

# Semi-Annual REPORT

*Special Budget Year (July-December 2021)*

## FOREWORD BY CHAIRMAN OF THE BOARD



Justice Minister and Attorney General  
Board Chairman

**Cllr. Frank Musah Dean, Jr.**

We are once more delighted to present the Semi- Annual Report for the special budget year (July 1-December 31, 2021), in the wake of transitioning our fiscal regime to a calendar year (January 1 – December 31). During this transition, the Board of Directors provided the necessary strategic directions that propelled the LRA to achieve its revenue collection objectives. This demonstrates the institution’s continuous ability to maximize revenue and facilitate legitimate trade for the mother land.

We continued to more effectively implement the Domestic Resources Mobilization (DRM) strategy, thereby concentrating more on revenue digitalization, and expanding the revenue base.

Additionally, the regular review of the Liberia Revenue Code (LRC) has informed policy proposals that have also contributed in this direction. Moreover, our endeavors in fostering voluntary compliance through the taxpayer education program was key.

In the coming years, we anticipate a more effective revenue performance as we implement the LRA Corporate Strategic Plan (2023-2027).

Finally, we express our thanks and appreciation to the management and staff of LRA, as well as our invaluable taxpayers for their contributions towards this special budget year.

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

# MESSAGE FROM THE COMMISSIONER GENERAL



**Hon. Thomas Doe Nah**  
**Commissioner General**  
Liberia Revenue Authority

The special budget year (July 1-December 31, 2021) has significantly conveyed our determination to moving to billions. Our stance on the presentation of tax clearance as a requirement for clearing of goods at customs ports, testing and deployment of Electronic Fiscal Devices (EFD), introduction of the new Integrated Tax Administration System (ITAS) and Excise Tax stamp, among others, are triggers for potential revenue growth.

Also, our effective anti-smuggling mechanism strengthened by the regular training of custom officers, and their subsequent deployment at our border post, also played an impactful role in customs' collection and border management.

The projection for the special budget year was US\$347.90 million inclusive of a carry-forward of US\$33.13 million.

Actual collection inclusive of the carry-forward accounted for US\$324.55 million. This performance was below the approved projection of US\$347.90 million by US\$23.35 million or 6.7 percent. However, revenue collection saw an upsurge of US\$10.7 or 3.4 percent when compared to same period of the previous Fiscal Year.

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

A handwritten signature in black ink, appearing to read 'H. Thomas'.

**Hon. Thomas Doe Nah**  
**Commissioner General**

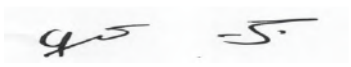
# ATTESTATION ON FINANCIALS

## Semi-Year 2021

### Budget and Finance

The International Public Sector Accounting Standards (IPSAS-Cash Basis) set the basis for the financial information provided there in. The financials on pages 51-53 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 June 2022 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 23-35 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 June 2022 A.D.

By 

**Mr. Darlington Talery**

Commissioner/Domestic Tax Department

### Customs Department

The data on revenue collection is presented in accordance with the Section 7(2) (g) of the LRA's Act and shows that the data on pages 36-49 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 June 2022 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,
- Operationalized 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 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.

## **Roles and Responsibilities**

- Enforce Revenue laws in accordance with the Revenue 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, among others

# ACRONYMS

A-CIP	<b>Anti-Corruption and Integrity Promotion</b>
ASYCUDA	Automated System for Customs Data
BOTA	Board of Tax Appeal
BSC	Balance Scorecard
CG	Commissioner General
CIF	Cost Insurance & Freight
CMPA	Communication, Media and Public Affairs
CSP	Corporate Strategic Plan
CTP	Compliance Trader Program
DCGAA	Deputy Commissioner General for Adm. Affairs
DCGTA	Deputy Commissioner General for Tech. Affairs
DI	Destination Inspection
DRM	Domestic Resource Mobilization Strategy
DTD	Domestic Tax Department
EFD	Electronic Fiscal Device
EOI	Exchange of Information
ERMCD	Enterprise Risk management and Compliance Div.
ERMIF	Enterprise Risk Management Integrated Framework
HRD	Human Resource Division
IAD	Internal Audit Division
IPFMRP	Integrated Public Financial Management Reform Program
ISO	International Organization for Standard
ISORA	International Survey on Revenue Administration
ITAS	Integrated Tax Administration System
LICPA	Liberia Institute of Certified Public Accountants
LITP	Liberia Institute of Tax Practitioners
LNP	Liberia National Police
LRA	Liberia Revenue Authority
MFDP	Ministry of Finance and Development Planning
NORAD	Norwegian Agency for Development Cooperation
OSIWA	Open Society Initiative for West Africa
PED	Professional Ethics Division
PSSPD	Policy, Stats. And Strategic Planning Division
SBY	Special Budget Year
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 Special Budget Year 2021 (SBY 2021) is the six-month (July to December) transition period between the end of FY 2020/21 fiscal year and the calendar year beginning January 2022. The government has formally made the decision to move away from the July to June fiscal year and adopt the calendar year pattern for its fiscal administration.

The Liberia Revenue Authority was assigned a revenue target of US\$347.90 million for the Special Budget Year. The projection was comprised of US\$314.77 million in domestic revenues and US\$33.13 million in consolidated cash brought forward from FY 2020/21. There was no expectation for external resources in the half year budget. The projection was based mainly on tax administration measures. Estimates for Domestic Tax and Customs were US\$209.44 million and \$105.32 million respectively. At the same time, tax revenues and non-tax revenues were projected at US\$222.19 million and US\$92.57 million respectively.

In SBY 2021, the LRA collected US\$324.55 million and posted a growth of US\$10.7 million (3.4 percent) in comparison to the same six months period in 2020. However, the collections were US\$23.3 million (6.7 percent) below target. The shortfall was exclusively on account of non-tax revenues which performed at only 42.3 percent as a result of a 74.3 percent underperformance in mining revenues. Tax revenues exceeded its target by US\$29.0 million (13 percent).

The share of support from technical and administrative affairs, including direct report divisions can not be overemphasized. The LRA made significant strides towards modernization of its Information & Technology infrastructure which aimed at improving its payment channels. Key ICT initiatives undertaken for the period include launch of the new Integrated Tax Administration System, implementation of the Electronic Fiscal Device, the Online Customs Tariff Portal, amongst others.

The LRA envisions meaningful progress as it continues to prioritize domestic resource mobilization. Though the Corona virus pandemic continues to adversely affect the global economy, the authority remains firmly focused on executing its duties and responsibilities and extensively engaged with its external stakeholders as it contributes to the growth and development of Liberia in the years ahead.



# Our Core Values



# OUR CORE VALUES

## 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.

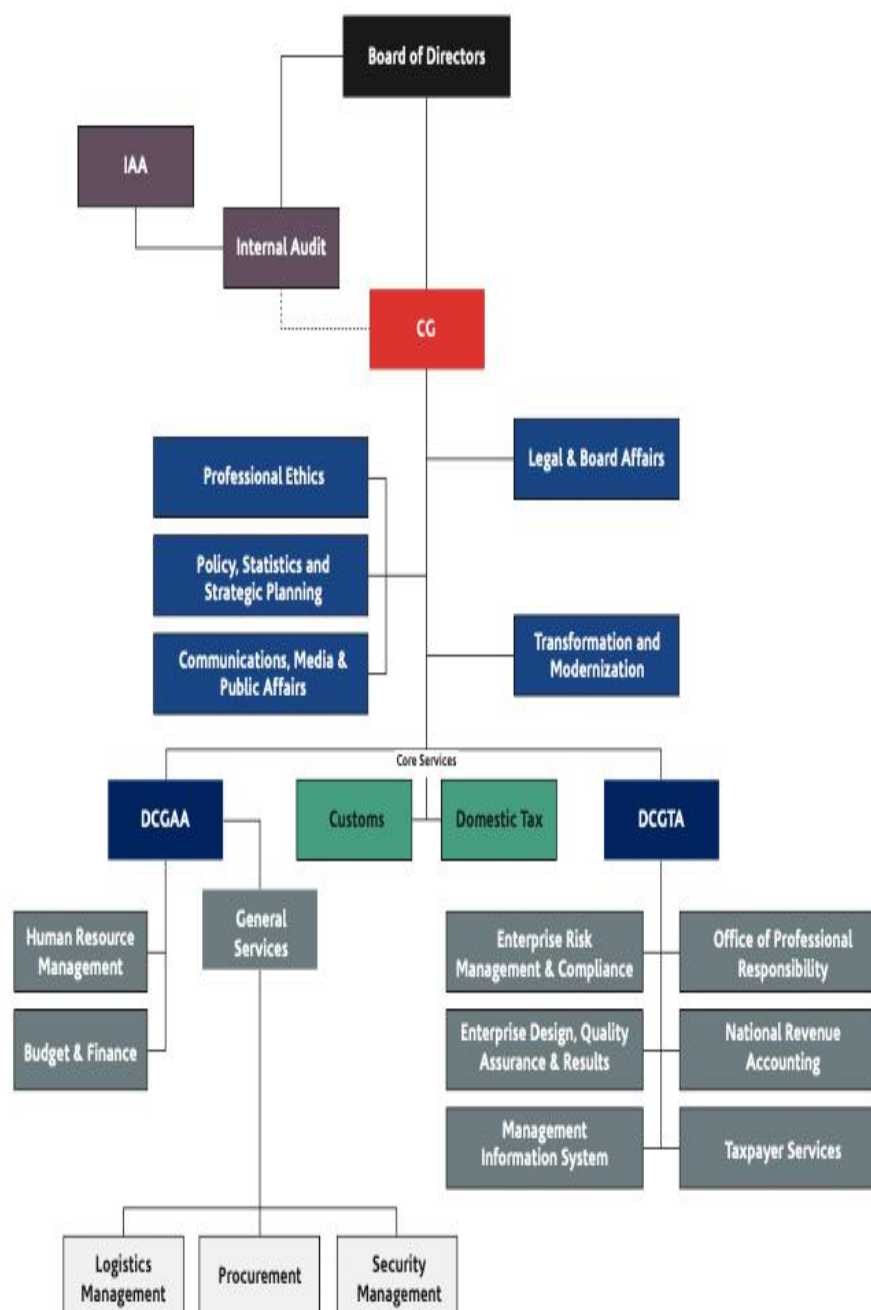
## MISSION

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

## VISION

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

# ORGANIZATIONAL STRUCTURE



## The Executive leadership of the LRA is comprised of five positions:

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 (DTD) and the Commissioner of the Customs Department (CD).

The CG who heads the executive management team of the LRA is also the CEO and Secretary to the Board of Directors but retains functional accountability to the Minister 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. 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 two other positions at the Executive Management level are the Commissioner of Customs, responsible for the collection of border taxes, facilitation of legitimate trade and enforcement of border security and the Commissioner of Domestic Tax who leads in enhancing domestic revenue collection, ensure voluntary compliance and to enforce the collection of tax debt.

The functional departments and agencies within the LRA include:

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

In addition, there are four other functional areas, which fall directly under the CG's office:

Professional Ethics Division (PED), Policy, Statistics & Strategic Planning Division (PSSPD), Legal and Board Affairs Department (LBA), Communication, Media & Public Affairs (CMPA), Fiscal Investigation Division (FID), Transformation & Modernization Division (TMD)

# STRATEGIC MAP

LRA STRATEGY MAP 2018-2021

## MISSION

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

## VALUES

Commitment,  
Integrity, Teamwork,  
Service

## VISION

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

## RESULTS

Maximize revenue collection

Facilitate legitimate trade and ensure social and border protection

## INTERNAL PROCESSES

Modernize taxpayer services

Promote a risk-based tax and customs compliance system

Develop and implement a debt management system

Enhance tax and customs controls and procedures

Strengthen the legal and regulatory frameworks

Improve domestic tax and customs database

Enhance internal and external communication

Promote good governance focused on ethics, accountability and integrity

Implement a strategic management model

Strengthen collaboration with domestic and international partners

## PEOPLE & RESOURCES

Attract, develop and retain best talents

Develop a performance driven culture

Provide adequate logistical and real infrastructure

Modernize ICT infrastructure and solutions

Source funding and optimize resource allocation

# 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**

- Completed and shared with all relevant stakeholders progress report for implementing year one of the DRM strategy
- Developed a strategy for the development and set-up of the LRA Tax Academy
- Completed and shared with the LRA for validation Tax Gap analysis
- Developed a Tourism Act in concert with the Ministry of Information, Culture and Tourism (MICAT). The Act has been rectified by the 54<sup>th</sup> national legislature with a masterplan and national policy developed and shared with stakeholders
- Began consultations with the National Fisheries and Aqua-Cultural Authorities (NAFAA) for the establishment of the fishery sector technical working group
- Sourced and obtained additional financing from the PFMRIISP for the procurement of the new ITAS, training and change management, and equipping of a modern training center for the LRA
- Developed on the basis of the system requirement specification the digital Excise Stamp management system with testing completed with the LRA MISD team and the excise implementation core team. Consultations and nationwide awareness have also been completed with pilot phase launched
- Customized and rolled out ASYCUDA to Customs Business Offices (CBOs) in five (5) counties
- Concluded the business process review and gap analysis stage of the new ITAS with Software Requirement Specification (SRS) document signed-off following launch in the last quarter of the previous period
- Launched pilot phase of the Election Fiscal Devices (EFD) with the system set up and LRA staff training completed



# STRATEGIC PARTNERSHIP

## Partial view of our strategic partners:

USAID	<ul style="list-style-type: none"> <li>Support to increase domestic revenue generation to enhance development</li> </ul>
OSIWA	<ul style="list-style-type: none"> <li>Strengthening Revenue Authority capacity to facilitate domestic resource mobilization; conducted a low-level forensic audit</li> </ul>
UNDP	<ul style="list-style-type: none"> <li>Institutional capacity building to enhance development effectiveness</li> </ul>
OECD	<ul style="list-style-type: none"> <li>Provide technical support to Domestic Tax (Exchange of Information EOI)</li> </ul>
ODI	<ul style="list-style-type: none"> <li>Provide technical support on the implementation of the DRM Strategy</li> </ul>
IPFMRP	<ul style="list-style-type: none"> <li>Revenue Mobilization and Administration</li> </ul>
AFDB	<ul style="list-style-type: none"> <li>Enhance efficiency in the implementation of customs procedures</li> </ul>
WB	<ul style="list-style-type: none"> <li>Support the connection of Liberia to SIGMAT under the Trade Facilitation West Africa (TFWA) Project</li> </ul>
GIZ-AU	<ul style="list-style-type: none"> <li>Construction of Inspection facility &amp; Customs offices at the border</li> </ul>
NORAD	<ul style="list-style-type: none"> <li>To address corruption and improve public confidence in customs for improved coordination and trade facilitation, WCO Anti-Corruption and Integrity Promotion (A-CIP) Program for Customs</li> </ul>
WCO	<ul style="list-style-type: none"> <li>Embarked on the conduct of the first national Time Release Study to enhance trade facilitation / Customs Security Program</li> </ul>
IMF	<ul style="list-style-type: none"> <li>Strengthen Tax Authority in the granting and processing of exemptions</li> </ul>
SIDA	<ul style="list-style-type: none"> <li>Development of property cadaster</li> </ul>
IFC	<ul style="list-style-type: none"> <li>Drafting Regulation for the Modernized Customs Code</li> </ul>
ATAF	<ul style="list-style-type: none"> <li>Promote and facilitate mutual cooperation among African Tax Administrations and other relevant stakeholders with the aim of improving efficiency of tax legislation and administration.</li> </ul>
WATAF	<ul style="list-style-type: none"> <li>Enhance the cooperation and active 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.</li> </ul>
SWEDISH TAX AGENCY	<ul style="list-style-type: none"> <li>Focuses on modernization of taxpayer service, Development of competent human resource and compliance risk management</li> </ul>

# ECONOMIC OUTLOOK

The Liberian economy, which contracted by 2.3 percent upon the inception of the COVID-19 pandemic is gradually recovering. The increased rate of the COVID-19 pandemic inflicted a major threat to the economy thereby resulting in low consumption and output, thus impacting multiple sectors of the Liberian economy, especially the manufacturing and services sectors. During the earlier part of the fiscal year 2020/2021, the government's fiscal position deteriorated significantly, while revenue at some point in time failed to meet expectations across some major sectors and categories. In the midst of these challenges expenditure rose by approximately 8 percent in nominal terms. With growth recovery expected at 4.1 percent on average in fiscal year 2021/2022, domestic revenue generation during these periods will depend on the effort of the Liberia Revenue Authority to collect the needed revenue to meet the government expenditure demand.

