100%	629	2,387		1,292	43,181.32	100%	1784.74

Source: ASYCUDA

Description	RED	YELLOW	GREEN	BLUE	Total Dec.
No. of Declaration/Lane	629	2,387		1,292	4,226
Percentage	14%	56%		30%	100%

**Table 25**

RIA CBO Selectivity Analysis for FY 2019/20 (CIF & Duties in Thousands of Dollars)

**Table 25**

RIA CBO Lane Distribution for FY2019/2020

# Trade Facilitation

## IMPORTS

The information in this section comprises data captured in the Automated System for Customs Data (ASYCUDA) and is detailed according to the Customs procedure regimes. Total imports, including bonded draw-down<sup>2</sup> for FY2019/20 were valued at US\$1.18 billion. Direct imports constituted 87 percent of the total imports while imports under the suspense regime accounted for 13 percent. Over 50 percent of the total imports for the fiscal year were pre-inspected in countries of export before shipment. Table 27 provides summary details.

**Table 27**  
Total Imports  
According  
to Customs  
Procedures  
(Thousands of  
US Dollars)

Indicator	CPC Description	FY 18/19	FY 19/20	%	Share
		CIF	CIF		FY19/20 (%)
					Percentage
<b>Direct Import</b>		1,179,425	1,033,465	-12%	87%
	Pre-shipment Inspection Outside ECOWAS (PSI)	739,579	637,511	-14%	54%
	Imports for Direct Home Consumption	725,206	629,267	-13%	53%
	Imports for Bonded Warehouse	14,373	8,244	-43%	1%
	Destination Inspection outside of ECOWAS (IM)	283,037	221,089	-22%	19%
	Imports for Direct Home Consumption	279,378	215,385	-23%	18%
	Transit & Transshipment	3,121	5,161	65%	0%
	Imports for Bonded Warehouse	268	105	-61%	0%
	Temporary Imports	270	438	62%	0%
	Destination Inspection within ECOWAS (COM)	128,792	166,656	29%	14%
	Imports for Direct Home Consumption	17,342	11,816	-32%	1%
	Imports for Bonded Warehouse	111,437	154,839	39%	13%
	Temporary Imports	13	0	-100%	0%
	Special Release Outside of ECOWAS (SRI)	27,312	7,811	-71%	1%
	Imports for Direct Home Consumption	27,312	7,811	-71%	1%
	Simplified Declaration Outside the ECOWAS (SDI)	675	397	-41%	0%
	Imports for Direct Home Consumption	675	397	-41%	0%
	Special Release Within ECOWAS (SRC)	29	2	-93%	0%
	Imports for Direct Home Consumption	29	2	-93%	0%
<b>Bonded Import</b>		254,680	155,590	-39%	13%
	Destination Inspection within ECOWAS (COM)	241,245	146,887	-39%	12%
	Imports for Direct Home Consumption	241,245	146,887	-39%	12%
	Destination Inspection outside of ECOWAS (IM)	13,436	8,703	-35%	1%
	Imports for Direct Home Consumption	13,436	8,703	-35%	1%
<b>Total</b>		1,434,105	1,189,055	-17%	100%

Source: ASYCUDA

<sup>2</sup>Bonded draw-down imports are goods that have been stored in a warehouse against a guarantee and are entering the market. They have already been accounted for when they first entered the country.

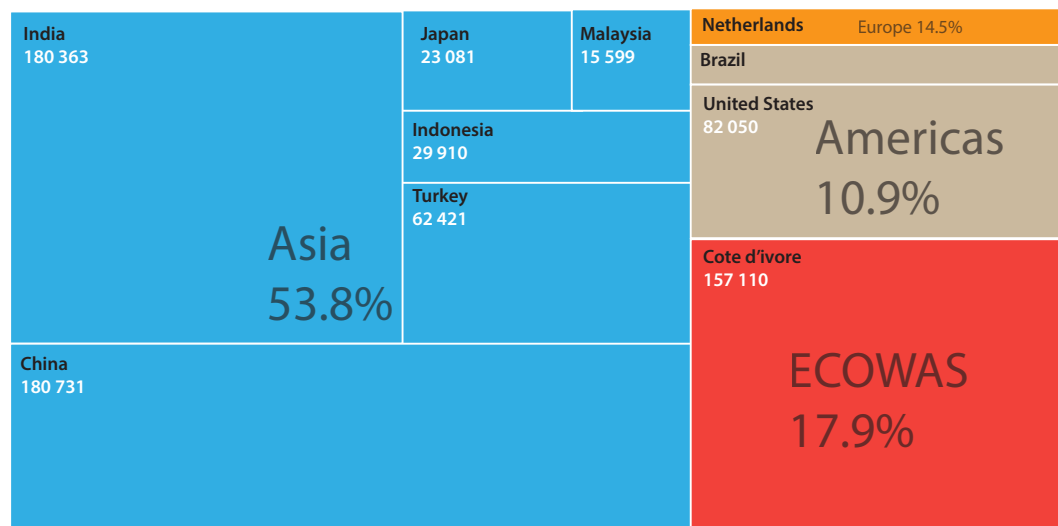
Table 28 below disaggregates imports into commercial and non-commercial under both permanent and suspense regimes for the comparative periods of FY 2018/19 and FY 2019/20. Taxable imports experienced 21 percent fall from US\$417M in FY 2018/19 to US\$328.6 million in FY 2019/20. In the same vein, nontaxable imports declined by 8 percent from US\$762.1 million in FY 2018/19 to US\$704.78 million in FY 2019/20. These declines are attributable to sharp fall in importation on account of the Corona Virus Pandemic.

Description	FY 18/19	FY 19/20	%
Direct Import	1,179,425	1,033,465	-12%
Non-Com	762,156	704,775	-8%
Com	417,269	328,691	-21%
Bonded Import	254,680	155,590	-39%
Com	245,281	149,483	-39%
Non-Com	9,399	6,106	-35%
Total	1,434,105	1,189,055	-17%

**Table 28**

Total Imports into Permanent and Bonded Regimes (Thousands of US Dollars)

The chart below summarizes the total imports for the fiscal year according to regions of importation. More than half of the import for the reporting period originated from Asia, with China and India accounting for the bulk of the Asian imports. African import predominantly originated from the ECOWAS region, accounting for almost 18 percent of the total imports. Cote d’Ivoire led the imports originating from Africa as the result of the huge importation of petroleum products. Europe led by the Netherlands, accounted for about 15 percent of the total import. The Americas which was led by the United States and Brazil accounted for almost 11 percent.



Total Imports from Regions and Top Ten Countries (Thousands of US Dollars)—FY 19/20

Source: ASYCUDA

In the above figure, each country of the world is colored according to the value of exports to Liberia during FY2019/20. The top countries are China, India, Côte d’Ivoire, and the United States. In Latin America, Brazil stands out as Liberia’s largest trading partner. Intra-regional trade remains relatively low apart from trade with Cote d’Ivoire, which is an outlier as the value of the trade is largely on account of petroleum products.

