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INVESTMENT INCENTIVES HANDBOOK



MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT
Revenue and Tax Policy Division

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INTRODUCTION

This Investment Incentives Handbook summarises Income Tax and Customs Duties incentives and concessions that are provided for in current legislation, including the Customs Tariff Act 1978, the Development of Tourism Act 1990, the Income Tax Act 2000, the Finance Acts 2006 to 2016 and international conventions to which Sierra Leone is signatory. It should therefore be used by existing and potential investors and government officials to guide decision-making on tax concessions related to income tax and customs duties. In addition to incentives contained in Acts and other legislation, the Government of Sierra Leone and investors may enter into agreements that contain fiscal incentives prepared by Ministries, Departments and Agencies. Under the provisions of Section 51 of the Finance Act 2013, all such agreements shall be approved by the Minister responsible for Finance and ratified by the Parliament of Sierra Leone. By doing so, the agreement becomes part of the *corpus juris*.

For the purpose of this Investment Incentives Handbook, a tax incentive is defined as a deduction, reduction or exemption, from a tax liability, offered as an enticement to engage in a specific activity or behaviour. Any tax incentive is therefore characterized by three dimensions -

- The specific activity or behaviour the incentive entices to engage in
- The tax liability to which the incentive relates (Income Tax or Customs Duty)
- The nature of the incentive (deduction, exemption, reduced rates, credits).

Enticement

This Tax Incentive Handbook classifies tax incentives based on the three following enticements-

1. ECONOMIC DIVERSIFICATION

A first set of tax incentives encourages economic diversification, through the promotion of specific sectors and goods.

2. INVESTMENT

A second set of tax incentives encourages investment.

3. VALUE ADDITION

A third set of tax incentives encourages value addition.

4. SOCIAL POLICY

A fourth set of tax incentives supports social policy.

Tax liability

This Investment Incentive Handbook includes tax incentives related to Income Tax – including Corporate Income Tax, Personal Income Tax and Capital Gains Tax – and Customs Duties. Goods and Services Tax-exempt supplies of goods and services as well as GST institutional reliefs are easily accessible in the Second and Third Schedule of the Goods and Services Tax Act 2009 and are therefore not included in this Handbook.

Nature of the incentive

This Tax Incentive Handbook classified tax incentives based on four types of incentives-

1. TAX DEDUCTIONS

Tax deductions are deductions from taxable income.

2. TAX EXEMPTIONS

Tax exemptions refer to items (income, transactions, realization or persons) that are free from tax. A tax-exempt item is excluded from any tax calculations.

3. REDUCED TAX RATES

Reduced tax rates refer to rates of taxation that are below the headline rate of taxation.

4. TAX CREDITS

Tax credits refer to sums that can be offset against a tax liability.

For the sake of completeness, for each tax incentive, we will

- Provide the qualifying criteria
- Quote the piece of legislation containing the provision for ease of reference

Section 1 introduces tax incentives. Section 2 provides information about the tax/duty waiver process.

