REPUBLIC OF LIBERIA

FY 2025
TAX EXPENDITURE REPORT

An Analysis of Revenue Forgone from Tax and Fiscal Incentives

Fiscal Year January–December 2025



Ministry of Finance and Development Planning

Liberia Revenue Authority

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Abbreviations and Acronyms

AGO	Automotive gas oil (diesel)
ASYCUDA	Automated System for Customs Data
CIF	Cost, insurance and freight
CIT	Corporate income tax
CUF	Customs user fee
ECOWAS	Economic Community of West African States
EO	Executive order
ETL	ECOWAS trade levy
ETLS	ECOWAS Trade Liberalization Scheme
GST	Goods and services tax
ISIC	International Standard Industrial Classification
LEC	Liberia Electricity Corporation
LITAS	Liberia Integrated Tax Administration System
LPRC	Liberia Petroleum Refining Company
LRA	Liberia Revenue Authority
LWSC	Liberia Water and Sewer Corporation
MDA	Mineral development agreement
MFDP	Ministry of Finance and Development Planning
MRU	Mano River Union
NBC	National Bureau of Concessions
NIC	National Investment Commission
NTA	National Transit Authority
PMS	Premium motor spirit (petrol)
SOE	State-owned enterprise
VAT	Value-added tax

Executive Summary

This report presents Liberia's estimates of tax expenditures for fiscal year 2025 (January–December 2025), prepared jointly by the Ministry of Finance and Development Planning (MFDP) and the Liberia Revenue Authority (LRA) under Section 57 of the Liberia Revenue Code, the Tax Expenditure Management Act of 2025 and ECOWAS Directive C/DIR.4/07/23. Tax expenditures are the revenue the Government forgoes through exemptions, reduced rates, deductions and allowances granted to particular taxpayers, activities or goods. They are equivalent to spending through the tax system, but, unlike direct expenditure, they are neither appropriated nor reviewed through the annual budget process.

The estimates cover import duty, GST and corporate income tax, consistent with the FY 2023–2024 report, and, for the first time, petroleum waivers and excise on imported goods. Revenue forgone is measured against the benchmark tax system set out in Chapter 2, using the revenue-forgone method prescribed by the ECOWAS Directive. The principal results are summarized below.

FY 2025 AT A GLANCE

US$378.4m Total tax expenditure, FY 2025	**7.2%** of nominal GDP	**54.6%** of tax revenue	**43¢** forgone for every US$1 spent through the budget
US$327.7m customs exemptions (87 percent of the total)	**+42%** increase on the comparable coverage since 2024	**70%** intended to promote investment (US$265.0m)	**36%** of customs relief to a single beneficiary

Key findings

1. **Tax expenditures are estimated at US$378.4 million in FY 2025**, equivalent to about 7.2 percent of nominal GDP and 54.6 percent of tax revenue. GST, import duty and CIT, the coverage of the FY 2023–2024 report, account for US$341.4 million, an increase of 42 percent from US$240.3 million in 2024. Petroleum waivers and excise on imported goods, estimated for the first time, add US$27.7 million and US$9.3 million, respectively. Because data limitations prevent the estimation of other taxes, the total should be regarded as a lower bound (Section 2.4).
2. **Customs exemptions account for the bulk of the cost.** Import duty and GST exemptions processed by Customs amount to US$327.7 million, or 87 percent of the total: US$197.0 million of GST on imports and US$130.8 million of import duty.
3. **A single concession accounts for most of the increase.** Bea Mountain Mining received US$117.4 million in customs exemptions on US$569 million of imports for its mine expansion, equivalent to 36 percent of all customs tax expenditure. The 23 largest of 649 beneficiaries account for 80 percent of the total.
4. **Concession agreements and investment incentives are the largest channel** (US$196.5 million, or 52 percent), followed by Revenue Code provisions (US$91.2 million), executive orders (US$70.3 million)

and administrative or regulatory measures for which no instrument is recorded on the declaration (US$14.3 million). The growth of concession relief in 2025 largely reflects investment activity, notably Bea Mountain's expansion, and is distinct from the royalties and other fiscal provisions of the agreements (Section 6.5).

5. **The rice waiver remains the most costly executive-order measure.** EO 125/150 cost US$53.5 million in import duty and GST on 412,000 tonnes of rice. The orders suspend the import tariff; the GST exemption also applied in ASYCUDA (US$29.8 million) is not expressly provided for in the orders, and its legal basis should be confirmed.

6. **The Tax Expenditure Repository has improved, and the remaining gaps lie within its scope.** The repository covers measures granted to named investors: concession and investment agreements, Section 16 certificates and Revenue Code incentives. Executive orders and the privileges of Government, diplomatic missions and the Legislature fall outside its scope; they are granted under their own instruments and are identified by exemption category. Because certificates are not yet checked automatically when Customs and its Duty-Free Section process exemptions, US$13.0 million was granted to 22 Section 16 firms on dates not covered by a recorded certificate, mostly after expiry; these cases have been referred for verification. Returnee duty-free relief is recorded only as an exemption category. An automated Tax Incentive Management System linked to ASYCUDA and LITAS is accordingly the report's first priority (Table 13.1, priority area A).

7. **Relief continued beyond the expiry of certain executive orders.** Exemptions recorded for NTA after EO 130 expired and for LEC after EO 138 expired (US$1.5 million of import duty and GST), and the petroleum surcharge waiver applied after EO 128 expired (US$2.2 million), were not supported by an instrument in force at the time. Unless a renewal is documented, they are treated as arrears for assessment rather than as tax expenditure.

8. **CIT tax expenditure is estimated at US$13.1 million.** Incentive deductions claimed on Schedule 6 cost US$12.2 million, compared with US$15.3 million in 2024 on the same method. A further US$0.85 million arises because Firestone and Maryland Oil Palm paid the minimum tax at about 1 percent under their agreements, rather than at the statutory 2 percent. The Supreme Court has confirmed that the minimum tax applies to concession holders (February 2026); the US$36.6 million that Bea Mountain, ArcelorMittal Holding and LAC did not report as paid is therefore tax due, not tax expenditure. GST exemptions on domestic goods (US$0.33 million) and domestic services (US$0.28 million) total only US$0.6 million, because returns seldom record exempt sales correctly (Section 10.1).

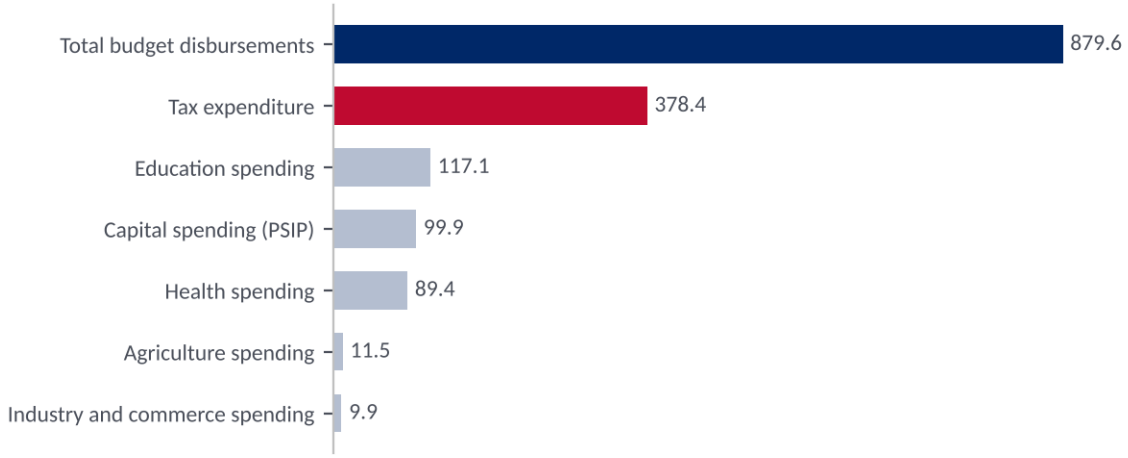
9. **Petroleum waivers cost US$27.7 million, and their administration would benefit from stronger controls.** Bea Mountain's reduced fuel-tax rates (US$15.6 million), duty-free fuel allocations (US$6.0 million) and the EO 128 surcharge waiver (US$6.0 million) are administered outside ASYCUDA, at differing rates, and beneficiaries are not currently required to report on the use of the fuel (Section 9). Excise waived on imported goods adds US$9.3 million, almost entirely on ethyl alcohol and flavoring concentrates for local distillers and brewers holding Section 16 certificates; US$2.5 million of this went to firms whose certificates did not cover the date of import (Section 7).

10. **Tax expenditure is substantial relative to direct spending.** It is equivalent to 43 percent of the US$879.6 million disbursed through the budget and 3.8 times capital spending. Tax incentives to investors (US$265.0 million) are 27 times the industry and commerce budget, and the rice waiver (US$53.5 million) is almost five times agriculture spending. There is, however, no systematic assessment at present of whether these incentives deliver the investment, employment, revenue or price effects expected of them. Annual cost–benefit reviews of concession incentives, led by the

National Bureau of Concessions and beginning with Bea Mountain and ArcelorMittal, together with a monitoring framework for Section 16 incentives, would fill this gap (Table 13.1, actions D1 and D2).

Figure ES.1: Tax expenditure compared with budget spending, FY 2025

Tax expenditure equals 43 percent of budget spending (US$ million)



Source: MFDP FY 2025 Budget Performance Report; MFDP and LRA staff computations.

Key policy recommendations

1. **Complete the Tax Expenditure Register and integrate it with ASYCUDA and LITAS,** registering every existing tax expenditure under Section 119 within the transition period, so that entitled beneficiaries retain their relief.
2. **Validate every exemption automatically,** by making a valid certificate or instrument reference mandatory and discontinuing relief when certificates or executive orders expire, unless renewed.
3. **Strengthen the administration of petroleum and returnee relief,** through ASYCUDA processing at a single published rate, utilization reporting where required, reconciliation with LPRC liftings and verification of returnee eligibility.
4. **Align concession agreements with the Revenue Code,** with a fiscal impact assessment before any agreement is approved or renewed, while preserving Liberia's ability to attract investment.
5. **Evaluate incentives against their objectives,** through a monitoring framework for Section 16 incentives and annual cost–benefit reviews of major concessions led by the National Bureau of Concessions.
6. **Realign customs procedure codes with the Revenue Code** and resolve the items referred for verification in Table 12.1, including arrears and unpaid minimum tax.

Chapter 13 sets out the full recommendations in six priority areas, with the responsible institutions, timelines and expected outcomes (Table 13.1).

1. Introduction

Tax expenditures amounted to US$378.4 million in FY 2025. On the coverage of GST, import duty and corporate income tax alone, they reached US$341.4 million, the highest level Liberia has recorded on this basis, largely as a result of heavy imports by a single mining expansion during the year. Tax expenditures represent spending through the tax system: revenue that the Government forgoes through exemptions, reduced rates, deductions and allowances, rather than appropriating it through the budget.

Section 57 of the Liberia Revenue Code requires the publication of an annual report on revenue forgone through concessions and incentives. The Tax Expenditure Management Act of 2025, which adds Subchapter D (Sections 111–123) to the Revenue Code, now also prescribes the content of the report. The Act was approved in 2026, after the end of FY 2025, and its requirements apply from its entry into force. FY 2025 relief has therefore been assessed against the Revenue Code, agreements and executive orders in force at the time; references to the Act describe the framework that will govern the administration of tax expenditures from 2026. ECOWAS Directive C/DIR.4/07/23 on harmonizing the evaluation of tax expenditures establishes the same structure for the report: concepts and methodology, three years of historical data together with the current estimate, and analysis by tax type, derogation, legal basis, objective, beneficiary and sector, with ratios to revenue and GDP.

This edition covers the fiscal year January–December 2025. To preserve comparability, it covers the same taxes as the FY 2023–2024 report, namely GST, import duty and corporate (business) income tax. It also presents, for the first time, estimates of petroleum waivers (Section 9) and excise on imported goods (Section 7), which are shown separately so as not to distort the comparison with earlier years. The ECOWAS trade levy falls outside the scope of the report, and domestic excise returns show almost no exempt sales (Section 2.4).

Table 1.1: Tax expenditure by tax type, 2022–2025 (US$ million)

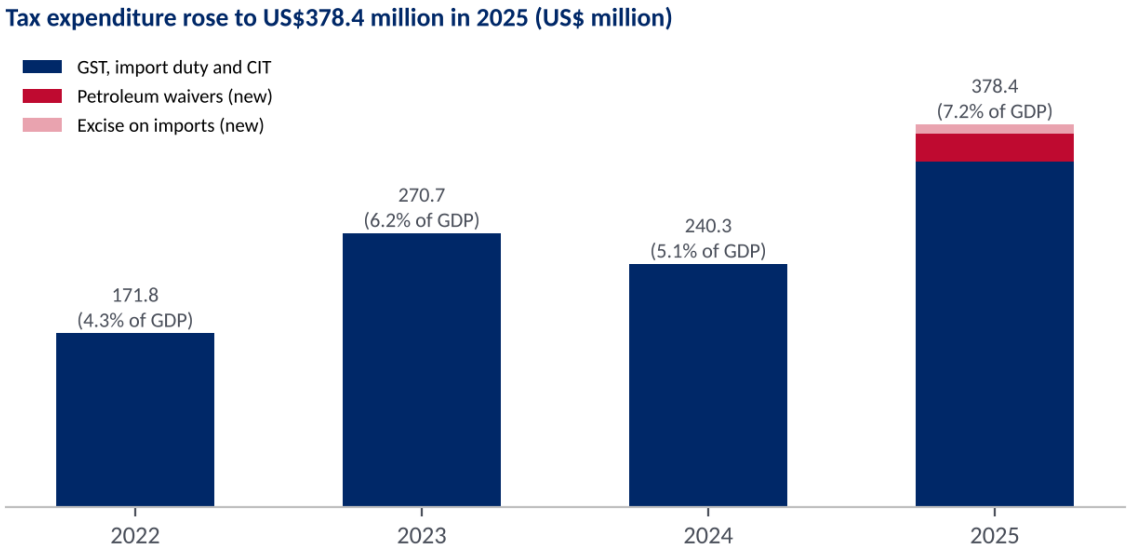
Tax type	2022	2023	2024	2025
GST	87.02	114.13	101.51	197.55
of which: GST on domestic goods and services	n.a.	n.a.	n.a.	0.60
Import duty	71.41	91.85	84.71	130.79
Business/corporate income tax	13.35	64.70	54.12	13.08
Subtotal: comparable coverage	**171.78**	**270.68**	**240.34**	**341.42**
Petroleum duties and levies (first estimated in FY 2025)	n.e.	n.e.	n.e.	27.68
Excise on imported goods (first estimated in FY 2025)	n.e.	n.e.	n.e.	9.29
Total	**171.78**	**270.68**	**240.34**	**378.38**
Percent of nominal GDP	4.29	6.17	5.06	7.25
Percent of tax revenue	34.72	51.39	42.91	54.63

Source: ASYCUDA, LITAS; MFDP and LRA staff computations.

Tax expenditure rose from US$240.3 million in 2024 to US$341.4 million in 2025, an increase of 42 percent, and from 5.1 to 6.5 percent of GDP. The increase was driven by GST and import duty. GST forgone almost doubled, from US$101.5 million to US$197.6 million, and import duty forgone rose by 54 percent, mainly as a result of Bea Mountain's mine expansion and the higher GST rate in effect from April 2025. Income tax expenditure

moved in the opposite direction; this reflects a change in methodology rather than a reduction in incentives (see below).

Figure 1: Tax expenditure, 2022–2025



Source: Table 1.1; MFDP and LRA staff computations.

The 2025 income tax estimate is not comparable with the published 2023–2024 figures. It values the incentive deductions claimed on Schedule 6 of the CIT return, together with the reduced minimum-tax rates paid under two agreements. Applied to tax year 2024, the same method yields US$15.3 million rather than the US$54.1 million published, indicating that most of the difference arises from methodology rather than from the underlying data. Section 10.2 sets out the comparison in detail.

Over the four years to 2025, tax expenditure on the comparable coverage doubled, from US$171.8 million in 2022 to US$341.4 million, and rose from 4.3 to 6.5 percent of GDP. Relative to tax revenue, it increased from 34.7 percent in 2022 to 49.3 percent in 2025 on the comparable coverage, and to 54.6 percent when petroleum waivers and excise on imported goods are included. In other words, for every two dollars of tax collected in 2025, the Government forwent approximately one dollar through tax relief. The growth has been uneven. It reflects large, irregular import programs by a small number of concession holders, changes in tax rates and changes in methodology, rather than a gradual widening of incentives. For this reason, the report isolates the effect of individual large beneficiaries and of methodological changes wherever possible.

1.1 What tax expenditures are and why they are reported

A tax expenditure is a provision of tax law, regulation or administrative practice that reduces or defers the tax liability of a particular group of taxpayers, activity or product relative to the benchmark tax system. Its fiscal effect is equivalent to that of a direct subsidy: the Government forgoes revenue that it would otherwise have collected in order to pursue a policy objective, such as attracting investment, lowering the price of a staple food or supporting the delivery of public services. Unlike direct expenditure, however, a tax expenditure is not appropriated annually, does not appear in the budget and, once granted, generally remains in effect until the law, agreement or order that created it expires.

Because tax expenditures sit outside the budget, they are readily granted but difficult to monitor. They may be extended through an executive order, a ministerial letter or a clause in a concession agreement, without the annual scrutiny that the Legislature applies to the budget. Their cost is dispersed across tens of thousands of customs declarations and tax returns and remains invisible unless it is systematically measured. Regular reporting brings these costs into view, allows them to be compared with direct expenditure, and provides the Legislature and the public with the information needed to judge whether each incentive represents value for money.

Annual reporting also forms part of the legal framework for fiscal management. In addition to prescribing the content of this report, the Tax Expenditure Management Act, from its entry into force, requires every tax expenditure and its beneficiaries to be registered (Sections 118 and 119), requires the LRA to verify certificates before applying exemptions (Section 116), and requires a fiscal impact assessment before a new measure is granted (Section 120(a)). The ECOWAS Directive requires Member States to report on a common methodology and to submit the report within three months of the adoption of the budget, so that costs can be compared across the region. The report is prepared jointly by the Ministry of Finance and Development Planning (MFDP), which is responsible for tax policy and for the Tax Expenditure Repository, and the Liberia Revenue Authority (LRA), which administers exemptions and maintains the customs and tax data on which the estimates are based.

1.2 What is new in this edition

Wider coverage. Petroleum waivers (US$27.7 million) and excise on imported goods (US$9.3 million) are estimated for the first time. They are presented separately from the comparable series so that the trend in GST, import duty and corporate income tax is not distorted.

Certificates tested on the date of import. The repository records issue and expiry dates for most Section 16 certificates. For the first time, each exemption has therefore been tested against the certificate in force on the date the goods were declared, rather than against a list of firms that had at some point held a certificate.

Every exemption line classified. The category of each exempt item line is now recorded (concession, investment incentive, executive order, Government, NGO, diplomatic mission, Legislature, returnee and other). Used together with the repository, this enables every dollar of customs relief to be attributed to a policy instrument, a legal basis, an objective and a beneficiary category.

Comparison with the budget. Section 5.1 presents tax expenditure alongside actual budget disbursements, sector by sector, so that the cost of policies delivered through the tax system can be assessed together with the cost of policies delivered through direct expenditure.

Compliance review. Chapter 12 identifies exemptions for which the legal basis could not be confirmed from the available records, or whose supporting instrument had lapsed, and refers them for verification. Relief recorded after the expiry of an executive order is separated from tax expenditure and reported as arrears for assessment.

1.3 Structure of the report

Section 2 defines the benchmark tax system against which revenue forgone is measured and sets out the coverage of the estimates. Section 3 lists the executive orders with revenue implications in FY 2025. Section 4 describes the data and methodology. Section 5 presents the headline estimates and compares them with direct

budget expenditure, and Section 6 analyzes them by legal basis, policy objective, beneficiary and type of relief. Sections 7 to 10 examine each channel in detail: customs exemptions, executive-order exemptions processed by Customs, petroleum waivers, and domestic GST and corporate income tax. Section 11 assesses the Tax Expenditure Repository, Section 12 sets out compliance and data-quality issues, and Section 13 presents conclusions and recommendations, together with the responsible institutions and deadlines. Detailed tables, including beneficiary-level data, are provided in the estimation workbook that accompanies this report.

TAX EXPENDITURE ON THE COMPARABLE COVERAGE, 2022–2025

US$171.8m	US$270.7m	US$240.3m	US$341.4m
2022 (4.3 percent of GDP)	2023 (6.2 percent of GDP)	2024 (5.1 percent of GDP)	2025 (6.5 percent of GDP)

Box 1.1: Key concepts used in this report

Tax expenditure. A provision of tax law, regulation or administrative practice that reduces or defers tax for particular taxpayers, activities or goods relative to the benchmark tax system.

Benchmark tax system. The general structure of the Revenue Code: the rates, bases, taxable units and periods that apply to all taxpayers (Chapter 2).

Revenue forgone. The tax that would have been payable under the benchmark, less the tax actually paid, on the assumption that behavior is unchanged (Section 4.1).

