

BILL

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No.



2023

Sierra Leone

A BILL ENTITLED

THE FINANCE ACT, 2023

Short title.

Being an Act to provide for the imposition and alteration of taxes, to give effect to the financial proposals of the Government and to provide for other related matters for the financial year 2023

[

] Date of commencement.

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

1. Unless otherwise provided, this Act shall be deemed to come into operation on the 1st day of April, 2023

STAMP DUTY ACT, CAP 274

Amendment
of Schedule A
of Cap 274

2. Schedule A of the Stamp Duty Act Cap 274 is amended deleting the rate indicated in paragraph (1) and inserting the following new rate-

Conveyance Section	Rate
Stamp Duty Fees for conveyances and other assignments of property, real and personal, mortgages debentures and transfers thereof, and liquidations, of the value of the property	0.02 or 2% of consideration

INCOME TAX ACT 2000

Amendment
of Act No 8
of 2000

3. The Income Tax Act 2000 is amended by inserting the following new section immediately after Section 7-

minimum 7A (1) Subject to section 3 the income tax
alternate tax payable by a company in respect of any year of
assessment shall be the higher of -

a) income tax payable on the total income as computed under this Act; and

b) a minimum alternate tax (MAT), being the application of the percentage specified in Part III of the First Schedule on the turnover.

(2) For the purpose of subsection (1), a company is entitled to a minimum alternate tax credit being the excess of the minimum alternate tax over the normal income tax liability computed

under section 5 for the year of assessment (difference between the tax the company pays under the minimum alternate tax and the normal income tax in a given year).

(3) For the purpose of subsection (2), the allowable minimum alternate tax credit shall be used to offset only in the year in which the company is liable to pay tax as per the normal provisions contained in the Act and such tax is in excess of the minimum alternate tax for that year.

(4) For the purpose of subsection (2), the allowable minimum alternate tax credit shall be carried forward for adjustment against any future excess normal income tax over the minimum alternate tax income for a period not exceeding ten (10) years.

(5) The allowable minimum alternate tax credit referred under subsection (2) for a company in a given year shall be interest free."

(6) Subsection (1) shall not apply to-

- a) a start-up company and company under liquidation for the first three years of their incorporation and two-years, respectively;
- b) any foreign company that is a resident of a country or territory with which an agreement for the avoidance of double tax exists with the Government of Sierra Leone, to the extent provided for and in accordance with the provisions of such agreement, the company does not have a permanent establishment in Sierra Leone;
- c) any foreign company that is a resident of a country or territory that does not have the agreement specified under paragraph (b) and the said company is not required to seek

registration under any law for the time being in force relating to companies.

Amendment
of First
Schedule of
Act No 8
of 2000

4. The First Schedule to the Income Tax Act 2000 is amended in Part III by the insertion of the following paragraph immediately after the line relating to the 25% rate of tax for companies -

"Rate of minimum alternate tax applicable to companies, including companies under section 21, resident in Sierra Leone for the year of assessment commencing 1st January, 2023 and each succeeding year of assessment.

Rate of minimum alternate tax - 3%"

THE GOODS AND SERVICES TAX ACT, 2009

Amendment
of Section 5
of Act No 6
of 2009

5. Section 8 of the Goods and Services Tax Act 2009 is amended by the repeal and replacement of paragraph (h) with the following new paragraph (h)

"(h) digital market supply or digital services through a digital marketplace, refers to e-platforms, whether e-medium, e-commerce, peer-to-peer (P2P), advertising based, agency or subscription-based that include-

- i. downloadable digital contents, subscription-based media; software programs; electronic data management; supply of music, film, and games electronically, including satellite TVs; online sale of goods; and any online or digital gambling and betting activities; and
- ii. search engines and automated help desk services, online tickets, e-learning platforms, audio, vision or digital media, transport hailing platforms, among others.'

6. The Goods and Services Tax Act 2009 is amended by the repeal and replacement of the Second Schedule with the following new Second Schedule -

Amendment
of Second
schedule to
Act No 6
Of 2009

ts referred to under sub section (1) shall effect the following on the documents-

"SECOND SCHEDULE

Exempt supplies

A supply listed in one of the following items is an exempt supply for the purposes of this Act:-

1. **Supply:** Animals, fish and birds imported for breeding and rearing purposes; seeds, bulb rooting imported for propagation.