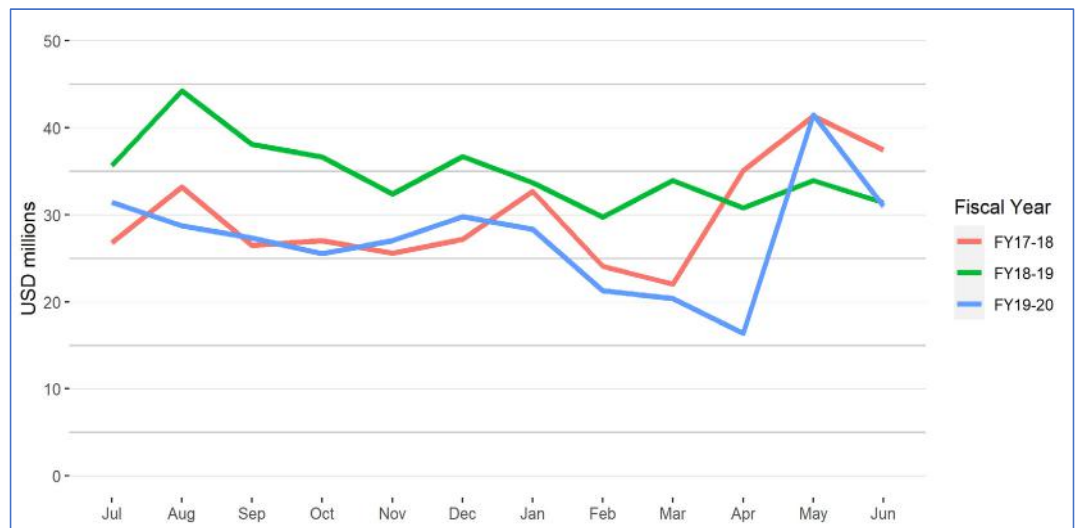
Map of Imports  
by Country-FY  
19/20



Source: ASYCUDA

The commercial imports for FY2018/19 and FY 2019/20 were lower than in the previous year for the first three quarters of the fiscal year. Figure below illustrates this. The general trend last fiscal year was a decline, but imports saw a strong rebound in May and June. Perhaps this recovery will continue in FY2020/21.

Trend for  
Commercial  
Imports — FY  
17/18 - FY 19/20



Source: ASYCUDA

The below figure shows the trends of commercial and non-commercial trade. As shown below, the commercial imports were on a decreasing trend before rebounding in May and June. The non-commercial trade was very volatile. The value of non-commercial imports was very high in March, partly due to an importation of 1.3M bags of rice with a total value of US\$17.3 million. In the same month, Liberia Electricity Corporation also received a large shipment of electricity meters, worth US\$5 million. In June, there was a large importation of partially exempted petroleum products for Conex, worth about US\$22 million. This contributed to another jump in non-commercial imports.

Import Trend  
Comparative  
Analysis—  
Commercial  
& Non-  
commercial FY  
19/20



Source: ASYCUDA

## Principal Imports According to Commodities

This section summarizes the principal imports for the fiscal period according to commodity sections and chapters (HS descriptions). Importation for home consumption was valued at US\$1.03 billion, of which commercial imports constituted 32 percent, while non-commercial imports accounted for 68 percent. While aggregate imports decreased by 17 percent, the taxable component of the import value in FY2019/20 declined by 21 percent compared to the previous year. The top six commodity groups, which accounted for 72 percent of the total importation, declined by 21 percent, while the remaining commodities decreased by 22 percent. See Tables 29 and 30 for details.

Section	HS Commodity Description	FY 2018/19	FY 2019/20	Change	FY 19/20 Share
I (1-5)	Live Animals; Animal Products	75.095	64.932	-14%	18%
IV (16-24)	Prepared Foodstuffs; Beverage & Tobacco	73.829	62.234	-16%	18%
XVI (84-85)	Machinery, Mechanical Appliances & Parts	59.45	41.062	-31%	14%
XVII (86-89)	Vehicles, Aircraft, Vessels & Associated transport Equip	37.716	27.656	-27%	9%
XV (72-83)	Base Metals And Articles Of Base Metal	29.714	18.964	-36%	7%
VI (28-38)	Products Of The Chemical Or Allied Industries	25.825	23.447	-9%	6%
Major Com Import		301.629	238.295	-21%	72%
Other Com		115.64	90.395	-22%	28%
Total Com Import		417.269	328.691	-21%	100%

Source: ASYCUDA

Section	HS Commodity Description	FY 2018/19	FY 2019/20	Change	FY 19/20 Share
II (6-14)	Vegetable Products	155.821	150.087	-4%	20%
V (25-27)	Mineral Products	139.488	170.328	22%	18%
XVI (84-85)	Machinery, Mechanical Appliances & Electrical Equip	122.198	109.295	-11%	16%
XV (72-83)	Base Metals And Articles Of Base Metal	95.778	46.013	-52%	13%
VI (28-38)	Products Of The Chemical Or Allied Industries	58.441	57.783	-1%	8%
VII (39-40)	Plastics And Articles Thereof; Rubber And Articles Thereof	47.048	48.736	4%	6%
Major Non Com Import		618.774	582.242	-6%	81%
Other Non Com		143.382	113.732	-21%	19%
Total Non Com Import		762.156	695.975	-9%	100%

Source: ASYCUDA

**Table 29**

Commercial Imports FY 2018/19 and FY 2019/20 (In Thousands)

**Table 30**

Non-Commercial Imports FY 2018/19 and FY 2019/20 (In Thousands)

## Number of imports declarations

As displayed in the figure below, the number of import declarations (in ASYCUDA) varied throughout FY2019/20 and peaked in the month of May with 1,902 customs declarations. The monthly average was 1,641 customs declarations, a 12 percent decline from last year. The lowest number of customs declarations in ASYCUDA during the fiscal year under review was 893 in the month of April.

Number of  
declarations by  
month FY19/20



Source: ASYCUDA

## EXPORTS

As described in Table 31, total exports<sup>3</sup> for the fiscal year were valued at US\$104.5 million, of which permanent exports accounted for US\$100.1 million, or 96 percent, while re-exports accounted for US\$4.4 million, or 4 percent. Temporary exports are generally a rare occurrence and none were recorded for FY2019/20. Overall, comparative total exports declined by 15 percent with block rubber, cocoa beans, and crude palm oil as the main commodities exported.

**Table 31**

Exports into  
Permanent and  
Re-exportation  
(Thousands of  
US Dollars)

Description	FY18-19	FY19-20	Change
Permanent Exports	110,097	100,107	-9%
Temporary Exports	25	0	-100%
Re-Exports	12,322	4,425	-64%
Total Export	122,444	104,533	-15%

## Exports According to Principal HS Commodities

This section summarizes the FOB values for the principal exports for the reporting period according to the HS sections and chapters. Gold and iron ore are not captured in ASYCUDA at the moment, but the remaining main exports – rubber, cocoa, and palm oil – accounted for US\$90.8 million, or 87 percent of exports in ASYCUDA, while other commodity groupings accounted for the rest as summarized in Table 32.

<sup>3</sup> Exports not recorded in ASYCUDA are not reported in this report.