Amidst this trend in the economy, the Liberian Dollars appreciated significantly against the major currencies of the world, specifically the United States Dollars. The Liberian dollar, on average, appreciated by about 13 percent to L\$171.88/US\$1.00 at the end of June 2021, compared to L\$198.27/US\$1.00 registered in the same period a year ago. On an annual basis, the exchange rate at the end of the SBY 2021 stood at L\$142.43/US\$1.00. Amongst other variables mentioned including the fight against the COVID-19 pandemic, which are with certainty characterized by significant economic distortion, the Liberia Revenue Authority demonstrated strong commitment during the period under review in carrying out its revenue collection function.



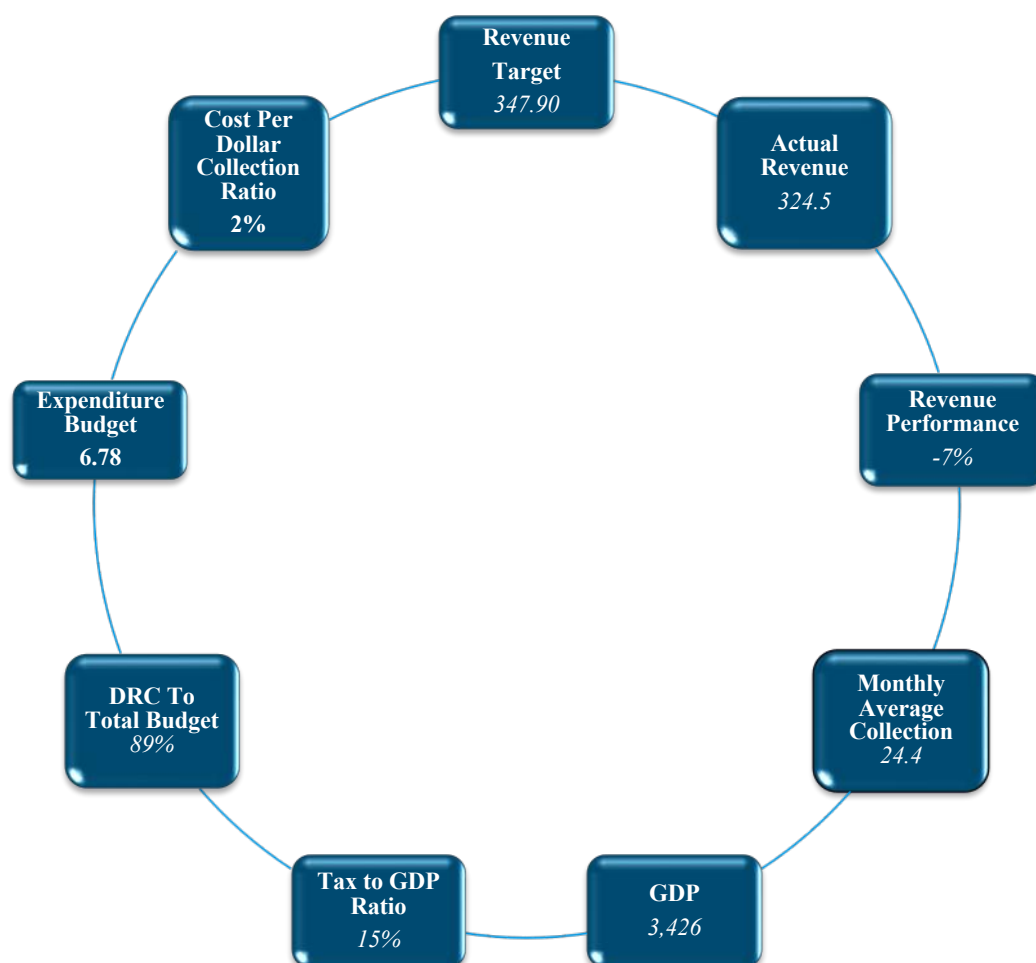
## ECONOMIC INDICATORS

Year	2014	2015	2016	2017
Nominal GDP	2,012	2,035	2,101	2,210
Real GDP	1,654	1,654	1,628	1,738
Real GDP growth	0.7%	0.0%	2.6%	2.5%
GVA* in Agriculture, Forestry and Fishing	258	256	737	741
GVA* in Mining and Quarrying	285	272	84	741
GVA in Secondary Sector (Industry)	588	609	90	873
GVA Tertiary Sector (Service)	1,026	1,149	1,168	1,041
Annual Average Exchange Rate US\$/L\$	US\$/L\$84.5	US\$/L\$88.5	US\$/L\$88.5	US\$/L\$112.6
Inflation Rate	9.9%	7.8%	8.8%	12.4%

Year	2018	2019	2020	2021
Nominal GDP	3,264	3,071	2,950	3,426
Real GDP	2,642	2,418	2,718	3,200
Real GDP growth	1.2%	1.4%	-2.9%	4.2%
GVA* in Agriculture, Forestry and Fishing	588	569	778	1,290
GVA* in Mining and Quarrying	588	633	608	490
GVA in Secondary Sector (Industry)	457	429	443	190
GVA Tertiary Sector (Service)	1,632	1,501	1,443	1,230
Annual Average Exchange Rate US\$/L\$	US\$/L\$144.8	US\$/L\$186.4	US\$/L\$190.8	US\$/L\$171.6
Inflation Rate	23.4%	27.3%	17.4%	5.5%

**Source:** *World Bank Development Indicator / CBL*

# LRA AT A GLANCE



Semi-Annual (July-Dec 2021)	
Total National Budget (Incl. Carry-Forward)	348.3
Actual Revenue Outturn	324.6
Revenue Performance	-7%
Monthly Average	24.2
Domestic Revenue Target	315.1
Domestic Revenue Actual	290.4
Annual Revenue Growth	-7.8%
GDP (Nominal)	3,426
Tax to GDP Ratio	8%
Domestic Resource Contribution to Total Budget	89%
Expenditure Budget	6.78
Cost Per Dollar Collected Ratio	2%

Source: Special Budget revenue outturn

The LRA was established as a corporate semi-autonomous entity. Its corporate governance structure descends from a Board of Directors, an executive management team, senior managers and 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 facilitates 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

## LEGAL AND BOARD AFFAIRS

The Legal and Board Affairs Department plays a vital role in protecting the fiscal 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 revenue related cases.

## POLICY, STATISTICS AND STRATEGIC PLANNING

### Overview

The Division of Policy, Statistics and Strategic Planning (PSSPD) 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.

## Summary of Achievements

- Produced and published LRA Fiscal Year 2020/21 Annual Report
- Validated Customs Administrative Regulations for Stakeholder inputs
- Collaborated with MFDP technical team to update and align revenue chart of accounts with the Government Finance Statistics (GFS) IMF 2014, to include removal of redundant accounts, addition of new categories for loan accounts and account for revenue carry forward, among others.
- Collaborated with MFDP technical team in drafting the Revenue component of the FY2022 national Budget
- Produced tax expenditure report as an appendix to the national budget
- Conducted internal reconciliation of the FY2021 revenue numbers
- Collected, validated and populated the African Tax Administration Forum (ATAF) data for publication
- Analyzed and published seventy-seven (77) daily revenue flash reports to internal and external stakeholders
- Coordinated and facilitated the Swedish Tax Agency technical assistance mission
- Coordinated the development of the Semi-annual work and business plans for all divisions
- Collated and validated Key performance indicators for the Corporate Strategic Plan (FY2016/17 – 2020/21) review

## HUMAN RESOURCE MANAGEMENT

The Human Resources Management Division is one of the divisions under the department of Administrative Affairs. It 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.

### Staff Complement Statistics



## Capacity Building

For the period under review, there were a total of fourteen (14) trainings conducted. Twelve (12) of these trainings were local while two (2) were foreign related. Also constituting this capacity building exercise was one (1) training in leadership skills, two (2) online and one (1) in certified accountancy (CA).

## Performance Management

The total number of staff reporting under performance management was nine hundred and thirty-three (933). The number of staff in full compliance summed five hundred and eighteen (518), comprising 55 percent, with four hundred and twelve (412) or 45 percent in non-compliance

## 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.

## Key achievements

- Produced quarterly activity reports
- Prepared one annual activity report to highlight achievements and challenges of IAD
- Completed draft report for brought forward audit of Procurement Section.
- Completed draft reports for nine (9) Rural TBOs and Seven (7) Rural CBOs brought forward audit engagements and submitted same to auditees for their response(s).
- Completed review of LVD/FDA's expenditure report and source documents and reported to Senior Management and submitted to CG Office.
- Conducted one Ad hoc review of Communication Media Public Affairs Section's (CMPAS') equipment.
- Completed brought forward comprehensive audits of Budget & Finance for two (2) fiscal years (FY 2018/19 & FY 2019/20) and submitted draft reports to auditees for their response(s).
- Completed review of quarterly financial statements and quarterly procurement reports
- Conducted follow-up reviews to ascertain the level of implementation of agreed prior audit recommendations.

## FISCAL INVESTIGATION

The Fiscal Investigations Division (FID) provides quality and timely tax intelligence, audit support, investigation and enforcement specialized capabilities that foster optimum revenue collection within the LRA.

### **Key achievements**

- Conducted professional investigation of all reports of tax crimes
- Established collaborative partnerships with law enforcement agencies and competent authorities strengthened
- Inter-Agency Cooperation MOU drafted between the LRA and Liberia National Police
- Developed a tax investigation handbook (taxpayer's edition) in collaboration with the DTD and Customs to ensure taxpayers under tax examinations are rendered fair, transparent, and equitable treatment
- Collaborated with TPSD to assist the dissemination of the Tax Investigation Handbook to taxpayers and with MIS to develop an online whistleblower platform for public participation and gathering of tax fraud/evasion intelligence and with CMPA to develop anti-tax evasion messages to caution taxpayers against tax fraud/evasion
- Conducted taxpayer risk mapping into high, medium, and low risks categories
- Developed draft complaint handling procedures
- Built capacity of investigators in professional tax crimes investigation and carried out rehearsal courses and knowledge sharing sessions

## NATIONAL REVENUE ACCOUNTING AND REPORTING

The National Revenue Accounting and Reporting Section is one of the offices under the Deputy Commissioner General for Technical Affairs. It is responsible for conducting daily/monthly bank reconciliation of the Central Bank of Liberia (CBL) and Commercial Banks (CBs) for the period.

## ENTERPRISE DESIGN, QUALITY ASSURANCE AND RESULTS

The Enterprise Design, Quality Assurance & Results Division (EDQARD) is an independent division of the LRA. The Division develops standard operating procedures for operating units across the LRA. It also assesses, monitors and evaluates the quarterly activities of all sections and Divisions in the authority.

## ETHICS AND INTEGRITY

The Professional Ethics Division (PED) was established by the Authority to investigate all allegations of employee misconduct. In order to ensure the integrity of all employees of LRA and to maintain the public trust, each allegation must be carefully examined. If a formal investigation is required, the investigation must be thorough, unbiased and

reported in a timely and objective manner. The authority of LRA to regulate the conduct of its employees is contained in the LRA Professional Ethics & Code of Conduct, the Human Resource Management Policy (HRMP) and other related regulations and statutory laws of the Republic of Liberia.

During the period under review, the PED initiated a total of eight (8) cases of employee alleged misconduct. All recorded cases were investigated with six (6) sustained and (2) not sustained. The category of cases investigated include alleged receipt of double emoluments, extortion and unprofessional behavior, false information sharing, illegal trading, wrong subject to financial obligation, release of container without customs release, solicitation of bribe and misappropriating of GOL revenue.

## PROFESSIONAL RESPONSIBILITY

The mission of the Office of Professional Responsibility Section (OPRS) 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 online testing platform for Tax Practitioner in collaboration with Management Information Division (MISD). The Platform has been tested and proved to be functional.
2. Issued one (1) license to a Tax Practitioner under the Grandfather Clause Program
3. Issued four hundred and ten (420) individuals Customs Brokers licenses
4. Held eight (8) different radio talk shows to inform the public of the adherence of the Customs brokers and Tax Practitioners Regulations with focus on the enforcement of the licensing period.
5. Held two (2) planning meetings with the Liberia Institute of Tax Practitioners and mutually benefitting engagement meeting with the National Customs Brokers Association of Liberia

## GENERAL SERVICES

The General Services Department (GSD) operates as the fulcrum responsible for supporting and buttressing the purpose of the existence of the entire Authority. GSD is charged with the responsibility to provide the requisite support to all departments, divisions, sections and units within the Liberia Revenue Authority.



## Key Achievements

- The Facility Management Unit procured air conditioner capacitors and repaired two used donated 12 TBTU air conditioners, procured one new set of 18 TBTU air conditioners, repaired and serviced centralized air conditioner, installed electronic board & power supply box on Powerhouse # (1) 24 TBTU air conditioner and a new Samsung 48 TBTU standing air conditioner in the Registration and Return processing Unit.

In addition, the department installed fuel filter base and replaced the battery on the new USAID donated 20 KVA generator, repaired roof leakages in the LRA Headquarters, replaced damaged acoustic ceiling boards and plywood boards, installed one new 12 TBTU Samsung air conditioner, completed installation work of a new submersible pump control panel, replaced damaged floater switch, among others.