Comparable coverage. GST, import duty and corporate income tax, the taxes covered in the FY 2023–2024 report, used for comparisons over time.

Legal basis. The instrument that grants the relief, classified under Section 117(b) of the Act as Revenue Code-based, legislative-based, executive-based, international agreement-based, or administrative or regulatory (Section 2.3).

Type of derogation. The form the relief takes: exemption, reduced rate, allowance or deduction (Section 6.4).

Arrears. Relief granted after its legal cover had lapsed. As the tax remained due, it is reported for recovery rather than as tax expenditure (Chapter 12).

Tax due. A liability, such as unpaid minimum tax, that no instrument relieves. It is reported as a compliance item, not as tax expenditure.

KEY POINTS

- Tax expenditure on the comparable coverage doubled between 2022 and 2025, from **US$171.8 million** to US$341.4 million.
- For every two dollars of tax collected in 2025, the Government forwent approximately **one dollar** through tax relief.
- This edition adds petroleum waivers and excise on imported goods, tests certificates on the date of import and classifies every exemption line.

2. The benchmark tax system

The benchmark tax system is the reference against which tax expenditures are identified and measured. Liberia's benchmark is the general structure of the Liberia Revenue Code: the rates, bases, taxable units and taxable periods that apply to all taxpayers. Section 4 of the Revenue Code recognizes eight categories of taxes and charges: personal income tax, business income tax, the goods and services tax, excise tax, customs duties and related charges, real property tax, Government agency fees and obligatory payments. Section 113(b) of the Tax Expenditure Management Act confirms that the benchmark excludes Section 16 incentives, Section 9 privileges, the sector regimes of Chapters 6 and 7, and agreement-based relief, each of which therefore constitutes a tax expenditure.

The choice of benchmark is the most important methodological decision in any tax expenditure report, since a measure constitutes a tax expenditure only if it departs from the benchmark. Features of the tax system that apply generally form part of the benchmark: the standard GST rate, the general income tax rates and the 2 percent minimum tax, the import tariff schedule in force, ordinary deductions for the costs of earning income, and the treatment of exports. Provisions that apply only to particular taxpayers, sectors, goods, regions or periods are departures from it. Preferential duty on goods of ECOWAS and Mano River Union origin is treated as part of the benchmark, as it applies to all qualifying goods under treaty. Diplomatic and consular privileges, by contrast, are classified as tax expenditure in the international agreement-based class, as provided in Section 117(b) of the Act, so that their cost is made visible even though Liberia is bound by treaty to grant them.

2.1 The benchmark by tax type

Table 2.1 summarizes the benchmark for each tax in the Revenue Code as it applied in FY 2025, including the taxes for which tax expenditures could not yet be estimated. Setting out the benchmark for every tax, rather than only for those estimated, establishes the full scope of Liberia's tax expenditure system and identifies where measurement should be extended in future reports (Section 2.4).

Table 2.1: Benchmark tax system by tax type, FY 2025

Tax	Legal basis	Base and taxpayers	Benchmark rates in FY 2025
Personal income tax	Section 200(a) and (c)	Taxable income of resident individuals; Liberia-source income of nonresidents; turnover of small taxpayers and petty traders	Nil on the first L$70,000 of taxable income, then 5, 15 and 25 percent on successive bands; presumptive tax of 4 percent of turnover for small taxpayers; fixed annual amounts for petty traders
Business income tax	Sections 200(b), 602, 702 and 741	Taxable income of resident legal persons	25 percent (agriculture 25 percent, rice production 15 percent, mining and petroleum 30 percent), subject in each case to a minimum tax of 2 percent of gross income
Withholding taxes	Sections 806 and 905	Interest, dividends, royalties, rent, service fees and other payments to residents and nonresidents	Residents: 15 percent on interest, dividends and royalties; 10 percent on rent and services. Nonresidents: 15 percent on interest, dividends, royalties and rent; 20 percent on services
Goods and services tax	Sections 1000 and 1021	Taxable goods imported or produced in Liberia, and listed services	10 percent to March 2025 and 12 percent from April 2025; exports zero-rated; additional 5 percent surtax on telecommunications services
Excise tax	Chapter 11 and Schedule 1	Excisable goods imported or produced in Liberia, and excisable services	Specific or ad valorem rates by product under Schedule 1, with lower rates for locally produced beverages

Tax	Legal basis	Base and taxpayers	Benchmark rates in FY 2025
Import duty	Section 1601 (Customs Tariff)	Customs value of imported goods	Rates of the Customs Tariff, being aligned with the five-band ECOWAS Common External Tariff (0, 5, 10, 20 and 35 percent); preferential rates on qualifying ECOWAS and MRU goods
Customs user fee and ECOWAS trade levy	Customs regulations; ECOWAS protocol	Value of imported goods	Rates set by regulation and by ECOWAS protocol
Petroleum duties and levies	Revenue Code and petroleum pricing structure	Volume of petroleum products imported	Specific charges per gallon, including the import levy, GST, excise and the Road Fund charge (for diesel, US$0.20, US$0.20, US$0.20 and US$0.30, respectively)
Real property tax	Chapter 20 (Section 2000)	Assessed value of land and buildings	1.5 percent for commercial and industrial property; 0.25 percent for residential property; up to 3.5 percent on unimproved urban lots
Government agency fees	Chapter 21 and agency regulations	Specified services, licenses and permits	Set by statute and regulation

Source: Liberia Revenue Code as amended 2020; Tax Amendment Acts of December 2024; MFDP and LRA staff compilation.

Income taxes. The personal income tax applies progressive rates to the taxable income of resident individuals. Departures from this benchmark arise mainly through exempt allowances and benefits, the privileges of exempt persons under Section 9, and treaty provisions such as those of the Liberia–Germany double taxation agreement. The business income tax applies to the income of legal persons at 25 percent, or at the rates prescribed for agriculture, mining and petroleum, subject in each case to a minimum tax of 2 percent of gross income. Departures arise through accelerated depreciation, special investment deductions, tax holidays and reduced rates granted in agreements. Of these, only Schedule 6 deductions and reduced minimum-tax rates paid under agreements are estimated in this report.

Withholding taxes. Withholding on payments to residents serves mainly as a collection mechanism, while withholding on payments to nonresidents is generally a final tax. The benchmark rates are those of Sections 806 and 905. The lower rates of 5 to 6 percent that apply to payments by mining, petroleum and renewable resource projects, reductions under double taxation agreements and exemptions granted in concession agreements are departures from that benchmark. Withholding returns do not record reduced or exempt payments, and these measures are therefore not yet estimated.

Consumption taxes. GST is a single-stage tax on taxable goods imported or produced in Liberia and on listed services, levied at 10 percent until March 2025 and 12 percent from April 2025, with exports zero-rated and a 5 percent surtax on telecommunications services. Excise applies at specific or ad valorem rates under Schedule 1 of Chapter 11; the lower rates for locally produced beverages form part of the benchmark. Petroleum products bear specific charges per gallon. Relief from GST, excise and petroleum charges at import is estimated in this report; relief on domestic supplies is estimated only to the extent that returns record exempt sales.

Customs duties and related charges. Import duty is levied under the Customs Tariff (Section 1601), which Liberia has been aligning with the five-band ECOWAS Common External Tariff. The customs user fee and the ECOWAS trade levy are charged in addition. Preferential duty on goods of ECOWAS and Mano River Union origin applies to all qualifying goods under treaty and forms part of the benchmark. Import duty relief is

estimated in full from ASYCUDA; relief from the customs user fee and the ECOWAS trade levy falls outside the scope of this report.

Real property tax and fees. Real property tax is levied annually on the assessed value of land and buildings, at rates that vary by use and location (Section 2000). Section 2009 exempts certain properties, and concession agreements frequently provide further exemptions. Government agency fees are set by statute and regulation. As exempt properties and waived fees are neither recorded nor valued, the related tax expenditures are not estimated in this report.

2.2 Changes to the benchmark in FY 2025

The benchmark changed in two respects during FY 2025. The standard GST rate rose from 10 to 12 percent with effect from April 2025, and new income tax rates for agriculture, mining and petroleum projects, together with the 2 percent minimum tax on gross income, applied for tax years beginning on or after January 1, 2025. Table 2.2 sets out these changes and others relevant to the FY 2025 and FY 2026 estimates.

Where the benchmark changed during the year, revenue forgone is measured against the rules in force on the date of each transaction. GST forgone on imports cleared in January–March is accordingly valued at 10 percent, and on imports cleared from April onwards at 12 percent. This approach keeps the estimates consistent with the revenue that would actually have been collected; it also means that part of the increase from 2024 reflects the higher rate rather than additional relief.

Table 2.2: Changes to the benchmark tax system affecting FY 2025

Tax	Provision	Change	Effect in FY 2025
GST (goods and services)	Sections 1000(b)(3) and 1021(b)	Standard rate raised from 10 to 12 percent; exports zero-rated	Applied from the April 2025 tax period; GST forgone on imports and domestic supplies is measured at 12 percent from April
Business income tax	Sections 602, 702 and 741	Agriculture 25 percent; rice production 15 percent; mining and petroleum 30 percent; 2 percent minimum tax on gross income	Tax years beginning on or after January 1, 2025; the minimum tax is part of the benchmark and binds concession holders (Supreme Court, LRA v. LAC, February 12, 2026); the 15 percent rice rate is a reduced-rate tax expenditure
Business income tax	Section 203(d)	Interest deduction on non-bank debt capped at interest received plus 20 percent of EBITDA (was 50 percent)	Narrows the base; not a tax expenditure
VAT	VAT Law of 2024, as amended (Section 1003)	VAT at 15 percent replaces GST	Commences Jan 2027 at the latest; outside FY 2025

Source: Relevant legislation and executive orders; MFDP and LRA staff compilation.

Of these changes, the GST rate increase and the minimum tax have the greatest bearing on the estimates. The rate increase raises the value of every GST exemption by one-fifth from April 2025. The 2 percent minimum tax, upheld for concession holders by the Supreme Court, means that unpaid minimum tax constitutes tax due rather than tax expenditure, unless a ratified agreement provides for a lower rate.

Two subsequent changes will shape the FY 2026 report. The Tax Amendment Act of December 2025 (approved March 24, 2026) raises the GST rate to 13 percent, and the Tax Expenditure Management Act requires every tax expenditure to be registered and certified.

2.3 Classes of tax expenditure

Section 117(b) of the Tax Expenditure Management Act classifies every tax expenditure into one of five classes according to the instrument that grants it. This report adopts those classes as its legal-basis classification.

Table 2.3: Classes of tax expenditure under the Tax Expenditure Management Act and their FY 2025 instruments

Class (Section 117(b))	Instruments covered in this report
Revenue Code-based	Section 16 investment incentive certificates; Section 9 exemptions for Government; Section 1001(e) GST exemptions; Schedule 6 income tax incentives
Legislative-based	Concession and investment agreements ratified by the Legislature, including the reduced-rate regime for ArcelorMittal and reduced minimum-tax rates
Executive-based	Executive orders on rice, LEC, LWSC, LPRC and NTA
International agreement-based	Diplomatic and consular privileges (Vienna Convention), international organizations and NGOs
Administrative or regulatory	Ministry of Finance special exemptions with no instrument recorded

Source: Relevant legislation and executive orders; MFDP and LRA staff compilation.

The five classes differ in the manner in which they are granted and controlled, and therefore in the risks they present.

Revenue Code-based measures (US$91.2 million in FY 2025) are established in the Code and apply to any taxpayer that meets the prescribed conditions. The largest are Section 16 investment incentive certificates (US$57.7 million, including excise and duty-free fuel, of which US$15.4 million was granted to firms on dates not covered by a certificate), Section 9 exemptions for Government ministries and agencies (US$21.1 million) and Schedule 6 income tax incentives (US$10.8 million). Their conditions are public, but their application depends on certificates and eligibility checks that are currently performed manually.

Legislative-based measures (US$196.5 million) are granted through concession and investment agreements ratified by the Legislature. They are the most enduring, since agreements fix fiscal terms for many years and can be amended only through renegotiation. They include ArcelorMittal's reduced-rate customs regime, Bea Mountain's reduced fuel-tax rates and the reduced minimum-tax rates paid by two agricultural concessions.

Executive-based measures (US$70.3 million) are granted by executive order. They can be introduced quickly, which makes them useful in an emergency, but they are not subject to legislative approval or to the certification process that applies to Section 16 incentives, and they lapse after one year unless renewed. The rice orders account for three-quarters of this class.

International agreement-based measures (US$6.1 million) arise from Liberia's obligations to diplomatic missions and international organizations, and from the privileges extended to NGOs and to religious, medical and educational institutions. They are modest in size and largely determined by treaty.

Administrative or regulatory measures (US$14.3 million) are granted by ministerial or administrative decision, with no instrument recorded on the declaration. They include the Legislature's privileges, duty-free fuel for Government projects, and special exemptions granted to importers that do not appear in any register. Because no instrument is recorded, their basis is the most difficult to verify, and they should be among the first to be documented during registration.

2.4 Coverage of the estimates

As Table 2.1 shows, tax expenditures can arise under every tax in the Revenue Code. This report estimates them for GST, import duty and corporate (business) income tax, consistent with the coverage of the FY 2023–2024 report, and, for the first time, for petroleum waivers and excise on imported goods. Within those taxes, it can estimate only the relief that the LRA's data separate from the taxable base. Table 2.4 sets out the coverage of the estimates by tax and measure. The FY 2025 total of US$378.4 million is therefore a lower bound on Liberia's tax expenditure rather than a measure of its full cost.

Table 2.4: Coverage of tax expenditures in the FY 2025 estimates

Tax or measure	Estimated?	Reason where not estimated
Import duty and GST on imports (ASYCUDA)	Yes	–
GST on domestic goods and services	Yes, partly	Returns do not record the legal basis of exempt sales; many exempt entries are keying errors
Corporate income tax: Schedule 6 incentives and agreement minimum-tax rates	Yes, partly	Reduced rates, tax holidays and loss carry-forward terms in concession agreements are not reported on returns
Excise (imports and domestic)	Yes (imports)	Imports estimated from ASYCUDA (US$9.29 million, Table 7.6); domestic excise returns show almost no exempt sales
ECOWAS trade levy	No	Outside the scope of this report
Petroleum: duty-free fuel, agreement fuel rates and the EO 128 surcharge waiver	Yes	Estimated from the LPRC petroleum register and Bea Mountain's liftings, outside ASYCUDA (Section 9)
Personal income tax exemptions and allowances (Sections 200–205)	No	Returns do not separate exempt income or allowances from taxable income
Withholding tax reductions and exemptions (treaties, agreements, Sections 806 and 905)	No	Withholding returns do not record reduced or exempt payments
Real property tax exemptions (Section 2009; concessions; diplomatic property)	No	Exempt properties are not recorded or valued
Customs user fees and other import fees waived	No	Waived fees are not recorded as revenue forgone in ASYCUDA
Government agency fees and charges (Chapter 21)	No	Waivers are not recorded centrally
Exemptions on domestic purchases by Government, diplomats and NGOs	No	Not captured in GST returns
Duty-free allowance for returning Liberians	Partly	Provided in the Revenue Code (Sections 1640(a)(2)–(3) and 1107(d)). The customs procedure code for it (200) was not used in 2025; returnee clearances are identified only through the exemption category field (US$0.54 million, included in the estimates)

Source: Relevant legislation and executive orders; MFDP and LRA staff compilation.

Closing these gaps will depend on the data reforms set out in Section 13: recording the legal basis and amount of every exemption in LITAS and ASYCUDA, and registering every beneficiary under the Tax Expenditure Management Act.

The omissions are potentially significant. Concession agreements commonly grant reduced withholding tax rates, real property tax exemptions and relief from fees, while the Government, diplomatic missions and NGOs make exempt domestic purchases that are not captured in GST returns. None of these can be valued with the

data currently available. Readers should therefore interpret the estimates as the cost of the relief that can be measured, and should regard year-to-year changes in coverage, such as the inclusion of petroleum waivers and excise in this edition, as improvements in measurement rather than changes in policy.

Box 2.1: Applying the benchmark – illustrative cases from FY 2025

Machinery imported under a valid Section 16 certificate. The import duty and GST that would have been payable at benchmark rates on the customs value constitute revenue forgone, classified as Revenue Code-based relief. Where the certificate had expired on the date of import, the relief is still counted, because it was granted, but it is flagged for verification (Chapter 12).

Rice imported under EO 125/150. The import duty and GST waived are executive-based tax expenditure (US$53.5 million). The GST element requires a separate legal basis, for which no provision has been identified (Section 8.1).

ArcelorMittal's reduced-rate regime (code 810). The company pays 40 percent of import duty and no GST; the difference from the benchmark is a legislative-based reduced rate (US$21.4 million).

Goods of ECOWAS or Mano River Union origin. Preferential duty applies to all qualifying goods under treaty and forms part of the benchmark. It is not a tax expenditure.

A concession paying the minimum tax at about 1 percent. Where a ratified agreement sets the lower rate, the difference from the statutory 2 percent is legislative-based tax expenditure (US$0.85 million for Firestone and Maryland Oil Palm). Where no agreement provides for it, the shortfall is tax due.

Exemptions recorded after an executive order lapsed. No instrument authorized the relief, so the tax remained due. It is reported as arrears to be recovered (US$3.7 million), not as tax expenditure.

Diplomatic privileges. Although Liberia is bound by treaty to grant them, they are counted in the international agreement-based class so that their cost is visible (US$6.1 million, including NGOs and institutions).

Box 2.2: The ECOWAS framework for tax expenditure reporting

Directive C/DIR.4/07/23 harmonizes the evaluation of tax expenditures among ECOWAS Member States. It requires each Member State to define a benchmark tax system; to estimate revenue forgone using the revenue-forgone method (Article 6); to present three years of historical data together with the current estimate; to analyze tax expenditure by tax, type of derogation, legal basis, objective, beneficiary and sector, with ratios to revenue and GDP; and to submit the report within three months of the adoption of the budget (Article 11).

This report follows that structure. Chapter 2 defines the benchmark, Chapter 4 sets out the method, Table 1.1 presents the historical series, and Chapters 5 to 10 provide the required analysis by tax, legal basis, objective, beneficiary, sector and type of derogation. Chapter 13 recommends that the report be submitted to ECOWAS each year within the prescribed period.

3. Executive orders with revenue implications in FY 2025

Nine executive orders granted tax relief that applied during FY 2025. Two others imposed protective surcharges, and one imposed a levy on international travel. Unless an order specifies its own duration, it remains in force for one year from issue and lapses in the absence of a new order. None of the relief orders specifies a duration. The rice order is renewed annually and is treated as in force throughout 2025.

Table 3.1: Executive orders affecting revenue in FY 2025

EO	Subject	Issued	Lapses	Coverage in FY 2025	Observation
125	Suspension of import tariff on rice (HS 1006.30, 1006.40)	March 2024	Renewed annually	Full year	Renewed by EO 150. ASYCUDA code 011 also waives GST, which the order does not mention
150	Extends EO 125 on rice	June 2025	Renewed annually	Full year	–
127	LWSC: customs duty on selected items	March 2024	March 2025	January–March	Replaced by EO 146
146	LWSC: customs duty on selected items	March 2025	March 2026	March–December	–
128	Suspension of US$0.20 surcharge on the petroleum pricing structure	March 2024	March 2025	January–March	Petroleum surcharge; waiver for January–March counted as tax expenditure (US$6.03 million, Section 9). Waivers continued in April 2025 (US$2.19 million) with no renewal on file; treated as arrears
130	NTA: customs duty on fuel, lubricants, tires and spare parts	April 2024	April 2025	January–April	NTA exemptions recorded in November 2025 (US$0.44 million); treated as arrears, not tax expenditure
138	LEC: customs duty and GST on equipment, materials and petroleum products	November 2024	November 2025	January–November	LEC exemptions recorded in December 2025 (US$1.06 million); treated as arrears, not tax expenditure
139	Suspension of import tariff on agricultural inputs and machinery	November 2024	November 2025	January–November	No dedicated ASYCUDA code; LRA records US$5.3 million under a general “executive order” category without naming the order (Section 8), and many listed inputs paid duty under the common regime
140	LPRC: customs duty on materials for a 17,000 m^3 PMS tank	November 2024	November 2025	January–November	Recorded under the Government code 002
135	Extends EO 119: local industry development surcharge	August 2024	August 2025	January–August	Raises tax; not a tax expenditure

EO	Subject	Issued	Lapses	Coverage in FY 2025	Observation
156	Extends EO 135 with revised surcharge rates	November 2025	November 2026	November–December	Raises tax; not a tax expenditure
142	Flat fee on passengers of international travel services (air, sea and land), collected at ticket sale and remitted to LRA	February 20, 2025	Until revoked (Section 6)	February–December	Raises revenue; not a tax expenditure. Unlike the others, it sets its own duration

Source: Relevant legislation and executive orders; MFDP and LRA staff compilation.