Section	HS Commodity Description	FY18-19 FOB	FY19-20 FOB	Change
VII (39-40)	Plastic and rubber articles	83,526	74,794	-10%
IV (16-24)	Prepared Foodstuffs; Beverages; Tobacco	3,244	8,987	177%
III (15)	Animal or Vegetable Fats and Oils	9,318	7,018	-25%
VI (28-38)	Chemical products	3,201	4,963	55%
IX (44-46)	Wood and articles of wood	5,820	2,560	-56%
XI (50-63)	Textiles and textile articles	2,906	1,979	-32%
XVI (84-85)	Machinery, mechanical and electrical appliances	5,922	1,508	-75%
XV (72-83)	Base metals	3,250	1,011	-69%
XVII (86-89)	Vehicles, vessels	3,360	970	-71%
II (6-14)	Vegetable products	1,133	287	-75%
Major Exports		121,679	104,076	-14%
Other Exports		765	456	-40%
Total Exports		122,444	104,533	-15%

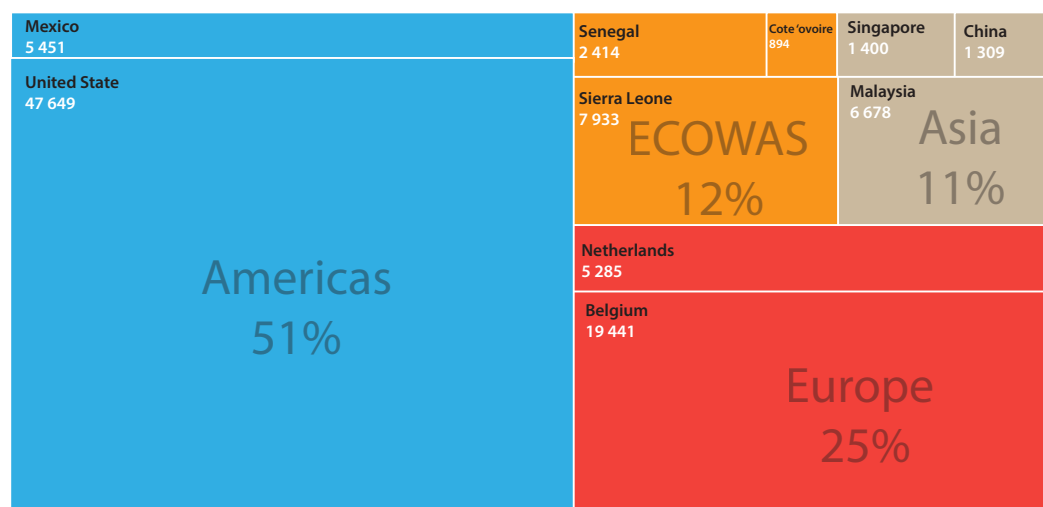
Source: ASYCUDA

**Table 32**

Exports into Principal Commodities by HS Sections & Chapter (Thousands of US Dollars)

### Exports According to major destinations

The figure below summarizes Liberia’s principal export destinations for the fiscal year according to regions and principal countries of destination. A little over half of the exports were destined for the Americas, with majority of the exports landing in the United States of America. Europe was the next highest export destination for Liberian goods; accounting for 25 percent. Belgium and the Netherlands received bulk of the Liberian exports to Europe. Trade within the African continent remain dramatically low. Africa, predominantly the ECOWAS region received a meager 12 percent of the total exports from Liberia. While Liberia receive more than 50 percent of its annual imports from Asia, only 11 percent of Liberia’s exports landed in Asia for the fiscal year under review.



Source: ASYCUDA



## Trade Facilitation & Tariff Management

The Trade Facilitation & Tariff Management Section received 45 appeal cases for FY2019/20. The number of cases received this fiscal year, drop by 33 percent when compared to the appeal cases received in FY2018/19. See Table 33 for detailed comparative analysis of FY2018/19 and FY2019/20.

**Table 33**

Appeal Cases  
Comparative  
Analysis

Case Description	FY2018/19	FY2019/20	% Change
Classification	6	14	133%
Valuation	49	29	-41%
Tax refund	12	2	-83%
Total	67	45	-33%

## Bonded & Transshipment

Bonded, Transit and Transshipment Section recorded a total collection of US\$829.4K for FY2019/20. This amount represents total duties and taxes paid on bonded goods, transshipment and warehouses quarterly fees, while the amount of US\$1.3 million was waived during the period under consideration. The duties and tax collected for the period under (FY2019/20) consideration felt by 20 percent while the total duty exempted felt by 28 percent respectively when compared to FY2018/19. See Table 34 for detailed comparative analysis of FY2018/19 and FY2019/20 and Table 35 for quantity and value of goods bonded during the period.

**Table 34**

Bonded and  
Trans-shipment  
Comparative  
Analysis

Description	FY2018/19	FY2019/20	% Change
Duty Paid	849,155.78	709,884.66	-20%
2.5% Transshipment fees paid	93,433.96	86,806.46	-8%
Quarterly Bonded warehouse fees paid	42,750.00	32,250.00	-33%
Others/Luxury Tax/ misc. bills	12,464.72	535.03	-2230%
Total Collection	997,804.46	829,476.15	-20%
Total Duty Waived	1,696,368.10	1,322,332.62	-28%

**Table 35**

Goods Bonded

Description/Type	Quantity	CIF Value
Vehicles	438	10,209,826.90
Motorcycles	150	374,880.33
Total	588	10,584,707.23

## WAIVERS

Exemption from duties and related taxes are granted by the Government of Liberia, as provided for in Section 9 (Exempt Persons) and Section 16 (Special Investment Incentives) of the Liberia Revenue Code (LRC) to concession companies; educational, medical, and other institutions; Non-Governmental Organizations (NGOs), Government of Liberia (GoL) Projects and Ministries, Agencies and Commissions (MACs); and organizations as well as individuals with diplomatic privileges. Exemptions are also granted through Executive Orders and concession agreements. The ECOWAS Trade Liberalization Scheme (ETLS) has introduced another layer of tax expenditure in the framework of a free trade area (FTA).

The total tax waived on imports dropped by an aggregate 22 percent from US\$132.9 million in FY2018/19 to US\$103.4 million in FY2018/19. General Goods for the period accounted for 93 percent while Petroleum and ETLS waiver accounted for 4 percent and 2 percent respectively. See Table 36 for details.

Description	Waived FY 19/18	FY 19/20	Change	FY Share
General Goods	119,769	96,731	-19%	93%
Petroleum	4,691	4,333	-8%	4%
ETLS Waivers	8,477	2,414	-72%	2%
Total	132,937	103,477	-22%	100%

Source: Duty Free Section

**Table 34**

Bonded and  
Trans-shipment  
Comparative  
Analysis

# Domestic Resource Mobilization

The strategic priorities of the DRM strategy are to expand the revenue base through the greater use of technology, investment in key sectors and increase in voluntary compliance. It is also intended to minimize revenue loss and enable financial deepening for savings generation. The Strategy covers the period FY 2018/19 -2021/22 and was approved by the Government of Liberia on October 26, 2018.

## Activities Report

During the Fiscal Year 2019/20 series of activities and projects were implemented under the DRM, driven by TMD. These activities are divided and grouped under the various themes of the strategy.

## GOVERNANCE

In order to implement the DRM Strategy, after the launch, the Transformation and Modernization Division (TMD) coordinated the development of the work plan for implementation of year one in concert with the Policy, Statistics and Strategic Planning Division (PPSD) and other line ministries and agencies relevant to the DRMS implementation. As part of the planning activities, consistent with the work plan, a governance structure was proposed for coordinating the implementation along with the specified term of references.

As part of the governing structure, the DRM Executive Steering Committee (DRMSC) serves as the highest decision-making body. The Minister of Finance and Development Planning and the Commissioner General of LRA serve as Chair and Co- chair respectively. It comprises Heads of relevant sector ministries as members and donor agencies as observers. The terms of reference for the Steering Committee (SC) was developed and approved along with the implementation work plan by the DRMSC. A first meeting was held on November 12, 2019 and subsequent meetings cancelled due to the Coronavirus pandemic.