Description: Live asses, mules and hinnies, live marine mammals, live fish and aquatic invertebrates (excluding ornamental fish and pets), edible fruits, seeds, bulbs, roots, nuts and vegetables.

2. **Supply:** Rice in its raw state.
Description: Rice is considered to be in its raw state even if it has undergone stripping or polishing

3. **Supply:** Agricultural inputs.
Description: Chemicals used solely as agricultural inputs, including all forms of fertilizers, acaricides, fungicides, rematicides, growth regulators, pesticides, veterinary drugs and vaccine and animal feed unfit for human consumption.

4. **Supply:** Water.
Description: Supply of water excluding bottled or other packaged and distilled water.

5. **Supply:** Printed matter (books and newspapers).
Description: Books and newspapers fully printed or produced by any duplicating process, including newspapers and academic publications, but excluding imported newspapers, plans and drawings, scientific and technical works, periodicals, magazines, trade catalogues, almanacs, price lists, greeting cards, calendars, and stationery.

6. **Supply:** Education services

Descriptions: Enrollment, tuition or instruction services for students provided by an institution being under the following, duly registered or licensed by the appropriate government institution and published by the Minister responsible for education in the Gazette-

- (a) a pre-primary, primary or secondary school;
- (b) a technical college, community college or university;
- (c) an educational institution established for the promotion of adult education, vocational training, improved literacy, or technical education;
- (d) an institution established for the education or training of physically or mentally handicapped persons.

7. **Supply:** Medical, veterinary, dental and nursing services and pharmaceuticals.

Descriptions: Medical, veterinary, dental and nursing services; mosquito nets; a list of drugs approved and published in the Gazette by the published by the Minister responsible for Health for the treatment of malaria, HIV-AIDS, leprosy, tuberculosis, snake bites, rabies, laser fever, diabetes, high blood pressure, hepatitis and Typhoid; all vaccines; and condoms.

8. **Supply:** Transportation of passengers

Description: Transportation of persons by bikes, buses and similar vehicles, ferry and train excluding aviation services and internal air travel, commercial boat, water taxi and hovercraft services

9. **Supply:** Crude oil and hydrocarbon products.

Description: Petrol, diesel, liquefied petroleum gas, kerosene and residual fuel oil, bitumen and lubricating oils.

10. **Supply:** Financial services.

Description: Services relating to dealings in money (including foreign exchange) provision of credit; operation of any bank but excluding fees and similar charges levied by Financial Institutions for carrying intermediation and non-intermediation services including transfers, professional advice such as accountancy, investment and legal; and safe-keeping services.

11. **Supply:** Insurance and reinsurance services

Description: Provision of insurance and reinsurance services for life insurance excluding, management and related insurance consultancy services for life insurance.

12. **Supply:** Goods for the disabled.

Description: equipment, articles or appliances designed exclusively for use by the disabled; worn, carried or implanted in the body to compensate for a disability defect.

13. **Supply:** Land, buildings and accommodation.

Description: Second and subsequent sale of commercial buildings and accommodation, and residential buildings; the granting of assignment or surrender of an interest in land including the rights to occupy land.

Supply: Mini grids renewable energy

Description: The consumption, supply or use of renewable energy from mini grids-connected solar power in Sierra Leone

14. Supply: Teaching and Learning materials

Description: materials specifically imported in reasonable quantities by and consigned to registered schools for official use and not resale outside the school. They must be labelled or bearing an imprint for recognition as items belonging to that particular school and shall be approved by the ministry responsible for basic and secondary education. They include-

- (a) Interactive white boards; white & green boards
- (b) Pens and pencils
- (c) Textbooks and exercise books
- (d) Art and craft and materials, drawing paper, glue, ink, and crayons
- (e) School recreational equipment: playground equipment, manipulative toys for daycare pre-school, Physical and Health Education items (Balls, Nets, Hurdles, etc.)
- (f) Uniforms/apparels, such as socks, bags, specifically designed and recognized for a particular school.