Two considerations are relevant to the estimates. First, relief granted after an order has lapsed does not constitute a tax expenditure. As no legal instrument authorized it, the tax remained due, and it is reported as arrears to be recovered: US$3.70 million in FY 2025 (the EO 128 surcharge in April, NTA in November and LEC in December; Table 12.1, items 5 and 6). Second, EO 139 on agricultural inputs cannot be costed separately: ASYCUDA has no code for it, and US$5.3 million of import duty and GST is recorded under a general "executive order" category without identifying the order (Section 8). In addition, about US$0.65 million of duty and fees was collected under the common regime on headings listed in the order, such as pesticides (HS 3808), animal feed (HS 2309) and farm machinery (HS 8432–8437); part of these imports may have been for non-agricultural use.

In total, executive orders cost US$70.3 million in FY 2025 (Table 6.1): US$64.2 million in import duty and GST exempted through Customs (Section 8), US$6.0 million for the suspension of the petroleum surcharge under EO 128 (Section 9) and a small amount of duty-free fuel for state-owned enterprises. This represents 19 percent of all tax expenditure, granted by executive instrument rather than through legislation and, in most cases, without a published estimate of its cost.

The orders reviewed share three features that the new framework will need to address. First, none of the relief orders states its expected cost; the fiscal impact assessment that Section 120(a) of the Tax Expenditure Management Act requires from 2026 did not then apply, and none was prepared. Second, their expiry dates are not recorded in ASYCUDA, with the result that exemptions continued after several orders had lapsed. Third, most orders are not identified on the customs declaration: apart from rice (code 011), relief under executive orders is processed under general codes, so its cost can be traced only through LRA's category field. As executive orders do not form part of the Tax Expenditure Repository, these controls must be built into the customs system itself. Publishing a cost estimate with each order, and recording each order's start and end dates in ASYCUDA under a dedicated exemption code that is closed automatically when the order lapses, would address all three points (Section 13.2).

KEY POINTS

- Executive orders cost **US$70.3 million** in FY 2025, or 19 percent of all tax expenditure, granted by executive instrument rather than through legislation.
- None of the relief orders states its expected cost; the fiscal impact assessment now required under the Act did not then apply.
- Relief recorded after orders lapsed (**US$3.7 million**) is excluded from tax expenditure and treated as arrears for assessment.

4. Methodology and data

This report applies the revenue-forgone method set out in Section 113(k) of the Tax Expenditure Management Act and Article 6 of the ECOWAS Directive. For each measure, it estimates the tax that would have been payable under the benchmark system and deducts the amount actually paid. The calculation assumes that taxpayer behavior remains unchanged; it therefore does not predict the additional revenue that the Government would collect if an incentive were withdrawn.

Three methods are commonly used to value tax expenditures. The revenue-forgone method, applied here, measures the tax forgone on the assumption that taxpayers would behave in the same way in the absence of the relief. The revenue-gain method estimates the tax that would actually be collected if the relief were removed, taking into account behavioral responses; it requires assumptions about the response of imports, investment and prices, for which supporting data are not available. The outlay-equivalence method estimates the direct expenditure required to provide the beneficiary with the same after-tax benefit. The ECOWAS Directive prescribes the revenue-forgone method, which is also the most transparent, as each estimate can be traced to the declarations and returns on which it is based.

Two caveats follow from the method. First, estimates for individual measures are not strictly additive, since the removal of one measure may change the value of another; the totals in this report should be read as the sum of measures valued individually. Second, the estimates are not forecasts of the revenue that would be raised by abolishing an incentive: some imports would not take place, some investments might not have been made, and some firms would claim alternative relief. The figures measure the cost of the relief as granted, which is the information the Legislature and the public require in order to weigh it against its benefits.

4.1 Data sources

Table 4.1: Data sources and coverage, FY 2025

Source	Content	Records used	Taxes covered
LRA ASYCUDA World: exemption dataset for the 2025 report	Exempt import declarations, January–December 2025, with tax due, paid and forgone by item and the LRA exemption category of each line; the full import extract is used for totals	34,118 exempt item lines (32,532 with import duty or GST forgone); 246,676 lines in the full extract	Import duty, GST on imports
LITAS domestic goods tax returns	Exempt and taxable sales, tax periods 2025	1,019 returns	GST on domestic goods
LITAS services tax returns	Exempt and taxable sales, tax periods 2025	2,918 returns	GST on services
LITAS CIT annual returns, Schedule 6	Incentive deductions, taxable income and rate, tax year 2025	865 filers	Corporate income tax
Tax Expenditure Repository and MFDP incentive holders list	Measures, legal basis, named beneficiaries and certificate issue and expiry dates	604 measures; 216 certificate entries; 166 listed certificates	Classification and gap analysis
MFDP Annual Consolidated Budget Performance Report FY 2025 and tax-to-GDP file	GDP and revenue, 2014–2026	–	Ratios
FY 2025 petroleum exemptions register	Duty-free fuel and EO 128 liftings; Bea Mountain diesel liftings (LPRC/BMMC)	644 duty-free rows; 249 liftings	Petroleum duties and levies (Section 9)

Source: MFDP and LRA staff computations, based on report data.

4.2 How each estimate is made

- **Customs.** Import duty and GST forgone are taken from the "LOST" fields that ASYCUDA records for each exempt item at the benchmark rate; excise on the same lines is reported separately (Table 7.6). Each line is assigned to an instrument on the basis of LRA's exemption category, the exemption code and the importer's TIN, and concession and Section 16 claims are verified against the repository. A Section 16 exemption is counted as covered only if a certificate was valid on the declaration date. ECOWAS/MRU preferential duty is treated as part of the benchmark, and exemptions recorded after an executive order lapsed are reported as arrears.
- **Petroleum.** Waivers granted outside ASYCUDA are valued separately: duty-free fuel in the FY 2025 petroleum exemptions register at the benchmark import levy and GST per gallon; Bea Mountain's diesel at the difference between the statutory charges and the reduced rates in its MDA; and the EO 128 surcharge at US$0.20 per gallon for January–March.
- **Domestic GST and services tax.** Exempt sales multiplied by the standard rate applicable in the period (10 percent to March and 12 percent from April). Returns in which exempt sales equal taxable sales are treated as data-entry errors and excluded.
- **CIT.** Schedule 6 incentive deductions multiplied by the rate shown on the return (25 percent where none is shown). This gross method, used in earlier reports, values the deduction even where a firm incurred a loss. The cash effect in 2025 alone is US$6.3 million.
- **Currency.** Returns filed in Liberian dollars are converted at L$192 per US dollar, the 2025 average of the monthly rates.
- **Classification.** Each measure is classified by tax, legal basis (Section 117(b)), policy objective, category of beneficiary and type of derogation, as required by the Act and the ECOWAS Directive.

4.3 Limitations

- **Scope.** The estimates cover GST, import duty and CIT, as in the FY 2023–2024 report, together with petroleum waivers and excise on imported goods. The ECOWAS trade levy and domestic excise (which was not material in the 2025 returns) are excluded, so the total understates Liberia's full tax expenditure. Petroleum waivers are based on the LPRC register, whose volumes cannot be fully reconciled with ASYCUDA (Section 9).
- **Personal income tax and real property tax are not estimated.** Returns do not separately identify exempt income, and exempt properties are not recorded.
- **The CIT estimate covers Schedule 6 deductions only.** The extract runs to June 26, 2026, beyond the filing deadline of March 31, 2026, and covers 865 filers (1,028 for 2024). As only Schedule 6 deductions are counted, reduced rates and tax holidays granted in concession agreements are not captured. Concession holders that declared losses report no Schedule 6 deductions.
- **ASYCUDA values are used as declared.** Six declarations with implausible values (US$4.2 million of import duty and GST forgone) are retained as declared and flagged for post-clearance verification.
- **Behavioral effects.** As noted above, the estimates assume no change in behavior. For the largest items, in particular Bea Mountain's equipment imports and the rice waiver, the revenue that could actually be recovered by withdrawing the relief would be lower than the revenue forgone, since some of the imports might not take place. This does not reduce the cost of the relief as granted, but it should be taken into account when the figures are used to estimate the yield of reform.

5. Estimated revenue forgone in FY 2025

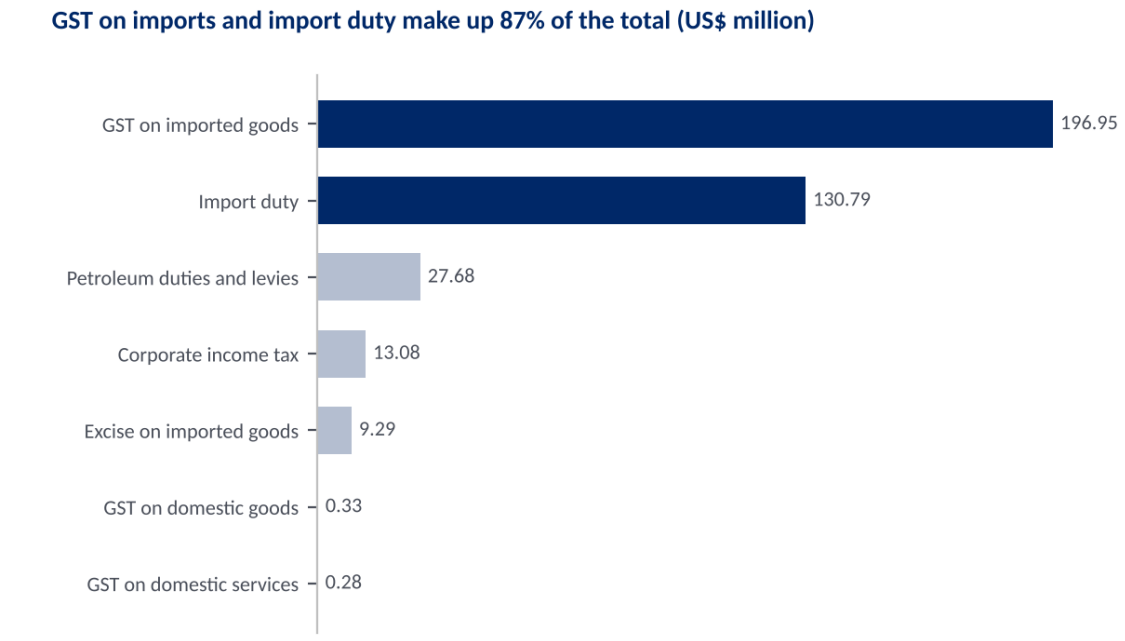
Revenue forgone totaled US$378.4 million in FY 2025, equivalent to 7.2 percent of nominal GDP (US$5,219.7 million), 54.6 percent of tax revenue (US$692.6 million), 44.7 percent of domestic revenue (US$847.1 million) and 42.8 percent of total revenue including external resources (US$885.1 million). Import duty and GST exemptions processed by Customs account for 87 percent of the total, petroleum waivers for 7.3 percent and excise on imported goods for 2.5 percent. A further US$1.5 million of customs relief granted after the expiry of executive orders is excluded and treated as arrears.

Table 5.1: Tax expenditure by tax type, FY 2025

Tax type	US$ million	Share of total (%)	Percent of GDP	Percent of tax revenue
GST on imported goods	196.95	52.1	3.77	28.44
GST on domestic goods (goods tax)	0.33	0.1	0.01	0.05
GST on domestic services (services tax)	0.28	0.1	0.01	0.04
Import duty	130.79	34.6	2.51	18.88
Petroleum duties and levies (import levy, GST, excise, Road Fund, EO 128 surcharge)	27.68	7.3	0.53	4.00
Corporate income tax	13.08	3.5	0.25	1.89
Excise on imported goods	9.29	2.5	0.18	1.34
Total	**378.38**	**100.0**	**7.25**	**54.63**

Source: ASYCUDA, LITAS, MFDP administrative data; MFDP and LRA staff computations.

Figure 2: Tax expenditure by tax, FY 2025



Source: Table 5.1; MFDP and LRA staff computations.

Two factors account for the increase from 2024.

- **Bea Mountain's expansion.** The mine imported US$569 million of equipment, explosives and reagents free of duty and GST, at a cost of US$117.4 million in revenue forgone.
- **The higher GST rate.** GST forgone on imports is measured at 12 percent from April 2025, compared with 10 percent in 2024.

Excluding Bea Mountain, tax expenditure on the comparable coverage would have been US$224.1 million, 7 percent below the 2024 level.

Exempt imports were valued at US$1,550 million, or 56 percent of total imports by value (US$2,749 million). Customs collected US$375.2 million in taxes and fees on imports through ASYCUDA; accordingly, for every dollar collected by Customs, 87 cents of import duty and GST was exempted.

On average, the exemptions were equivalent to 21 percent of the CIF value of the goods to which they applied. The rate ranges from about 16 percent under ArcelorMittal's reduced-rate regime, under which part of the duty is still paid, to about 25 percent for goods imported under Section 16 certificates, many of which are food and beverage inputs subject to higher tariffs. The monthly profile was uneven, peaking at US$42 million in May 2025 and declining to US$17 million in June. Fluctuations of this magnitude reflect the timing of large consignments rather than changes in policy.

To place the total in perspective, the US$378.4 million forgone in FY 2025 is more than 1.8 times the combined budget disbursements to health (US$89.4 million) and education (US$117.1 million). Bea Mountain's customs exemptions alone exceeded the entire health budget. These comparisons do not imply that the relief should be withdrawn; they illustrate the scale of the resources allocated outside the budget process.

5.1 Tax expenditure compared with direct spending

As tax expenditure constitutes spending through the tax system, it should be assessed alongside the budget. In FY 2025, the Government disbursed US$879.6 million through the budget and forwent a further US$378.4 million through tax relief. For every dollar spent directly, 43 cents was spent through tax relief, without appropriation, annual legislative approval or execution reporting.

Table 5.2: Tax expenditure compared with direct budget spending, FY 2025 (US$ million)

Item	US$ million	Tax expenditure as a multiple or share
Total budget disbursements (recurrent and capital)	**879.60**	**Tax expenditure = 43.0% of budget spending**
Public Sector Investment Program (capital spending)	99.85	Tax expenditure = 3.8 times capital spending
Health sector spending	89.41	Bea Mountain's customs exemptions alone (US$117.4 million) exceed it
Education sector spending	117.09	About equal to Bea Mountain's customs exemptions

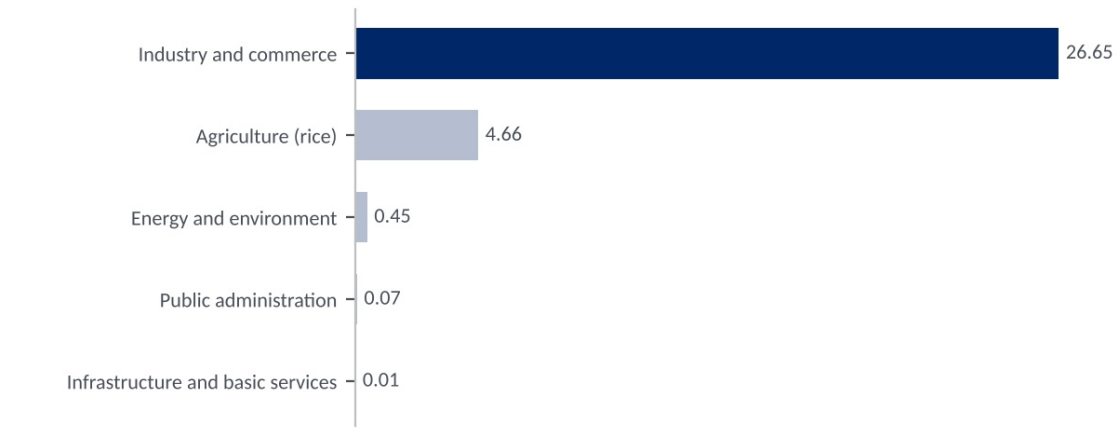
Source: MFDP FY2025 Budget Performance Report; MFDP and LRA staff computations.

Table 5.3: Tax expenditure and direct spending by budget sector, FY 2025 (US$ million)

Budget sector	Direct spending (actual)	Related tax expenditure	Measures counted	Tax expenditure per dollar of direct spending
Industry and commerce (investment promotion)	9.94	265.00	Concession agreements (including Bea Mountain fuel rates), Section 16 certificates (including excise), CIT incentives	26.65
Agriculture (food security)	11.49	53.55	Rice executive orders	4.66
Public administration	355.57	24.51	Exemptions and duty-free fuel for ministries, agencies, Government projects and the Legislature	0.07
Energy and environment	22.97	10.43	EO 138 (LEC), EO 140 (LPRC) and the EO 128 fuel surcharge waiver	0.45
Infrastructure and basic services	62.55	0.93	EO 127/146 (LWSC), EO 130 (NTA)	0.01

Source: MFDP FY2025 Budget Performance Report; MFDP and LRA staff computations.

Figure 3: Tax expenditure per US$1 of direct budget spending, by sector, FY 2025



Source: Table 5.3; MFDP and LRA staff computations.

Three findings are of particular significance.

- **Investment promotion is financed almost entirely through the tax system.** Budget expenditure on industry and commerce amounted to US$9.9 million, whereas tax incentives to investors cost US$265.0 million, 27 times as much, none of which is reviewed in the budget process.
- **Food security policy is delivered mainly through the rice waiver.** The rice executive orders cost US$53.5 million, almost five times the US$11.5 million disbursed to the agriculture sector. The relief is channeled through 20 importers, five of whom account for 85 percent. Whether the benefit reaches consumers in the form of lower rice prices is not monitored.
- **Exemptions for Government agencies are not reflected in their budgets.** Ministries and agencies imported goods valued at US$110.2 million, free of US$22.7 million of import duty and GST. As this cost is not recorded against their budget allocations, the full cost of their programs is understated.

These comparisons underline the importance of reporting tax expenditures alongside direct budget expenditure. Both draw on public resources and should be assessed against clear objectives, costs and results.

A practical step would be to publish, with each annual budget, a tax expenditure annex presenting the relief associated with each budget sector alongside its appropriation, as Table 5.3 does for FY 2025. Ministries and agencies whose programs rely on duty-free imports would then be able to see the full cost of those programs, and the Legislature would be able to weigh tax relief and direct expenditure against the same objectives.

WHAT US$378.4 MILLION REPRESENTS

7.2% of nominal GDP (US$5,219.7m)	**54.6%** of tax revenue (US$692.6m)	**44.7%** of domestic revenue (US$847.1m)	**42.8%** of total revenue, including external resources
43% of budget disbursements (US$879.6m)	**3.8×** capital spending	**1.8×** health and education spending combined	**87¢** of duty and GST exempted for every US$1 Customs collected

COMPOSITION BY TAX, FY 2025 (US$ MILLION)

197.6 GST (imports and domestic)	**130.8** Import duty	**27.7** Petroleum duties and levies	**13.1** Corporate income tax	**9.3** Excise on imported goods

KEY POINTS

- Revenue forgone totaled **US$378.4 million**, of which import duty and GST exemptions processed by Customs account for 87 percent.
- The increase from 2024 is explained by **Bea Mountain's expansion** (US$117.4 million) and the higher GST rate from April 2025; excluding Bea Mountain, the comparable total would have fallen by 7 percent.
- Exempt imports were valued at **US$1,550 million**, or 56 percent of all imports.
- Investment promotion is financed almost entirely through the tax system: tax incentives to investors are **27 times** the industry and commerce budget.
- Publishing a tax expenditure annex with each budget would allow tax relief and direct spending to be assessed against the same objectives.

6. Analysis by legal basis, objective, beneficiary and derogation

About half of all revenue forgone (US$196.5 million) is granted through concession and investment agreements ratified by the Legislature, and 87 percent takes the form of outright exemptions.

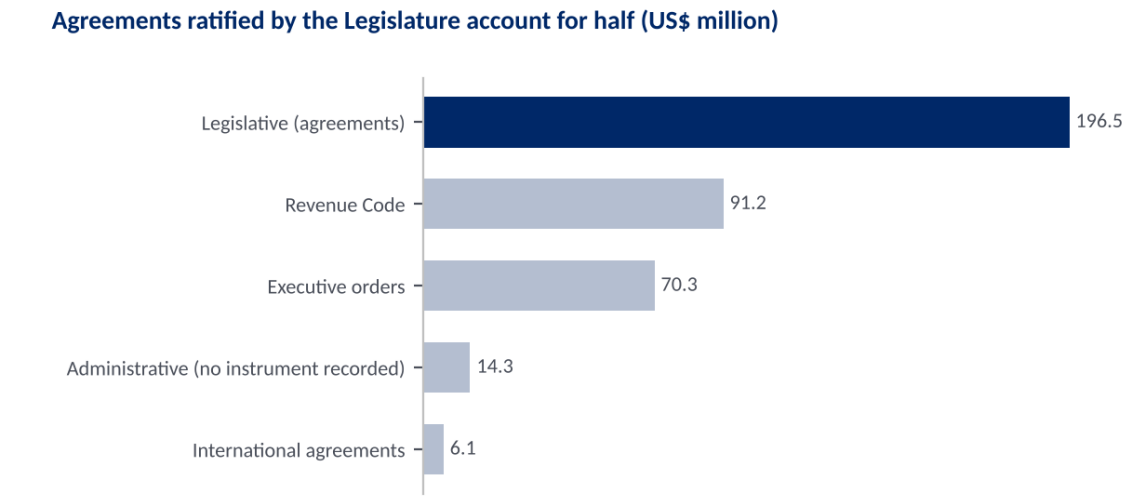
6.1 By legal basis

Table 6.1: Tax expenditure by legal basis (Tax Expenditure Management Act, Section 117(b)), FY 2025

Legal basis	US$ million	Share (%)	Percent of GDP
Legislative-based (concession and investment agreements)	196.47	51.9	3.76
Revenue Code-based (Sections 9, 16, 1001(e), 1640; Schedule 6)	91.23	24.1	1.75
Executive-based (executive orders)	70.30	18.6	1.35
Administrative or regulatory (Legislature privileges)	14.26	3.8	0.27
International agreement-based (diplomatic missions, international NGOs)	6.12	1.6	0.12
Total	**378.38**	**100.0**	**7.25**

Source: ASYCUDA, LITAS administrative data; MFDP and LRA staff computations.