- The Transport Unit received and successfully supported a total of one thousand one hundred fifty-eight (1,158) vehicle requests from units across the LRA. It also received and coded five new vehicles, repaired and released from various garages 32 vehicles, among others.
- The Asset Management Unit in the SBY 2021, remained active despite expiration of its software system (Hard Cart since December 2019). The Unit continued to input assets information collected on a spreadsheet, assigned assets to staff members, and the repaired assets. The team also upgraded some furniture and repaired IT equipment in the headquarters and other offices.
- The Procurement Section received a total of three hundred and twenty-three (323) requisitions and successfully processed two hundred sixty-four (264), representing 82 percent. One hundred and one (101) or 38 percent of these requisitions came through Petty Cash disbursement while one hundred and sixty-three (163) or 62 percent were processed through regular Purchase Order.

## 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 to provide reasonable assurance to the LRA Management team and the Board of Directors and comprehensively identified all risk and proactively managed in an efficient and effective manner to protect national revenue and LRA image.

## OVERALL REVENUE PERFORMANCE

The Special Fiscal Year 2021 collection of US\$324.55 million underperformed against the approved budget by US\$23.35 million or 6.7 percent. The underperformance of property income on account of mineral mining royalties on iron ore and signature bonuses was the major driver. Signature bonuses projected at US\$5 million was not realized and Iron ore royalties projected at US\$49.80 million fell short by US\$43.90 million or 88 percent against actual collection.

Though tax revenue category exceeded its approved forecast by US\$29.0 million or 13 percent, the surplus was not sufficient to offset the underperformance from non-tax revenue (property income). Under the tax revenue category, taxes on income and profit alone contributed US\$ 22.92 million or 80 percent of the over performance mainly on account of withholding taxes on goods and services exceeded target by US\$3.49 million or 14 percent mainly on account of service tax whereas International trade taxes also exceeded target by US\$2.65 million or 3 percent on account of custom duties.

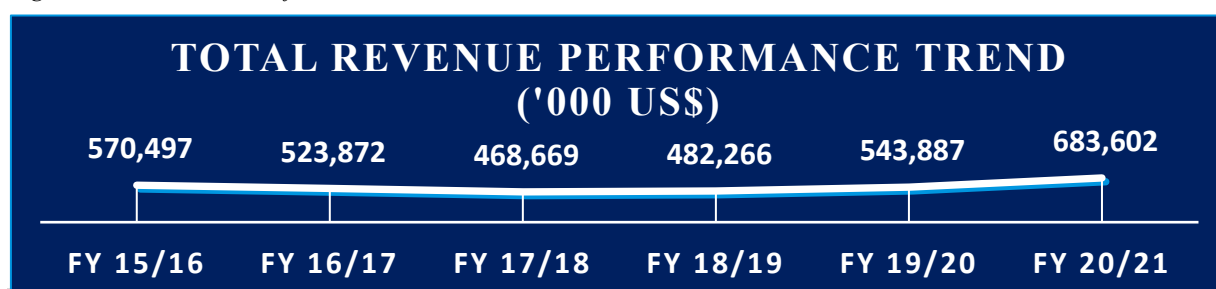
Other factors contributing to the underperformance of non-tax revenue include the noncommittal of dividends from State Owned Enterprises (SOEs) which registered a decline of US\$3.67 million or 81 percent against the approved target. There were also shortfalls in royalties and rents from forestry and cellular mobile networks of Royalties from forestry US\$1.07 million or 33 percent and US\$ 0.9 million or 19 percent respectively.

On the other hand, Road maintenance Fund and Administrative Fees exceeded their respective targets by US\$1.2 million and 0.6 million respectively.

Table 1: Revenue Outturn - Special Budget Year 2021 (thousands of USD)

	Original Draft	Net Changes (Legislature)	Approved Special Budget	ACTUAL	VAR (+/-)
<b>Total Revenue</b>	<b>301,549</b>	<b>46,359</b>	<b>347,908</b>	<b>324,553</b>	<b>(23,355)</b>
<b>Domestic Revenue</b>	<b>282,549</b>	<b>32,223</b>	<b>314,772</b>	<b>290,376</b>	<b>(24,396)</b>
Domestic Tax	180,971	28,473	209,443	182,710	(26,734)
Customs	101,578	3,750	105,329	107,666	2,338
<b>External Resources</b>				<b>1,041</b>	<b>1,041</b>
<b>Cash Carried Forward</b>	<b>19,000</b>	<b>14,136</b>	<b>33,136</b>	<b>33,136</b>	<b>-</b>
Consolidated Cash Brought Forward (FY 2019/20)	19,000	14,136	33,136	33,136	-
Unswep Cash from Commercial Banks			-		

Figure 1: Total Revenue Performance Trend



## TAX AND NON-TAX REVENUE

Table 2: Tax and Non-Tax Revenue

Tax Kind	Approved Budget	Actual	Var.+/-	% Var.+/-
<b>Domestic Revenue</b>	<b>315,121</b>	<b>290,376</b>	<b>(24,745)</b>	<b>-8%</b>
<b>Tax Revenues</b>	<b>222,538</b>	<b>251,228</b>	<b>28,690</b>	<b>13%</b>
Taxes on Income & Profits	92,028	114,947	22,919	25%
O/W Personal Income Tax (PIT)	79,641	93,638	13,996	18%
O/W Corporate Income Tax (CIT)	10,653	20,639	9,986	94%
O/W Other Income Taxes	1,734	670	(1,063)	-61%
Taxes on Property	1,478	1,239	(239)	-16%
Taxes on Goods & Services	24,905	28,403	3,497	14%
O/W Maritime Revenue	4,500	4,806	306	7%
Taxes on International Trade	103,981	106,639	2,658	3%
Other Taxes (SDCs)	146	-	(146)	-100%
<b>Non-Tax Revenues</b>	<b>92,583</b>	<b>39,147</b>	<b>(53,435)</b>	<b>-58%</b>
Property Income	84,543	30,522	(54,021)	-64%
O/W Road Maintenance Fund	10,496	11,702	1,205	11%
Administrative Fees	7,825	8,461	636	8%
Fines, Penalties & Forfeits	214	143	(71)	-33%
Miscellaneous & Unidentified	-	21	21	-

## TAXES ON INCOME & PROFIT

Table 3: Tax and Non-Tax Revenue

Tax Kind	Approved Budget	Actual	Var.+/-	% Var.+/-
<b>TAXES ON INCOME &amp; PROFITS</b>	<b>92,028</b>	<b>114,947</b>	<b>22,919</b>	<b>25%</b>
<b>PERSONAL INCOME TAX (PIT)</b>	<b>79,641</b>	<b>93,638</b>	<b>13,996</b>	<b>18%</b>
Taxes on Residents	84,078	97,334	13,256	16%
PIT Section 200A (Residents)	765	83	(683)	-89%
Withholding Taxes (Residents)	70,926	75,942	5,016	7%
Taxes on Non-Residents	7,950	17,614	9,663	122%
<b>CORPORATE INCOME TAX (CIT)</b>	<b>10,653</b>	<b>20,639</b>	<b>9,986</b>	<b>94%</b>
<b>OTHER INCOME TAXES</b>	<b>1,734</b>	<b>670</b>	<b>(1,063)</b>	<b>-61%</b>
Presumptive Section 200c (Small Tax)	1,734	670	(1,063)	-61%
GSM Annual Gross Margin Tax	-	-	-	0%

## TAXES ON GOODS AND SERVICES

Table 4: Tax and Non-Tax Revenue

Tax Kind	Approved Budget	Actual	Var.+/-	% Var.+/-
<b>Total Goods &amp; Service Tax</b>	<b>24,905</b>	<b>28,403</b>	<b>3,497</b>	<b>14%</b>
GST Excluding Motor Vehicle	12,375	15,334	2,959	24%
Domestic Excise	2,853	2,816	(37)	-1%
Motor Vehicle Taxes	4,008	4,495	487	12%
Use of Goods & Permission to use Goods	1,170	949	(221)	-19%
Maritime	4,500	4,806	306	7%
Other Taxes on Goods & Services	-	2	2	0%

## TAXES ON INTERNATIONAL TRADE

Table 5: Tax and Non-Tax Revenue

Tax Kind	Approved Budget	Actual	Var.+/-	% Var.+/-
<b>Customs Department</b>	<b>105,329</b>	<b>107,666</b>	<b>2,338</b>	<b>2%</b>
Customs & Other Import Duties	103,678	106,402	2,724	3%
o/w ECOWAS Trade Levy	2,229	2,963	734	33%
Fees & Other Levies on Exports	303	237	(66)	-22%
Log and Wood Products Export Fees	1,324	1,001	(323)	-24%
Rental Of Bonded Warehouses	24	26	2	9%

# SERVICE TO STAKEHOLDERS

## TAXPAYER SERVICES

The 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.

### **Key Achievements**

- Conducted seven (7) tax education outreach programs focused on LRA Compliance Clustering System, General Compliance, Real Estate tax payment in Electoral Districts two (2) and twelve (12), Montserrado County, Real Estate Revenue Collection Pilot Project in Margibi County, and LRA Electronic Fiscal Device and Excise Stamps in Montserrado County
- Developed and submitted to HRMD Training Unit Customer Service Program to ensure scheduling of training for internal staffs
- Conducted Taxpayer Satisfaction Survey on customer experience and reports submitted to senior management. The report shows that generally, taxpayers are satisfied with the services provided in supporting them meet their tax obligations
- Acquired call log to generate calls from directory and updated LRA Call Phone Directory with confirmation of extension in progress. Executed Call Center Strategy with outbound and inbound calls currently available and in use.
- Conducted two (2) trainings for selected group of staffs on awareness promotion and education on LRA Electronic Fiscal Device (EFD) and the Excise Stamp Tax Regimes.
- Conducted one (1) tax clinic for the welder's union at LIBA Office and one (1) tax clinic for newly registered businesses at LRA Headquarter
- Printed and distributed to taxpayers forty-five thousand (45,000) pieces of tax and customs forms, information flyers and brochures through LRA concierge desks and service windows
- Conducted nineteen (19) radio talk shows (including rural community radio shows) on general tax compliance, real estate tax awareness and education, excise stamp education and awareness, electronic device awareness and education, and tax practitioner licensing awareness
- Reconciled all transitory accounts for the fiscal period while meeting with all commercial banks and soliciting of signature from commercial banks are ongoing
- Conducted four (4) assessment visits to service windows in Montserrado, Bong, Margibi, Nimba and Grand Bassa
- Resolved one hundred fifty-five (155) out of one hundred sixty-two (162) inquiries received via concierge desks, call center, emails, and social media thus amounting to 95.6 percent inquiry resolution rate compared to planned initiative of 80 percent
- Conducted a very successful LRA 2nd National Revenue Symposium and Taxpayer Appreciation Week

# 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.

## **Key Achievements**

The Section facilitated mass media coverage/publicity on some major events to include E-Tariff Workshop, launch of E-Tariff, Real Property Tax Expansion Margibi Pilot Project, John Maxwell Leadership Training, completed a number of social media post, provided information, education and other updates on Facebook, LinkedIn, You tube, Twitter and LRA Website, among others.

## MANAGEMENT INFORMATION SYSTEM

The Management Information Systems (MIS) Division is one of the technical support divisions of the Liberia Revenue Authority. The MIS Division leads IT back-office operations, network administration, and systems, program/software development and acquisition efforts.



# MONITORING COMPLIANCE

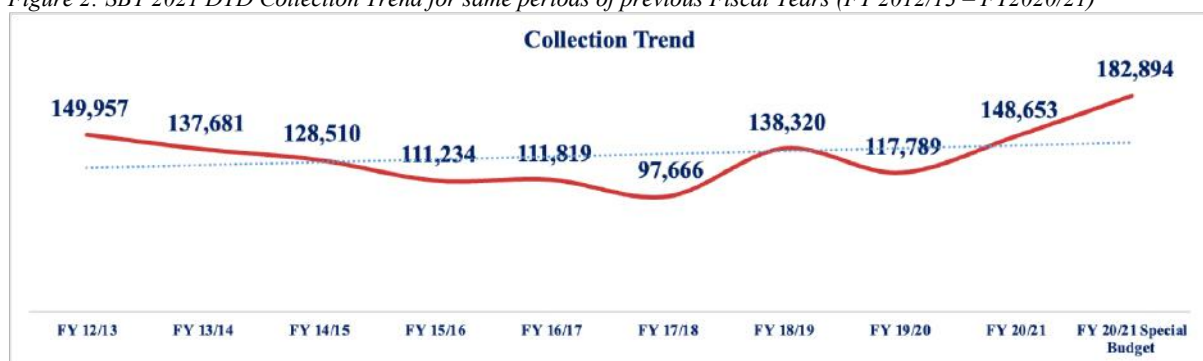
## Core Business

### DOMESTIC TAX OVERVIEW

The Domestic Tax Department (DTD) is one of two core Departments of the Liberia Revenue Authority (LRA) with the legislative authorization of ascertaining the collection of “Lawful Revenue” with professionalism and integrity. Core functions of the DTD includes enhancing domestic revenue collection to finance government’s human and economic development obligations; to increase public trust in the LRA to ensure voluntary compliance; and to enforce the collection of tax debt. This report presents a detailed account of the DTD’s functions implemented during the SBY 2021. It highlights the status, challenges, and prospects of these functions during the period under review and proffers informed recommendations for the continuous optimization of the Department’s engagements.

A Special Budget (July 1 - December 31, 2021) was drafted by the Executive and approved by the Legislature in the tone of US\$347.90 million. This amount comprised US\$314.77 million in Domestic Revenues and US\$33.13 million in consolidated cash carry forward from the FY 2020/21 budget year. Of the total Domestic Revenue, DTD was tasked to collect US\$209.44 million or 66 percent. In actual terms, the Department collected 87 percent (US\$182.71 million) of its approved revenue target for the SBY 2021. The following summaries provide in-depth disaggregated analysis of the Department’s collection performance.

Figure 2: SBY 2021 DTD Collection Trend for same periods of previous Fiscal Years (FY 2012/13 – FY2020/21)



Actual collection for the SBY 2021 when compared to the performance for the same periods between FY2012/13 - FY 2020/21 shows that the DTD collected an average of 47 percent more during the SBY 2021.