Below the level of the DRMSC are various Sector-specific Technical Working Committees (STWC). In year one (1) three working groups were formulated as follows: Tax Administration, Tourism, and Tax Policy. Their TORs were also developed and approved.

A major component of the DRMS governance structure is the secretariat, which is responsible for coordinating the various activities of the DRM. Originally, the LRA should have hired a DRM coordinator and other staff to carry out this function. However, the LRA decided that the Transformation and Modernization Division will play the role of the secretariat.

## TAX POLICY

The Tax Policy Working group is headed by the Revenue Policy Division at the Ministry of Finance and Development Planning (MFDP) with the Policy, Statistics and Strategic Planning Division (PSSPD) at the LRA as member.

During the first year of the DRM implementation, some activities were implemented under the tax policy theme. These include the partial review of the revenue code, consultations on the transition from Goods and Services Tax (GST) to Value Added Tax (VAT) regime, excise stamp, tax expenditures, and non-tax revenues. However, there were other planned activities, which were not started due to various constraints. Highlights of the key activities and progress made under each of the activity is presented below:

- The contract was awarded to a Consortium of Consultants from Uganda and work has begun. Methodology for the Tax Gap Analysis study was completed and onwards validated and presented in an inception report.

- Simplification of the revenue code began with all the amendments to the Liberia Revenue Code of 2000 (LRC) and related laws that affect the code consolidated into one codified Revenue Code.
- The concept note, white paper and plan for migrating from GST regime to a VAT regime has been drafted. The technical working group was reconstituted and is currently reviewing some of the features, including coverage and refund for the anticipated modification to the GST for next fiscal year 2021/22. A process is ongoing for the recruitment of a firm to review and synchronize the existing documents with the ECOWAS protocols. A VAT impact analysis study is also planned for the next reporting period.
- As a first step for the excise reform, the Excise Law has been enacted by the national legislature of the Republic of Liberia. A nation-wide awareness, sponsored by the USAID Revenue Generation for Governance and Growth (RG3) project, is being carried out by the LRA and MFDP to sensitize the public on the new tax law and the excise reform.
- As part of the excise reform, a procurement process was initiated for the contracting of a competent company for the introduction of excise tax stamp for alcoholic beverages and cigarettes on the Liberian market.
- The existing tax expenditure framework has been reviewed and the followings have been taken into consideration:

#### Monitoring mechanism for domestic tax incentive

- Introduced rebate system for processing of duty free on high risk commodities such as sugar and gasoline
- Revised the standard operating procedures for processing duty free, and;
- Currently conducting a comprehensive empirical study for the rationalization of the tax expenditure regime. Going forward, tax expenditure analysis and report shall be submitted as an annex to the budget during budget submissions to the national legislature, beginning with FY 2021/22 budget submission.
- All administrative fees structure for ministries and agencies have been reviewed, updated and published to the general public on the MFDP and LRA websites.

## TAX ADMINISTRATION

Highlights of the key activities and progress made under each of the activity is presented below:

### CUSTOMS

- Upgraded ASYCUDA to version 4.3 and established a centralized processing unit at its headquarters to limit assessors' interactions with brokers and consignees. The second phase is to rollout ASYCUDA to five rural Customs Business Offices (CBOs) across the country.
- Developed and adopted as an addendum to the National Entry Points MOU a coordinated boarder management strategy along with National Port Authority (NPA), Liberia Immigration Service (LIS), Liberia Aviation Authority (LAA), Ministry of Commerce and Industries (MOCI), and the Drug Enforcement Agency (DEA).
- Developed a full Customs Security Program
- Implemented A WCO Anti-Corruption and Integrity Promotion (A-CIP) Program for Liberia Customs to address corruption and improve public confidence in customs and also for improved coordination and trade facilitation

## DOMESTIC TAX

- Drafted MOU for devolving real estate taxes to local government as part of a political decentralization strategy
- Drafted framework for the valuation of real properties in Liberia
- Conducted a Low-level Forensic Audit of ORANGE Liberia
- An initial research on High Net Worth Individuals is ongoing to evaluate the scope of study and potential need for technical assistance. The International Monetary Fund (IMF) has shared technical documentation with the team to further inform the scope of the study and methodology amongst others.
- Initiated consultative engagement with major actors, including Monrovia City Corporation (MCC), Ministry of Commerce and Industry (MOCI) and Paynesville City Corporation (PPCC) to obtain an in-depth understanding of the informal sector and its operation, in an effort to map Medium Small and Micro (MSM) businesses and bring the employed in the informal sector into the tax net.

## CORPORATE

- Developed a taxpayer education strategy and implementation plan targeted at educating Small and Micro taxpayers.
- Gathered significant information to inform the requirement of a tax academy with concept and framework drafted
- Developed an Enterprise Risk Management Framework (ERMF). A compliance strategy has also been developed for Large Tax Division, Medium Tax Division and Natural Resources Tax Section.
- Signed MOU with the Central Bank of Liberia (CBL) and MFDP to establish database interconnectivity between LRA, Treasury and CBL for direct automated payment of government withholding taxes.
- Another memorandum for interconnectivity exists between LRA, CBL and commercial banks for facilitating direct debiting of taxpayers bank accounts in Commercial banks to the General Revenue accounts at the CBL through revenue transitory accounts in each commercial bank for taxes and fees received.
- Completed bid and technical documentations for the acquisition of ITAS with procurement in the post qualification of bid evaluation phase.
- Completed along with National Investment Commission the procurement process for the selection of bidder to supply and operate Electronic Fiscal Devices.
- Finalized technical documentation for phase two of the mobile money project and signed MOU with one of the TELCOs, Lonestar Cell MTN.
- Integrated SIGTAS with Ecobank and United Bank of Africa (UBA) with online payment of taxes using credit/debit card launched with UBA.
- Developed and launched a mobile application on Google Play Store to facilitate registration of individuals and real properties and filing of taxes.

## SECTORAL INTERVENTIONS

- Interventions were planned under three sectors (Agriculture, Mining and Tourism). All of the sectors, except the Agriculture Sector, began implementation activities. The Agriculture Sector did not begin implementation due to the absence of a Minister. However, initial consultations were held and will continue during the next reporting period.
- Completed under the mining sector, the term of reference to conduct a study for the establishment of the Liberia Precious Metal Marketing Company (PMMC), value adding, sector developing, marketing and tax withholding institution.
- Awarded contract under the tourism sector, a consultant to develop the national tourism policy and a tourism master plan. The tourism policy has been competed pending national validation. A Tourism Act for the establishment of an independent Tourism Authority was also developed, approved and submitted to the national legislature for enactment.