Figure 4: Tax expenditure by legal basis, FY 2025



Source: Table 6.1; MFDP and LRA staff computations.

Legislative-based measures, principally concession agreements, account for just over half of all tax expenditure. Once ratified, these agreements remain in force for decades with fixed fiscal terms, and none of those recorded in the repository specifies a review date or a performance test. Executive orders account for 19 percent, most of which relates to the rice waiver. A further US$14.3 million (4 percent) was granted administratively with no instrument recorded, including the Legislature's privileges. Because their basis is the least documented, these exemptions should be among the first to be documented under the Section 119 registration.

The Revenue Code-based class is the second largest (US$91.2 million). It is dominated by Section 16 certificates, which in 2025 benefited mainly manufacturers (US$28.8 million of customs relief) and wholesale and retail traders (US$14.4 million), and were concentrated on edible oils (US$12.4 million) and on foodstuffs and beverage inputs (US$11.4 million). Because these certificates are issued to firms in qualifying sectors under a published regulation, their conditions are clearer than those of agreements or executive orders; the main area for improvement lies in the monitoring of their validity dates and of the goods they cover.

6.2 By policy objective

Table 6.2: Tax expenditure by policy objective, FY 2025

Objective	US$ million	Share (%)
Investment promotion – natural resources and industry (concessions)	195.02	51.5
Investment promotion – Section 16 qualifying sectors	57.75	15.3
Cost of living – food security (rice)	53.55	14.2
Public administration and service delivery	23.02	6.1
Investment promotion – capital formation (CIT incentives)	12.23	3.2
Public utilities and infrastructure (SOEs, Government projects)	6.90	1.8
Cost of living – fuel prices (EO 128)	6.03	1.6
Sector support – agriculture and energy inputs (other executive orders)	5.31	1.4
Humanitarian, social and development services (NGOs, religious, medical and educational institutions)	4.28	1.1
International obligations (diplomatic missions)	1.84	0.5
Resettlement of returning residents	0.54	0.1
Sector support – manufacturing inputs (Revenue Code codes 302/303)	0.46	0.1
Others (objective not recorded)	11.46	3.0
Total	**378.38**	**100.0**

Source: MFDP and LRA staff computations, based on report data.

Seventy percent of tax expenditure (US$265.0 million) is intended to promote investment, and a further 14 percent to reduce the cost of rice. US$11.5 million (3.0 percent) has no recorded objective, because neither ASYCUDA nor the repository holds the underlying instrument. More significantly, none of the instruments specifies a measurable target, such as a level of investment, a number of jobs created or a price reduction. It is therefore not possible to assess from the records whether any of these objectives is being achieved; this is the gap that cost–benefit reviews must address (Section 13.4).

Within investment promotion, concession agreements in the natural resource and industrial sectors account for US$195.0 million, Section 16 certificates for qualifying sectors for US$57.7 million, and income tax incentives for capital formation for US$12.2 million. The cost-of-living objective, principally the rice waiver and the suspension of the petroleum surcharge, accounts for a further US$59.6 million. Public administration, utilities, humanitarian services, international obligations and the resettlement of returnees together account for US$36.6 million, mostly exemptions that enable public bodies and non-profit institutions to import goods free of tax. Sector support for agricultural, energy and manufacturing inputs accounts for US$5.8 million, and US$11.5 million has no recorded objective.

6.3 By category of beneficiary

Table 6.3: Tax expenditure by category of beneficiary, FY 2025

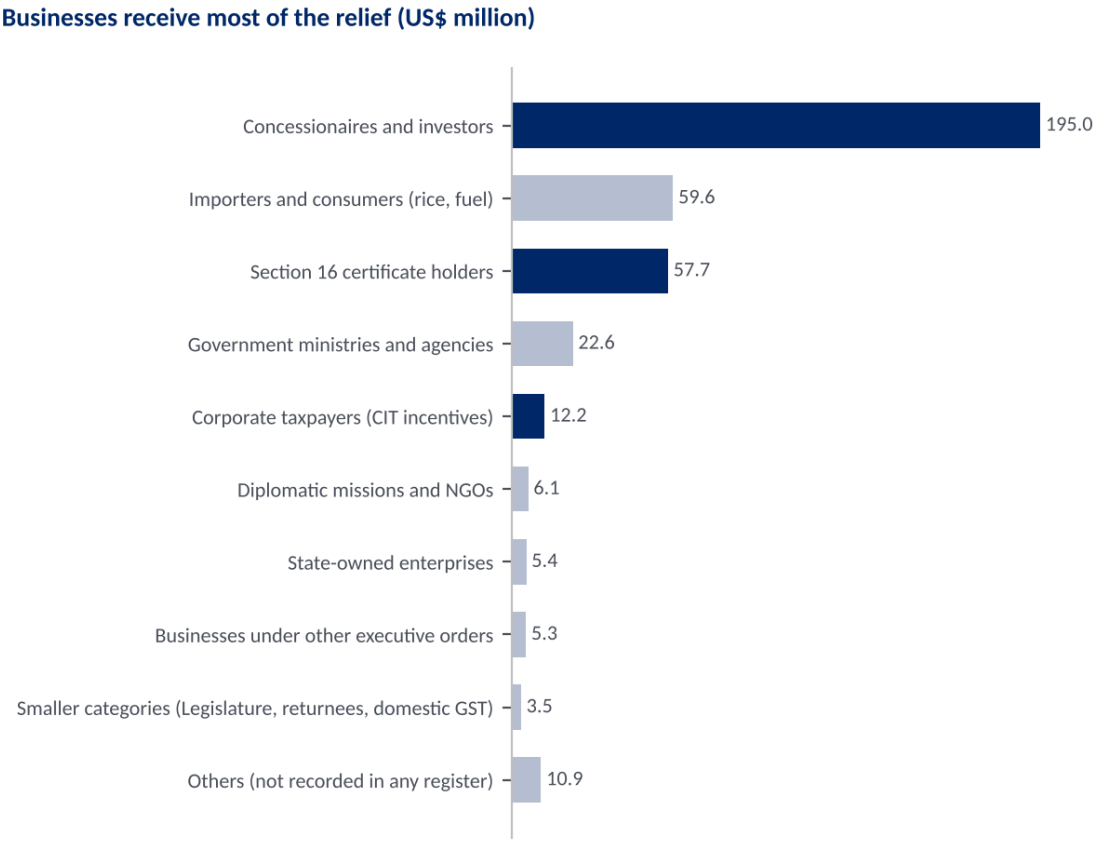
Beneficiary category	US$ million	Share (%)
Concessionaires and investors under agreements	195.02	51.5
General importers and consumers (rice; EO 128 fuel surcharge)	59.58	15.7
Section 16 certificate holders (including excise on alcohol inputs)	57.75	15.3
Privileged persons – Government ministries, agencies and projects	22.61	6.0
Corporate taxpayers (CIT incentives)	12.23	3.2
Privileged persons – diplomatic missions, international organizations and NGOs	6.12	1.6
State-owned enterprises (LEC, LPRC, LWSC, NTA)	5.41	1.4
Businesses under other executive orders	5.31	1.4
Privileged persons – National Legislature	1.90	0.5
Domestic producers and service providers (GST)	0.60	0.2
Returning residents	0.54	0.1
Other qualifying taxpayers	0.46	0.1
Others (beneficiary not recorded in any register)	10.86	2.9
Total	**378.38**	**100.0**

Source: Relevant legislation and executive orders; MFDP and LRA staff compilation.

Businesses receive most of the relief. Concessionaires, Section 16 holders and CIT incentive claimants together receive US$265.0 million, or 70 percent of the total. Government agencies, the Legislature, diplomatic missions and NGOs receive US$30.6 million (8 percent), including duty-free fuel. The principal item for verification is the US$10.8 million granted to beneficiaries that have not been matched to any register, for whom the basis of the exemption has yet to be established.

The beneficiary categories also indicate where the benefit ultimately accrues. For investors and Section 16 holders, the relief reduces the cost of capital goods and inputs and should, in principle, be reflected in higher investment or lower prices. For the rice waiver and the petroleum surcharge suspension, the relief is granted to importers and marketers but is intended for consumers; whether it reaches them depends on the degree of competition in those markets, which is not monitored. For Government agencies, the relief is in effect an off-budget transfer that finances part of their programs. Each of these channels raises a distinct evaluation question, which is why Section 13.4 recommends that reviews be tailored to the objective of each measure.

Figure 5: Tax expenditure by category of beneficiary, FY 2025



Source: Table 6.3; MFDP and LRA staff computations.

6.4 By type of derogation

Table 6.4: Tax expenditure by type of derogation, FY 2025

Derogation	US$ million	Share (%)
Exemption	328.23	86.7
Reduced rate (ArcelorMittal regime; Bea Mountain fuel rates; MDA minimum-tax rates)	37.92	10.0
Allowance (accelerated depreciation)	10.32	2.7
Deduction (special investment and agreement deductions)	1.91	0.5
Total	**378.38**	**100.0**

Source: MFDP and LRA staff computations, based on report data.

Outright exemptions account for 86.7 percent of tax expenditure. They are the least targeted form of relief, as they remove all tax on a transaction irrespective of the size or performance of the investment. Reduced rates (10.0 percent) arise mainly from ArcelorMittal's customs regime and Bea Mountain's fuel-tax rates. Allowances and deductions, the only instruments linked to investment actually undertaken, account for only 3.2 percent. A shift from blanket exemptions toward investment-linked allowances would make incentives less costly to administer and easier to justify.

The four types of derogation are defined as follows. An exemption removes all tax on a transaction or class of income. A reduced rate applies tax at less than the benchmark rate, as in the case of ArcelorMittal's regime of 40 percent of import duty and no GST, or Bea Mountain's fuel-tax rates of 50 and 25 percent. An allowance permits a firm to deduct the cost of an asset more rapidly than its economic depreciation, thereby deferring rather than removing tax. A deduction reduces taxable income by an amount that is not a cost of earning that income. Allowances and deductions reward investment that has actually been made, and their cost declines if the investment does not take place; exemptions and reduced rates are granted regardless.

6.5 Concession-related tax expenditures

Concession and investment agreements ratified by the Legislature account for US$196.5 million, or 52 percent, of tax expenditure in FY 2025. The largest components are customs exemptions (US$176.4 million, including ArcelorMittal's reduced-rate regime) and Bea Mountain's reduced fuel-tax rates (US$15.6 million); duty-free fuel for other concession holders, CIT incentives claimed under agreements and reduced minimum-tax rates paid under two agriculture agreements account for the remainder (Table 6.5). Bea Mountain alone accounts for US$117.4 million of the customs relief, on imports of US$569 million of goods for its mine expansion.

Table 6.5: Concession-related (legislative-based) tax expenditure by component, FY 2025

Component	US$ million	Share (%)
Customs: import duty and GST under concession agreements	154.96	78.9
Customs: ArcelorMittal reduced-rate regime (code 810)	21.45	10.9
Customs: excise on concession imports	0.32	0.2
Bea Mountain: reduced fuel-tax rates under its MDA	15.63	8.0
Duty-free fuel for other concession holders	1.82	0.9
CIT: incentives claimed under agreements (Schedule 6)	1.45	0.7
CIT: minimum tax at agreement rates (Firestone, Maryland Oil Palm)	0.85	0.4
Total legislative-based tax expenditure	**196.47**	**100.0**
Memo: Bea Mountain customs exemptions (import duty and GST)	117.36	59.7

Source: ASYCUDA, LITAS and LPRC administrative data; MFDP and LRA staff computations.

The level of concession tax expenditure should be interpreted with care. It rises when concessionaires invest, because most of the relief applies to imported capital goods and inputs. The increase in 2025 therefore reflects, in large part, the scale of investment during the year rather than any change in fiscal terms, and a higher cost is not, in itself, evidence that an agreement is performing poorly. Whether the relief represents value for money depends on what the investment delivers over the life of the agreement in royalties, taxes, employment, local procurement and infrastructure, which is the subject of the evaluations recommended in Section 13.4.

The estimates also cover only part of the fiscal regime of each concession. Tax expenditure measures departures from the benchmark tax system: exemptions from import duty, GST and excise, reduced fuel-tax rates and reduced income or minimum-tax rates. Royalties, surface rentals, annual fees, social and community contributions and stability provisions are separate fiscal provisions; they are not tax expenditures and are not valued in this report. Reduced withholding tax rates and real property tax exemptions under agreements would constitute tax expenditures but cannot yet be estimated (Section 2.4). A full assessment of a concession's fiscal terms therefore needs to consider the whole package, of which the tax expenditure estimate is one component.

Because agreements fix fiscal terms for many years, their consistency with the Revenue Code, and the care with which they are costed before approval, largely determine the long-run cost of this channel. Section 13.3 sets out recommendations on aligning concession agreements with the Revenue Code.

TAX EXPENDITURE BY LEGAL BASIS, FY 2025 (US$ MILLION)

196.5	91.2	70.3	14.3	6.1
Legislative-based (agreements)	Revenue Code-based	Executive-based (orders)	Administrative or regulatory	International agreement-based

TAX EXPENDITURE BY POLICY OBJECTIVE, FY 2025 (US$ MILLION)

265.0	59.6	36.6	5.8	11.5
Investment promotion	Cost of living (rice and fuel)	Public services, international obligations and returnees	Sector support for inputs	No recorded objective

KEY POINTS

- Legislative-based measures, mainly concession agreements, account for **52 percent** of tax expenditure; their growth in 2025 largely reflects investment, but none of the agreements in the repository specifies a review date or performance test.
- Seventy percent of tax expenditure (**US$265.0 million**) is intended to promote investment, but no instrument specifies a measurable target.
- Government agencies, the Legislature, diplomatic missions and NGOs receive **US$30.6 million**; US$10.8 million went to beneficiaries not yet matched to any register.
- Outright exemptions account for **86.7 percent**; allowances and deductions linked to investment actually made account for only 3.2 percent.
- The rice waiver accounts for **US$53.5 million**, three-quarters of executive-based relief.
- Concession-related relief (**US$196.5 million**) rises with investment; royalties, rentals and other fiscal provisions of the agreements are not tax expenditures and are assessed separately.

7. Customs tax expenditures

Customs exemptions recorded in ASYCUDA cost US$327.7 million in import duty and GST in FY 2025, together with a further US$9.3 million in excise (Table 7.6). Concession agreements account for US$176.4 million of this amount, and rice for US$53.5 million.

7.1 By policy instrument

Table 7.1: Customs tax expenditure by policy instrument, FY 2025 (US$ million)

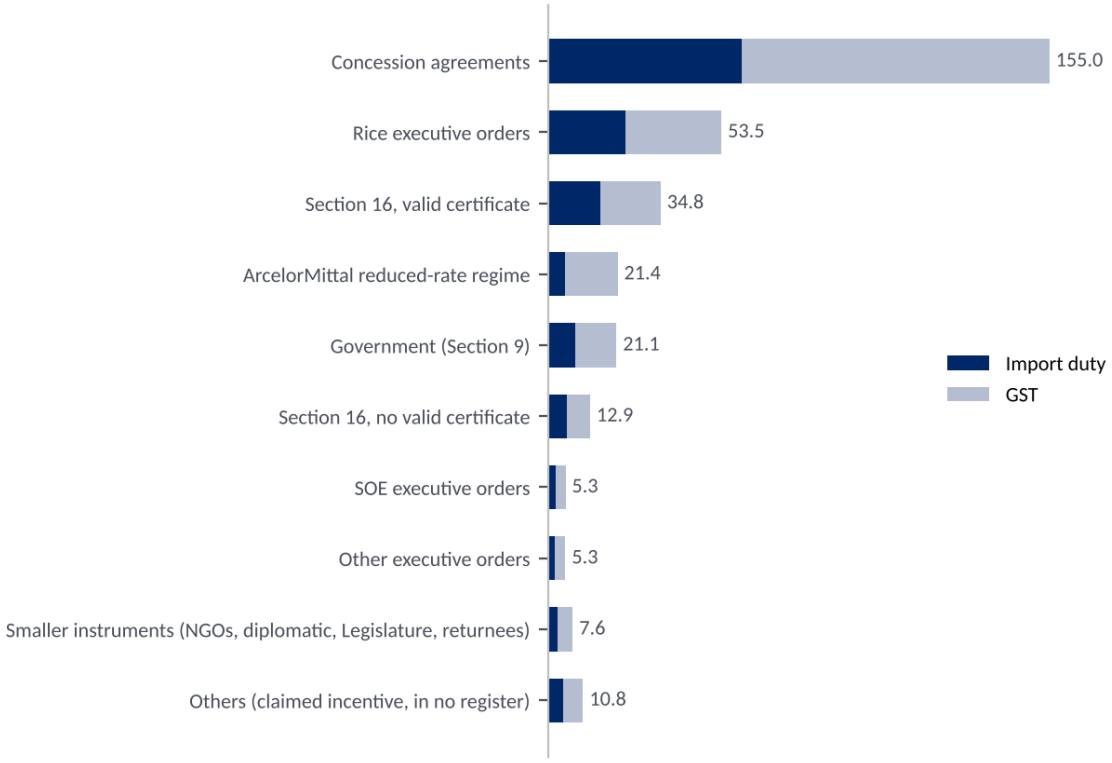
Policy instrument	Import duty	GST	Total	CIF of exempt imports	Beneficiaries
Concession and investment agreements in the repository	59.84	95.11	154.96	749.8	20
Rice executive orders (EO 125/150)	23.74	29.81	53.55	237.4	20
Section 16 certificates valid on the import date	16.24	18.52	34.76	137.2	47
Government ministries, agencies and projects (Section 9)	8.34	12.76	21.09	102.6	155
Concession reduced-rate regime (code 810, ArcelorMittal)	5.22	16.23	21.45	131.1	4
Section 16 firms with no certificate valid on the import date	5.78	7.17	12.95	53.7	24
Executive orders for state-owned enterprises	2.25	3.08	5.33	24.8	4
Other executive orders (order not named in ASYCUDA)	2.03	3.27	5.30	25.7	85
International and local NGOs; religious, medical and educational institutions	1.33	2.93	4.26	24.1	101
Diplomatic missions	0.79	0.89	1.67	7.0	23
National Legislature	0.50	0.44	0.93	3.3	101
Returning residents	0.24	0.30	0.54	2.3	85
Revenue Code statutory exemptions	0.00	0.17	0.17	1.1	3
Others (concession or incentive claimed, beneficiary not recorded in any register)	4.49	6.29	10.78	49.9	36
Total	**130.79**	**196.95**	**327.74**	**1,549.9**	**649**

Source: ASYCUDA, MFDP administrative data; MFDP and LRA staff computations.

Three instruments account for 70 percent of customs tax expenditure: concession agreements recorded in the repository (US$141.9 million), the rice orders (US$53.5 million) and valid Section 16 certificates (US$34.8 million). GST, rather than import duty, is the larger tax forgone through customs exemptions (60 percent), as most exemption codes remove GST together with duty. For concession holders, GST represents 62 percent of the relief, although GST on imported inputs would largely be recoverable under the VAT that replaces it from July 2026. Verifying LRA's categories against the repository is therefore essential. Customs recorded US$234.9 million as concession or investment-incentive exemptions, of which US$23.7 million could not be traced to a valid, recorded instrument: 22 Section 16 firms imported on dates not covered by any certificate (US$13.0 million), and 36 importers do not appear in any register (US$10.8 million). Dura Plast, Star Cement, Liberia

Cement and Sethi Ferro, which Customs records under the investment incentive category, hold concession agreements and are treated as concessions in this report (US$19.6 million); Customs should record them under the concession category.

Figure 6: Customs tax expenditure by policy instrument, FY 2025



Source: Table 7.1; MFDP and LRA staff computations.

7.2 By ASYCUDA exemption code

Two Ministry of Finance codes account for two-thirds of customs tax expenditure (US$219.7 million). Code 603 exempts all taxes except the ECOWAS levy, and code 602 exempts all taxes except the customs user fee and the levy. Neither code records the agreement, certificate or letter that authorized the exemption.

Table 7.2: Customs tax expenditure by ASYCUDA exemption code, FY 2025 (US$ million)

Code	Description	Total forgone	CIF value	Item lines	Beneficiaries
603	Special exemptions on all taxes except ETL	147.01	696.0	7,542	135
602	Special exemptions by Ministry of Finance except CUF and ETL	72.72	323.3	18,103	305
011	Exemption of import duty for rice	53.55	237.4	342	20
002	Imports by or on behalf of Government or local government	28.04	135.0	3,297	178

Code	Description	Total forgone	CIF value	Item lines	Beneficiaries
810	Imports paying 40% of import duty, 0% GST	21.45	131.1	2,439	4
100/101	Foreign governments and public international organizations	4.78	25.9	716	59
302/303	Manufacturing raw materials; GST exemptions	0.16	1.0	76	2
Other	EO 40, documents, re-imports, textbooks	0.03	0.1	17	4
Total		**327.74**	**1,549.9**	**32,532**	

Source: ASYCUDA administrative data; MFDP and LRA staff computations.