Table 6: SBY 2021 Outlook by Tax Kind

<b>Special Budget Outlook</b>						
MAJOR TAX KIND	TARGET	ACTUAL COLLECTIONS US\$	ACTUAL COLLECTIONS LRD	CONS.	VARIANCE	% TOTAL
<b>Income &amp; Profit</b>	92,028	90,649,762	4,087,409,596	115,787	23,759	26%
<b>Property Taxes</b>	1,478	1,119,931	19,918,874	1,239	-239	-16%
<b>Goods &amp; Services</b>	24,566	19,079,542	1,492,543,056	28,260	3,694	15%
<b>Other Taxes</b>	146	-	-	-	-146	-100%
<b>Property Income</b>	83,186	21,144,636	1,278,688,162	28,982	-54,204	-65%
<b>Administrative Fees</b>	7,825	8,225,008	38,295,784	8,462	636	8%
<b>Penalties and Interest</b>	214	106,453	5,948,508	143	-71	-33%
<b>Miscellaneous</b>		21,246	25,500	21	21	-
	209,443	140,346,578	6,922,829,480	182,894	-26,549	-13%

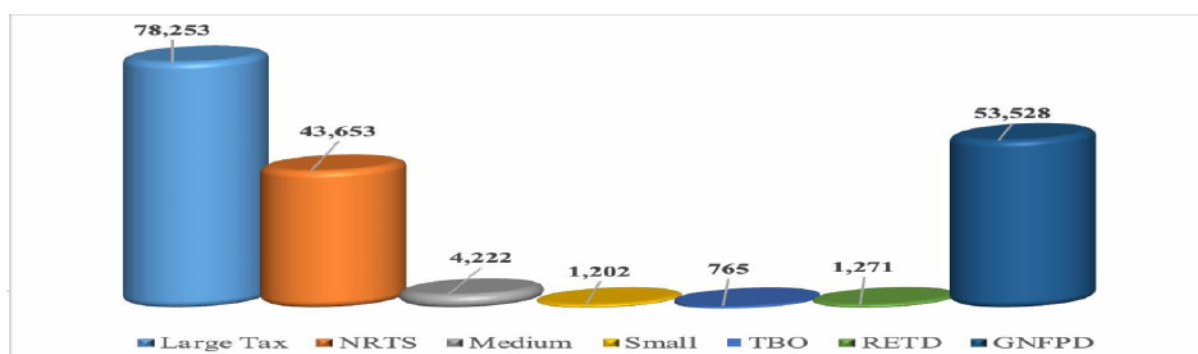
Actual collection for the SBY 2021 stood at US\$182.9 million for the Department of Domestic Tax representing 87.36 percent of the Department's US\$209.44 million revenue projection target. This collection signifies an underperformance for the period by a variance of US\$26.5 million or 12.64 percent. Income and Profits contributed the highest to this collection with US\$115.8 million constituting 63 percent of the total actual amount collected.

Collections from Goods and Services as well as Administrative Fees also exceeded their projected targets by 15 percent and 8 percent respectively as seen in the table below. Collections from Penalties and Interests was 33 percent below its projected target of US\$214 thousand indicating high levels of tax compliance during the period. Collections from Property Tax and Property Income both underperformed during the period with negative 16 percent and 65 percent respectively. Miscellaneous taxes, although without a projected target for the SBY 2021 contributed US\$21 thousand to the collection envelope.

Table 7: SBY 2021 Projection against Actual collection by Divisions and Sections

<b>SPECIAL BUDGET PROJECTION AGAINST ACTUAL</b>						
Division	Special Budget Projection	Special Budget Actual US\$	Special Budget Actual LRD	Special Budget Actual CONS.	Variance	% Achieved
<b>Large Tax</b>	81,227	45,831,038	5,304,692,439	78,253	-2,974	96%
<b>NRTS</b>	75,029	43,648,605	810,581	43,653	-31,375	58%
<b>Medium</b>	7,683	3,450,276	127,075,485	4,222	-3,461	55%
<b>Small</b>	2,277	983,890	35,225,263	1,202	-1,075	53%
<b>TBO</b>	1,143	367,618	63,616,155	765	-377	67%
<b>RETD</b>	1,502	1,150,671	20,147,716	1,271	-231	85%
<b>GNFPD</b>	40,582	44,914,480	1,371,261,842	53,528	12,945	132%
<b>Totals</b>	209,443	140,346,578	6,922,829,480	182,894	-26,549	87%

Figure 3: Revenue collection by Divisions and Sections in Millions USD





Reviewing the numbers in terms of individual Divisions and Sections performances within the DTD, the table above shows that the Large Tax Division (LTD) made the most collection for the period with US\$78.25 million or 42 percent. Despite reporting the highest collection, the LTD was unable to meet its projected target of US\$81.23 million for the SBY.

Next in line were the Government Non-For-Profit Division (GNFPD) and the Natural Resource Tax Section (NRTS) with collections of US\$53.53 million and US\$43.65 million respectively. These collections made up 29 percent and 23 percent of the Department's projection of US\$209.44 million and 58 percent. Individually, GNFPD overperformed by more than hundred percent of its projected target. The NRTS underperformed by 41 percent or US\$31.38 million against a projection of US\$75.0 million. Small Tax (STD), Medium Tax (MTD), and Real Estate Tax Division (RETD) all underperformed in their collections for the period with collections achievements of 53 percent, 55 percent and 85 percent of their respective projections.

## LARGE TAX DIVISION

The Large Tax Division (LTD) is mandated to administer and collect income taxes and revenue as provided for under the Liberia Revenue Code. It manages the compliance of taxpayers whose annual turnover is L\$30 million and above. Banking, finance, and telecommunication sectors are automatically assumed to be large tax payers based on sector specific requirements. The LTD is a Public Service Division charged with the domestic obligation to administer all large taxpayers excluding those of the extractive and agriculture sectors which fall in the preview of Natural Taxation Resource Section (NTRS). The division is segmented into three core sections, including Analysis, Assessment, and Accounting (AAA), Audit, and Collection and Enforcement, with their distinct functions to ensure voluntary compliance.

Currently as per Standard Integrated Government Tax Administration System (SIGTAS) registry, there are nine hundred forty-one registered large taxpayers (941), out of this number, we have two hundred forty-nine (249) inactive taxpayers, seventy- seven (77) suspended taxpayers, two hundred twelve (212) closed taxpayers and three hundred sixteen (316) active taxpayers, with thirteen (13) Sectors for the period under review.

## COLLECTIONS STATISTICS

The LTD was charged with the responsibility to collect a total of US\$81.23 million and the table below shows the projections and the actual collections during the period.

*Table 8: Large Tax Division SBY 2021 Projection against Actual collection*

SBY	Projection (US\$)	Collection (US\$)	Variance US\$	Variance in %
July-December - 2021	81,228,000.00	78,253,000.00	(2,975,000.00)	25%

## CUMULATIVE AUDIT SUMMARY

At the beginning of the special Budget year (July – December 2021) thirty-four (34) cases were brought forward from the fourth quarter of fiscal year 2020/2021 as audit cases ending inventory. A compliance review of taxpayers' activities for the fiscal period 2020/2021 last quarter conducted by the Compliance Risk Division, led to the selection

of additional cases for the special Budget, making the total audit case inventory for the period to seventy-one.

During the SBY, a total number of seventy-one (71) audit cases were available, of which twenty-nine (29) were completed and served the respective taxpayers through the office of the Large Tax Legal Collections and Enforcement Section. The completed audit cases were comprehensive, yielding a total audit assessment of US\$17. million. Principal tax amount of US\$7.8 million of the total audit assessment and US\$4.2 million representing Penalty, while US\$5.9 million is interest charges of the total audit assessments for the period. At the end of the SBY, there were forty-two (42) cases outstanding.

Table 9: Audit Cases Brought Forward and Added for SBY 2021

Audit Cases (SBY)	# of Cases	# of Cases Amended
Audit Cases Brought Forward	34	34
Audit Cases Added in 2021	35	37
<b>Total Cases to be Performed</b>	<b>69</b>	<b>71</b>

Table 10: Audit Cases Brought Forward and Added for SBY 2021

Total Audits (SBY)	# of Cases	US\$	L\$	Total
<b>Total (Audits to Date plus Outstanding)</b>	<b>69</b>	16,892,080	161,351,590	17,869,969

Table 11: Audit Cases Brought Forward and Added for SBY 2021

Loss Overturned to Date			
Losses Overturned	US\$	L\$	Total
Total Loss Overturned	\$88,284,629.00	0	\$88,284,629.00

Table 12: Audit Cases Brought Forward and Added for SBY 2021

Recovery Assessment				
Assessment	# of Cases	US\$	L\$	Total (US\$)
Total Audits to Date	29	6,150,963	129,928,814	6,938,411

## ENFORCEMENT ACTIVITIES

Table 13: LTD Collection Summary for SBY 2021

LTD COLLECTION REPORT SUMMARIZED (Amounts in US\$'000)							
Collection Sources	Bills B/F	New Bills	Bills Yield	Amount B/F (USD)	Assessed New Bills (USD)	Total Receivables (USD)	Collection (USD)
LTD Total Receivables (AAA)	3,821	323	181	25,180	1,028	26,208	701
NRTS Total Receivables (AAA)	1,475	144	29	18,890	580	19,470	53
LTD Total Receivables (Audit)	222	28	93	41,706	17,764	59,470	59,470
NRTS Total Receivables (Audit)	25	3	6	97,328	73,755	171,083	15,920
<b>Total</b>	<b>5,543</b>	<b>498</b>	<b>309</b>	<b>183,104</b>	<b>93,128</b>	<b>276,232</b>	<b>76,145</b>

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 of more than L\$3 million and up to L\$30 million.

## COLLECTIONS STATISTICS

Collection for the SBY 2021 (July 2021 to December 2021) per the TAS is US\$4.2 million against a projection of US\$7.7 million.

The figure below shows the collection trend for the same period (July to December 2021) for the last three fiscal years. Collection trend shows a 2.1 percent growth when compared to the last fiscal period. A total of US\$91 thousand more was collected as compared to the same period FY 2019/20. Despite the growth in collection, withholding on wages and salaries declined by 32 percent.

Table 14: Collection Performance (FY2019 – FY2021)

TAX KINDS	FY 19-20	FY 20-21	SP_FY2021	% Contribution	Growth
WH (Res.) on salaries and wages	2,056,904.08	2,339,119.01	1,598,844.43	36.5%	-32%
CIT Regular (25%) (200b2C)	915,205.91	846,912.38	1,275,486.23	29.1%	51%
<b>Service Tax</b>	<b>224,500.11</b>	<b>175,027.82</b>	<b>366,646.96</b>	<b>8.4%</b>	<b>109%</b>
WH (Res.) on payments for serv. rendered	366,804.21	334,253.04	339,809.18	7.8%	2%
WH (Res.) on rent	294,434.85	218,695.00	250,118.30	5.7%	14%
Domestic goods tax WH (non-Res.) on payments for services rendered	99,853.08	70,132.59	136,587.52	3.1%	95%
Presumptive (small tax) (4%) (200c)	74,825.02	69,870.53	97,653.32	2.2%	40%
WH (Res.) on payments of acquisition price	-	-	40,000.00	0.9%	100%!
Excise Tax	9,483.22	15,695.56	28,296.29	0.6%	80%
PIT for residents (200a)	20,225.41	20,654.42	21,336.93	0.5%	3%
Other Taxes	83,925.05	83,239.81	49,401.62	1.1%	-41%
<b>TOTAL</b>	<b>4,269,367.14</b>	<b>4,289,670.46</b>	<b>4,380,919.90</b>		<b>2.1%</b>

Analysis of contributions from the top ten sectors in the medium category shows growth in all sectors except the professional, scientific, and technical services sector. This is clearly due to closure activities of high contributing foreign corporations that were implementing USAID and similar projects. The payments were mostly withholding on staff salaries and wages.

The top five sectors contributed 69 percent of total collection. The highest contributing sector is the wholesale and retail trade sector contributing 28 percent of total collection for the Division. This sector saw a growth of 19.9 percent when compared to the last fiscal year. The second highest sector, Professional, scientific, and technical services contributed 12 percent, while manufacturing and construction sectors both contributed 10 percent each.

Table 15: Sector trend of collection (FY2019 – FY2021)

TAX KINDS	FY 19-20	FY 20-21	SP_FY2021	%Cntrbn
G - Wholesale and retail trade; repair ..	1,129,243.99	1,033,951.06	1,240,380.39	28%
<b>M - Professional, scientific, and technical activities</b>	<b>1,045,141.10</b>	<b>1,277,467.24</b>	<b>516,600.26</b>	<b>12%</b>
C - Manufacturing	347,510.53	406,632.92	439,579.71	10%
F - Construction	442,085.57	380,141.06	433,317.38	10%
J - Information and communication	218,249.41	263,443.89	410,872.43	9%
N - Administrative and support service activities	262,508.22	175,594.93	275,347.81	6%
I - Accommodation and food service activities	187,566.98	128,992.34	272,000.55	6%
H - Transportation and storage	194,299.87	140,955.82	171,581.01	4%
L - Real estate activities	93,381.19	96,828.72	160,507.31	4%
D - Electricity, gas, steam, and air conditioning supply	144,621.24	111,201.02	131,192.63	3%

## ACCOUNTING, ASSESSMENT & ANALYSIS SECTION

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 focus of the desk review for the SBY was:

Comparison of customs declarations vs sales data. This was done mostly in the latter part of the year. Special emphasis was placed on the use of available third-party data in ASYCUDA, and an analysis template was developed to aid the compliance officers in their review of the wholesale and retail sector.

Review of GST declarations focusing on the accommodation and food services sector and the Arts and entertainment sector. The team conducted field exercises to taxpayers in these sectors which included the delivery of the regulation on the issuance of GST invoice by service providers and manufacturers.

## TAX CLEARANCE

The total number of tax clearance approved for the SBY was 887.

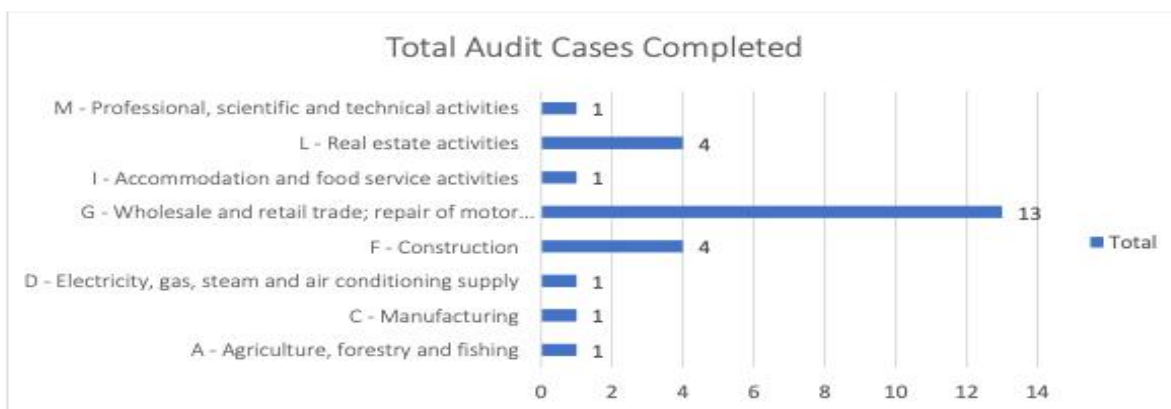
## AUDIT SECTION

The total number of taxpayers selected for audit planned to be conducted for the SBY was 76 audits. Below is a breakdown of cases selected for audit:

Table 16: Audit cases selection summary

Item	#
Audit cases rolled forward Jul-Dec (2021)	62
Audit cases added from Risk Section	14
Total cases selected for audit Jul-Dec (2021)	76

Figure 4: Audit cases completed by sector



## LOSSES OVERTURNED

Of the taxpayers audited, 20 taxpayers declared loss amounting to US\$2.56 million and L\$1.13 million. Findings per audit overturned the loss by US\$3.67 million and L\$2.0 million. Total assessment raised for these taxpayers amounted to US\$109.42 thousand and L\$1.55 million.