## KEY CHALLENGES

- With increasing fiscal challenges resulting from the presence of the COVID-19 pandemic outbreak, the Liberian Economy plummeted in 2020 to 2.5 percent and remains in such position from the previous year. This downward trend continues to affect the global community, thus leading to decrease of returns in the business environment thereby negatively impacting the collection of lawful revenue.
- The COVID-19 pandemic which led to the declaration of a state of emergency, closure of almost all businesses and stay home requirement for almost all staff for a prolonged period greatly affected our ability to complete all of our business initiatives.
- The Internal Audit Department reported one hundred seventeen (117) auditable areas in the audit universe with only 13 Auditors in the Department, averaging a ratio of 9 auditable areas per Auditor. The global IIA's average is 3.5 to 1 respectively. In addition, the entire audit process, from planning to follow-up review is conducted manually. This puts additional constraints on Auditors and performance in the internal audit process;
- Lack of sophistication of laptops for software development and other system administration task to conduct simulation, test, cyber security among others
- Given the low integrity of the data in SIGTAS, the effective monitoring of taxpayers remains a challenge. Issues ranging from adequate taxpayer registration information, multiple accounts for one tax kind, system unable to capture non-tax due filing, etc., impedes capturing adequate filing and payment information.
- Multiple payment systems working in silos and not linked to SIGTAS including delay in pushing payments to the SIGTAS and TAS. In some instances, taxpayers' payments are not pushed to the system until three or more months later. This can be very disconcerting as AAA Officers use resources to follow up on taxpayers that have already paid months before.
- Staff to taxpayer ratio remains high at 1:685 taxpayers on the average.
- Given the low integrity of the data in SIGTAS, the effective monitoring of taxpayers remains a challenge. Issues ranging from adequate taxpayer registration information, multiple accounts for one tax kind, system unable to capture non-tax due filing, etc., impedes capturing adequate filing and payment information.
- The supply of adequate logistics remain a key impediment to the effective implementation

of planned enforcement activities. This has affected the Compliance Clustering System's operations, which included Block-mapping and verification of the inactive list from the data cleaning process and updating taxpayer information on the tax roll (in consultation with the AAA Section).



# Financial Statements

REPORT AND FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

## STATEMENT OF RESPONSIBILITIES

The Financial Statements have been prepared in accordance with the provisions of the Public Financial Management Act of 2009 and in compliance with the Cash Basis International Public Sector Accounting Standards (Cash IPSAS), as adopted by the Government of Liberia.

In accordance with the provisions of the Public Financial Management (PFM) Act of 2009, I am responsible for the control of and accounting for public funds received, held, and expended for and on behalf of the Liberia Revenue Authority (LRA).

Under the provisions of the same Act, I am required to prepare quarterly and annual unaudited final accounts of the LRA to be submitted to the Minister of Finance and Development Planning, for the periods to which they relate. However, I have delegated the preparation of the unaudited final accounts to the Assistant Commissioner for Budget and Finance for my transmittal to the Minister, as provided in the attendant Regulations of the Public Financial Management Act of 2009. Accordingly, I am pleased to submit the required public accounts of the LRA in compliance with the PFM Act and its attendant Regulations. I have provided, and will continue to provide, all the information and explanations as may be required in connection with the financial statements presented herein.

In preparing these Financial Statements, the most appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgment and estimates. To the best of my knowledge and belief, these Financial Statements agree with the books of accounts, which have been properly kept.

I accept responsibility for the integrity of these financial statements, the financial information they contain and their compliance with the provisions of the Public Financial Management (PFM) Act of 2009.



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Mr. Thomas Doe Nah  
Commissioner General  
Liberia Revenue Authority (LRA)

October 30, 2020

Date



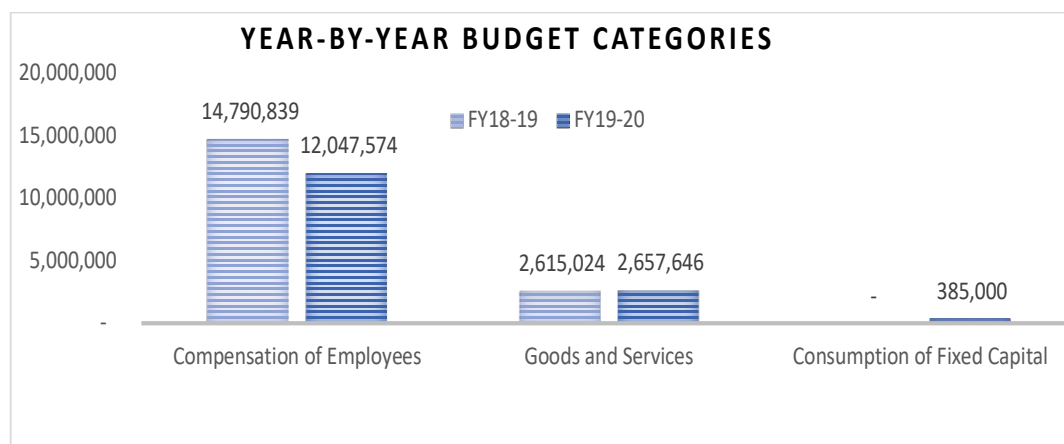
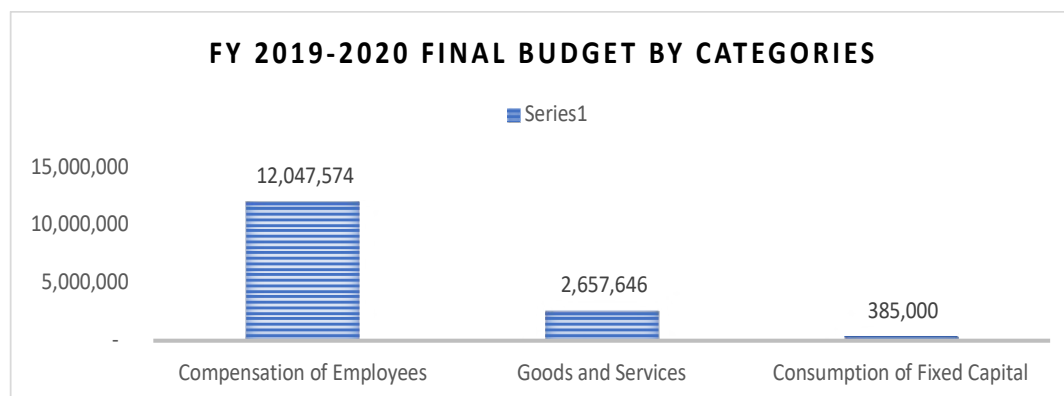
# MANAGEMENT DISCUSSION AND ANALYSIS ON THE FINANCIAL STATEMENTS

## Introduction

This Report provides commentary and analysis of the cash receipts and payments (as well as financial performance) of the Liberia Revenue Authority (LRA) for the fiscal year ended June 30, 2020 and of its financial position as at that date. The Liberia Revenue Authority (LRA) is a semi-autonomous Government agency established under an Act of the National Legislature in September 2013 to replace the Department of Revenue of the Ministry of Finance (including the Bureau of Internal Revenue and the Bureau of Customs and Excise) as defined in Chapter 21 of the Executive Law of 1972 for the purpose of assessing and collecting national revenues as specified in the Revenue Code of Liberia or related laws; administering, accounting, auditing and enforcing revenue collection laws and regulations; and educating taxpayers to facilitate tax and customs compliance.