The remaining codes are more specific. Code 011 is used exclusively for rice under the executive orders. Code 002, for imports by or on behalf of Government, accounted for US$28.0 million on 3,297 item lines; however, it is also used for state-owned enterprises, which the Revenue Code makes taxable, for Government contractors and, in a few cases, for private rice traders (Section 8). Code 810 applies ArcelorMittal's reduced-rate regime. Codes 100 and 101, for foreign governments and international organizations, accounted for US$4.8 million. Codes 302 and 303, the only codes that refer to a specific Revenue Code provision on manufacturing inputs, accounted for only US$0.16 million. The extensive reliance on the general codes 602 and 603 is the most significant obstacle to tracing customs relief to its legal basis (Section 12.2).

7.3 By sector and type of goods

Mining firms received US$148.4 million (45 percent), wholesale and retail traders US$73.5 million (mainly for rice and edible oil), and manufacturers US$52.5 million.

Table 7.3: Customs tax expenditure by ISIC sector of the beneficiary, FY 2025 (US$ million)

ISIC section of the beneficiary	Import duty	GST	Total forgone	Share (%)	Beneficiaries
B – Mining and quarrying	54.17	94.24	148.41	45.3	10
G – Wholesale and retail trade; repair of motor vehicles	33.10	40.37	73.46	22.4	92
C – Manufacturing	22.46	30.06	52.52	16.0	53
O – Public administration and defense	6.55	9.87	16.42	5.0	87
A – Agriculture, forestry and fishing	3.24	5.37	8.61	2.6	21
F – Construction	1.69	2.29	3.98	1.2	20
D – Electricity, gas and steam	1.39	2.25	3.64	1.1	11
P – Education	0.51	1.35	1.86	0.6	15
Q – Human health and social work	0.55	1.13	1.68	0.5	50
N – Administrative and support services	0.73	0.80	1.53	0.5	9
Smaller sectors (E, H, I, J, K, L, M, R, S, U)	1.00	1.60	2.60	0.8	73
Others (sector not recorded in the taxpayer register)	5.41	7.61	13.02	4.0	208
Total	**130.79**	**196.95**	**327.74**	**100.0**	**649**

Source: ASYCUDA administrative data; MFDP and LRA staff computations.

Table 7.4: Customs tax expenditure by broad economic category of goods, FY 2025 (US$ million)

Category (SNA basic class)	Import duty	GST	Total forgone	Share (%)
Intermediate goods	62.06	91.69	153.76	46.9
Capital goods	24.19	49.33	73.53	22.4
Consumption goods	30.84	38.13	68.97	21.0
Goods used by both industry and households	1.62	1.78	3.40	1.0
Others (not classified)	12.07	16.02	28.09	8.6
Total	**130.79**	**196.95**	**327.74**	**100.0**

Source: ASYCUDA administrative data; MFDP and LRA staff computations.

Only one-fifth of the exemptions relate to capital goods, the category that investment incentives are intended to target. Intermediate inputs such as fuel, chemicals, metals and packaging account for nearly half, and consumption goods (mainly rice) for a further fifth.

The composition differs markedly across instruments. Bea Mountain's exemptions, for example, were distributed across machinery and electrical equipment (US$54.4 million), base metals (US$17.7 million), vehicles and parts (US$14.2 million), plastics and rubber products (US$13.5 million) and chemicals (US$7.8 million); only US$42.4 million (36 percent) related to goods classified as capital goods, and US$57.9 million (49 percent) to intermediate goods consumed in operations. Section 16 relief related largely to edible oils and food and beverage inputs. Incentives that extend to operating inputs as well as capital equipment continue to cost revenue for as long as the operation continues, not only during the investment phase. This provides a strong case for limiting future incentives to capital goods and to a defined period.

7.4 Concentration among beneficiaries

Customs tax expenditure is highly concentrated. A single beneficiary accounts for 36 percent, the ten largest for 67 percent, and 23 of 649 beneficiaries for 80 percent.

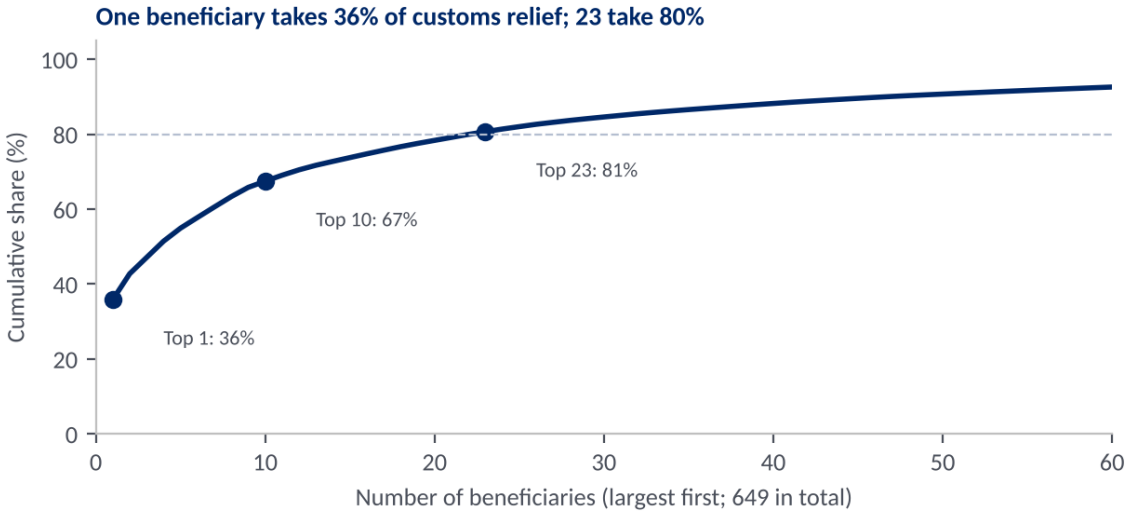
Table 7.5: Fifteen largest customs beneficiaries, FY 2025

Rank	Beneficiary	Main instrument	Forgone (US$ million)	Cumulative share (%)
1	Bea Mountain Mining Company	Concession agreement	117.36	35.8
2	ArcelorMittal Liberia	Concession agreement (reduced-rate regime)	22.67	42.7
3	Fouani Brothers Corporation	Section 16 certificate; rice	14.25	47.1
4	K & K Trading Corporation	Rice executive order	14.23	51.4
5	Fouta Corporation	Rice; investment incentive claimed, in no register	11.39	54.9
6	Dura Plast (Lib.) Inc.	Concession agreement	9.34	57.7
7	A – Z Corporation	Rice executive order	9.21	60.6
8	Supplying West Africa Traders	Rice (EO and Government code)	9.07	63.3
9	United Commodities Inc.	Rice executive order	8.09	65.8
10	G-5 Plus Breweries	Section 16 (certificate expired June 2025)	5.40	67.4
11	National Industrial Company	Section 16 certificate	5.23	69.0

Rank	Beneficiary	Main instrument	Forgone (US$ million)	Cumulative share (%)
12	Star Cement Corporation	Concession agreement	4.73	70.5
13	Mano Manufacturing Company	Section 16 (certificate expired in 2022)	3.99	71.7
14	Liberia Electricity Corporation	EO 138 (to November)	3.40	72.7
15	Cape Mount Cement Inc.	Concession claimed, in no register	3.30	73.7

Source: ASYCUDA administrative data; MFDP and LRA staff computations.

Figure 7: Concentration of customs tax expenditure among beneficiaries, FY 2025



Source: Table 7.5; MFDP and LRA staff computations.

This concentration has two implications. First, the total is highly sensitive to the import programs of a small number of firms: excluding Bea Mountain, tax expenditure on the comparable coverage would have declined by 7 percent in 2025 rather than increasing (Section 5). Year-to-year changes in the total should therefore be analyzed beneficiary by beneficiary rather than interpreted as a general trend. Second, concentration facilitates control. Fifteen beneficiaries account for almost three-quarters of customs relief, and five of the ten largest are rice importers. Verifying the instruments, goods and end use for this small group would cover most of the revenue at stake, and should be the initial focus of the Section 119 registration and of post-clearance audit.

Excise on imported goods. The same declarations exempted US$9.3 million of excise in FY 2025, estimated for the first time in this report. Almost all of it relates to inputs for local alcohol and beverage producers: undenatured ethyl alcohol for distillers (US$6.6 million on US$9.3 million of imports), flavoring concentrates for breweries and soft-drink manufacturers (US$2.0 million) and bulk wine (US$0.7 million). Section 16 certificate holders received US$8.6 million of this relief under the special-exemption code 602. Two issues arise. First, the Revenue Code taxes these goods on import, and the lower excise rates on local products already form part of the benchmark; the legal basis for exempting excise on inputs under a Section 16 certificate should therefore be confirmed. Second, US$2.5 million was granted to firms without a certificate valid on the import date, mainly Rajia International (US$1.2 million before its new certificate was issued), LR Distillery (US$0.8 million) and G-5

Plus Breweries (US$0.4 million after its certificate expired). National Industrial Company was the largest single beneficiary (US$3.0 million).

Table 7.6: Excise on imported goods by policy instrument, FY 2025 (US$ million)

Policy instrument	Excise forgone	CIF of exempt imports	Beneficiaries
Section 16 certificates valid on the import date	6.06	12.8	16
Section 16 firms with no certificate valid on the import date	2.50	6.5	10
Concession and investment agreements (almost all Liberty Investment)	0.32	2.7	9
Revenue Code statutory exemptions (codes 302/303)	0.28	0.3	2
Government, diplomatic missions and NGOs	0.04	3.8	59
Others (importers not recorded in any register)	0.08	0.1	2
Total	**9.29**	**26.1**	**94**

Source: ASYCUDA, MFDP administrative data; MFDP and LRA staff computations.

CUSTOMS TAX EXPENDITURE BY MAIN INSTRUMENT, FY 2025 (US$ MILLION)

176.4	53.5	34.8	21.1
Concession agreements (including code 810)	Rice executive orders	Valid Section 16 certificates	Government ministries and agencies

KEY POINTS

- Customs exemptions cost **US$327.7 million** in import duty and GST, and a further US$9.3 million in excise.
- The general codes 602 and 603 carry **67 percent** of customs tax expenditure without recording the legal instrument.
- Fifteen beneficiaries account for almost three-quarters of customs relief, and only one-fifth of the relief relates to capital goods.
- Concession agreements account for **US$176.4 million** of customs relief, of which Bea Mountain alone received US$117.4 million.
- **US$23.7 million** recorded as concession or incentive relief has not yet been matched to a valid, recorded instrument and is referred for verification.

8. Executive-order exemptions processed by Customs

Executive orders cost US$64.2 million in import duty and GST exempted through Customs in FY 2025: US$53.5 million for rice, US$5.3 million for four state-owned enterprises and US$5.3 million under other orders. For the last group, LRA records only the category “executive order”, not the specific order. The goods consist mainly of solar batteries, panels and inverters, transformers, excavators and farm equipment, which suggests EO 139 and similar orders; US$1.0 million relates to rice processed under the Government code. US$0.65 million of these exemptions was granted in December 2025, after EO 139 had lapsed. A further US$1.5 million of exemptions for state-owned enterprises recorded after their orders lapsed is treated as arrears rather than tax expenditure.

8.1 Rice (EO 125 and EO 150)

Twenty importers imported 412,400 tonnes of rice (CIF value US$237.4 million) under code 011. The waiver of import duty and GST is equivalent to US$130 per tonne, or about 23 percent of the CIF value. Five importers account for 85 percent of the volume.

Table 8.1: Rice imports under EO 125/150, FY 2025

Importer	Net weight (thousand tonnes)	CIF (US$ million)	Forgone (US$ million)
K & K Trading Corporation	101.0	62.89	14.23
A – Z Corporation	65.8	40.86	9.21
United Commodities Inc.	44.5	35.96	8.07
Supplying West Africa Traders	58.3	33.19	7.45
Fouta Corporation	85.1	30.42	6.72
Fouani Brothers Corporation	29.7	18.11	4.21
Other 14 importers	28.0	15.95	3.66
Total	**412.4**	**237.38**	**53.55**

Source: Relevant legislation and executive orders; MFDP and LRA staff compilation.

The revenue forgone comprises US$23.7 million of import duty and US$29.8 million of GST. Both orders suspend only the import tariff on HS 1006.30 and 1006.40. Rice is a taxable import for GST purposes under Section 1002 of the Revenue Code; the GST exemption (US$29.8 million) therefore requires a separate legal basis, for which no legal provision has been identified. ASYCUDA also exempts the ECOWAS levy on rice, which falls outside the scope of this report. A further US$3.4 million of rice was processed under the Government code 002, of which US$2.4 million was imported by private traders.

The rice waiver is the largest cost-of-living measure in this report and is renewed annually without a published assessment of its effect. At US$130 per tonne, it is significant relative to an import price of about US$576 per tonne. If the full benefit were passed on, it would reduce the retail price of imported rice materially; if it is retained by importers, the policy delivers limited benefit to consumers at a cost of more than US$50 million a year. Monitoring wholesale and retail rice prices against import costs, and publishing the results with each renewal of the order, would enable the Government to determine which is the case (Section 13.4).

8.2 State-owned enterprises

Table 8.2: Exemptions for state-owned enterprises under executive orders, FY 2025 (US$ million)

Enterprise	Executive order	Valid until	Tax expenditure in 2025	Arrears: exempted after expiry
Liberia Electricity Corporation	EO 138	November 2025	3.40	1.06 (December)
Liberia Petroleum Refining Company	EO 140	November 2025	1.00	–
Liberia Water and Sewer Corporation	EO 127, then EO 146	March 2026	0.88	–
National Transit Authority	EO 130	April 2025	0.05	0.44 (November)
Total			**5.33**	**1.51**

Source: Relevant legislation and executive orders; MFDP and LRA staff compilation.

These entities are public corporations, which Section 9(b) of the Revenue Code makes taxable. Their exemptions therefore rest on the executive orders, yet ASYCUDA records them under the Government code 002. LEC's duty-free fuel is also listed in the petroleum register (Section 9).

Exempting state-owned enterprises through executive orders obscures part of the cost of their operations. Should the Government wish to support LEC, LPRC, LWSC or NTA, a more transparent approach would be to collect the tax and provide an equivalent transfer through the budget, where it can be appropriated, monitored and evaluated together with the enterprise's other funding. At a minimum, the expiry date of each order should be recorded in ASYCUDA, and the enterprises' imports should be processed under a dedicated code rather than the Government code 002.

Box 8.1: The rice waiver in figures, FY 2025

412,400 t imported under code 011	**US$237.4m** CIF value of rice imports	**US$53.5m** import duty and GST forgone
US$130 forgone per tonne	**85%** of volume imported by five importers	**US$29.8m** GST exempted; legal basis to be confirmed

The waiver is the largest cost-of-living measure in this report. Whether it lowers the retail price of rice depends on how much of the benefit importers pass on, which is not currently monitored (Section 13.4).

KEY POINTS

- Executive orders cost **US$64.2 million** in import duty and GST exempted through Customs, of which rice accounts for US$53.5 million.
- State-owned enterprises are taxable under Section 9(b); their exemptions rest on executive orders but are processed under the Government code 002.

9. Petroleum waivers

Petroleum waivers cost US$27.7 million in FY 2025, or 7.5 percent of all tax expenditure, and are estimated for the first time in this report. None of them is recorded in ASYCUDA. They are granted through a separate register maintained at LPRC, through reduced fuel-tax rates in concession agreements and by executive order, and each is therefore valued outside the customs data (Section 4.2). Bea Mountain's reduced rates under its mineral development agreement constitute the largest item (US$15.6 million on 29.8 million gallons of diesel), followed by duty-free fuel allocations (US$6.0 million on 14.8 million gallons) and the EO 128 suspension of the US$0.20 per gallon surcharge in January–March (US$6.0 million on 30.2 million gallons).

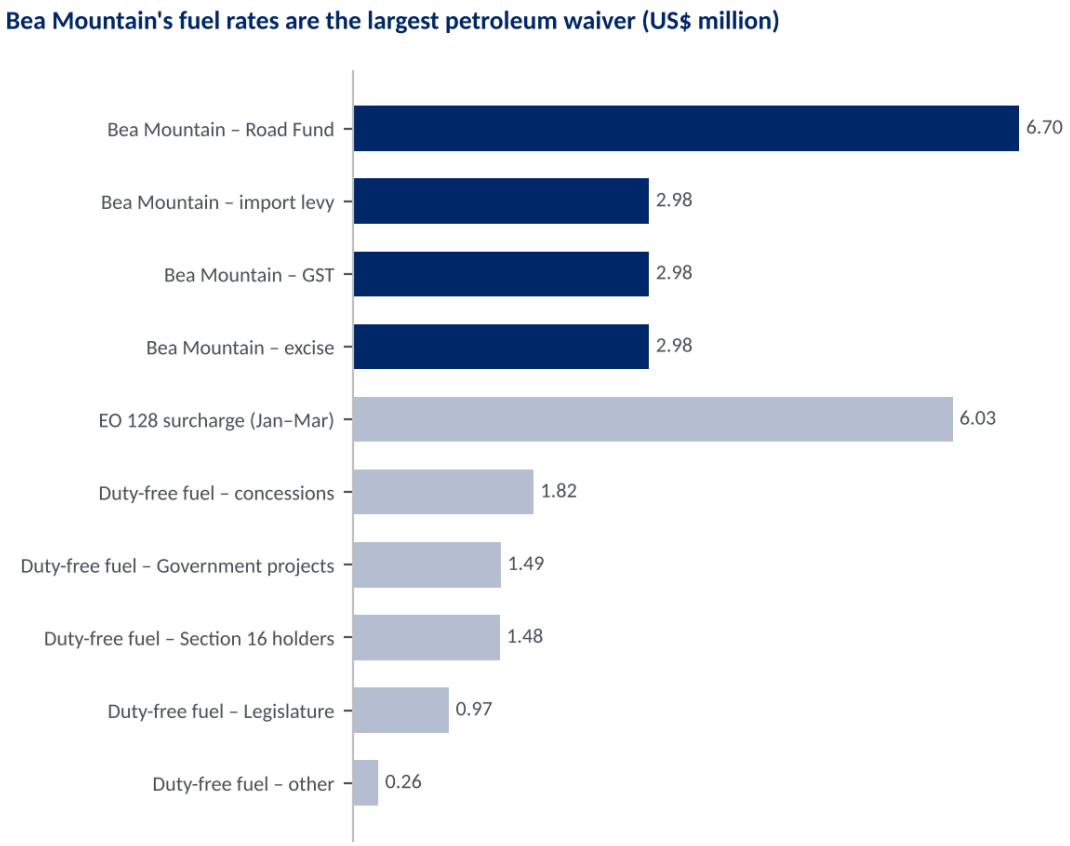
Table 9.1: Petroleum waivers by instrument, FY 2025

Instrument	Volume (million US gallons)	Valuation	US$ million
Bea Mountain MDA – import levy	29.77	US$0.20/gal; company pays 50%	2.98
Bea Mountain MDA – GST	29.77	US$0.20/gal; company pays 50%	2.98
Bea Mountain MDA – excise	29.77	US$0.20/gal; company pays 50%	2.98
Bea Mountain MDA – Road Fund	29.77	US$0.30/gal; company pays 25%	6.70
Subtotal: Bea Mountain	**29.77**		**15.63**
Duty-free fuel – concessions (excluding Bea Mountain)	4.55	Import levy and GST, US$0.40/gal diesel	1.82
Duty-free fuel – Government projects	3.73	As above	1.49
Duty-free fuel – Section 16 holders	3.71	As above	1.48
Duty-free fuel – National Legislature	2.21	US$0.40/gal diesel; US$0.45/gal petrol	0.97
Duty-free fuel – diplomatic missions	0.40	As above	0.16
Duty-free fuel – state-owned enterprises (executive orders)	0.21	As above	0.08
Duty-free fuel – international NGOs	0.04	As above	0.02
Subtotal: duty-free fuel	**14.83**		**6.02**
EO 128 surcharge suspended, January–March 2025	30.16	US$0.20/gal	6.03
Total			**27.68**

Source: LPRC, MFDP administrative data; MFDP and LRA staff computations.

Bea Mountain paid the import levy, GST and Road Fund charge on its fuel at the rates provided in its agreement in 2025, but only about half of the excise due (Section 11.1). Controls over the other two channels are less developed. The ASYCUDA lines for petroleum marketers show taxes paid and no revenue forgone, so none of this relief appears in the customs data, and the register records duty-free allocations without specifying the rate or legal basis for each.

Figure 8: Petroleum waivers by instrument, FY 2025



Source: Table 9.1; MFDP and LRA staff computations.