## ENFORCEMENT SECTION

Total unreconciled debt stood at US\$13.06 million. Total bills raised for the SBY amounted to US\$771 thousand of which US\$381 thousand (49.4 percent) was collected on the bills. See table below.

Table 17: Collection on Bills

	Item	# of Taxpayers	Amount		
			LD	USD	Aggregate (USD)
<b>Total Receivables (AAA &amp; Audit)</b>	Overdue Tax B/F	3731		12,260,178.26	
			65,920,728.26		12,685,336.14
	Add: Current Amount	14			
			8,398,471.55	718,845.47	771,003.41
	Less: Amount Collected From B/F	31	1,350,681.46	40,813.24	49,201.52
	Less: Amount Collected from Current	1	5,191,610.22	299,893.63	332,135.65
	<b>Balance Carried Forward</b>			<b>12,638,316.86</b>	
		<b>3656</b>	<b>67,776,908.12</b>		<b>13,059,239.16</b>

## NATURAL RESOURCE TAX SECTION (NRTS)

The 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 of the SBY 2021, the section managed a total tax roll (inclusive of active and inactive taxpayers) of six thousand one hundred and forty (6,140) taxpayers (excluding Petroleum taxpayers due to the sector inactiveness).

The NRTS revenue forecast for the SBY was US\$75.03 million against which US\$43.65 million was collected registering an underperformance of US\$31.38 million mainly in the Agriculture and Forestry sectors.

Table 18: NRTS SBY 2021 Performance (US\$' 000)

Major Tax Kind	SBY Target	Actual Collection	Variance	Total
Income & profit	18,548	30,720	12,172	66%
Goods & Services	580	499	-81	-14%
Others taxes	-	-	0	-
Property income	55,886	12,431	-43,455	-78%
Penalties & Interest	14	3	-11	-78%
<b>Total</b>	<b>75,029</b>	<b>43,653</b>	<b>-31,375</b>	<b>-42%</b>

Source: TAS & SIGTAS

## AUDIT ACTIVITIES

Audit activities in the section are gradually improving, but lack of adequate staff is hindering the section's progress as more auditors are needed to carry out the audit function of the section. Below are the audit activities undertaken by the section during the SBY 2021.

- No risk analysis was required because the section is auditing brought-forward cases from FY 2020/21 whose additional risks analyses have been completed. Nonetheless, other pre-audit activities were done as information became available.
- One audit was completed, with a few drafts issued out of the audit cases planned for completion.
- Audits completed last fiscal year and desk review cases are outstanding with the legal department under litigation or closure action.

## TRANSFER PRICING AUDITS

The Section completed and issued two transfer pricing audits in the mining sector, which started in the fiscal year 2018/19 and were completed in the SBY 2021. In addition, one of the six (6) comprehensive audits in the agriculture sector was completed in the SBY 2021. Some of the transfer pricing audits have made significant progress, while others are in their initial stages of planning and fieldwork.

## GOVERNMENT NON-FOR-PROFIT-DIVISION (GNFPD)

For the period under review, the division started with a rolled-over tax roll of 9,963 taxpayers from FY 2020/21 and ended with a total of 10,781 taxpayers for the four sectors (human health, education, other activities service, and the public administration). During the fiscal period, there were a total of 817 new registrants, 4 taxpayers re-segmented from other divisions to GNFPD while 3 taxpayers were also re-segmented from GNFPD to other Tax Divisions.

## ACTIVITIES

The Government & Non-For-Profit-Division (GNFPD) collected US\$53.53 million against a total projection of US\$40.58 million, thus recording an overperformance of US\$12.95 million. This overperformance was a result of the division robust engagement with Ministries, Agencies and Commissions (MACs) of Government, academic institutions and NGOs. In particular, the division engagement with NGOs led to reclassification of employees earning and computation of their taxes under the PIT against the resident withholding rate of 10 percent.

*Table 19: Collection Statistics*



Description	Special Budget FY 2021 Projection & Actual				
	FY 2021 Projection	US\$	Actual Collection LRD	CONS.	Variance US\$
<b>GOL/CSA</b>	<b>24,587</b>	<b>22,692,151</b>	<b>1,238,092,801</b>	<b>30,486</b>	<b>5,899</b>
Withholdings GOL 2% & 4% (Res)	1,152	847,925	15,476,453	946	-206
Withholdings Services Render (Res)	1,300	50,057	2,275,759	63	-1,237
Withholdings Services Render (Non-Res)	905	-	-	-	-905
WH (Res.) on rent	-	384	3,091,790	18	18
Wages & Salaries	18,600	21,793,785	1,217,248,800	29,458	10,858
Others	2,629	-	-	-	-2,629
<b>Goods &amp; Services</b>	<b>6,019</b>	<b>4,591,627</b>	<b>34,907,990</b>	<b>4,804</b>	<b>-1,215</b>
ANNUAL VEHICLE REGISTRATION STICKER	1,940	59,659	172,331	61	-1,880
Business registration fees	2,011	219,071	14,509,255	309	-1,702
DRIVER LICENSE	640	893,980	3,908,531	918	278
VEHICLE LICENSE PLATES	1,222	3,194,666	15,432,628	3,287	2,065
MOTORBIKE LICENSE PLATES	196	216,043	831,857	221	25
Others	9	8,207	53,388	9	-1
<b>Ministries &amp; Agencies</b>	<b>7,825</b>	<b>8,225,008</b>	<b>38,295,784</b>	<b>8,462</b>	<b>636</b>
BIN	2,000	2,054,066	3,929,854	2,078	78
MFA	1,500	2,536,034	53,299	2,536	1,036
MOL	2,100	2,123,535	625,080	2,128	28
LBR	961	609,797	19,283,850	729	-232
CND	167	242,680	330,244	245	78
Others	1,098	658,896	14,073,457	746	-351
<b>NGO's &amp; Schools</b>	<b>1,654</b>	<b>8,978,148</b>	<b>55,549,714</b>	<b>9,326</b>	<b>7,672</b>
Wages & Salaries	880	7,669,050	29,880,823	7,852	6,972
WH (Res.) on rent	52	216,128	6,387,006	257	205
WH (non-Res.) on rent	120	4,725	-	5	-115
WH (Res.) on payments for serv. rendered	240	931,949	10,394,629	1,012	772
Others	362	156,296	8,887,256	200	-161
<b>Others Taxes</b>	<b>497</b>	<b>427,546</b>	<b>4,415,552</b>	<b>450</b>	<b>-47</b>
<b>Total Collections</b>	<b>40,582</b>	<b>44,914,480</b>	<b>1,371,261,842</b>	<b>53,528</b>	<b>12,945</b>

As indicated in the table above, Civil Service Agency (CSA) wages withholding and GOL 1 percent, 2 percent and 4 percent remittances contributed a total amount of US\$30.49 million representing 56.95 percent of the total collections.

MACs of Government contributed a total amount of US\$8.46 million or 15.81 percent of the total collection with Ministry of Foreign Affairs accounting for the highest contribution. The amount of US\$9.33 million or 17.42 percent was contributed to the basket by NGOs and Schools from the Human Health and Education sectors.

## OTHER COMPLIANCE ACTIVITIES

Table 20: Summary of compliance activities

Compliance Activity	Compliance Risk	Compliance Action
<b>Supporting Data Integrity</b>	Wrongly Tax Accounts	<b>264 GNFPD</b> taxpayers accounts were validated and updated for the periods
<b>Supporting Data Integrity</b>	Wrong Enterprise type	501 BIT&CIT accounts without balances and 24 CIT&BIT accounts with balances recommended for approval and closure
<b>Supporting tax roll management</b>	Wrongly segmented taxpayers	<b>7</b> taxpayers were re-segmented. 4 were re-segmented to Human Health Sector from MTD while 3 taxpayer was re-segmented from GNFPD to MTD
<b>Enhance Filing</b>	Non-Filers	E-Filing enrollment of <b>195</b> taxpayer for the period including MOA
<b>Supporting accurate reporting</b>	Under-reporting & declarations	Compliance meetings held with FAWE-LBIERA on misclassification of staffs, NOAH'S ARK on refusal to comply with tax laws, EJS Center on non-resident taxing and delinquency, WE-CARE and CONCERN WORLD WIDE on income misclassification and BASHIELD UNVERISTY AND HIGH SCHOOL, payment of tax liabilities under singular TIN and accounting for tax due.
<b>Post registration validation</b>	Incomplete registration information	817 new registrants rightly segmented with wages and rental withholding accounts opened



## REAL ESTATE TAX DIVISION

The real estate tax division (RETD) is responsible for the recovery, assessment, valuation, enforcement, collection, and accounting of taxes on land and buildings and to enforce the Revenue Code, regulations, and related laws regarding real estate in Liberia.

During the under review, the division collected US\$1.26 million against a projection of US\$1.50 million representing an underperformance of US\$241 thousand or 16 percent.

Table 21: Year-to-date outlook for SBY 2021

YTD OUTLOOK 2021							
RETD	Q1			Q2		YTD	
	July	August	September	October	November	December	July-December
Actual	343,613	256,228	186,461	201,683	125,586	147,179	1,260,750
Projection	419,503	355,889	253,227	165,565	147,383	160,825	1,502,392
Variance	(75,890)	(99,661)	(66,766)	36,118	(21,797)	(13,646)	(241,642)
% Change	-18%	-28%	-26%	22%	-15%	-8%	-16%

estimated tax value at US\$510 thousand. See table for details.

Table 22: Projected revenue on properties captured and registered

REAL ESTATE TAX NEW PROPERTY CAPTURED & REGISTERED - JULY TO DECEMBER 2021				
NO.	TAX CODE & TAX KIND	PROPERTY CAPTURED	VALUE	TAX AMOUNT
1	111- CITY/TOWN LOT	324	\$ 1,815,251.43	\$ 63,533.80
2	112-UNDEVELOPED FARMLAND (URBAN)	13	26,375.00	1,055.00
3	119- ACRE OR ABOVE	115	786,943.07	35,412.44
4	121-UNDEVELOPED FARMLAND (RURAL)	10	4,024.20	160.97
5	129-OTHER LAND USED-UNIMPROVED	0	-	-
6	131- COMMERCIAL	319	22,940,651.81	344,109.78
7	132-INDUSTRIAL	0	-	-
8	133- RESIDENTIAL	484	22,940,651.81	57,351.63
9	134-DEVELOPED FARMLAND (URBAN)	3	87,500.00	218.75
10	135- DEVELOPED FARMLAND (RURAL)	2	26,378.80	87.84
11	136- COMMERCIAL BLDG (PUBLIC)	8	1,435,544.40	14,355.44
12	137- RESIDENTIAL BLDG (PUBLIC)	1	30,000.00	42.00
TOTAL		1,279	\$ 50,093,320.52	\$ 516,327.65

## RETD ACTIVITIES & ACCOMPLISHMENTS

- The accounts and records section assessed, printed, and delivered 3,361 bills to delinquent taxpayers as per classification, of which 1,279 bills were printed for newly captured properties, 45 bills for compliance clustering, 1,234 from regular exercise, 1,539 bills for walk-in taxpayers, and 543 bills by other windows outside the LRA headquarters.
- Completed compliance check for 2,880 properties consisting of 2,337 at head office and 543 for other windows for the month of November 2021. The Section also analyzed and reconciled 16 bills for direct deposit.
- The Valuation Section conducted audit/review of sixteen (16) properties in Montserrado County
- Conducted verification of forty-two (42) properties in Margibi and Montserrado Counties
- Conducted valuation of sixty-six (66) properties in Margibi and Montserrado Counties
- Conducted property tax payment receipt verification on 1,738 commercial, residential, and vacant land properties and determined 1,220 tax payments from verification
- Some other gains were made in the areas of the Compliance Clustering System (CSS) exercise, vacant land and abandoned properties exercise, collaborative partnership with the telecommunication, banking and petroleum sectors, National Housing Authority (NHA), national port authority (NPA), Liberia Marketing Association (IMA), support to real property tax payment compliance-LEC & LWSC and revision of the legal framework for real property taxation in Liberia.

## INTERNATIONAL TAX SECTION

The International Tax Section (ITS) is a specialized tax section within the Domestic Tax department responsible for administering international tax issues obtaining within Liberia and the world at large. The section has the listed cardinal functions which include, Transfer Pricing Audits of taxpayers in line with the Transfer Pricing (TP) Regulations, the Exchange of information (EOI) resulting in Exchange of information on Request (EOIR) and Automatic Exchange of information (AEOI), tax treaties, Double Taxation Agreements (DTAs), Tax Information Exchange and Agreements (TIEAs) and the Multilateral Convention on Mutual Administrative Assistance in Tax Matters.

Some activities achieved by the ITS in addition to staff refresher and work training on exchange of information and taxpayers filing process include:

- Ratification of the Multilateral convention instrument, deposited at the Global Forum on Exchange of Information offices in Paris.
- Began gathering response to an EOI request from the United Kingdom for information regarding specific taxpayer under review within their jurisdiction.

- The EOI unit also worked on recommendations (establishment of Beneficial ownership Registry, Policy to be put in place by the CBL for financial institutions to update regularly & guidelines to be established by the CBL on how to identify BO information; etc.) from the last peer review conducted by the Global Forum.
- Embarked on risk profiling of taxpayers from Large Tax Division to commence its transfer pricing audits for All Banks (risky sector) operating in Liberia and identified the telecom entities for revision of its book given the significant risk identified
- Contributed in the identification and analysis of related party transactions to adequately reduce the risk of transactions that might go undetected

## SMALL & MICRO TAX DIVISION

Under the Division, the following activities were achieved. These include:

- Collection of US\$1.28 million was realized against a projection of US\$1.94 million
- Under the AAA compliance management, One Thousand Five Hundred Thirty Three (1,530) tax clearance requests were made and issued based on the tax clearance report portal.
- The Audit Section improved on the quality of audit cases by regularly updating the Key Performance Indicators, improving on reporting and compiling a list of unidentified businesses and liaising with enforcement and AAA for effective review and tracking resulting in a total of 124 out of 219 Audit cases (brought forward).
- Under the Enforcement Section, the intelligence gathering exercise was embarked on which hugely contributed to the hike in the rental income collection, payment were collected on about 76 percent of audit bills delivered, 24 percent of previously delivered AAA bills were enforced with great improvement in compliance and accountability. The Enforcement Compliance Management realized collection for the period in the amounts of US\$17.60 million and L\$1.90 million.
- Under the Urban Tax Business Offices, a total of US\$209.87 thousand was collected against a projection of US\$220 thousand, given a negative variance of US\$10.13 thousand.