## The Annual Approved Budget

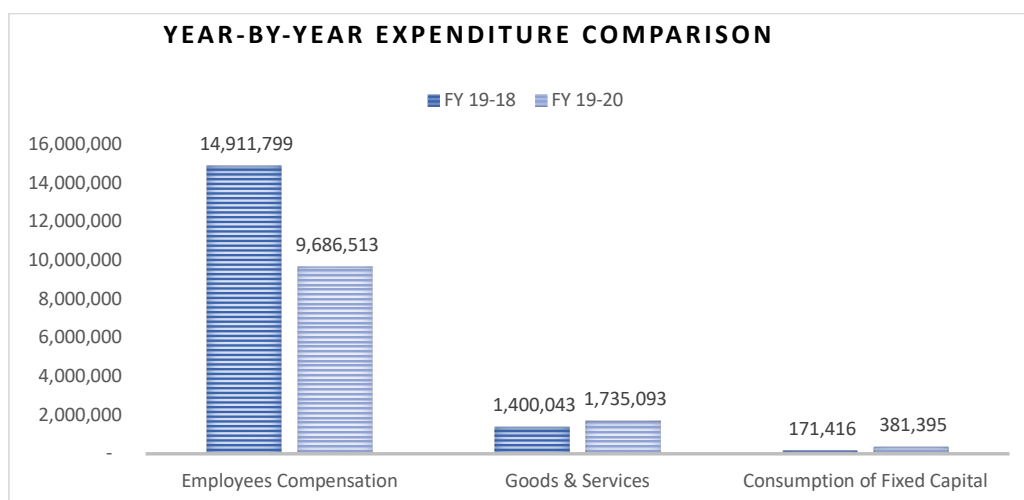
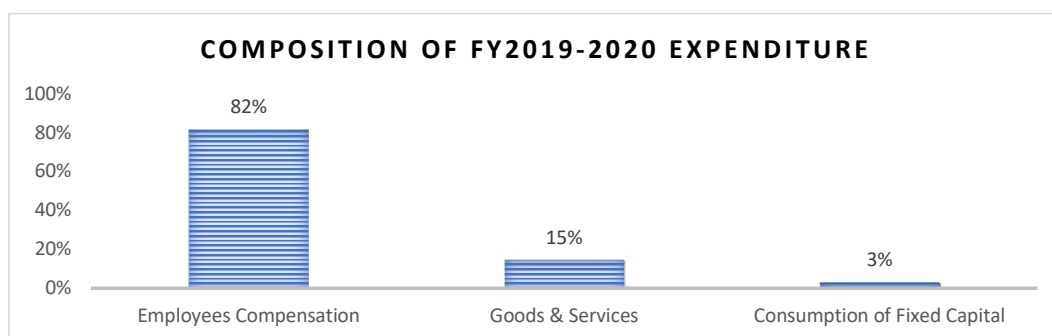
In the 2019-2020 Fiscal Year, US\$ 15,090,220 was appropriated for the LRA as final budget with Employee Compensation amounting to US\$ 12,047,574 and Goods and Services amounting to US\$ 2,657,646 with no appropriation for Capital Expenditure after realignment. The chart below shows the percentage composition per category:



## FINANCIAL PERFORMANCE

For the fiscal year ending June 30, 2020, the LRA received the sum of US\$ 11,258,230 from the Government of Liberia to cover payroll and operational costs for the fiscal year. Other inflows for the year totaled US\$ 16,753 (US\$ 795 resulting from re-imbursement related to LRA’s Provident Fund scheme settlements and US\$ 15,958 from OSIWA as support for LRA’s real estate tax enforcement efforts). This brings total receipts for the fiscal year to US\$ 11,274,983.

Total expenditure for FY 2019-20 was US\$ 11,803,001 which is broken down by major expenditure categories as follow: Compensation of Employees - US\$ 9,686,513; Goods & Services - US\$ 1,735,093; Consumption of Fixed Capital – US\$ 381,395. Please see the chart below for pictorial presentation and percentage composition of total expenditure for fiscal year:



## CONCLUSION

At the close of the fiscal year, total unsettled obligations stood at US\$ 3,376,531. Of this amount, NASSCORP Employer's Contribution accounted for US\$ 3,358,220 or 99.46 percent. The FY 2019-20 Commitments accounted for US\$ 18,311 or 0.54 percent. Please refer also to Note 10 on Page 14.

Cash balances as at June 30, 2020 were USD Ecobank balance of US \$ 62,961 and LRD Ecobank balance of L\$ 67,118,698.73 or US\$ 292,412 equivalent at the closing rate of L\$ 209.98 to US\$ 1.00 after taking into account an exchange loss of 27,232. The balance for Petty Cash at the end of the fiscal year was US\$ 1,153. This translates into a total ending cash balance of US\$ 356,526.

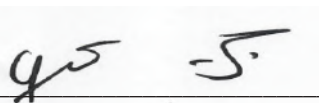
These Financial Statements should be read in conjunction with all the underlying notes and supplementary disclosures for better understanding and interpretation.



Ord-Siejepo Jlateh  
Assistant Commissioner for Budget & Finance

October 30, 2020

Date



Aaron B. Kollie  
Deputy Commissioner General Administrative Affairs

October 30, 2020

Date

## STATEMENT OF CASH RECEIPTS AND PAYMENTS

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the Fiscal Year Ended June 30, 2020						FY 2018-2019
DESCRIPTION	ACTUAL AMOUNTS*	FINAL BUDGET	ORIGINAL BUDGET	VARIANCE (Final Budget and Actual Amounts)	PERCENTAGE VARIANCE	ACTUAL AMOUNTS
RECEIPTS:				US \$	%	US \$
Appropriations	11,258,230	15,090,220	15,091,920	(3,831,990)	-25%	16,814,612
Other Receipts	795			795		436,790
Grants	15,958			15,958		17,556
Total Receipts	11,274,983	15,090,220	15,091,920	(3,815,237)	-25%	17,268,958
PAYMENTS:						
Compensations of Employees	9,686,513	12,047,574	3,044,346	2,361,061	20%	13,992,565
Goods and Services	1,735,093	2,657,646	12,047,574	922,553	35%	1,865,400
Consumption of Fixed Capital	381,395	385,000		3,605	1%	695,926
Total Payments	11,803,001	15,090,220	15,091,920	3,287,219	22%	16,553,891
NET CASHFLOW	(528,018)	-	-	(528,018)		715,067

Note\*: Actual Amounts include both LRA-controlled funds and payments by third parties

## STATEMENT OF CASH POSITION

Cash/Bank Account Details	Currency Held In	Notes	As at 30 June 2020	As at 30 June 2019	Change in Cash Balances
			US \$	US \$	US \$
Bank Accounts:					
Ecobank	USD	9	62,961	734,672	(671,711)
Ecobank	LRD	9	292,412	141,957	150,455
Total held in Bank Accounts:			355,373	876,629	(521,256)
Petty Cash Account:					
Petty Cash on Hand	USD	9	410	7,915	(7,505)
Petty Cash on Hand	LRD	9	743	-	743
Total Petty Cash			1,153	7,915	(6,763)
Total Cash and Bank Balances			356,526	884,544	(528,019)

Note: The Accounting Policies and Notes set out on pages 11 to 16 form an integral part of the financial statements.

Hon. Thomas Doe Nah  
Commissioner General

Ord-SiejepoJlateh  
Assistant Commissioner for Budget & Finance

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting Policies

These are the specific principles, bases, conventions, rules and practices adopted by the Government of the Republic of Liberia in preparing and presenting the financial statements. The principal accounting policies adopted in the preparation of the financial statements therein are set out below.

#### Basis of preparation

These financial statements have been prepared in accordance with the requirements of the Public Financial Management Act, 2009 and comply with the Cash Basis International Public Sector Accounting Standard (Cash Basis IPSAS): Financial Reporting under the Cash Basis of Accounting. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The accounting policies adopted have been consistently used throughout.