The following aspects of administration would benefit from strengthening:

- **Relief is granted outside the customs system.** Allocations are approved and released without an ASYCUDA exemption code, a certificate number or a record of the tax forgone.
- **Rates are inconsistent.** The register values the duty forgone at US$0.20 per gallon for concessions, US$0.40 for most other beneficiaries and up to US$0.45 for the Legislature's petrol, without stating the applicable rate or legal basis in each case.
- **Section 16 holders received duty-free fuel.** Section 16(b)(3) of the Revenue Code excludes fuel from relief under Section 16, but 13 “investment incentive” holders received it. Some hold separate agreements that permit it; the instrument of each holder should be confirmed.
- **The legal basis of the Legislature's allocation is not cited.** The House and Senate lifted 2.2 million gallons, mostly petrol.
- **The EO 128 waiver continued after the order lapsed.** Liftings in April 2025 (US$2.19 million) were not covered by an order in force and are treated as arrears (Table 12.1).
- **Utilization is not verified.** Beneficiaries are not currently required to report where and how the fuel was used, so Customs cannot confirm that it is consumed for the purposes covered by the exemption.
- **Volumes cannot be reconciled.** Duty-free fuel in the register is equivalent to 62.5 percent of the petroleum volume recorded in ASYCUDA at LPRC.

These issues are addressed in Table 13.1 (action B5) and Section 13.2. Recording every petroleum exemption in ASYCUDA would allow future reports to measure this relief directly, rather than from a separate register.

Petroleum relief warrants particular attention for three reasons. First, fuel is readily transferable, so relief granted for one purpose may be used for another unless its use is monitored. Second, the beneficiaries of duty-free fuel are numerous and diverse: concession holders, Government projects, Section 16 holders, the Legislature, diplomatic missions, state-owned enterprises and international NGOs. Third, because the relief is granted outside ASYCUDA, it is not subject to the controls that apply to other imports. A single framework for all petroleum relief, with one published rate per gallon, an ASYCUDA exemption code, a stated legal basis and a quarterly utilization report, would bring it into line with the rest of the customs regime.

Box 9.1: Bea Mountain's fuel taxes – agreement rates compared with payments, 2025

Bea Mountain lifted 29.8 million gallons of diesel in 2025. Its mineral development agreement sets the import levy, GST and excise on fuel at 50 percent of the statutory rate and the Road Fund charge at 25 percent. Amounts due and paid in 2025 were as follows (US$ million):

Charge	Agreement rate	Due at agreement rate	Paid
Import levy	50 percent	2.98	2.94
GST	50 percent	2.98	2.97
Road Fund charge	25 percent	2.23	2.19
Excise	50 percent	2.98	1.66

Payments are consistent with the agreement rates except for excise, where the shortfall of about US$1.3 million falls outside the scope of these estimates but should be assessed (Section 11.1).

PETROLEUM WAIVERS BY CHANNEL, FY 2025 (US$ MILLION)

15.6	6.0	6.0
Bea Mountain's reduced fuel-tax rates	Duty-free fuel allocations	EO 128 surcharge waiver

KEY POINTS

- Petroleum waivers cost **US$27.7 million**, all granted outside ASYCUDA.
- Rates for duty-free fuel are inconsistent, and beneficiaries are not required to report how the fuel was used.
- A single framework, with one published rate per gallon, an ASYCUDA code and quarterly utilization reports, would bring petroleum relief into line with other customs relief.

10. Domestic tax expenditures

Domestic tax expenditures measured from returns total US$13.7 million: US$13.1 million in CIT (US$12.2 million of Schedule 6 incentives and US$0.85 million of reduced minimum-tax rates under agreements) and US$0.6 million in GST on domestic goods and services. Both figures are lower bounds determined by the quality of the returns rather than by the scale of the incentives.

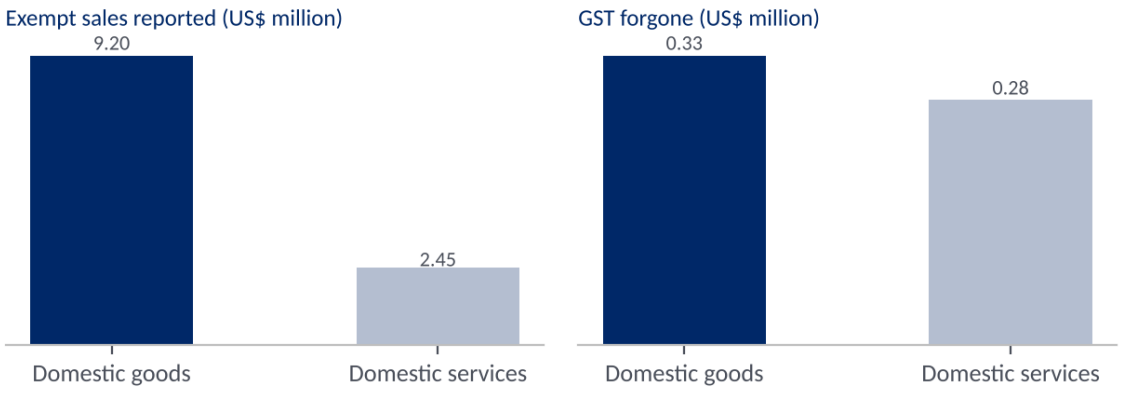
10.1 GST on domestic goods and services

Table 10.1: Domestic GST tax expenditure, FY 2025

Component	Returns used	Exempt sales (US$ million)	Forgone, as reported (US$ million)	Forgone, adjusted (US$ million)
Goods tax (manufacturers)	1,019	9.20	1.08	0.33
Services tax	2,918	2.45	0.28	0.28
Total		**11.65**	**1.36**	**0.60**

Source: LITAS, MFDP administrative data; MFDP and LRA staff computations.

Figure 9: Domestic GST on goods and services: exempt sales and revenue forgone, FY 2025



Source: Table 10.1; MFDP and LRA staff computations.

The adjusted estimate excludes returns in which exempt sales equal taxable sales, which almost always reflect the total having been entered twice. Liberty Investment's returns follow this pattern every month; however, its investment incentive agreement grants 50 percent GST relief on finished products for five years. Its effective date has not been established. If the five-year period was still running in 2025, a further US$0.34 million would constitute tax expenditure; if it had ended, Liberty has under-declared GST by that amount. None of the returns records the legal basis of the exempt sales.

The domestic estimates are small because the returns are not designed to measure exempt supplies. GST returns record a single figure for exempt sales, without identifying the exemption that applies, and the field is frequently used to report total sales. As Liberia transitions from GST to VAT, the new returns should distinguish exempt, zero-rated and taxable supplies, require the legal provision for each exempt amount, and validate the

figures before acceptance. This would enable future reports to measure domestic GST and VAT relief directly rather than as a residual.

10.2 Corporate income tax

Fifty of 865 filers claimed Schedule 6 incentive deductions totaling US$48.9 million for tax year 2025. At the applicable rate, this represents US$12.2 million of revenue forgone. Three firms account for 80 percent of the total.

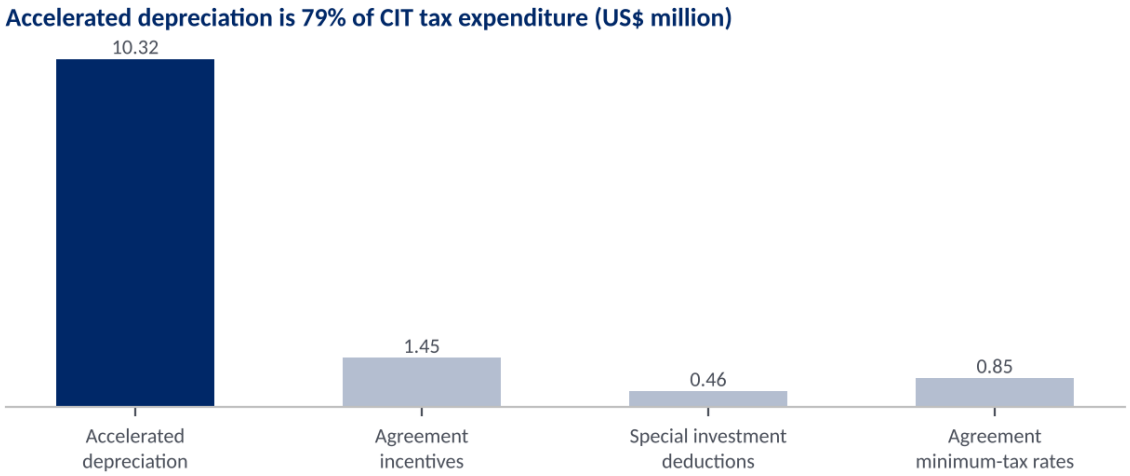
Table 10.2: CIT tax expenditure by Schedule 6 component, tax year 2025

Schedule 6 component	Deductions (US$ million)	Forgone, gross (US$ million)
Accelerated depreciation and amortization	41.29	10.32
Incentives under other legal instruments (agreements)	5.82	1.45
Special investment deductions (Section 16 and similar)	1.83	0.46
Total	**48.93**	**12.23**
Memo: effect on 2025 tax actually payable		6.28

Source: LITAS administrative data; MFDP and LRA staff computations.

Accelerated depreciation and amortization account for US$10.3 million, or 84 percent of the CIT estimate. The allowance enables firms to write off qualifying assets more rapidly than over their economic life, so that tax is deferred rather than forgone; over the life of the asset, part of the cost is recovered as subsequent deductions decline. The gross method applied here, consistent with earlier reports, values the deduction in the year in which it is claimed and therefore overstates the permanent cost. Incentives granted under agreements (US$1.5 million) and special investment deductions under Section 16 (US$0.5 million) account for the remainder.

Figure 10: CIT tax expenditure by component, tax year 2025



Source: MFDP and LRA staff computations, based on report data.

Table 10.3: Largest CIT incentive beneficiaries, tax year 2025

Taxpayer	Sector	Forgone, gross (US$ million)
Mobile Power Liberia	Administrative and support services	4.41
ArcelorMittal Liberia Holding	Mining	4.35
Salala Rubber Corporation	Agriculture	1.12
C Squared Liberia	Information and communication	0.57
Jeety Rubber LLC	Agriculture	0.55
Mantrac Liberia	Wholesale and retail trade	0.30
APM Terminals Liberia	Transportation and storage	0.26
Other 43 filers		0.68
Total		**12.23**

Source: LITAS administrative data; MFDP and LRA staff computations.

The beneficiaries are concentrated among a small number of capital-intensive firms. Mobile Power Liberia and ArcelorMittal Liberia Holding together account for US$8.8 million, and Salala Rubber Corporation, C Squared Liberia and Jeety Rubber for a further US$2.2 million. Mantrac Liberia and APM Terminals account for US$0.6 million, and the remaining 43 claimants for only US$0.7 million in total. Because the largest concession holders reported losses and no Schedule 6 deductions, the CIT estimate captures only a small part of the income tax relief granted under agreements.

Comparison with 2024. The 2025 estimate of US$12.2 million should be compared with the US$15.3 million estimated for 2024, rather than with the US$54.1 million published in the FY 2023–2024 report. The US$15.3 million is derived from the same CIT file and the same method (Schedule 6 deductions multiplied by the applicable rate).

Table 10.4: CIT tax expenditure on a comparable basis, tax years 2024 and 2025

Item	2024	2025	Change
Unique CIT filers	1,028	865	−163
Filers claiming Schedule 6 incentives	45	50	+5
Schedule 6 deductions (US$ million)	61.24	48.93	−12.31
Forgone: accelerated depreciation (US$ million)	12.13	10.32	−1.81
Forgone: incentives under other legal instruments (US$ million)	2.57	1.45	−1.12
Forgone: special investment deductions (US$ million)	0.60	0.46	−0.14
Revenue forgone, gross (US$ million)	15.31	12.23	−3.08
Memo: effect on tax payable in the year (US$ million)	2.54	6.28	+3.74
Memo: published estimate (US$ million)	54.12	–	–

Source: LITAS administrative data; MFDP and LRA staff computations.

Table 10.5: What changed between 2024 and 2025 (US$ million)

Step	US$ million
2024 revenue forgone (same method)	15.31
National Port Authority: claimed US$16.8 million of deductions in 2024; no 2025 return in the file	−4.21

Step	US$ million
Eleven other 2024 claimants with no 2025 claim	−0.25
Mobile Power Liberia: lower accelerated depreciation	−0.86
Thirty-one other continuing claimants, net	−0.88
Seventeen new claimants in 2025	+0.22
ArcelorMittal Liberia Holding: deductions up from US$5.8 million to US$17.4 million	+2.90
2025 revenue forgone	12.23

Source: LITAS administrative data; MFDP and LRA staff computations.

The decline from 2024 is attributable to a single public corporation, the National Port Authority, which filed no 2025 return. An increase in ArcelorMittal's claim partly offsets this decline. Excluding the NPA, the claims of continuing firms are broadly stable.

The published 2024 figure exceeds the comparable estimate by US$38.8 million. This difference cannot be reconstructed from Schedule 6 data and most likely reflects a broader method in the earlier report, which included reduced rates and tax holidays under concession agreements and drew on a different data source. Until the methods are aligned, the CIT series should be read as two separate measures rather than as a decline from US$54.1 million to US$12.2 million.

Coverage and data quality. The extract runs to June 26, 2026, beyond the filing deadline of March 31, 2026, and is sufficiently complete for use. Of the 2024 filers, 302 have no 2025 return, mostly small taxpayers, while 139 filers are new. The largest concession holders (Bea Mountain, Firestone, LAC and Golden Veroleum) reported no Schedule 6 deductions and declared tax losses. Some returns carry the wrong period or currency; for example, Cititrust's tax-year 2024 return also appears under 2025. In addition, 13 banks, insurers and microfinance institutions claim small amounts of accelerated depreciation (US$0.24 million in total); these claims should be reviewed against Section 204 of the Code.

Minimum and advance tax for mining and agriculture. From tax year 2025, agriculture, mining and petroleum projects pay the greater of the regular rate (25 percent for agriculture and 30 percent for mining and petroleum) and a minimum tax of 2 percent of gross income. Quarterly advance payments of 2 percent of gross income are also due under Section 904(a)(1). On February 12, 2026, the Supreme Court held in *LRA v. Liberian Agricultural Company* that a concession agreement does not exempt the holder from these advance payments, and that statutory taxes apply unless legislation expressly provides an exemption. The minimum tax therefore forms part of the benchmark for concession holders, and any shortfall constitutes tax due rather than tax expenditure. Mining and agriculture companies are paying the tax for FY 2025 following the ruling.

Some companies paid the minimum tax for 2025 at the rate set in their mineral development or concession agreements (about 1 percent of gross income) rather than at the statutory rate of 2 percent. Because these agreements were ratified by the Legislature, the difference constitutes a legislative-based reduced rate and is counted as tax expenditure (Table 10.7). Three companies report no minimum or advance tax on their 2025 returns. In the case of Bea Mountain, no CIT was paid in 2025, and US$16.3 million of CIT was paid in 2026 up to 14 October, which may settle part of the 2025 shortfall. These amounts are reported as compliance items rather than tax expenditure and should be verified against actual payments, since payments made after the ruling may not be reflected in the returns.

Table 10.6: Minimum tax on mining and agriculture companies not shown as paid on 2025 returns

Company	Sector	Gross receipts (US$ million)	Minimum tax at 2% (US$ million)	Tax and advances on return (US$ million)	Shortfall (US$ million)
Bea Mountain Mining	Mining	1,231.07	24.62	0.00	24.62
ArcelorMittal Liberia Holding	Mining	555.58	11.11	0.00	11.11
Liberian Agricultural Company	Agriculture	45.17	0.90	0.00	0.90
Total		**1,831.82**	**36.64**	**0.00**	**36.64**

Source: Relevant legislation and executive orders; MFDP and LRA staff compilation.

Table 10.7: Minimum tax paid at agreement rates instead of 2 percent – tax expenditure, tax year 2025

Company	Gross receipts (US$ million)	Minimum tax at 2% (US$ million)	Paid (US$ million)	Effective rate paid (%)	Revenue forgone (US$ million)
Firestone Liberia	68.18	1.36	0.68	1.0	0.68
Maryland Oil Palm Plantation	20.60	0.41	0.25	1.2	0.16
Total	**88.78**	**1.78**	**0.93**		**0.85**

Source: Relevant legislation and executive orders; MFDP and LRA staff compilation.

Certain other agreements are understood to provide for reduced minimum-tax rates, but not all of them have yet been reviewed. The estimate therefore counts reduced rates only where the 2025 returns show payment at the agreement rate. Should the agreements of Bea Mountain, ArcelorMittal Holding or LAC also provide for a 1 percent rate, up to US$18.3 million of their shortfall would constitute tax expenditure rather than tax due. This will be reflected in the next report once the agreements have been reviewed (Recommendation 21).

Two mining companies with positive taxable income, ArcelorMittal (Liberia) Ltd and Bao Chico Resources, also filed at 25 percent against the 30 percent mining rate, a difference of US$0.78 million. Bao Chico's agreement caps its rate at 25 percent; whether that cap remains effective following the 2025 rate change, on the reasoning applied in the ruling, requires a legal opinion. The matter is treated as a compliance item pending that opinion.

KEY POINTS

- Domestic tax expenditures measured from returns total **US$13.7 million**: US$13.1 million in CIT and US$0.6 million in GST.
- Accelerated depreciation accounts for **84 percent** of the CIT estimate, and two firms account for US$8.8 million.
- Following the Supreme Court ruling, unpaid minimum tax constitutes tax due, not tax expenditure.

11. Gaps in the Tax Expenditure Repository

The repository identifies the beneficiaries of US$233.2 million, or 62 percent, of FY 2025 tax expenditure, namely concession holders and holders of valid Section 16 certificates. Most of the remainder falls outside the repository's scope by design. Executive orders (US$64.2 million in customs exemptions) are issued and published as instruments in their own right, and the privileges of Government ministries and agencies, diplomatic missions, international organizations, NGOs and the Legislature (US$28.0 million) are granted to classes of beneficiary under the Revenue Code, treaties and administrative practice; both are identified by exemption category. Within the repository's scope, the remaining gaps comprise importers that Customs recorded as concession or incentive beneficiaries but that do not appear in any register, imports on dates not covered by a certificate, and measures such as excise and petroleum relief that the repository does not yet include. The repository lists 604 measures: 288 customs, 271 GST, 33 CIT and 12 PIT measures. It contains no excise or petroleum measures, and no property tax or fees.

The repository records 21 concessions and 216 Section 16 certificate entries for 123 firms, most with issue and expiry dates, so that each exemption can be tested against the certificate in force on the date of import. Used together with the exemption categories, it allows all but US$10.8 million of the exemptions recorded as concession or incentive relief to be matched to a register. The dates also reveal a number of issues. Of the dated entries, 53 expired before or during 2025 and 13 were issued only in 2026, while 55 entries carry no dates. Twenty-two firms imported on dates not covered by any certificate (US$13.0 million); G-5 Plus Breweries, for example, continued to import duty-free for six months after its certificate expired in June 2025. Several firms appear two or three times under different spellings or without a TIN. The earlier MFDP incentive holders list (2012–2020) remains necessary for firms not included in the repository; only five of its 166 certificates were valid in 2025.

The repository is significant because it forms the foundation of the Tax Expenditure Register required by the Act. Under Section 119, existing tax expenditures supported by a binding instrument remain valid if they are registered within a six-month transition period from the Act's effective date; incentives not registered within that period lapse. Once in force, the register will constitute the legal test of whether an exemption may be granted: Section 116 provides for the LRA to verify certificates before exemptions are applied. The gaps identified in this section are therefore not merely gaps in information. Unless they are closed during the transition period, beneficiaries entitled to relief may lose it, and relief without a valid basis may continue to be granted.

Table 11.1: Coverage of the Tax Expenditure Repository against FY 2025 tax expenditures

Instrument	In repository?	FY 2025 forgone (US$ million)	Gap
Concession and investment agreements (customs)	Yes	176.41	All agreements recorded, including Bea Mountain, ArcelorMittal, MNG Gold, China Union, Bao Chico, Liberty Investment and Jeety Rubber; effective dates and partial rates not recorded
Section 16 certificates (customs, including imports on dates no certificate covered)	Partly	47.70	Certificates dated; 22 firms imported on dates no certificate covered; 55 entries undated

Instrument	In repository?	FY 2025 forgone (US$ million)	Gap
Concession or incentive exemptions to importers in no register	No	10.78	36 importers in neither the repository nor the holders list
Executive orders (rice, SOEs, other)	Outside scope	64.18	Not part of the repository; granted and published as executive orders and identified by category in LRA's data. Excludes US$1.51 million granted after orders lapsed (arrears)
Petroleum waivers (Bea Mountain fuel rates, duty-free fuel, EO 128 surcharge)	Partly	27.68	Bea Mountain fuel terms recorded; duty-free fuel allocations and EO 128 not recorded
Excise on imported goods (mostly Section 16 holders)	No	9.29	Repository records no excise measures; legal basis for excise relief under Section 16 not recorded
Government ministries, agencies and projects	Outside scope	21.09	Privileged-person exemption under Section 9; identified by category in LRA's data
Diplomatic missions, international organizations\ NGOs	Outside scope	5.93	Treaty-based privileges; identified by category in LRA's data
National Legislature and returning residents	Outside scope	1.47	Privileged-person exemptions identified by category in LRA's data; no list of eligible persons
CIT Schedule 6 incentives	Partly	12.23	33 CIT entries; claimants not linked
Domestic GST and services tax	Partly	0.60	VAT/GST entries not linked to returns

Source: MFDP and LRA staff computations, based on report data.