## REGISTRATION AND RETURNS PROCESSING

This report covers Registration and Returns Processing during SBY 2021 as against planned activities. It shows summary and detailed information about the section's planned activities and gives an insight on plans executed during said period. It further explains the level of activities achieved, constraints that were encountered during the period under review and how they could be addressed to enhance the Section's performance in subsequent periods.

- The Registration Unit registered 6,690 out of its target (8,400) per quarter. Of the total number registered, Individual constituted 1,814, Trust 411, while Enterprises recorded 4,465.
- 5,426 direct transfers were made through several commercial banks and CBL valued at L\$2.62 billion and USD68.04 million. Of this amount, the total of 5,262 transactions were made in SIGTAS up to reporting period valuing at L\$2.09 billion and USD64.69 million which included the mobile money payment of L\$525.66 million and US\$79.53 thousand with 127 transactions for the period.
- 47,695 transactions were received and processed in SIGTAS. Of this number, 41,640 transactions were processed and paid.
- In addition to transactions done in SIGTAS, 64,812 transactions were done in TAS (both front and back ends) with an overall reversal of 982.
- 10 out of 11 CBOs reports were received and captured in TAS for each month with 6,924 transactions valued at L\$1.92 million and US\$1.83 million. In addition, 24,039 transactions of 21 TBOs from rural Tax Business Offices, were received, processed and paid completely. This amounted to L\$90.31 million and US\$637.30 thousand.
- 6,615 returns were received through the e-filing platform. 877 business income tax (quarterly), 24 excise tax, 355 goods and service tax, 5,242 withholding tax, Transfer Pricing 7 and 302 annual returns were filed.

## CUSTOMS DEPARTMENT

### OVERVIEW

The Department of Customs is one of two core businesses of the Liberia Revenue Authority. It consists of three Divisions with a broader mandate to administer and enforce all Customs laws of the Revenue Code of Liberia and other laws relevant to the collection of border taxes, the facilitation of legitimate trade and enforcement of border security.

This report covers the activities of the Department of Customs for the SBY and is organized in two broad sections; revenue and trade performance and divisional activities. The revenue and trade section outlines the performance of tax and non-tax revenue for the reporting period while the component on divisional activities details the performance of various divisions and core units within Customs.

The Customs budget approved by the National Legislature for period under review was US\$105.33 million. The actual revenue collected by the department for the period was US\$107.67 million. This amount was US\$2.33 million, or 2 percent, above the budgeted amount. The over performance is largely on account of 14 percent increase in taxable trade.

The trade balance for the SBY was negative US\$738.48 million, as the total value of direct imports (US\$838.67 million) was grossly in excess of the total value of exports (US\$100.19 million). Disaggregating imports for home consumption, the taxable component accounted for just 29 percent while the non-taxable component accounted for 62 percent. In terms of total imports value, direct imports during the period were valued at US\$838.67 million, or 93 percent, while imports under suspense regime contributed US\$74.19 million or 7 percent. Together, direct imports and imports under the suspense regime were valued at US\$905.33 million. However, imports under the suspense regime are excluded in the calculation of the trade balance to avoid double counting, because it has already been captured at the point of entry. Hence, of the total exports, permanent exports accounted for US\$94.73 million, or 95 percent, while re-exports constituted US\$5.47 million, or 5 percent of exports.

Tax Exemptions continue to pose serious risk to Customs revenue. Though Customs over performed by 2 percent for the SBY, exemptions on account of goods other than petroleum products increased by 29 percent from US\$70.04 million in abridged FY 2020/21 to US\$90.41 million in the SBY 2021. Duties waived on account of petroleum products saw a significant reduction from US\$2.03 million for the abridged FY2020/21 to US\$896 thousand for the SBY. The reduction in the consumption of petroleum products can be explained by the government's decision to streamline the usage of Ago and PMS in an effort to cut back on tax expenditure.

### REVENUE PERFORMANCE

The total revenue collected by the Department of Customs during the special abridged fiscal period was US\$107.67 million against the approved budget of US\$105.33 million; thereby resulting in a 2 percent over performance. This over performance was largely on account of a 14 percent aggregate increase in taxable trade. The table below summarizes this detail; illustrating the budget versus actual only for the SBY 2021, while the slater draws a comparison between the SBY and an abridged fiscal period of FY 2020/21.

Table 23: Summary Revenue Performance (Thousands of US Dollars)

SBY (July to December- 2021)			
Budget	Act	Var	%
105,329	107,666	2,338	2%

Source: Tax Administration System

Table 24: Comparative Revenue Contribution 2021 vs FY2020/22 (Thousands of US Dollars)

COMPARATIVE (JULY TO DEC 2020- 2021)					
JULY TO DEC 2021			JULY TO DEC 2020		
Budget	Act	Var	Budget	Act	Var
105,329	107,666	2,338	81,820	93,137	11,317

Source: Tax Administration System

## TRADE

### IMPORTS

The information in this section comprises data from ASYCUDA, and is detailed according to the Customs procedure regimes. The table below draws a semi-annual (Jul—Dec) comparative analysis between an abridged portion of the 2020/2021 fiscal year and the SBY 2021. It also shows the aggregate picture of import for the reporting periods. Total imports, including commodities under the suspense regime for SBY 2021 were valued at US\$905.33 million, a 14 percent increase from the same period in FY 2020/21. Direct imports which constituted 93 percent of the total imports increased by 16 percent from US\$721.23 million in FY 2020/21 to US\$838.67 million in the SBY 2021. Pre-inspected imports declined by 30 percent while Destination Inspection (DI) consignments which saw 70 percent increase. This change can be traced to policy decision to abolished Pre-shipment Inspection (PSI) in favor of DI. Bonded goods experienced 11 percent decline. The table below summarizes the details.

Table 25: Total Imports According to Customs Procedures Codes (Thousands of US Dollars)

Indicator	CPC Description	FY 2020/21	SBY2021	Percent	Share SBY2021
		CIF	CIF	Change	Percentage
Direct Import		721,227	838,668	16%	93%
	Pre-shipment Inspection Outside ECOWAS (PSI)	412,145	290,041	-30%	32%
	Imports for Direct Home Consumption	405,769	281,883	-31%	31%
	Imports for Bonded Warehouse	6,376	8,158	28%	1%
	Destination Inspection outside of ECOWAS (IM)	234,757	403,164	72%	45%
	Imports for Direct Home Consumption	228,804	395,564	73%	44%
	Transit & Transshipment	3,189	5,561	74%	1%
	Imports for Bonded Warehouse	2,370	1,852	-22%	0%
	Temporary Imports	394	187	-53%	0%
	Destination Inspection within ECOWAS (COM)	125,435	125,435	0%	14%
	Imports for Direct Home Consumption	8,848	2,211	-75%	0%
	Imports for Bonded Warehouse	50,288	123,225	145%	14%
	Special Release Outside of ECOWAS (SRI)	13,637	19,295	41%	2%
	Imports for Direct Home Consumption	13,637	19,295	41%	2%



Indicator	CPC Description	FY 2020/21	SBY2021	Percent	Share SBY2021
	<b>Simplified Declaration Outside the ECOWAS (SDI)</b>	<b>136</b>	<b>37</b>	<b>-73%</b>	<b>0%</b>
	Imports for Direct Home Consumption	136	37	-73%	0%
	<b>Special Release Within ECOWAS (SRC)</b>	<b>1,417</b>	<b>645</b>	<b>-54%</b>	<b>0%</b>
	Imports for Direct Home Consumption	1,417	645	-54%	0%
<b>Draw Down</b>		<b>74,190</b>	<b>66,661</b>	<b>-10%</b>	<b>7%</b>
	<b>Destination Inspection within ECOWAS (COM)</b>	<b>67,860</b>	<b>59,538</b>	<b>-12%</b>	<b>7%</b>
	Imports for Direct Home Consumption	67,860	59,538	-12%	7%
	<b>Destination Inspection outside of ECOWAS (IM)</b>	<b>6,330</b>	<b>7,123</b>	<b>13%</b>	<b>7%</b>
	Imports for Direct Home Consumption	6,330	7,123	13%	1%
<b>Total</b>		<b>795,418</b>	<b>905,329</b>	<b>14%</b>	<b>100%</b>

Source: ASYCUDA

The table below disaggregates imports into commercial and non-commercial components under both permanent and suspense regimes for the comparative periods of FY 2020/21 and SBY2021. It also shows the general picture of trade for the comparative periods. Taxable imports under the Direct or Permanent import regime experienced an aggregate 7 percent increase from US\$228.12 million in FY 2020/21 to US\$243.01 million during the SBY. In the same vein, nontaxable imports increased by 21 percent, thrice the increase in commercial import from US\$493.11 million in FY 2020/21 to US\$595.65 million in SBY2021. These increases are attributable to the demand for foreign goods following slowdown of the Corona Virus Pandemic.

Table 26: Total Imports into Permanent and Bonded Regimes (Thousands of US Dollars)

Description	FY 2020/21	SBY 2021	Change	FY 2020/21 Share	SBY2021 Share
<b>Direct Import</b>	<b>721,227</b>	<b>838,668</b>	<b>16%</b>	<b>91%</b>	<b>93%</b>
<b>Non-Com</b>	493,111	595,653	21%	62%	66%
<b>Com</b>	228,116	243,015	7%	29%	27%
<b>Bonded Import</b>	<b>74,190</b>	<b>66,661</b>	<b>-10%</b>	<b>9%</b>	<b>7%</b>
<b>Com</b>	69,653	61,583	-12%	9%	7%
<b>Non-Com</b>	4,537	5,078	12%	1%	1%
<b>Total</b>	<b>795,418</b>	<b>905,329</b>	<b>14%</b>	<b>100%</b>	<b>100%</b>

Source: ASYCUDA

The figure below summarizes the total imports for the SBY 2021 according to regions and top countries of importation. A little over 60 percent of the import for the reporting period originated from Asia, predominantly China and India. African imports, mainly from the ECOWAS region, accounted for below 10 percent of the total imports. This is an indication that intraregional trade remains significantly low.

Figure 5: Total Imports from Regions and Top Ten Countries (Thousands of US Dollars)—FY 2019/20



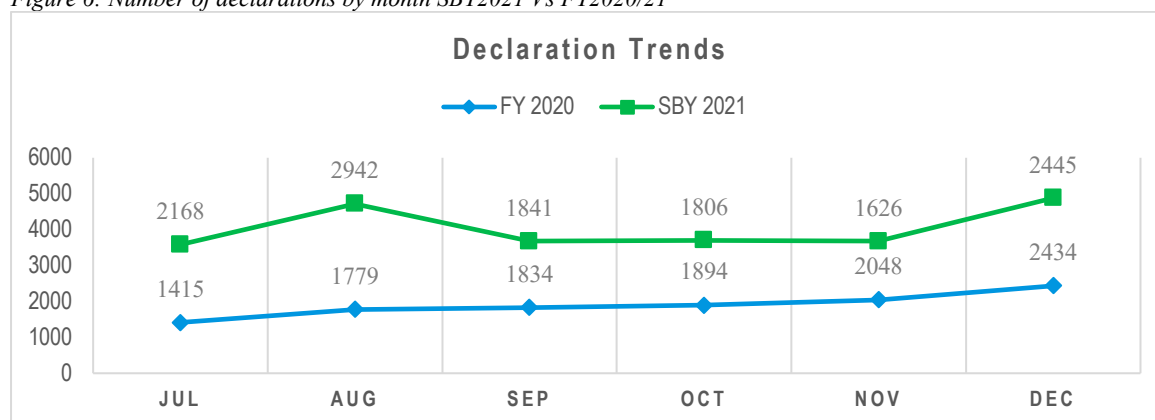


Source: ASYCUDA

## Number of imports declarations

As depicted in the below figure, the number of import declarations (in ASYCUDA) varied throughout the comparative fiscal periods. A total of eleven thousand four hundred and four (11,404) declarations were recorded during the abridged fiscal period of 2020 against a total of twelve thousand eight hundred twenty-eight (12,828) for the SBY 2021. This is a 12 percent increase from the previous period. Monthly declarations for the comparative periods showed increasing trends but different peaking periods. The month of August recorded the highest number of declarations for the SBY 2021 while declarations for FY 2020 peaked in December. The monthly average declarations for the SBY 2021 were two thousand one hundred thirty-eight (2,138), a 13 percent increase from the abridged FY 2020. The lowest number of customs declarations in ASYCUDA during the comparative fiscal periods under review were one thousand four hundred fifteen (1415) and one thousand six hundred twenty-six (1626) respectively.

Figure 6: Number of declarations by month SBY2021 Vs FY2020/21



## EXPORTS

Export experienced 22 percent decline from US\$128.44 million in 2020/21 to US\$100.19 million during the SBY in 2021. Permanent exports which constituted 95 percent of total exports saw 21 percent decline while Re-Export fell by 38 percent. The aggregate 22 percent fall in export can be attributed to decrease in the exportation of block rubber, cocoa beans, and crude palm oil which are primary export commodities.

*Table 27: Exports into Permanent Export and Re-export (Thousands of US Dollars) FY2020/21*

Description	FY 2020	SBY 2021	Change	Share
Permanent Export	119,553	94,719	-21%	95%
Re-Export	8,887	5,473	-38%	5%
<b>Total Export</b>	<b>128,440</b>	<b>100,192</b>	<b>-22%</b>	<b>100%</b>

Source: ASYCUDA

## EXPORTS ACCORDING TO PRINCIPAL HS COMMODITIES

This section summarizes the freight on board values for the principal exports for the reporting period according to the HS sections and chapters. As seen from the table above, total exports declined by 22 percent. Export of commodities falling under HS Section IX (Wood & Articles of Wood) recorded significant decline. Statistics on export of gold and iron ore were not captured due to lack of automation at customs ports where these commodities were exported. Also, commodities under HS sections VI (Chemical Products) and XVI (Machinery & Mechanical Appliances) recorded substantial decline. The table below summarizes this detail.