#### Reporting Entity

The Liberia Revenue Authority (LRA) is a semi-autonomous agency of government established by an Act of Legislature in September 2013 and became effective July 1, 2014.

The primary objective of the LRA is to administer and enforce the Revenue Code of Liberia for the purpose of assessing, collecting, auditing and accounting for all national revenues and to facilitate legitimate international trade and customs. Achieving the LRA objective requires significant engagement, interaction and follow-ups with taxpayers, revenue generating ministries and agencies, and other key stakeholders.

#### Payments by Other Government Entities

During the reporting period, there was no payment by other government entities.

#### Reporting Currency and Translation of Foreign Currencies

##### a. Functional and Reporting Currency

The functional currencies are the Liberian Dollar and the United States Dollar and the United States Dollar is the reporting currency. Items included in the financial statements are measured in the currency of the primary economic environment in which the entity operates.

##### b. Translation of Transactions in Foreign Currency

Foreign currency transactions and transactions in Liberian Dollar are translated, as they occur, into United States Dollar using the exchange rates circulated by the Ministry of Finance and Development Planning at which funds were received for each month. Closing monetary balances are translated into the reporting currency using the closing rates.

The year-end (June 30, 2020) exchange rate for the Liberian Dollar was L\$209.98 to US\$ 1.

### 2. Authorized Allocations Received

During the FY 2019-2020 fiscal year, the LRA received a total of US\$ 11,258,230 from the Government of Liberia (specifically through the Central Bank of Liberia and the Ministry of Finance and

Development Planning) as compared to US\$ 16,814,612 received in last fiscal year as shown in the table below:

Description	FY 19/20	FY 18/19
	US\$	US\$
For Current Year Budget	11,258.23	16,419.61
For Prior Year Commitments	-	395.00
Total	11,258.23	16,814.61

### 3. Other Receipts

There was cash receipt from a source other than the Government of Liberia (LRA Provident Fund reimbursement) of US\$ 795 in the 2019-2020 Fiscal Year as compared to the previous year:

Description	FY 19/20	FY 18/19
	US\$	US\$
Provident Fund (LBDI)	795	324,590
Total	795	324,590

### 4. External Assistance

There was an external receipt from a multilateral source (OSIWA) in the amount of US\$ 15,958 as support the LRA's real estate project as compared to a receipt from IPFRMP during the previous Fiscal Year amount of US\$ 17,556 for ITAS consultancy.

Description	FY 19/20	FY 18/19
	US\$	US\$
IPFRMP	-	17,556
OSIWA	15,958	
Total	15,958	17,556

### 5. Compensation of Employees

Employee-related payments during the 2019-2020 fiscal year totaled US\$ 9,686,513 as compared to US\$ 13,992,565 in the previous fiscal year as detailed below:

In thousands of Dollars

Description	FY 19/20	FY 18/19
	US\$	US\$
Basic Salary-Civil Service	9030.55	12900.42
Professional Services	642.21	954.30
Overtime	1.01	137.85
Residential Rental Allowance	8.33	0.00
LRA Provident Fund	1.67	0.00
Incapacity, Death Benefits & Funeral Expense	2.75	0.00
<b>Total</b>	<b>9686.51</b>	<b>13992.57</b>

## 6. Goods and Services

Payments for Goods and Services amounted to US\$ 1,735,093 in the fiscal year as compared to US\$ 1,865,400 in prior year as shown below:

In Thousands of Dollars

Description	FY 19/20	FY 18/19
	US\$	US\$
Travel (Domestic & Foreign)	160.72	268.09
Utilities	109.44	44.03
Rental & Lease	55.69	136.29
Repair & Maintenance	114.90	157.43
Operational Expenses	1,294.35	1,259.56
<b>Total</b>	<b>1,735.09</b>	<b>1,865.40</b>

Please note that Operational Expenses include key operational lines such as fuel and lubricants, security guard services, trainings, insurance and others.

## 7. Consumption of Fixed Capital

Payments for Fixed Capital amounted to US\$ 381,395 in the fiscal year as compared to US\$ 583,726 in prior year as shown below:

In Thousands of Dollars

Description	FY 19/20	FY 18/19
	US\$	US\$
Machinery & Other Equipment	31.446	27.551
Furniture & Fixture	14.126	8.51
ICT Infrastructure	297.2	517.724
Software & Licenses	10.333	0
Other Fixed Assets	28.29	29.941
Total	381.395	583.726

## 8. Cash Balance at the End of the Fiscal Year

Cash balance at the end of the 2019-2020 fiscal year was US\$ 357,575 as compared to US\$

884,544 at the end of the previous fiscal year as detailed below:

In Thousands of Dollars

Description	FY 19/20	FY 18/19
	US\$	US\$
Ecobank-USD	62.96	734.67
Ecobank-LRD	292.41	141.96
Petty Cash Balance	1.15	7.92
Total	356.53	884.54

## 9. Explanation of Significant Variances (Statement of Budget and Actual Comparison)

In FY2019-2020, actual receipt from the Government of Liberia fell below final budget by 25 percent largely due to the impact of the Government's Salary Harmonization Scheme. Actual payment for employees' compensation fell below budget by 20 percent due to the same reason. Also, actual payment for Goods and Services fell below final budget by 35 percent mainly due to inadequate receipt from central government for operations. Cumulatively, total payment for the fiscal year fell below final budget by 22 percent due to similar reasons and saved more than US\$ 3.28 million for the Government.

## 10. Cumulative Liabilities/Obligations

Outstanding financial obligations amounted to US\$ 3,376,531 at the end of the 2019-2020 fiscal year as broken down below:

In Thousands of Dollars



Descriptions	Cumulative Obligations	Percentage
	US\$	
NASSCORP Employer's Contributions	3,358.22	99.46%
FY 2019-20 Commitments	18.31	0.54%
<b>Total</b>	<b>3,376.53</b>	<b>100%</b>

## 11. Payments by Third Parties

There was no known and verified payments by external third parties on behalf of the LRA in FY 2019-2020.

## 12. Contingent Liabilities

At the end of the fiscal year, there was known contingent liability.

## 13. Authorization Date

Mr. Thomas Doe Nah, Commissioner General of the Liberia Revenue Authority (LRA), authorized this financial report for release on August 20, 2020.

