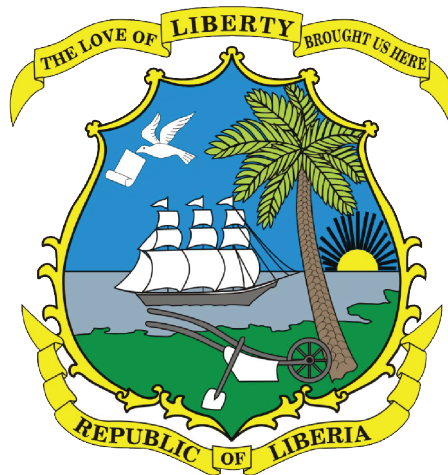


An Act
to Amend Section 16 of the Liberia Revenue Code as
Amended, to be referred to as the Liberia Tax
Amendment Act of 2021 (A)



REPUBLIC OF LIBERIA

An Act to Amend Section 16 of the Liberia Revenue Code as Amended, to be referred to as the Liberia Tax Amendment Act of 2021(A)

WHEREAS, the continue increase in Liberia's tax expenditure undermines efforts to effectively mobilize domestic revenue, and enhance the provision of basic social services;

WHEREAS, the Domestic Revenue Mobilization strategy document identifies the ballooning tax a headline risk to the effective collection of domestic revenue;

WHEREAS, arrangements under the current Development Policy Operations (DPO) program with the World Bank require key tax policy measures be taken to address the increase in tax expenditure through a reform of the tax incentive regime;

MINDFUL ALSO of the June 30, 2021 sun set provision under Section 16 (Special Tax Incentives Provision) of the Liberia Revenue Code;

NOW THEREFORE,

**IT IS ENACTED BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE
REPUBLIC OF LIBERIA, IN LEGISLATURE ASSEMBLED:**

Part 1 (one) Preliminary

Preliminary Section 1 (One): Name

- a) This legislation, which shall be referred to as the Liberia Tax Amendment Act of 2021, amends the Liberia Revenue Code of 2000 as previously amended (most recently 2019).
- b) After enactment, these amendments are to be incorporated into the Liberia Revenue Code and published subject to approval by the Minister of Finance and Development Planning. The amended Liberia Revenue Code is to be given the name "Liberia Revenue Code as Amended" followed by the year of enactment.

Preliminary Section 2 (Two): Method of Amendment

This legislation sets out the amended version of each affected section of the Liberia Revenue Code, using an ellipsis (***) to indicate omitted text that is neither repealed nor revised by this legislation.

Preliminary Section 3 (Three): Effective Date

This Act shall take effect upon publication into handbills. The provisions of Section 16 as added by this Act shall expire June 30, 2026 unless extended by an Act of the Legislature.

Part 2 (Two) Amendments

This Act amends Section 16 (Special Investment Incentives) of the Liberia Revenue Code.

Section 16 Special Investment Incentives

Section 16(a)(2) Requirements

(A) To qualify for Section 16 incentives, the investment activities must be set out in a list of qualifying sectors, subsectors and/or business activities in a regulation issued by the Minister but subject to the conditions in subparagraphs (B) and (C). Sectors listed, defined and/or limited in the previous regulation (No.1.16-1/MFDP/FAD/RTPD/06/07/2017) are qualifying sectors until the new Regulation is issued by the Minister, at which time they are no longer qualifying sectors.

(B) Capital invested must be at least US\$500,000. If the investment or business undertaking is in the health or agriculture sectors, the minimum capital invested must be at least US\$50,000.

Section 16(a)(3) Duration of Certification

A certified investment as determined under both paragraphs (1) and (2) is entitled to the special tax incentives of this paragraph for a period of up to three (3) years, subject to continuing oversight by the MFDP, NIC and the LRA. No business is allowed extension beyond the three (3) year certification period. Failure to meet the requirements of the approved business plan may result in early termination of certification under subsection (d).