*Table 28: Exports into Principal Commodities by HS Sections & Chapter (Thousands of US Dollars)*

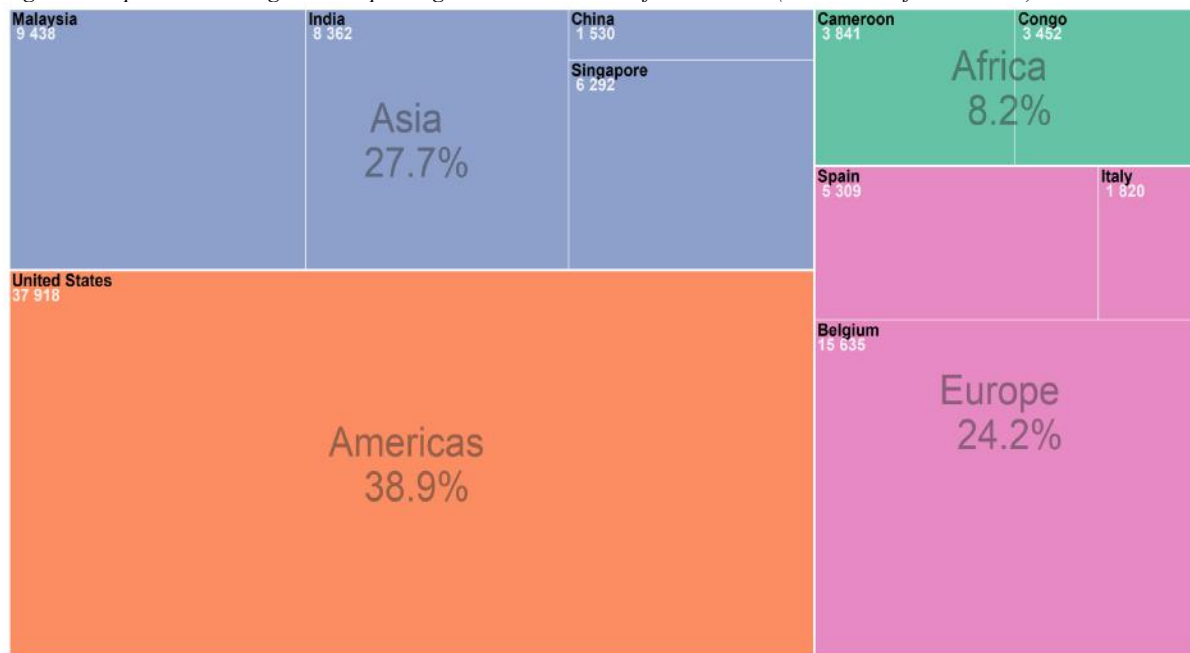
Section	HS Description	FY 2020	SBY 2021	Change	SBY Share
VII (39-40)	Plastic and rubber articles	94,481	64,540	-32%	64%
III (15)	Animal or Vegetable Fats and Oils	9,695	19,092	97%	19%
V (25-27)	Mineral Products	176	4,589	2502%	5%
IV (16-24)	Cocoa and Cocoa Preparation	5,116	3,824	-25%	4%
VI (28-38)	Chemical products	4,265	2,539	-40%	3%
XVI (84-85)	Machinery, mechanical and electrical appliances	3,022	1,877	-38%	2%
IX (44-46)	Wood and articles of wood	5,046	1,203	-76%	1%
<b>Major Exports</b>		<b>121,801</b>	<b>97,664</b>	<b>-20%</b>	<b>97%</b>
<b>Other Exports</b>		<b>6,639</b>	<b>2,528</b>	<b>-62%</b>	<b>3%</b>
<b>Total Exports</b>		<b>128,440</b>	<b>100,192</b>	<b>-22%</b>	<b>100%</b>

Source: ASYCUDA

## EXPORTS ACCORDING TO MAJOR DESTINATIONS

In Figure 3, each country of the world is colored according to the value of exports from Liberia during the SBY 2021. Almost 39 percent of the exports for the reporting period were exported to the Americas, with the United States of America receiving the bulk of the exports. Majority of the exports to Asia landed in China, while a significant portion for Europe landed in the Netherlands. Again, intra-continental trade continues to struggle with Africa receiving less than 9 percent of the total exports from Liberia. Cameroon recording the highest export to the rest of Africa.

Figure 7: Exports According to Principal Regions and Countries of Destination (Thousands of US Dollars)



Source: ASYCUDA

# DIVISIONAL ACTIVITIES

## TECHNICAL OPERATIONS DIVISION

### DUTY FREE

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 to concession companies; educational, medical, and other institutions; Non-Governmental Organizations (NGOs), Government of Liberia Projects and Ministries, Agencies and Commissions and organizations as well as individuals with diplomatic privileges. Exemptions are also granted through Executive Orders and concession agreements.

Tax expenditure continue to pose a major challenge to Customs revenue. Though revenue marginally over performed by 2 percent during the SBY 2021, Customs duties lost on account of duty free recorded an aggregate 27 percent increase from US\$71.88 million in 2020 to US\$92.21 million during the SBY 2021. The total tax waived on imports other than petroleum products increased by 29 percent from US\$70.08 million to US\$90.41 million between the comparative periods, while tax waived on account of petroleum products increased by a whopping 56 percent. See table below for details.

Table 29: Summary of Duty Waived in FY 2019/20 and FY2020/21

Description	Waived FY 2020	Waived SBY 2021	Change	FY Share
General Goods	70,038	90,408	29%	99%
Petroleum	1,841	802	56%	1%
Total	71,879	92,210	27%	100%

Source: Duty Free Database

### General Goods

The 29 percent increase in tax exemption owing to goods other than petroleum products was led by Investment Incentives, Concessions and Executive Orders. Though GoL made some strides to cut back on tax expenditure directly benefiting the government as in the case of GoL projects and waivers on educational institutions (government institutions inclusive), it was not enough to offset the 29 percent increase. The table below summarizes the tax expenditure by broad categories. The figure below shows consumption trend for the period under review.

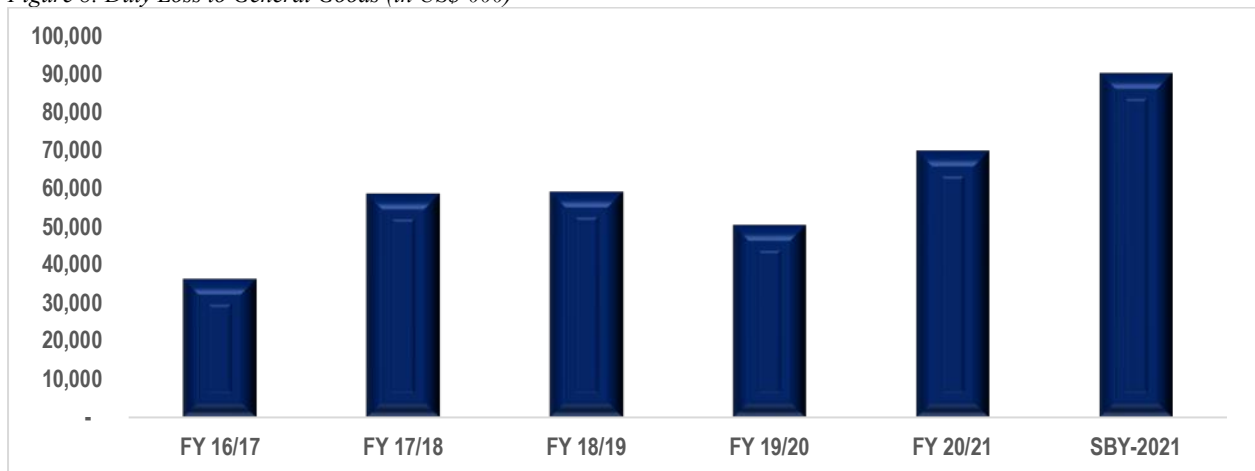
Table 30: General Goods Waiver by Recipient Category FY20/21 Vs SBY2021 (Thousands of US Dollars)

Category	FY 2021 CIF	SBY 2021 CIF	FY 2021 Waived	SBY 2021 Waived	Change (%)	Share SBY
Total	361,104	491,073	70,038	90,408	29%	100%
Total Excl. GoL Project & MACs	313,554	451,040	61,166	82,190	34%	91%
Total Excl. GoL Project	327,104	468,883	63,696	85,661	34%	95%
Total Excl. MACs	347,554	473,230	67,508	86,937	29%	96%
Investment Incentive	108,485	143,606	20,754	27,536	33%	30%

Concession	85,933	172,089	14,988	27,114	81%	30%
Executive Order	96,504	105,442	20,810	22,499	8%	25%
GoL Project	34,000	22,190	6,342	4,747	-25%	5%
MACs	13,550	17,843	2,530	3,471	37%	4%
Diplomatic Mission	10,899	14,913	2,376	2,174	-8%	2%
INGOs	6,550	9,393	1,169	1,738	49%	2%
Members Of Legislature	1,564	1,701	446	472	6%	1%
LNGOs	699	630	121	123	2%	0%
Liberian Returnee	360	364	119	113	-5%	0%
Educational Institution	545	164	114	34	-70%	0%
Religious Institution	455	293	81	49	-39%	0%
Tax Refund	738	110	75	14	-82%	0%
Medical Institution	576	288	67	35	-48%	0%
Special Exemption	130	1,913	14	244	1680%	0%
Duty Free Stores	0	106	0	37	-	0%
Members Of Supreme Court Bench	0	28	0	7	-	0%

Source: Duty Free Database

Figure 8: Duty Loss to General Goods (in US\$ '000)



Source: Duty Free Database

## Exemption on Petroleum Products

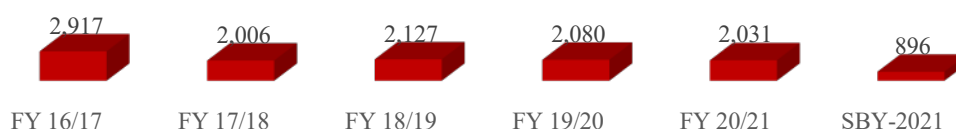
During the period under review, exemptions on petroleum products significantly declined by 56 percent when compared to the same period in FY 20/21. Every exemption category experienced decline except Executive Order that remained unchanged. The reduction in the consumption of petroleum products can be explained by the government's decision to streamline the usage of petroleum products in an effort to cut back on tax expenditure. The below table summarizes the duty waived on petroleum products by sector. The below figure shows consumption trend for the last six abridged (Jul—Dec) fiscal periods.

Table 31: Petroleum Duty Waiver by Recipient Category (Thousands of US Dollars)

Description	FY 20/21 Waived	SBY21 Waived	Change	SBY21 Share
<b>Total</b>	<b>2,031</b>	<b>896</b>	<b>-56%</b>	<b>100%</b>
<b>Total Excl GoL Project</b>	<b>1,841</b>	<b>802</b>	<b>-56%</b>	<b>90%</b>
Concession	841	515	-39%	57%
Legislature	225	105	-53%	12%
GoL Project	190	94	-51%	10%
Investment Incentive	523	88	-83%	10%
Diplomatic Mission	198	49	-76%	5%
Executive Order	40	40	0%	4%
INGOs	13	5	-60%	1%
Bunkering/SST	1	-	-100%	0%

Source: Duty Free Database

Figure 9: Petroleum Duty Waiver



## COMPLIANCE AND ENFORCEMENT

### Post Clearance Audit

During the SBY 2021, the unit undertook 128 activities recording 3 percent decrease from the same period in FY2020/21 yielding a consolidated amount of US\$888.8 thousand, plus L\$1.6 million in penalties and fines. When disaggregated, customs duties and taxes constitute US\$650.60 thousand, penalties and fines account for US\$238.2 thousand in line with the Modernized Customs Code and US\$1.6 million as penalties and fines resulting from audits covering periods in which the old Custom Code was in effect. During the period, five (5) auction activities were undertaken amounting to US\$76.2 thousand. It is important to note that the auction amounts were cash payments. See table below for details:

Table 32: PCA Core Activities SBY 2021

Activity Type	No of Activity	Bill (USD)	Penalty (L\$)	Penalty (USD)
Desk Rev. Audit (PCA)	10	95,295	-	12,955
Comprehensive Audit	27	256,429	1,600,000	-
Issue Rev. (IAD, RMU, OTH.)	2	23,163	-	3,053
Auction	5	76,168	-	-
PCA & ASIUI Int.	84	199,548	-	222,203
<b>Total</b>	<b>128</b>	<b>650,603</b>	<b>1,600,000</b>	<b>238,211</b>

Source: PCA Bill Tracker

A comparative analysis of the Unit's performance for the SBY2021 with the past fiscal period revealed decrease in terms of revenue bills raised for the core activities, except auction. This was largely on account of COVID-19 pandemic and the withdrawal of five staff for a period of twelve (12) weeks to participate in the Customs Security Program (CSP). See table below for details.

*Table 33: PCA Core Activities SBY2021*

	FY2020/21	SBY21	Var (+/-)	Change
Core Activity	US\$	US\$	US\$	%
PCA Desk Review	133,071.16	108,250.00	(24,821.16)	-19%
PCA Comprehensive Audit	290,406.60	267,463.48	(22,943.12)	-8%
Issue Review (Other Units)	-	23,163.00	23,163.00	-
Auction	90,602.72	76,168.00	(14,434.72)	-16%
ASIU & PCA Intervention	817,694.64	412,751.00	(404,943.64)	-50%
<b>Total</b>	<b>1,331,775.12</b>	<b>887,795.48</b>	<b>(443,979.64)</b>	<b>-33%</b>

*Source: PCA bill Tracker*

The table below is a comparative analysis of the Unit's performance for SBY2021 with the same period of the past fiscal year. The comparison revealed decrease in revenue bills raised for the respective fiscal periods. It is important to note that comprehensive audit and auction activities were impacted by the COVID-19 pandemic.

*Table 34: Comparative Analysis of Revenue Bills raised*

Description	000' US\$
FY2020/21	1,332
SBY2021	888
Var (+/-)	(444)
Change (%)	-33%
<b>Total</b>	<b>2, 219.57</b>

*Source: PCA Bill Tracker*

## COLLECTION AND ENFORCEMENT UNITS

The total debt collected as a result of the unit's enforcement activities during the SBY amounted to US\$361.7 thousand against a total bill raised of US\$813.9 thousand, indicating a debt turnover ratio (DTR) of 44 percent. Of the total amount collected, 40 percent accounted for excess/undeclared goods which was the highest infraction, while classification infractions were the lowest (1 percent).

## ANTI-SMUGGLING AND INVESTIGATION UNIT (ASIU)

### Operations: Interception Activities

During the SBY 2021, ASIU made 31 interceptions through operations. Bo-Waterside accounted for more than 60 percent of these interceptions. Revenue recovered from interceptions at Bo accounted for 48 percent of the total revenue recovered from all the rural land borders combined. Yeala and Loguatuo Customs Business Offices (CBO) accounted for the second highest revenue recovered. Zero interceptions were made at the Yekepa CBO. The table below summarizes the details of interceptions from ASIU operations at rural land borders for the period under review.



Table 35: Land Border Interceptions (Goods) SBY 2021

CBO	No. of Interception	Amount (USD)
Yeala \Kpassagissi, Lofa	5	15,819.20
Yekepa, Nimba	-	-
Bo Waterside, Cape Mount	19	31,969.10
Loguatuo, Nimba	6	15,327.04
Ganta, Nimba	1	3,620.40
<b>Total</b>	<b>31</b>	<b>66,735.74</b>

Source: ASIU Interception Report

Fiscal analysis from FY 2019/20 through SBY 2021 underscores significant increases in interceptions. SBY2021 technically recorded the highest number of interceptions (17.5) per month as compared to previous fiscal periods (14.80); even though SBY2021 ran for just 6 months. This increase can be attributed to several factors including but not limited to change of fiscal period, additional staffing, and increase in the interdiction of land border vehicles. The table below summarizes the details.