# APPENDIX

## Appendix A1: Customs Detailed Monthly Forecast and Budget Analysis

Table A1 - Customs Monthly Revenue Forecast FY2019/20

Descriptions	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Total	14,541	14,580	14,444	13,906	13,802	14,805	15,507	14,605	15,249	7,724	7,404	8,064	154,631
Inter.Trade	14,472	14,526	14,330	13,851	13,789	14,736	15,418	14,533	15,158	7,548	7,302	7,988	153,651
Urban Ports	14,117	14,099	13,952	13,508	13,410	14,288	15,001	14,146	14,723	7,149	6,870	7,556	148,818
Freeport	11,258	11,218	11,140	9,957	9,717	10,554	11,089	10,482	11,702	5,424	5,064	5,521	113,126
RIA	105	115	219	351	341	373	536	307	250	210	201	346	3,353
JSP	-	-	-	-	-	-	-	-	-	-	-	-	-
Parcel Post	1	2	1	1	1	1	1	1	1	2	1	2	13
MLM&E	-	-	-	-	-	-	-	-	-	-	-	-	-
LPRC	2,609	2,619	2,383	3,028	3,111	3,260	3,193	3,125	2,607	1,284	1,463	1,467	30,150
BIVAC	143	144	209	173	240	100	182	232	163	228	140	220	2,175
Rural Ports	355.81	426.93	378.17	342.39	379.48	447.92	417.34	387.53	434.79	399	432	432	4,833.34
Loguatu	78.98	80.98	78.01	72.03	72.43	79.09	72.27	37.04	79.45	32	73	16	771.74
Ganta	130.89	150.89	145.65	130.97	140.97	150.21	147.54	149.14	149.97	142	160	193	1,791.44
Buchanan	-	-	1.03	2.05	1.28	1.59	2.09	1.24	1.78	2	2	2	16.26
Greenville	-	-	2.47	1.07	1.68	3.47	2.31	2.53	1.38	-	1	1	17.56
Toe Town	5.58	8.58	2.22	5.60	1.04	10.66	3.61	5.93	7.58	8	7	7	73.34
Harper	25.81	28.81	40.06	20.03	32.24	32.29	23.45	31.37	32.76	50	20	41	378.73
Yeala	10.35	15.35	2.57	2.56	3.88	8.98	7.72	7.77	7.27	8	8	9	91.73
Jorwah	9.16	12.16	1.79	1.83	1.98	7.65	8.63	8.84	8.66	9	9	8	86.41
Butuo	0.14	0.15	0.10	0.12	0.19	0.29	0.26	0.22	0.36	1	0	0	2.84
Mendicorma	6.81	9.81	3.69	3.58	3.12	7.52	7.02	8.99	8.24	10	9	7	84.57
Bo Waterside	88.09	120.20	100.57	102.55	120.68	146.16	142.43	134.46	137.34	138	142	147	1,518.71
Non-Tax	69.06	54.49	113.24	55.02	12.48	68.66	89.10	71.47	91.18	176	103	76	979.59
Forestry	63.83	51.64	111.57	49.32	11.29	66.99	82.44	69.33	87.38	170	101	76	940.59
Bonded	5.23	2.85	1.66	5.71	1.19	1.66	6.66	2.14	3.80	5	2	1	39.00

Table A2 - Customs Monthly Actuals FY19/20

Descriptions	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Total	12,365	13,021	12,015	13,292	12,510	12,017	13,315	10,965	12,727	7,582	17,011	13,393	150,213
Intern Trade	11,999	12,742	11,919	13,030	12,352	11,934	13,265	10,783	12,129	7,479	16,770	13,393	147,795
Urban Ports	11,949	12,386	11,712	12,654	12,175	11,839	12,829	10,543	11,742	7,305	16,511	13,113	144,758
Freeport	9,067	10,357	8,852	9,700	9,356	9,167	9,427	7,567	8,219	5,767	12,702	10,184	110,364
RIA	159	159	246	232	90	116	159	126	109	24	62	86	1,567
JSP	-	-	-	-	-	-	-	-	-	-	-	-	-
Parcel Post	-	1	1	1	1	1	0	0	2	1	-	-	7
MLM&E	-	-	-	-	-	-	-	-	-	-	-	-	-
LPRC	2,591	1,750	2,454	2,619	2,601	2,556	2,997	2,849	3,032	1,513	3,566	2,678	31,204
BIVAC	132	120	160	102	129	-	246	-	380	-	182	166	1,616
Rural Ports	50.50	355.84	206.15	376.25	177.09	95.33	435.94	240.49	387.38	174	259	279	3,037.01
Loguatu	-	17.68	20.04	21.31	10.02	80.54	27.39	20.66	47.12	29	-	25	298.73
Ganta	29.25	116.02	118.28	170.10	138.27	3.42	278.35	155.48	135.56	-	160	74	1,378.05
Buchanan	21.24	9.79	17.30	-	19.51	-	21.25	-	28.21	26	-	0	143.39
Greenville	-	-	-	-	-	-	-	-	-	-	-	-	-
Toe Town	-	0.55	0.85	1.03	0.57	-	1.01	-	2.77	-	5	22	33.30
Harper	-	163.53	17.30	115.80	5.23	6.04	16.49	16.72	103.71	18	54	113	629.12
Yeala	-	1.20	0.90	1.50	1.63	2.88	8.98	3.32	3.91	7	25	19	74.89
Jorwah	-	-	1.67	-	0.59	0.39	1.55	1.12	1.21	1	-	2	9.50
Butuo	-	0.16	0.17	-	0.08	0.17	0.20	0.24	0.22	-	1	-	1.80
Mendicorma	-	1.79	1.02	1.23	1.16	1.46	2.09	3.27	2.32	3	-	5	22.90
Bo Waterside	-	45.11	28.61	65.28	0.03	0.43	78.63	39.68	62.34	90	15	20.45	445.33
Non-Tax	366.27	279.34	96.45	261.82	157.54	82.84	49.70	182.15	597.94	103	241	-	2,418.15
Forestry	360.27	277.84	92.70	254.32	156.79	74.59	48.95	181.40	596.44	101	239	-	2,383.65
Bonded	6.00	1.50	3.75	7.50	0.75	8.25	0.75	0.75	1.50	2	2	-	34.50

## Appendix B1: Exemptions on General Goods

Duties and tax exemptions on account of investment incentives approved by the MFDP constituted 30 percent of aggregate tax expenditure in FY2019/20 while 27 percent and 15 percent of tax expenditure is attributed to executive orders by the President, and Concessions, respectively. GoL Projects accounted for 10 percent of tax expenditure.

Table B1- General Goods Waiver by Recipient Category in FY2018/19 (Thousands of US Dollars)

Category	CIF	PAID	WAIVED	Share
Total	505,599	5,445	96,731	100%
Total Excl GoLProj& MAC	411,299	5,154	79,435	82%
Total Excl GoLProj	451,733	5,161	86,975	90%
Total Excl MACs	465,166	5,437	89,191	92%
Investment Incentive	140,685	2,458	28,736	30%
Executive Order	122,330	10	26,591	27%
Concession	89,883	2,032	14,414	15%
GoL Project	53,866	284	9,756	10%
MACs	40,433	8	7,540	8%
Diplomatic Mission	32,408	0	4,902	5%
INGOs	14,625	76	2,717	3%
Members Of Legislature	2,869	38	769	1%
LNGOs	1,970	16	278	0%
Tax Refund	1,725	316	275	0%
Special Exemption	1,832	133	206	0%
Medical Institution	1,231	11	197	0%
Religious Institution	1,045	29	188	0%
Liberian Returnee	387	23	113	0%
Educational Institution	305	11	49	0%
Members Of Supreme Court Bench	4	0	1	0%

## Appendix B2: Exemption on Petroleum Products

In the petroleum category, exemptions on account of concessions and Investment Incentives accounted for the highest shares with 32 percent and 24 percent, respectively. These were followed by exemptions on account of GoL Projects and the National Legislature with 19 and 14 percent, respectively.

Category	Qty of AGO	Qty of PMS	Duty Waived	Share
Total	11,391	742	3,916	100%
Total Excl GoL Project	9,525	742	3,170	81%
Concession	5,567	-	1,266	32%
Investment Incentive	2,399	-	946	24%
GoL Project	1,866	-	746	19%
Legislature	552	741	554	14%
Diplomatic Mission	613	2	246	6%
Executive Order	335	-	134	3%
INGOs	61	-	24	1%