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ACRONYMS

CTA: Customs Tariff Act

DTA: Development of Tourism Act

FA: Finance Act

ITA: Income Tax Act

SECTION 1 – TAX INCENTIVES

1.1 ECONOMIC DIVERSIFICATION

REF.	ENTICEMENT	TAX LIABILITY & NATURE OF THE INCENTIVE	QUALIFYING CRITERIA	LEGISLATION
1.1.1	AGRICULTURE	<p>1. INCOME TAX</p> <p>a. Income tax-exempt income The income of an individual derived from any agricultural activity involving rice farming and tree crop farming such as cocoa, coffee, oil-palm, poultry, livestock and ruminants, cashew, ginger, chilli, vegetable, and tubers, for a period of ten years from the commencement of the agricultural activity.</p> <p>The income of a company incorporated in Sierra Leone derived from any agricultural activity involving rice farming and tree crop farming such as cocoa, coffee, oil-palm, poultry, livestock and ruminants, cashew, ginger, chilli, vegetable, and tubers, for a period of ten years from the commencement of that activity and fifty percent of any dividend paid in that period provided the company maintains full records of all transactions relevant to the agricultural activity.</p> <p>2. CUSTOMS DUTY</p> <p>a. Duty-free import Entities engaged in agricultural production shall be entitled to duty-free import of agricultural inputs for a period of five years from the date of first registration</p>	<p>In the case of a foreign investor (i) If he intends to irrigate, at least, 500 hectares of agricultural land or to cultivate, at least 2,500 hectares of such land not irrigated; or (ii) if he intends to invest at least US\$1 million in livestock production or processing</p> <p>In the case of a domestic investor (i) If he intends to irrigate, at least, 100 hectares of agricultural land or to cultivate, at least, 500 hectares of such land irrigated or (ii) if he intends to invest at least \$500,000 in livestock production or processing (iii) Forested land does not qualify</p> <p>Agricultural inputs means (a) Fertilizers (b) Pesticides (c) Insecticides (d) Seeds and seedlings (e) Hybrid tree seeds (f) Seed animal for feeding purpose (g) Day-old-chicks; and (h) animal sement</p>	<p>ITA 2000 Section 31 sub-section (1), sub-sub-section (f)</p> <p>ITA 2000 Section 31 sub-section (1), sub-sub-section (g)</p> <p>FA 2013 Section 49</p>

REF.	ENTICEMENT	TAX LIABILITY & NATURE OF THE INCENTIVE	QUALIFYING CRITERIA	LEGISLATION
1.1.2	AIRLINES	<p>1. INCOME TAX</p> <p>a. Income tax-exempt income The income of any Sierra Leone company that provides commercial passenger flights is exempt from tax for the year of assessment ending 31st December 2016 and the subsequent four years of assessment</p>	<p>“Sierra Leone company” means a company-</p> <p>(a) that is incorporated in Sierra Leone</p> <p>(b) that is largely managed or controlled in Sierra Leone; and</p> <p>(c) the underlying ownership or control of which is held or exercised by citizens of Sierra Leone</p>	<p>ITA 2000 Section 31A</p> <p>FA 2016 Section 6</p>
1.1.3	FISH FARMING	<p>1. INCOME TAX</p> <p>a. Income tax-exempt income Fish farms comprising at least ten fish ponds and measuring at least 200 square metres shall, of the 1st January 2015, be exempted from income tax on</p> <p>(a) income derived from any fish farming activity; and</p> <p>(b) 50% of any dividend paid as a result of these activities, for a period of five years</p>		<p>FA 2015 Section 26</p>
1.1.4	INFRASTRUCTURE	<p>1. INCOME TAX</p> <p>a. Income tax-exempt income Income derived from any undertaking under the Public-Private Partnership Infrastructure Projects in excess of twenty million dollars shall enjoy a corporate tax relief for fifteen years</p> <p>2. CUSTOMS DUTY</p> <p>a. Duty-free import During the period of construction of any undertaking under the Public-Private Partnership Infrastructure Projects in excess of twenty million dollars, subject to the provision of an approved bill of quantities, the importation of plant, equipment and other inputs, excluding petroleum products, shall be duty-free.</p>		<p>FA 2011 Section 23</p> <p>FA 2011 Section 23</p>
1.1.5	LPG AND COOKERS	<p>2. CUSTOMS DUTY</p> <p>a. Duty-free import Any new business</p> <p>(a) assembling stoves or cookers, whether fuelled by kerosene or liquefied petroleum gas;</p>		<p>FA 2011 Section 24</p> <p>FA 2013 Section 39</p>