Table 11.2: Largest customs beneficiaries not properly recorded in the repository, FY 2025

Beneficiary	Status	Forgone (US$ million)	CIF (US$ million)
Fouta Corporation	Investment incentive per Customs; in no register	4.67	20.74
Mano Manufacturing Company	Section 16 certificate expired in 2022	3.99	15.67
G-5 Plus Breweries	Section 16 certificate expired June 2025 (imports June–December)	3.63	13.67
Cape Mount Cement Inc.	Concession per Customs; in no register	3.30	14.73
Premier Milling Corporation	Section 16 certificate expired in 2018	0.92	5.18
LR Distillery Inc.	Section 16 certificate issued only in April 2026	0.81	2.47
Rajia International Trading Company	Imports January–May 2025, before its new certificate; earlier one expired 2022	0.74	2.09
Modern Mills of Liberia	Section 16 certificate expired in 2022	0.65	3.96
Capital Link Corporation	Investment incentive per Customs; in no register	0.58	2.55
Liberia American Poultry Inc.	Section 16 certificate expired in 2022	0.50	2.76
Gboni Enterprise Inc.	Investment incentive per Customs; in no register	0.46	2.58
Sargin Uluslararasi & Master Drilling	Concession per Customs; in no register	0.45	2.78
TIBA Industrial Group	Section 16 certificate expired in 2022	0.29	1.25
Sethi Brothers Inc.	Section 16 certificate expired July 2025 (imports July–September)	0.24	1.09

Beneficiary	Status	Forgone (US$ million)	CIF (US$ million)
JCB Excavators Liberia Inc.	Investment incentive per Customs; in no register	0.17	0.98

Source: ASYCUDA, MFDP administrative data; MFDP and LRA staff computations.

These 15 firms received US$21.4 million of import duty and GST exemptions in 2025 that have not yet been matched to a valid, recorded instrument, although Customs recorded each of them as a concession or investment-incentive holder. Nine hold Section 16 certificates that did not cover their 2025 imports: seven certificates had expired, Rajia International imported for five months before its new certificate was issued, and LR Distillery's certificate dates only from April 2026. Six do not appear in any register. Each case should be resolved during the Section 119 registration; where no valid instrument is produced, relief should be discontinued in accordance with the Act.

11.1 The Bao Chico, Liberty Investment and Jeety Rubber agreements

The repository records the agreements of these three firms, and their agreements set out their fiscal regimes. All three firms received customs exemptions in 2025 (US$7.2 million of import duty and GST in total), which are counted as concession tax expenditure. A comparison of ASYCUDA's treatment with the agreement terms shows that the exemptions applied to Bao Chico and Liberty were wider than their agreements appear to provide.

Table 11.3: Agreement terms compared with ASYCUDA treatment, FY 2025

Firm	Key customs and GST terms in the agreement	ASYCUDA treatment in 2025	Import duty and GST forgone (US$ million)	Apparently beyond the agreement (US$ million)
Bao Chico Resources (mineral development agreement)	Import duty exempt on goods used in operations for 10 years; consumables and lubricants pay 25% of duty; GST exempt on capital goods only (10 years); diesel pays 25% of duty for 7 years, then 50%; ECOWAS levy payable; US$60,000 a year in lieu of the customs user fee	Code 603: all taxes except the ECOWAS levy exempted on every item	1.69	0.56 (GST on non-capital goods US$0.47m; 25% duty on consumables US$0.09m)
Liberty Investment Ltd (investment incentive agreement)	Import duty exempt on raw materials, construction materials, capital equipment and supplies; spare parts pay 50%; GST on imports exempt for capital equipment, raw materials and specialized trucks for 8 years; diesel duty exempt for 5 years, then 50% to year 10; no excise exemption	Code 602: import duty, GST and excise exempted	3.11	None on import duty and GST; excise relief of US$0.31 million is not in the agreement (included in the excise estimate, Table 7.6)
Jeety Rubber LLC (investment incentive agreement)	Fiscal terms not yet established	Codes 602, 603 and 002	2.38	Not assessed
Total			**7.18**	**0.56**

Source: ASYCUDA administrative data; MFDP and LRA staff computations.

Three matters remain outstanding. First, the effective dates of the agreements are not available, so the time-limited terms cannot yet be tested; these include Liberty's five-year diesel exemption and five-year 50 percent

GST rate on finished products, and Bao Chico's ten-year exemptions. Second, Liberty also appears in the incentive holders list with a Section 16 certificate issued in September 2017 that expired in September 2022. Third, Jeety Rubber's fiscal provisions are required to verify its US$2.38 million in customs exemptions and US$0.55 million in CIT incentives. Revenue forgone under all three agreements is included in the totals as legislative-based tax expenditure. Bea Mountain's amended MDA (First Amendment ratified on September 14, 2023) is also recorded in the repository. It replaces import duty on goods for Operations with a lump sum of US$400,000 a year, sets duty and excise on fuel at 50 percent and the Road Fund charge at 25 percent for eight years, caps CIT at 25 percent and retains 10 percent of GST payable on consumables. ASYCUDA nevertheless processed all of Bea Mountain's imports under code 603 with no GST at all. About US$3.2 million of GST on consumables (10 percent of the GST exempted on intermediate and consumption goods) was due under the agreement. Only US$0.10 million of GST was paid on Bea Mountain's non-petroleum imports in 2025; approximately US$3.1 million therefore appears to be payable under the agreement and should be confirmed (Table 12.1, item 18). The agreement's fixed payments for 2025 were made in full: US$516,299 of import duty on non-petroleum goods, which covers the US$400,000 lump sum in lieu of import duty, and US$401,848 of customs user fees against the US$400,000 lump sum. The lump sum offsets less than 1 percent of the US$45.1 million of import duty forgone; net of the lump sum, Bea Mountain's import duty forgone is about US$44.7 million. The report's totals are presented gross, as recorded in ASYCUDA. Bea Mountain's fuel payments are consistent with its 50 percent rates for the import levy (US$2.94 million paid against US$2.98 million due on 29.8 million gallons) and GST (US$2.97 million against US$2.98 million), and with the 25 percent Road Fund rate (US$2.19 million against US$2.23 million). Excise on fuel, however, amounted to US$1.66 million against US$2.98 million due at 50 percent, a shortfall of about US$1.3 million that falls outside the scope of these estimates but should be assessed.

11.2 From repository to Register: priorities for the transition

The transition to the Tax Expenditure Register is as much an administrative task as a legal one. The repository already holds the core information for most agreements and certificates. The task during the Section 119 transition is to complete it, verify it against the instruments themselves and connect it to the systems through which exemptions are processed. Three priorities follow from the analysis in this chapter.

- **Completeness.** Every instrument within the repository's scope should be recorded, including duty-free petroleum allocations and excise relief under Section 16 certificates, and every entry should carry its effective and expiry dates. The 55 entries without certificate dates and the agreements without effective dates should be completed first, since these dates determine whether relief granted in 2025 fell within the period covered.
- **Consistency of identifiers.** Each beneficiary should be recorded under a single name and TIN, so that entries can be matched automatically with declarations in ASYCUDA and returns in LITAS. Several firms currently appear under two or three spellings, and beneficiaries had to be matched manually for this report.
- **Accuracy of terms.** The taxes covered, partial rates, limits and conditions of each instrument should be recorded as the instrument provides, so that Customs and Domestic Tax can apply them as written. The cases of Bao Chico, Liberty Investment and Bea Mountain show that, when these terms are not available at the point of processing, relief tends to be applied more broadly than the agreements appear to provide.

Box 11.1 sets out the fields that a complete entry would contain, and Section 13.1 presents the related recommendations.

Box 11.1: Elements of a complete register entry

Section 113(h) of the Tax Expenditure Management Act sets out the minimum contents of the Tax Expenditure Register. Building on those requirements, and adding the identifiers needed to apply the Register in ASYCUDA and LITAS, a complete entry would contain the following:

Field	Purpose
Beneficiary name and TIN	Matches the entry to declarations and returns in ASYCUDA and LITAS
Legal instrument and reference	Identifies the agreement, certificate, order or provision that grants the relief
Tax types and provisions	Specifies the taxes relieved and the Revenue Code provisions concerned
Effective and expiry dates	Allows relief to start and stop automatically
Limits and conditions	Records value, quantity or rate limits and the conditions attached to the relief
Utilization	Tracks relief used against its limits, including volumes of duty-free fuel
Estimated revenue forgone	Supports budgeting, fiscal impact assessment and this report
Amendments, renewals and status changes	Preserves the history of each entry and shows whether it is active, suspended or expired

Entries of this standard would enable the LRA to verify each exemption before it is granted, as Section 116 provides, and MFDP to publish the Register at least annually, as Section 113(h) requires.

KEY POINTS

- The repository identifies the beneficiaries of **US$233.2 million**, or 62 percent, of tax expenditure; executive orders and privileged-person exemptions fall outside its scope.
- Twenty-two firms imported on dates not covered by a recorded certificate (**US$13.0 million**), and 36 importers have not been matched to any register (US$10.8 million).
- Gaps not closed during the Section 119 transition may cause entitled beneficiaries to lose relief, or allow relief without a valid basis to continue.

12. Compliance and data-quality issues

The estimation identified up to US$70.5 million of exemptions for which the legal basis could not be confirmed from the available records (items 1–4, 11, 12 and 15–19, which partly overlap), petroleum administration issues (items 7–9, covering US$6.0 million of duty-free fuel), and a number of data limitations. Separately, US$41.1 million constitutes tax due rather than tax expenditure: US$3.7 million of relief recorded after executive orders lapsed (items 5 and 6) and US$37.4 million of minimum tax and mining-rate liability not reported as paid on 2025 returns (items 13 and 14). Exempted revenue is included in the estimates because it was forgone; the items in Table 12.1 are referred for verification and follow-up. Box 13.1 explains how these items differ from confirmed findings, data limitations and recommendations.

The flags were identified by comparing each exemption with the instrument that should support it: the certificate dates in the repository and the incentive holders list, the expiry dates of executive orders, the terms of the agreements, the provisions of the Revenue Code and the payments made. A flag does not imply that the relief was improper; in many cases, a renewal, amendment or letter may exist that has not yet been identified. Each flagged amount should nonetheless be documented or resolved by the institution named in Table 12.1 before the next report.

Table 12.1: Compliance and data-quality flags, FY 2025

No.	Issue	US$ million	Action needed
1	Exemptions recorded by Customs as concession or investment incentive, to importers matched to no register	10.78	Identify the instrument behind each exemption
2	GST waived on rice, although EO 125/150 suspend only the import tariff	29.81	Confirm the legal basis or apply GST
3	Exemptions to Section 16 firms on dates no certificate covered (repository and MFDP list): import duty and GST US$12.95 million; excise US$2.50 million	15.45	Confirm any renewal; block imports without a valid certificate
4	Rice imported by private traders under the Government code 002	2.37	Review the use of code 002
5	Arrears: EO 128 petroleum surcharge waived in April 2025, after the order lapsed	2.19	Assess and recover from the marketers concerned
6	Arrears: import duty and GST exempted after the order lapsed, NTA (November) and LEC (December)	1.51	Assess and recover, unless a renewal is documented
7	Duty-free fuel to Section 16 holders, although Section 16(b)(3) excludes fuel	1.48	Confirm each holder's instrument
8	Duty-free fuel to the National Legislature; legal basis not cited	0.97	Record the legal basis
9	Duty-free fuel issued without utilization reports	6.02	Require quarterly utilization reports (Table 13.1, action B5)
10	Duplicated item lines in the ASYCUDA data	11.39	Fix the extract query (removed from the estimates)
11	Bao Chico: GST and full duty exempted on non-capital goods, wider than its agreement appears to provide	0.56	Apply the agreement's partial rates
12	Liberty Investment: excise exempted, which its agreement does not provide	0.31	Collect excise or document another basis
13	Minimum tax (2% of gross income) not shown as paid on 2025 returns: Bea Mountain, ArcelorMittal Holding, LAC	36.64	Check payments made after the Supreme Court ruling; assess and collect

No.	Issue	US$ million	Action needed
14	Mining income taxed at 25% against the 30% benchmark (ArcelorMittal Ltd, Bao Chico)	0.78	Obtain a legal opinion on rate caps in agreements
15	Returnee duty-free relief cleared under the tax IDs of trading firms, shops and clearing agents (49 IDs, 78 declarations)	0.40	Verify each claimant's returnee status; recover where not eligible
16	Exemptions recorded as National Legislature privileges, mostly vehicles, with the legal basis not recorded on the declaration; 64 percent declared under business tax IDs	0.93	Record the legal basis and the eligible member for each clearance
17	"Executive order" exemptions granted in December 2025, after EO 139 lapsed, with no order named on the declaration	0.65	Identify the order; treat as arrears if none was in force
18	Bea Mountain: GST on consumables almost entirely exempted, although its amended MDA (s.24.2.a.iii) keeps 10 percent of GST payable (US$3.24 million due; US$0.10 million of GST on non-petroleum imports paid in 2025)	3.14	Apply 10 percent GST on consumables at clearance; assess the 2025 shortfall
19	Excise on alcohol and beverage inputs waived for Section 16 holders with valid certificates; legal basis for excise relief under Section 16 not confirmed	6.06	Confirm the legal basis; collect excise where none exists

Source: Relevant legislation and executive orders; MFDP and LRA staff compilation.

Other data issues are as follows:

- **ASYCUDA exemption codes do not record the instrument.** Codes 602 and 603 account for 67 percent of customs tax expenditure without reference to an agreement, certificate or letter number.
- **Returns contain data-entry errors.** In GST, services tax and excise returns, total sales are frequently entered in the "exempt" field. Some CIT returns are filed twice, in US dollars and Liberian dollars, with identical figures.
- **Some declared values appear incorrect.** Six declarations carry implausible values: labels and ribbons for the Forestry Development Authority, onions for the Ministry of National Defense and bitumen. Together they account for US$4.2 million of import duty and GST forgone and require post-clearance verification.

12.1 Underlying cause: absence of a current register and of automated controls

Most of the items in Table 12.1 have a common underlying cause. Liberia does not yet have a current, authoritative register of incentive holders, or an automated system that verifies an exemption against a valid certificate before it is granted. The evidence from FY 2025 is summarized below.

- **The incentive holders list has not been updated since 2020.** It covers certificates issued between 2012 and 2020, of which only 5 of 166 remained valid in 2025. The repository records certificate dates, but 55 entries carry none and several firms appear under two or three different spellings.
- **Exemptions can continue after certificates expire.** Twenty-two firms received US$13.0 million in exemptions on dates not covered by any recorded certificate; ASYCUDA does not currently check the validity of certificates.
- **Some exemptions are processed without a recorded legal basis.** US$10.8 million that Customs recorded as concession or incentive exemptions was granted to 36 importers that have not been matched to the repository or the holders list. The legal basis of the Legislature's privileges (US$0.93

million, mostly vehicles, 64 percent of which was declared under business tax identification numbers) is not recorded on the declaration.

- **Relief can continue beyond the life of executive orders.** Expiry dates are not tracked in the system; relief for NTA, LEC and the petroleum surcharge continued after the relevant orders had lapsed (US$3.7 million, now treated as arrears for assessment).
- **Agreement terms are not yet applied when Customs processes exemptions.** The repository records the agreements but not their effective dates, and the partial rates the agreements provide are not configured in ASYCUDA: the relief applied to Bao Chico and Liberty was wider than their agreements appear to allow (US$0.87 million), and Bea Mountain paid almost no GST on consumables, although its MDA retains 10 percent as payable (about US$3.1 million).
- **Entire classes of exemption are processed outside ASYCUDA.** Petroleum exemptions are granted through a separate register or applied at LPRC, at inconsistent rates.
- **The use of duty-free fuel is not reported.** Beneficiaries are not currently required to submit petroleum utilization reports, so Customs cannot confirm that duty-free fuel is consumed by the approved equipment, project or institution.
- **Manual records cannot be reconciled.** The repository, the holders list, ASYCUDA, LITAS and the petroleum register use different names and identifiers, and beneficiaries had to be matched manually for this report.
- **Returnee duty-free claims are not tracked.** The Revenue Code provides for duty-free entry of returning residents' personal and household effects and vehicles (Section 1640(a)(2)–(3); for excise, Section 1107(d)), and LRA's customs procedure code list includes a dedicated code (200). However, code 200 was not used in 2025: returnee goods were processed under the special-exemption codes 602 and 603 and can be identified only through the exemption category field. On that basis, returnee relief cost US$0.54 million in import duty and GST on 114 declarations under 85 tax identification numbers. Only 36 of these belong to individuals. The remaining 49 belong to trading firms, shops and clearing agents, which accounted for US$0.40 million (74 percent) on 78 declarations, and seven identification numbers were used for three or more consignments. These patterns suggest that relief intended for returning residents' personal effects may also have been claimed on commercial consignments. Each case should be verified, and a beneficiary record would allow eligibility, and any limit on repeat claims, to be applied automatically.
- **Expired incentives can remain effective.** Because certificates are not linked to ASYCUDA or LITAS, an exemption can continue to be claimed after a certificate expires until the position is checked manually.

Until these controls are in place, tax expenditure estimates will be less precise than they could be, and relief may continue to be granted under expired or undocumented instruments. The measures in Section 13.2 are designed to address each of these points.

12.2 Customs procedure codes do not follow the Revenue Code

The customs procedure codes that determine which exemption ASYCUDA applies are not aligned with the Revenue Code. LRA's code list defines 26 codes, many of them linked to specific provisions, of which only nine were used in 2025. Two general “special exemption” codes, 602 and 603, accounted for US$219.7 million (67 percent) of customs tax expenditure without identifying the legal provision concerned. The codes used for the rice executive orders (011) and ArcelorMittal's reduced-rate regime (810) do not appear in the list. For this reason, exemptions cannot be traced to their legal basis, and returnee and NGO concessions can be measured only through a separate category field that LRA Customs maintains outside the code list.

Table 12.2: Customs procedure codes defined by LRA compared with codes used in FY 2025

Code	Purpose (LRA code list)	Item lines in 2025	Import duty and GST forgone (US$ million)
603	Special exemptions on all taxes except ETL (no legal provision named)	7,562	147.01
602	Special exemptions by Ministry of Finance except CUF and ETL (no legal provision named)	18,112	72.72
002	Government and local government	3,536	28.04
100/101	Foreign governments and international organizations	727	4.77
302/303	Manufacturing raw materials; excise and GST exemptions	76	0.16
301	Textbooks and instructional materials	1	0.00
701	Documents of no commercial value	16	0.01
004	Executive orders by the President	0	–
200	Returning Liberians' personal effects, used household goods and one vehicle	0	–
201	Passenger baggage within customs allowances	0	–
300	Medical aids for persons with illness or disability	0	–
500	Donations to institutions, schools and local NGOs	0	–
600/601	Imports by local and international NGOs	0	–
001/003	President's account; presidential approvals	0	–
Not in the list: 011	Rice executive orders	342	53.55
Not in the list: 810	ArcelorMittal reduced-rate regime	2,439	21.45

Source: ASYCUDA administrative data; MFDP and LRA staff computations.

The Customs Department should treat the realignment of procedure codes as a priority (Table 13.1, action B6).

KEY POINTS

- Up to **US$70.5 million** of exemptions is referred for verification of its legal basis (items partly overlap).
- **US$41.1 million** is tax due rather than tax expenditure: US$3.7 million of arrears and US$37.4 million of minimum tax and mining-rate liability.
- Codes 602 and 603 carry **US$219.7 million** without identifying the legal provision concerned.
- Petroleum relief is administered outside ASYCUDA, and duty-free fuel is not yet reconciled with its use.

13. Conclusions and policy recommendations

Tax expenditures amounted to US$378.4 million in FY 2025, including US$27.7 million of petroleum waivers and US$9.3 million of excise on imported goods. This is equivalent to more than half of tax revenue and to 43 cents for every dollar spent through the budget. Much of this relief serves legitimate policy purposes. Concession and investment incentives supported substantial private investment during the year, including Bea Mountain's mine expansion; the rice waiver was intended to contain the price of a staple food; and the privileges of Government, diplomatic missions and international organizations reflect statutory and treaty obligations. The purpose of this report is not to question the use of tax incentives, but to make their cost visible so that it can be weighed against their benefits and managed within the budget.

Three conclusions emerge. First, the cost is highly concentrated: a single mining concession, the rice waiver and two general exemption codes account for most of it. Second, the administrative framework has not yet kept pace with the scale of the relief. Certificates, executive orders and agreements are not yet linked to the systems through which exemptions are processed, and petroleum relief is administered outside ASYCUDA; as a result, some relief was granted on dates or terms that the available records do not support, and these cases have been referred for verification (Chapter 12). Third, there is at present no systematic assessment of whether incentives deliver the investment, employment, revenue or price effects expected of them.

These conclusions should be read in light of the distinctions drawn in Box 13.1. The amounts in Table 12.1 are items for verification; they do not in themselves establish that relief was improperly granted, and several may be resolved once renewals, amendments or supporting instruments are produced. Conversely, because some taxes and instruments cannot yet be valued (Sections 2.4 and 4.3), the estimates should be regarded as a lower bound of the full cost.