Section 16(b) Incentive Allowed

The incentives allowed, subject to the restrictions of subsection (a), are exemption from GST under Part III and import duty under Part V of the Liberia Revenue Code. In particular, duty and GST waivers pertaining to the importation of:

- (1) Equipment, materials, supplies and other critical inputs purchased for the use directly in sectors defined and limited in regulation issued under Subsection 16(a)(2)(A), and are to be placed in service within one year of purchase.
- (2) No incentive shall be granted for the purchase of equipment, materials and supplies that are deemed not critical to the undertaking of a particular business activity.
- (3) Automobiles, small trucks (including sedans and SUV), petroleum products (excluding HFO), water, toiletries and detergents, office supplies, stationary (excluding those imported for the provision of educational services as established under Subsection

16(a)(2)(A)), furniture, fixtures and all domestically produced and /or manufactured goods in Liberia are prohibited from exemption under this provision.

- (4) Spare parts for machinery and equipment be granted 50 percent incentive waiver instead of 100 percent.

Section 16(g) Sunset Rule

This section expires June 30, 2026. Investments that qualify for Section 16 incentives prior to that date are entitled to the full term of benefits allowed under this section, even if the term of benefits extends beyond the expiration date.

-2021-

ATTESTATION TO:

"AN ACT TO AMEND SECTION 16 OF THE LIBERIA REVENUE CODE
AS AMENDED, TO BE REFERRED TO AS THE LIBERIA TAX
AMENDMENT ACT OF 2021 (A)"

for Albert Clive
VICE PRESIDENT OF THE REPUBLIC OF LIBERIA/
PRESIDENT OF THE SENATE

[Signature]
SECRETARY, LIBERIAN SENATE

[Signature]
SPEAKER, HOUSE OF REPRESENTATIVES, R.L.

Mildred W. Gayson
CHIEF CLERK, HOUSE OF REPRESENTATIVES, R.L.

-2021-

**FOURTH SESSION OF THE FIFTY-FOURTH LEGISLATURE OF
THE REPUBLIC OF LIBERIA**

HOUSE'S ENGROSSED BILL NO. 9 ENTITLED:

**"AN ACT TO AMEND SECTION 16 OF THE LIBERIA
REVENUE CODE AS AMENDED, TO BE REFERRED
TO AS THE LIBERIA TAX AMENDMENT ACT OF
2021(A)"**

On motion, Bill read. On motion, the Bill was adopted
on its first reading and sent to Committee Room on,
Thursday, May 6, 2021 @ 14:17 G.M.T.

On motion, Bill read. On motion, the Bill was adopted
on its second reading, and on motion, under the
suspension of the rule, the second reading of the Bill
constituted its third and final reading and the Bill was
adopted, passed into the full force of the law and
ordered engrossed today, Tuesday, June 22, 2021 @
13:27 G.M.T.


CHIEF CLERK, HOUSE OF REPRESENTATIVES, R.L.

2021

**FOURTH SESSION OF THE FIFTY-FOURTH
LEGISLATURE OF THE REPUBLIC OF LIBERIA**

**SENATE ENDORSEMENT TO HOUSE'S
ENGROSSED BILL NO. 8 ENTITLED**

**"AN ACT TO AMEND SECTION 16 OF THE
LIBERIA REVENUE CODE AS AMENDED, TO
BE REFERRED TO AS THE LIBERIA TAX
AMENDMENT ACT OF 2021 (A)".**

On motion, Bill read on its 1st reading on Thursday, June
24, 2021 at the hour of 13:13 GMT. On motion Bill read
on its second reading, adopted and sent to Committee
Room on Thursday, July 1, 2021 at 14:08 GMT.

On motion, Bill taking from Committee Room. On
motion, the Bill was adopted on its second reading and on
motion, under the suspension of the rule, the reading of
the Bill constituted its third and final reading and the Bill
was adopted, passed into the full force of the law and
ordered engrossed today, Thursday, July 1, 2021 at 15:40
GMT.


SECRETARY OF THE SENATE, R.L.