REF.	ENTICEMENT	TAX LIABILITY & NATURE OF THE INCENTIVE	QUALIFYING CRITERIA	LEGISLATION
		<p>(b) importing or producing liquefied petroleum gas, and; (c) investing a minimum of \$500,000 and employing a minimum of fifty persons for that purpose; Shall be entitled to import duty-free for any period of three years chosen by that business, all related equipment for the production and delivery to market of the stoves or cookers, including gas cylinders, briquette machines and cookers</p>		
1.1.6	MINERAL AND PETROLEUM	<p>1. INCOME TAX</p> <p>a. Income tax deductions Expenses incurred to acquire mineral and petroleum exploration and production rights and in respect of mineral and petroleum development are treated as if they were incurred for a depreciable asset – (a) an initial allowance of forty percent of cost in the year of expenditure; and (b) an annual allowance of twenty percent of cost for each of the three years succeeding the year of expenditure</p> <p>The rate of capital allowances (a) on expenditure under section 43 of the ITA 2000 (start-up costs) on mineral and petroleum prospecting and exploration shall be one hundred percent; and (b) on production rights and other expenditure incurred on mineral and petroleum development shall be (i) an initial allowance of forty percent of cost in the year of expenditure; and (ii) an annual allowance of twenty percent of cost for each of the three years succeeding the year of expenditure</p> <p>A loss in any year of assessment may be carried forward as a deduction against income of the subsequent year of assessment. Accumulated losses can be carried forward up to a maximum of ten years from the date of commencement of commercial production.</p>		<p>ITA 2000 Section 42 FA 2016 Section 16</p> <p>ITA 2000 Sixth Schedule FA 2016 Section 16</p> <p>ITA 2000 Sixth Schedule FA 2016 Section 16</p>
1.1.7	PETROLEUM REFINERY	<p>1. INCOME TAX</p> <p>a. Income tax-exempt person A petroleum refinery investing a minimum of \$20,000,000 and employing at least fifty Sierra</p>		<p>FA 2013 Section 47</p>

REF.	ENTICEMENT	TAX LIABILITY & NATURE OF THE INCENTIVE	QUALIFYING CRITERIA	LEGISLATION
		<p>Leonean citizens shall be eligible for a corporate tax relief not exceeding five years</p> <p>2. CUSTOMS DUTY</p> <p>a. Duty-free import A petroleum refinery investing a minimum of \$20,000,000 and employing at least fifty Sierra Leonean citizens shall be eligible for importing duty-free equipment and machinery for establishing the refinery for a period of five years</p>		<p>FA 2013 Section 47</p>
1.1.8	PHARMACEUTICALS	<p>1. INCOME TAX</p> <p>a. Income tax-exempt business Any new business- (a) manufacturing drugs, medical devices, and other health-related items according to the guidelines of the World Health Organization; and (b) investing a minimum of \$500,000, and (c) employing a minimum of fifty persons for that purpose; shall be eligible for a corporate tax relief not exceeding ten years in addition to other incentives the business may be eligible for.</p> <p>2. CUSTOMS DUTY</p> <p>a. Duty-free importation Any new business- (a) manufacturing drugs, medical devices, and other health-related items according to the guidelines of the World Health Organization; and (b) investing a minimum of \$500,000, and (c) employing a minimum of fifty persons for that purpose; shall import duty-free raw materials for drug manufacturing by the business for a period of ten years</p> <p>b. Reduced-duty rate importation Any new business manufacturing drugs, medical devices, and other health-related items according to the guidelines of the World Health Organizations, and investing a minimum of \$500,000, and employing a minimum of fifty persons for that purpose shall import intermediate goods for drug manufacturing by the business at the rate of 3% for a period of ten years</p>		<p>FA 2011 Section 25, sub-section (1)</p> <p>FA 2011 Section 25, sub-section (2)</p> <p>FA 2011 Section 25, sub-section (2)</p>