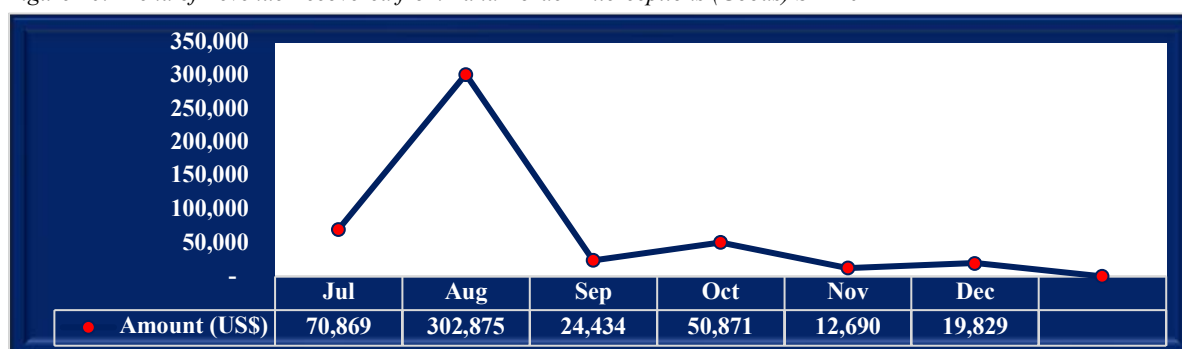
Table 36: Summary Comparison of Land Border Interceptions (Goods) FY2019/20 to SBY 2021

Fiscal Period	Interception	L\$	US\$
FY 2019/20	108	8,200,000	84,764
FY 2020/21	169	-	1,121,051
<b>SBY21 (Jul-Dec)</b>	<b>105</b>	<b>-</b>	<b>888,850</b>

Source: ASIU Interception Report

Though monthly average interceptions during the SBY were the highest as compared to previous fiscal periods, monthly average revenue recovered from those interceptions showed downward fluctuations. From a peak of US\$303 thousand in August to the lowest of US\$13 thousand in November may be an indication that intelligence gathering, and risk-based targeting need to be re-strategized. See figure below or a summary of the detail.

Figure 10: Trend of Revenue Recovered from Land Border Interceptions (Goods) SBY2021



Source: ASIU Interception Reports

## Investigations

The team recorded 33 cases ranging from illegal importation of contraband and prohibited goods/items, under-declaration, undervaluation, smuggling, falsifying of Customs clearing documents and abuse of duty-free privileges. Nine (9) out of the thirty-three (33) cases were fully investigated, completed, and reported, while 24 cases are pending completion. The ASIU's Investigation Team received 34 alerts from Customs Risk Management Unit. These were all disseminated to ASIU Operation Team. Five (5) hits were made out of the 34 alerts shared with ASIU Operation Team. The amount of US\$182.82 thousands was estimated in revenue from these alerts.

## CUSTOMS RISK AND INTELLIGENCE

### Freeport CBO Selectivity Analysis

The table below shows the selection of all declarations at the Freeport CBO for the SBY in various customs regimes and procedures. Import for home consumption accounts for almost 97 percent of all declarations made to Customs through the Freeport CBO. The distribution of lane selection at the CBO are also shown. The lane selection which is red, yellow, green or blue is a measure of customs interventions and the extent thereof. Red lane selection is at 29 percent, yellow lane at 48 percent and blue lane at 24 percent.

Table 37: Freeport CBO Selectivity Analysis for SBY 2021

Type	No. of Dcls	RED	YELLOW	BLUE	Ets. CIF	Ets. Fees
COM 4	28	6	17	5	2,155,651	240,229
EX 1	156	0	153	3	76,570,371	129,700
EX 3	59	0	56	3	5,938,421	1,100
IM 4	6167	1156	3354	1657	299,448,077	28,625,357
IM 5	15	0	10	5	120,348	-
IM 7	23	0	19	4	1,692,971	-
IM 8	84	0	54	30	4,011,488	1,350
PSI 4	5154	2152	1938	1064	214,432,627	37,948,741
PSI 7	60	52	7	1	7,254,564	-
SRC 4	3	1	1	1	554,517	5,760
SRI 4	28	7	1	20	3,859,896	85,829
Total	11,777	3,374	5,610	2,793	613,883,279	56,797,838

Source: ASYCUDA

### Alerts and Lookouts Annual Hit Rate

Forty-three (43) alerts were sent out during the reporting period with 9 hits, cumulating to a little over 20 percent hit rate. The areas of infraction include valuation, low occupancy, excise/sur-tax and right-hand drive vehicles.

### Compliant Traders Program

The Liberia Revenue Authority launched the Compliant Traders program (CTP) to provide better business opportunities to large importers and exporters with strong tax compliance records through the ASYCUDA selectivity program.

There are 36 active compliant traders at the moment. During the reporting period, 80 awareness visits at the premises of different regular importers were made. These importers who were selected based on their trade volume and duty paid for the period under review were encouraged to take advantage of the CTP to benefit from trade facilitation initiatives of the LRA. Some importers have already started expressing interest in the CTP through a letter of intent to the Commissioner of Customs for admission to the program.

## Port Operations

The Division of Port Operations provides supervision over Customs Business Offices (CBOs) responsible for the collection of border taxes. The primary focus of this division is revenue collection which encompasses the uniformed application of procedures and relevant laws. These support the collection of lawful revenue and the facilitation of legitimate trade.

The total revenue collected by the CBOs during the reporting period was US\$107.41 million against a budget of US\$105.32 million; thereby resulting in US\$2.07 million, or 2 percent, over performance on aggregate. The increased in trade has been the key factor underpinning the 2 percent growth in Customs revenue.

The urban CBOs contributed 96.5 percent to the total revenue collected during the period with the Freeport CBO accounting for 72 percent. Following the Freeport CBO was the LPRC CBO, with 23 percent. The rural CBOs, comprising 11 border offices, contributed just 2 percent for the SBY.

Table 38: Revenue by Customs Business Offices (CBO)

DESCRIPTION	July - December 2021			
	BUD	ACT	VAR+/-	ACH
Total Customs	105,329.00	107,407.95	2,078.95	2%
International Trade	103,981.21	106,760.55	2,779.34	3%
Urban Ports	101,197.25	104,603.22	3,405.97	3%
Rural Ports	2,783.96	2,157.33	(626.63)	-23%
Non-Tax Revenue	1,347.79	647.40	(700.39)	-52%
Forestry (FMCs)	1,323.78	621	(702.63)	-53%
Royalties				
Bonded Warehouses	24.01	26	2.24	9%

Source: Tax Administration System

Table 39: CBO Revenue change trend FY16-17 to FY20-21

DESCRIPTION	FY 16-17	CHANG E	FY 17-18	CHANG E	FY 18-19	CHANG E	FY 19-20	CHANG E	FY 20-21
TOTAL CUSTOMS	195,145	2%	198,284	-11%	176,111	-15%	150,213	32%	198,227
INTERNATIONAL TRADE	184,405	2%	188,461	-8%	173,702	-15%	147,606	32%	195,023

<b>URBAN PORTS</b>	<b>181,685</b>	<b>2%</b>	<b>185,202</b>	<b>-8%</b>	<b>171,182</b>	<b>-16%</b>	<b>144,569</b>	<b>32%</b>	<b>191,324</b>
Freeport	140,771	3%	145,217	-8%	132,915	-17%	110,175	29%	142,313
RIA	2,766	23%	3,409	-5%	3,229	-51%	1,567	14%	1,785
JSP	-	0%	11	-82%	2	0%	-	0%	-
Parcel Post	11	100%	22	-64%	8	-17%	7	162%	17
MLM&E	-	0%	-	0%	-	0%	-	0%	-
LPRC	36,326	-6%	34,236	-4%	33,019	-5%	31,204	44%	44,997
BIVAC	1,810	27%	2,307	-13%	2,009	-20%	1,616	37%	2,212
<b>RURAL PORTS</b>	<b>2,721</b>	<b>20%</b>	<b>3,260</b>	<b>-23%</b>	<b>2,520</b>	<b>21%</b>	<b>3,037</b>	<b>22%</b>	<b>3,699</b>
Loguatu	487	66%	810	-50%	409	-27%	299	45%	433
Ganta	544	16%	632	15%	727	90%	1,378	2%	1,404
Buchanan	125	192%	365	-68%	116	24%	143	16%	166
Greenville	380	-53%	177	-19%	144	0%	-	0%	2
Toe Town	168	-45%	92	-66%	31	7%	33	108%	69
Harper	233	6%	246	9%	267	136%	629	-3%	609
Yealla	240	2%	244	-30%	170	-56%	75	203%	227
Jorwah	223	-30%	157	-15%	134	-93%	10	165%	25
Butuo	2	0%	2	0%	2	-10%	2	83%	3
Mendicorma	126	-17%	105	-42%	61	-62%	23	34%	31
Bo-Waterside	193	122%	429	7%	459	-3%	445	64%	730
<b>Non-Tax</b>	<b>10,740</b>	<b>-9%</b>	<b>9,814</b>	<b>-75%</b>	<b>2,408</b>	<b>8%</b>	<b>2,607</b>	<b>23%</b>	<b>3,204</b>
Log and Wood	2,897	-65%	1,015	133%	2,365	9%	2,573	23%	3,162
Royalties	7,804	12%	8,757	0%	-	0%	-	0%	
Bonded Warehouse	39	10%	43	0%	43	-20%	35	22%	42

# KEY CHALLENGES

Some key challenges include:

- Low tax-to-auditors ratio thereby constraining the level of audit efficiency
- The lack of adequate vehicles to timely deploy enforcement officers on the field is greatly impeding collection efforts
- Qualified penalties and interest charges under various TAPIS and executive orders on waivers of P&I are still sitting in the accounts receivable of taxpayers due to lack of policy on the write-out of penalty and interest charges. This gives the wrong impression on the divisions' debt portfolio.
- Slow pace of case resolutions of protested assessments by the Legal Department for the timely collection of revenue
- 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., is an impediment to capturing adequate filing and payment information.
- The supply of adequate logistics remained a key impediment to effective implementation of planned activities.
- The entire audit process by Internal Auditors from planning to follow-up review is conducted manually
- Inadequate manpower continues to impede efforts to expand the tax base for increase revenue collection across rural Liberia
- Lack of approved Standard Operating Procedures (SOPs)
- Among others

## REPORT AND FINANCIAL STATEMENTS FOR THE SPECIAL BUDGET YEAR (JULY 30 – DECEMBER 31, 2021)

### STATEMENT OF RESPONSIBILITIES

The Financial Statements as set out in this report 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)**

# MANAGEMENT DISCUSSION AND ANALYSIS ON THE FINANCIAL STATEMENTS

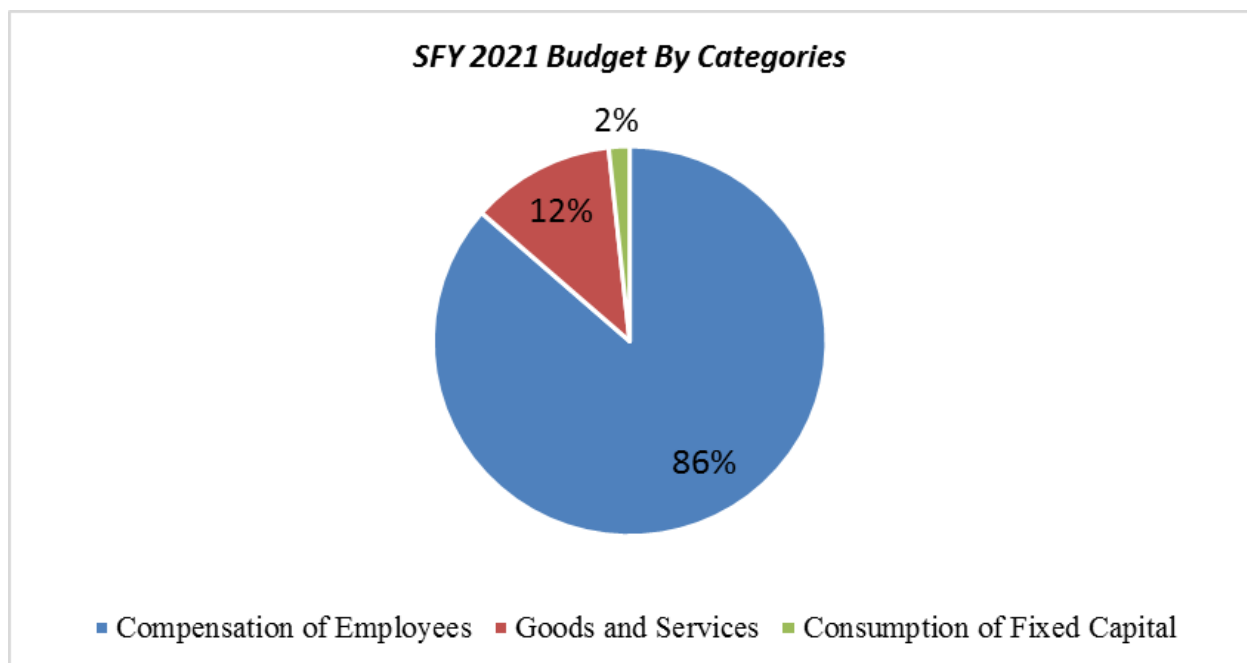
## Introduction

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 special fiscal year ended December 31, 2021 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 2021 Special Fiscal Year, US\$6,787,705 was appropriated as budget. Employee Compensation amounted to US\$5,867,738 while Goods and Services amounted to US\$ 803,823 and Capital Expenditure amounted to US\$116,144. The chart below shows the percentage composition per category:

Figure 11: SBY Budget by category





## Financial Performance

For the fiscal year ending December 31, 2021, the LRA received the sum of US\$6,782,941 from the Government of Liberia to cover payroll and operational costs for the fiscal year. US\$ 29,820 was received in aid from the African Development Bank as operational support. This brings to receipt for the 2021 special fiscal year to US\$6,812,761.

Additionally, total expenditure for the 2021 special fiscal year was US\$7,284,491 which is broken down by expenditure categories as follow: Compensation of Employees - US\$ 5,915,173; Goods & Services - US\$1,078,329; Consumption of Fixed Capital – US\$290,989.

## CONCLUSION

At the close of the fiscal year, total unsettled obligations stood at US\$5,359,402. Of this amount, NASSCORP Employer's Contribution accounted for US\$ 4,536,929 or 84.65 percent. The SFY 2021 Commitments accounted for US\$ 822,473 or 15.35 percent.

Cash balances as at December 31, 2021 were USD cash balance of US\$118,289 and LRD cash equivalent of US\$64,088 at the closing rate of L\$172.19 to US\$ 1.00. OSIWA account balance was US\$3,763. Therefore, total ending cash balance for the 2021 special year was US\$ 186,140.

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**

**June 30, 2022**

Date



Aaron B. Kollie  
**Deputy Commissioner General Administrative Affairs**

**June 30, 2022**

Date