Box 13.1: How the findings in this report should be read

Confirmed findings are estimates and facts established directly from administrative data and legal instruments, such as the revenue forgone under each instrument and the codes under which exemptions were processed.

Items for verification (potential risks) are cases in which the available records do not show a valid instrument covering the relief on the date it was granted, such as the items in Table 12.1. They indicate where controls should be strengthened, but do not in themselves establish that relief was improperly granted: renewals, amendments or other instruments may exist that have not yet been identified.

Data limitations are constraints in the data that affect the coverage or precision of the estimates, such as taxes that cannot yet be valued and returns that do not record exempt sales correctly (Sections 2.4 and 4.3).

Recommendations are measures proposed to address the risks and limitations identified, within the legal mandate of each institution (Chapter 13).

The Tax Expenditure Management Act, which took effect in 2026, provides the framework within which these issues can be addressed. Its requirements apply from its entry into force and do not alter the treatment of FY 2025 transactions, which have been assessed against the Revenue Code, agreements and executive orders in force at the time. The transition provided for in Section 119, under which existing tax expenditures supported by a binding instrument remain valid if registered, offers a timely opportunity to confirm the entitlement of

every beneficiary, to bring each incentive onto a single register and to discontinue, in accordance with the Act, relief that is not supported by a valid instrument.

The recommendations are organized in six priority areas: (A) governance and the Tax Expenditure Register; (B) administration of exemptions and incentives; (C) consistency of concession agreements with the Revenue Code; (D) monitoring and evaluation; (E) fiscal sustainability and transparency; and (F) the quality of future reports. Each action is assigned to the institution that holds the relevant legal mandate: the Minister of Finance and Development Planning for tax expenditure policy, approval, the Register and fiscal impact assessments (Sections 113(h) and 115); the Commissioner General of the LRA for the verification and administration of exemptions (Section 116); and the National Investment Commission, the National Bureau of Concessions, the Liberia Petroleum Refining Company and other agencies within their respective mandates.

The actions are also sequenced. Measures that protect revenue at little cost, such as validating certificates and enforcing the expiry of executive orders, can be implemented within the current fiscal year. System integration should be completed in time for the FY 2026 report, and evaluations of the largest incentives should begin promptly and report within two years. Table 13.1 sets out the implementation matrix, with the lead and supporting institutions, timelines and expected outcomes for each action.

Table 13.1: Implementation matrix for the policy recommendations

No.	Action	Lead and supporting institutions	Timeline	Expected outcome
A. GOVERNANCE AND THE TAX EXPENDITURE REGISTER				
A1	Develop the repository into the Tax Expenditure Register required by Section 113(h), recording for each tax expenditure the beneficiary and TIN, legal instrument, tax types and provisions, effective and expiry dates, limits and conditions, utilization, estimated revenue forgone, and any amendment, renewal or change of status	MFDP (Tax Policy); LRA, NIC, NBC	Structure within 6 months; published at least annually	A single, authoritative record of every registered tax expenditure
A2	Complete the registration of existing tax expenditures under Section 119, giving priority to the 36 importers not matched to any register and the 22 Section 16 firms that imported on dates no certificate covered	MFDP, with NIC, NBC and LRA	Within 6 months of the Act's effective date	Entitlement of each beneficiary confirmed before the Section 119(d) sunset applies
A3	Integrate the Register with ASYCUDA and LITAS through the TIN, by means of an automated Tax Incentive Management System that issues alerts before certificates expire	MFDP (Tax Policy); LRA ICT	System live within 12 months	Exemptions validated automatically when processed; manual matching no longer required
A4	File every concession and investment agreement in the Register, with its effective dates, amendments and partial rates	MFDP, NIC, NBC, Ministry of Justice	Within 6 months	Agreement terms applied correctly by Customs and Domestic Tax
B. ADMINISTRATION OF EXEMPTIONS AND INCENTIVES				
B1	Make a valid certificate or instrument reference a mandatory field for every exemption code in ASYCUDA and LITAS; verify validity on the date of declaration, block exemptions automatically on expiry and reconcile the Register with exemptions granted each quarter	LRA Customs (including the Duty-Free Section) and Domestic Tax; MFDP	Within 6 months	Exemptions granted only under an instrument in force on the date of the transaction

No.	Action	Lead and supporting institutions	Timeline	Expected outcome
B2	Record the effective date, expiry date, beneficiaries and estimated fiscal cost of each executive order with a tax effect, and apply the relief under a dedicated ASYCUDA code that closes on expiry unless a renewal is documented	MFDP; LRA Customs; Ministry of State for Presidential Affairs	Immediately, and for each new order	Relief ceases on expiry unless renewed; cost known when each order is issued
B3	Resolve the items in Table 12.1: confirm the legal basis of each, and assess and recover arrears and unpaid minimum tax after checking payment records (items 1, 3, 5, 6, 11–13 and 15–19)	LRA Compliance and Audit; LRA Natural Resource Tax Division; LRA Customs	Arrears and minimum tax within 3 months; other items within 9 months	Amounts due recovered; entitled relief documented
B4	Process returnee relief only under code 200; verify each claimant's eligibility using national identity or passport records; and reconcile ASYCUDA, LITAS and immigration records to prevent repeat claims where the law restricts them	LRA Customs; Liberia Immigration Service; Ministry of Foreign Affairs; MFDP	Within 6 months	Relief confined to eligible returning residents, within the limits set by law
B5	Process all petroleum exemptions through ASYCUDA at a single published rate; require utilization reports where the law or the governing agreement provides; apply risk-based verification; and reconcile allocations with LPRC lifting records	LRA Customs; MFDP; LPRC	Before the FY 2026 report; reporting from the first quarter after publication	Petroleum relief measured, reconciled with liftings and confined to approved uses
B6	Priority for the Customs Department: realign customs procedure codes so that each maps to one Revenue Code provision or legal instrument; retire the general codes 602 and 603; add codes 011 and 810 to the official list; require the legal reference on every exempt declaration; and publish the code-to-provision table	LRA Customs Department; MFDP (Tax Policy)	Within 6 months, before FY 2026 declarations are analyzed	Every exemption traceable to its legal basis
C. CONSISTENCY OF CONCESSION AGREEMENTS WITH THE REVENUE CODE (PRIORITY)				
C1	Ensure that the fiscal terms of new, renewed or amended concession and investment agreements are consistent with the Revenue Code, and that any departure from it is stated explicitly, justified and costed	MFDP; NBC; NIC; Ministry of Justice; the Legislature on ratification	At each negotiation, renewal or amendment	Predictable fiscal terms that the LRA can administer as written
C2	Prepare a fiscal impact assessment before any agreement is approved or renewed, separating tax expenditures from royalties and other fiscal provisions	MFDP (Tax Policy), with NBC	For each agreement submitted for approval or renewal	Decisions informed by the full fiscal cost and expected return
C3	Review existing mineral development and concession agreements for reduced minimum-tax, income-tax and GST rates; obtain legal opinions where agreement terms and the Revenue Code differ; and record each rate in the Register	MFDP; Ministry of Justice; LRA Natural Resource Tax Division	Within 12 months	Clear distinction between agreement-based tax expenditure and tax due

No.	Action	Lead and supporting institutions	Timeline	Expected outcome
D. MONITORING AND EVALUATION				
D1	Establish a monitoring and evaluation framework for Section 16 incentives, with indicators on employment of Liberians, manufacturing activity, capital investment, local procurement and value addition, technology and skills transfer, production and exports, and other commitments, and use periodic assessments to inform renewal	MFDP (Tax Policy); NIC; LRA	Framework within 12 months; first assessment within 24 months	Renewal decisions based on evidence of results
D2	Make the National Bureau of Concessions responsible for annual reviews of major concessions against their investment, production, employment, local-content and community commitments, including a cost–benefit analysis of their tax and fiscal incentives	NBC, with MFDP (Tax Policy), NIC and LRA	First reviews (Bea Mountain, ArcelorMittal) within 12 months; all major concessions within 24 months	Evidence on whether concession incentives deliver their expected benefits
D3	Assess the pass-through of the rice waiver to retail prices, and clarify the scope of the orders with respect to GST and the ECOWAS levy	MFDP; Ministry of Commerce and Industry; LRA Customs	Within 12 months	Evidence on whether the benefit reaches consumers; clear legal scope
E. FISCAL SUSTAINABILITY AND TRANSPARENCY				
E1	Prepare the fiscal impact assessment required by Section 120(a) before any new tax expenditure is granted, including the Minister's assessment of measures proposed by legislation, treaty or executive order (Section 115)	MFDP	From the Act's effective date	Cost of each measure known before it is granted
E2	Publish a tax expenditure annex with the annual budget, and publish the Register alongside this report	MFDP	From the next budget cycle	Tax relief and direct spending assessed against the same objectives
F. QUALITY OF FUTURE REPORTS				
F1	Extend the estimates to domestic excise, the ECOWAS trade levy, PIT, real property tax and fees, and the CIT estimate to agreement-based reduced rates and tax holidays; measure petroleum waivers from ASYCUDA	MFDP (Tax Policy); LRA	FY 2026 and FY 2027 reports	More complete estimates, comparable over time
F2	Revise return forms to validate exempt-sales fields, require the legal basis for exempt sales and make Schedule 6 mandatory for concession holders	LRA Domestic Tax	For tax year 2026 returns	More accurate estimates of domestic tax expenditure
F3	Submit the report to ECOWAS within three months of budget adoption (Directive C/DIR.4/07/23, Article 11)	MFDP	Annually	Consistency with regional reporting commitments

Source: MFDP and LRA staff compilation.

The detailed recommendations under each priority area are set out below.

13.1 Priority area A: Governance and the Tax Expenditure Register

Sound governance of tax expenditures begins with a complete and authoritative record. The repository maintained by MFDP already identifies the beneficiaries of US$233.2 million, or 62 percent, of tax expenditure,

and provides the foundation for the Tax Expenditure Register that Section 113(h) of the Act requires the Ministry to maintain, update regularly and publish at least annually.

- **Strengthen the content of each register entry.** Building on the minimum contents set out in Section 113(h), each entry should record the beneficiary's name and TIN; the legal instrument and its reference number; the tax types and provisions concerned; the effective and expiry dates; any limits and conditions attached to the relief; utilization against those limits; the estimated revenue forgone; and every amendment, renewal and change of status. Box 11.1 sets out the purpose of each field.
- **Complete the registration of existing tax expenditures during the transition.** Section 119 allows existing tax expenditures supported by a binding instrument to remain valid, provided they are registered within six months of the Act's effective date. Priority should be given to the 36 importers not matched to any register and the 22 Section 16 firms that imported on dates no certificate covered, so that entitled beneficiaries retain their relief and cases without a supporting instrument are identified before the sunset in Section 119(d) applies. Every agreement entry should be completed with its effective dates and partial rates.
- **Add the measures within the repository's scope that are not yet recorded,** in particular duty-free petroleum allocations granted under agreements and certificates, and excise relief granted under Section 16 certificates.
- **Integrate the Register with ASYCUDA and LITAS.** The 2012–2020 incentive holders list should be replaced by an automated Tax Incentive Management System, maintained by MFDP with the participation of NIC and the LRA, linked by TIN to ASYCUDA and LITAS and issuing alerts before certificates expire. Integration would allow the LRA to verify certificates before exemptions are applied, as Section 116 provides, without manual matching.
- **Continue to identify measures outside the repository's scope.** Executive orders and the privileges of Government, diplomatic missions and the Legislature are granted under their own instruments and fall outside the repository by design. Their cost should continue to be identified through exemption categories and dedicated customs codes (Section 13.2), so that the report covers every tax expenditure.

13.2 Priority area B: Administration of exemptions and incentives

Most of the items identified in Chapter 12 arise not from the design of incentives but from the processes through which they are administered. The following measures fall within the LRA's responsibility for administering exemptions (Section 116), with the support of MFDP and other agencies where indicated.

- **Validate certificates automatically.** A valid certificate or instrument number should be a mandatory field for every exemption code in ASYCUDA and LITAS. The system should verify the certificate's validity on the date of declaration, reject claims under expired or unregistered certificates, and produce a quarterly reconciliation between the Register and the exemptions granted. Where a certificate has been renewed but the renewal has not yet been recorded, it should be entered before relief is granted.
- **Record and enforce the expiry of executive orders.** For each executive order with a tax effect, MFDP should record the effective date, the expiry date, the beneficiaries or goods covered and the estimated fiscal cost, and Customs should apply the relief under a dedicated code that closes automatically when the order lapses. Relief should be discontinued on expiry unless a renewal has been issued. The US$3.7 million recorded after expiry in 2025 is treated as tax due and should be assessed, unless a renewal is documented.

- **Clarify the scope of the rice waiver.** EO 125 and EO 150 suspend the import tariff on rice. The GST exemption applied in ASYCUDA (US$29.8 million) should either be confirmed by an explicit provision in the order or discontinued, and the same applies to the ECOWAS levy. Rice imported by private traders under the Government code 002 should be processed under the rice code.
- **Strengthen the administration of returnee relief.** The Revenue Code provides for duty-free entry of the personal and household effects and vehicle of returning residents (Section 1640(a)(2)–(3)). Customs should process this relief only under code 200, verify each claimant's eligibility using national identity or passport records, and reconcile ASYCUDA, LITAS and immigration records so that relief is not claimed more than once where the law restricts it. A beneficiary record keyed to the national identity or passport number would allow the system to apply these limits automatically.
- **Bring petroleum relief into a single framework.** All petroleum exemptions should be processed through ASYCUDA at a single published rate per gallon, with an exemption code, the certificate or agreement number and the amount exempted recorded for each release. Where the law or the governing agreement requires it, beneficiaries should submit periodic utilization reports showing the fuel received, the equipment and sites served and the closing stock. The LRA should apply risk-based verification and reconcile allocations with LPRC lifting records and with the register's 42.75 million duty-free gallons, in coordination with MFDP and LPRC, and further allocations should be suspended where required reports are outstanding or do not reconcile. Section 16(b)(3), which excludes fuel from Section 16 relief, should be applied unless a separate ratified instrument provides otherwise.
- **Align customs procedure codes with the Revenue Code.** Each code should correspond to one Revenue Code provision or legal instrument. Codes 602 and 603 should be divided by instrument (concession, Section 16, executive order and ministerial letter), codes 011 and 810 added to the official list, a code introduced for EO 139 agricultural inputs, and the Government code 002 reserved for Government entities. This is a priority for the Customs Department (Table 13.1, action B6).
- **Apply agreement terms when exemptions are processed.** ASYCUDA should apply the partial rates that agreements provide, for example Bao Chico's GST on non-capital goods and 25 percent duty on consumables, Bea Mountain's 10 percent GST on consumables and the absence of excise relief under Liberty's agreement.

13.3 Priority area C: Consistency of concession agreements with the Revenue Code

Concession and investment agreements are the largest channel of tax expenditure, at US$196.5 million, or 52 percent of the total (Section 6.5). They are a legitimate instrument for attracting large, long-term investment, and the increase in their cost in 2025 largely reflects a major mine expansion rather than any weakness in a particular agreement. The growth of concession tax expenditure should not, therefore, be read in itself as evidence of poor performance. However, because agreements fix fiscal terms for long periods and can be changed only through renegotiation, their consistency with the Revenue Code is central to the sustainability of the revenue base. This report therefore designates the alignment of concession agreements with the Revenue Code as a priority recommendation.

Liberia's natural resources are finite. Once extracted, they cannot be replaced, and the fiscal regime is the principal means by which the nation secures a fair return from them. Concession terms therefore need to balance two objectives: remaining competitive in attracting investment, and ensuring that the Government receives an adequate share of the value of resources that will not be available to future generations. The Revenue Code provides the benchmark against which that balance can be judged.

- **Align new, renewed and amended agreements with the Revenue Code.** Concession fiscal terms should refer to the Revenue Code and be consistent with it, and any departure, such as a reduced rate, an exemption or a cap, should be stated explicitly, justified and costed. This would reduce the scope for differing interpretations, such as those concerning the minimum tax that preceded the Supreme Court's ruling, and allow the LRA to administer each agreement as written.
- **Assess the fiscal impact before approval or renewal.** Before an agreement is approved or renewed, MFDP should prepare a fiscal impact assessment that estimates the revenue forgone over the life of the agreement and compares it with the royalties, taxes, employment and other benefits expected, consistent with Section 120(a) of the Act.
- **Distinguish tax expenditures from other fiscal provisions.** Concession agreements contain provisions on royalties, surface rentals, stability, social contributions and infrastructure that are not tax expenditures. Assessments of concession terms should consider the whole fiscal package, while reporting the tax expenditure element separately, so that the cost of tax relief is neither overstated nor obscured.
- **Evaluate periodically and monitor commitments.** The fiscal terms of each major agreement should be evaluated at regular intervals against the commitments made, and the results should be published and made available to the Legislature when agreements are submitted for ratification, amendment or renewal (Section 13.4).
- **Strengthen institutional coordination.** MFDP, the National Bureau of Concessions, NIC, the Ministry of Justice and the LRA should share a single record of each agreement's fiscal terms and commitments, so that the terms negotiated, the terms ratified and the terms administered are the same.
- **Review the rate provisions of existing agreements.** Mineral development and concession agreements should be reviewed for reduced minimum-tax, income-tax and GST rates. Legal opinions should be obtained where agreement terms and the Revenue Code differ, as with the 25 percent mining income tax rate, and each rate should be recorded in the Register, so that the next report can distinguish agreement-based reductions from tax due.

13.4 Priority area D: Monitoring and evaluation

Seventy percent of tax expenditure is intended to promote investment, yet none of the instruments reviewed specifies a measurable target. Evaluation is therefore needed to establish whether incentives achieve their objectives and represent value for money. It should be proportionate to the cost of each measure and tailored to its objective.

- **Establish a monitoring and evaluation framework for Section 16 incentives.** MFDP and NIC should agree a set of indicators, to be reported by certificate holders and verified against LRA data: employment of Liberians; manufacturing activity; capital investment; local procurement and value addition; technology and skills transfer; production and exports; and any other commitments made in the application. Periodic assessments against these indicators should inform decisions on renewal.
- **Assign the National Bureau of Concessions the lead in evaluating concessions.** The Bureau monitors concession agreements and is best placed to assess whether the incentives granted under them deliver the expected benefits. It should compare annually the tax and fiscal incentives of each major concession with the investment, production, employment, royalties, local content and community benefits delivered, beginning with Bea Mountain (US$117.4 million of import duty and GST exemptions in 2025, before fuel-tax relief) and ArcelorMittal (US$21.4 million under its reduced-rate

regime). A standard cost–benefit methodology should be agreed between the Bureau and MFDP, and the results should inform this report, the budget and any renegotiation at the agreed review points.

- **Assess the effect of the rice waiver on prices.** At US$53.5 million a year, the waiver is the largest cost-of-living measure in this report. An assessment of the extent to which it is passed through to retail prices would show whether the benefit reaches consumers, and whether another instrument could achieve the same objective at lower cost.

13.5 Priority area E: Fiscal sustainability and transparency

Tax expenditure equivalent to more than half of tax revenue is a significant claim on public resources. Making it visible in the budget process allows the Government and the Legislature to weigh tax relief against direct spending on the same objectives.

- **Assess every new measure before it is granted.** From the Act's effective date, a fiscal impact assessment should accompany every proposed tax expenditure (Section 120(a)), including measures proposed by legislation, treaty or executive order, for which the Minister provides the assessment (Section 115). The assessments should be summarized in the next report.
- **Publish a tax expenditure annex with the budget.** A summary of tax expenditure by objective and sector, presented with the annual budget, would allow tax relief and direct spending to be assessed together (Section 5.1). The Register should be published alongside this report, as Section 113(h) provides.

13.6 Priority area F: Quality of future reports

- **Extend coverage.** Future reports should extend the estimates to domestic excise and the ECOWAS trade levy, measure petroleum waivers from ASYCUDA once they are recorded there, and extend coverage to PIT, real property tax and fees using the Register and property records.
- **Improve the CIT estimate.** The estimate should be extended to agreement-based reduced rates and tax holidays, incorporate late 2025 filers, and be aligned with the methodology used for the 2023–2024 figures so that the series is comparable.
- **Improve the quality of return data.** Return forms should validate exempt-sales fields, require the legal basis for exempt sales and make Schedule 6 mandatory for concession holders.
- **Report on time.** The report should be submitted to ECOWAS within three months of budget adoption, as required by Article 11 of Directive C/DIR.4/07/23.

13.7 Concluding observations

Liberia has made significant progress in measuring and reporting tax expenditures. This edition extends coverage to petroleum and excise, tests each exemption against the instrument in force on the date of import, and attributes every dollar of customs relief to a legal basis, an objective and a beneficiary. The Tax Expenditure Management Act now provides a clear framework for the next stage.

If the Register is completed during the transition period, linked to the systems through which exemptions are processed and supported by regular evaluation, tax incentives can continue to support investment, food security and public services, while their cost is controlled, transparent and justified by results. The MFDP and the LRA will continue to refine the estimates and report on the implementation of these recommendations in future editions.

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