REF.	ENTICEMENT	TAX LIABILITY & NATURE OF THE INCENTIVE	QUALIFYING CRITERIA	LEGISLATION
1.1.9	PHOTOVOLTAIC SYSTEM	<p>2. CUSTOMS DUTY</p> <p>a. Duty-free importation The importation of photovoltaic System Equipment and low energy and energy efficient appliances that meet relevant International Electrotechnical Commission (IEC) global standards for resale or use by third parties shall be duty-free</p>		<p>FA 2016 Section 34</p>
1.1.10	POULTRY	<p>1. INCOME TAX</p> <p>a. Income tax-exempt income The income derived from investment in poultry business shall be exempt from income tax for a period of three years (a) In the case of a Sierra Leonean citizen if the investment is at least \$50,000 (b) in the case of a non-citizen, if the investment is at least \$500,000</p> <p>2. CUSTOMS DUTY</p> <p>a. Duty-free importation Import of feeds, vaccine ad veterinary drugs for poultry and livestock shall attract duty-free import for a period of five years from the date of commencement of business</p>		<p>FA 2013 Section 50</p> <p>FA 2013 Section 50</p>
1.1.11	TOURISM	<p>1. INCOME TAX</p> <p>a. Income Tax deductions Where for the purpose of an Approved Development by Income Tax way by constructing a new hotel, extending, restoring, or renovating and other an existing hotel; or any tourist facility or amenity with a minimum number of rooms for hotels established in the Western Area of 50 ensuite bedrooms and 10 ensuite bedrooms for the rest of the country, eligible expenditure is incurred, such expenditure shall qualify for relief by way of capital allowance as follows. Capital allowances on any asset utilized in the development of tourism shall be deducted from the profits or other income before tax in accordance with: 1) Plant, machinery, and equipment, including automobiles and trucks: 40% 2) All other tangible depreciable assets except buildings, and intangible depreciable assets 10%</p>	<p>This incentive shall not be available to a night club, casino or restaurant unless it is an integral part of a eligible hotel. This relief shall not apply except where the hotel has a minimum of ten letting bedrooms and where it is demonstrated that the hotel will be under the management of a person or persons who have the professional ability and experience in the management of hotels and in the tourist industry and where it is demonstrated that</p>	<p>DTA 1990 Sections 30, 31, 32, 36</p>

REF.	ENTICEMENT	TAX LIABILITY & NATURE OF THE INCENTIVE	QUALIFYING CRITERIA	LEGISLATION
		<p>3) Buildings used to house industrial, manufacturing, or agricultural activities: 15%</p> <p>4) Buildings used to house commercial activities other than those described in group 3: 10%</p> <p>5) Buildings other than those described in groups 3 and 4: 5%</p> <p>Provided that an investment allowance of sixteen per centum of the costs may be granted but such investment allowance shall not be deductible in ascertaining the residue of the expenditure for the purpose of a balancing allowance or balancing charge.</p> <p>Any net loss incurred by any person during the tax holiday period shall for the purpose of ascertaining the total income of that person be carried forward and be available for set-off against the profits or income arising from any business in the basis period of the year of assessment immediately following the expiration of the tax holiday period or against the profits or income arising from such business in any of the basis periods of the next following five years of assessment immediately following the expiration of the tax holiday period.</p> <p>Net loss means the amount by which the total of any loss incurred during the tax holiday period exceeds the total of any gains or profits or income derived by any person from any business during the tax holiday period.</p> <p>b. Income tax-exempt income</p> <p>Where for the purpose of an Approved Development by Income Tax way by constructing a new hotel, extending, restoring, or renovating and other an existing hotel; or any tourist facility or amenity with a minimum number of rooms for hotels established in the Western Area of 50 ensuite bedrooms and 10 ensuite bedrooms for the rest of the country, relief from income tax</p> <p>(a) For a period not exceeding five years</p> <p>(b) in value, not exceeding, during the tax holiday period, one hundred and fifty percent of the original capital invested. Original capital invested means, for the purpose of</p>	<p>an appropriate plan has been prepared for the effective marketing of the hotel.</p> <p>This incentive shall not be available to a night club, casino or restaurant unless it is an integral part of a eligible hotel. This relief shall not apply except where the hotel has a minimum of ten letting bedrooms and where it is demonstrated that the hotel will be under the management of a person or persons who have the</p>	<p>DTA 1990 Sections 30, 36</p>