15. Supply: local agricultural produce for manufacturing

Description: supply of following local agricultural produce to local industries for exclusively local manufacturing:

- (a) rubber, palm oil, coffee, cashew and similar cash and crops;

- (b) tubers such as cassava, potato, and yam:
 - (c) fruits of all kinds such as pineapples, bananas, and plantains:
 - (d) others, such as sorghum, cotton, beans, groundnuts, sesame seeds and vegetables.
16. **Supply:** Environmentally friendly activities
Description: supply relating to the management and recycling of plastics and other wastes in support of environmentally friendly activities.
17. **Supply:** Bulk wheat (grain)
Description: wheat is considered as bulk wheat when it is used as input for industrial manufacturing of flour.
18. **Supply:** Wheat Flour
Description: supply in respect of imported and domestically produced wheat flour.
19. **Supply:** Issuance of official national identification documents
Description: Passport, Voters and other National ID Cards.
20. **Supply:** Baby foods
Description: Milk and cream, concentrated or containing added sugar or other sweetening matter, in powdered, granular, or other solid form, as described under HS Code 0402.
21. **Supply:** Raw fish
Description: The importation or supply of raw fish as described under HS Code 1604.1
22. **Supply:** Materials for the conduct of national elections
Description: All materials imported by Government or development partners on behalf of Government for the conduct of elections by the National Electoral Commission.

23. **Supply:** Arms, ammunition, and security equipment
Description: Arms, ammunition, specialized security vehicles, public order and communication equipment imported by the Government or by a person authorized by Government to do such for and on its behalf.
24. **Supply:** Medals and Medallions
Description: items of medals, medallions and other decorations imported directly by or for the Government for awards by the President and for the use of the Ministries of Defence and Internal Affairs.
25. **Supply:** Funeral services and coffins
Description: Coffins and services for the preservation, burial and cremation of a human corpse, including services provided in the making of arrangements for or in connection with its disposal."

GENERAL PROVISIONS

Tourism
levy

7 (1) There is hereby imposed a tourism levy of 2% on the sale price of accommodation, food, drinks and all other related services offered by a tourism establishment

(2) A purchaser, user and consumer shall pay the levy referred to under subsection (1) at the time of purchasing, using, or consuming any of items or services referred to under subsection (1).

(3) Subject to subsection (4), an operator, owner or agent of a tourism establishment shall include on every invoice or receipt for the purchase of items and services referred in subsection (1), a separate line item designated as "Tourism Levy" for the amount of levy imposed on the purchase.

(4) The implementation of the levy referred to under subsection (1) shall operate as a withholding tax collected by all tourism establishment and be subject to the Goods and Services Tax

Act, 2009 requirements for registration, assessment, filing, audit, enforcement, and collection.

(5) An operator, owner or agent of a tourism establishment shall pay to the National Revenue Authority all monies collected in respect of the tourism levy for the collection period.

on or before the 15th day of the month following the transactions specified in subsection (1),

(6) The monies shall be paid into a ring-fenced account established at the Bank of Sierra Leone for the purpose of funding operations and activities relating to the promotion and development of tourism in Sierra Leone

(7) The monies shall only be used for the purposes stipulated under sub-regulation (6)

(8) For the purpose of this section, a tourism establishment means any buildings, structures, schemes, or facilities designed or used for sleeping accommodation, restaurant, transport and tour facilities for tourism purposes, and shall include a hotel, guesthouse, motel, resort, tourist cabin, hostel, campground, catering and meal services, tour guide or tour operator services.

8 (1) An annual circulation levy of Le200 shall be imposed annually on vehicles in Sierra Leone

Annual
circulation
permit levy

(2). For the purpose of this section, a vehicle shall mean a piece of mechanized equipment by which someone travels, or something is carried, conveyed, or transported and shall include cars, trucks, buses, boats, airplanes, and three-wheelers (Kekehs) but exclude motorbikes and bicycles.

9 (1) Notwithstanding any law or enactment in force to the contrary, no payment shall be required from a Government Ministry, Department or Agency for the issuance of an environmental impact assessment licence under section 29 of the Environmental Protection

Payment of
environmental
Impact
Assessment
Licence

Agency Act 2008 pursuant to activities or projects set out in the First Schedule of the Act being implemented, whether from funds allocated to the Government Ministry, Department or Agency, or provided by a donor partner.

(2). For the purposes of funding monitoring activities relating to the issuance of the licence specified in subsection (1) to a Government Ministry, Department or Agency, Government shall provide quarterly budgetary allocation to the Environment Protection Agency.

MEMORANDUM OF OBJECTS AND REASONS

The object of this Bill is mainly to provide for the imposition and alteration of taxation in support of the Government's fiscal policies for the year 2023.

DATED THE

DAY OF

2023

SHEKU A.F. BANGURA,
Minister of Finance

MARCH, 2023

FREETOWN