REF.	ENTICEMENT	TAX LIABILITY & NATURE OF THE INCENTIVE	QUALIFYING CRITERIA	LEGISLATION
		<p>taxation, both the equity and non-equity capital initially utilized in setting up the business.</p> <p>2. CUSTOMS DUTY</p> <p>a. Duty-free importation For the purposes of an approved development by way of constructing a new hotel or any other tourist amenity or facility or for the provision of a tourist service in an operation licenced under the Act or the restoration, extension, or renovation of an existing one it is necessary to import building materials, machinery, or equipment, these shall be imported free of customs duty for a period of three consecutive years chosen by the investor based on an approved bill of quantities. The importation of linen, cutlery, glassware, chinaware shall also be imported free of customs duty for a period not exceeding three years.</p>	<p>professional ability and experience in the management of hotels and in the tourist industry and where it is demonstrated that an appropriate plan has been prepared for the effective marketing of the hotel.</p>	<p>DTA 1990 Section 34 FA 2010 Section 5 FA 2011 Section 27</p>

1.2 INVESTMENT

REF.	ENTICEMENT	TAX LIABILITY & NATURE OF THE INCENTIVE	QUALIFYING CRITERIA	LEGISLATION
1.2.1	DEPRECIABLE ASSETS	<p>1. INCOME TAX</p> <p>a. Income tax deductions A capital allowance deduction is allowed for depreciation of a taxpayer's depreciable assets, as per the following groups and depreciation rates</p> <p>1) Plant, machinery, and equipment, including automobiles and trucks: 40%</p> <p>2) All other tangible depreciable assets except buildings, and intangible depreciable assets 10%</p> <p>3) Buildings used to house industrial, manufacturing, or agricultural activities: 15%</p> <p>4) Buildings used to house commercial activities other than those described in group 3: 10%</p> <p>5) Buildings other than those described in groups 3 and 4: 5%</p> <p>A deduction is allowed in respect of expenses incurred to repair, renew, alter, or improve depreciable assets</p>	<p>The deduction for each year of assessment is limited to five percent of the balance of the pool at the end of the preceding year of assessment. The excess, if any, over this limit is treated as the cost of an asset added to the pool during the year of assessment</p>	<p>ITA 2000 Section 39 ITA 2000 7th Schedule</p> <p>ITA 2000 Section 41, sub-section (1), sub-sub-section (a) ITA 2000 Section 41, sub-section (2) & (3)</p>
1.2.2	EQUIPMENT IMPORTS	<p>2. CUSTOMS DUTY</p> <p>a. Duty-free importation New and existing businesses importing plants and machinery, excluding spare parts and general purpose vehicles, exclusively for their business operations (and not for resale), shall be entitled to duty free import for three years from the date of their first registration. This shall apply</p> <p>(a) in the case of a new business if the investment is at least \$10,000,000</p> <p>(b) in the case of an existing business if the investment is at least \$5,000,000 in expanding the business</p>		<p>FA 2011 Section 11 FA 2013 Section 39 FA 2016 Section 33</p>

REF.	ENTICEMENT	TAX LIABILITY & NATURE OF THE INCENTIVE	QUALIFYING CRITERIA	LEGISLATION
1.2.3	INVESTMENT AND EMPLOYMENT GENERAL INCENTIVE	<p>1. INCOME TAX</p> <p>a. Income Tax-exempt persons Any business registered in Sierra Leone and having, at least, 20% Sierra Leonean ownership as of 1st January 2015, and beyond shall be entitled to corporate tax exemption</p> <p>(a) For a period of 5 years if its fulltime workforce is at least 100 employees and minimum investment is \$5,000,000</p> <p>(b) For a period of 10 years if its workforce is at least 150 employees and minimum investment is \$7,500,000</p>		FA 2015 Section 24
1.2.4	RESEARCH AND DEVELOPMENT	<p>1. INCOME TAX</p> <p>a. Income tax deductions For the purposes of income tax, any expenses incurred on research and development by an investor shall be eligible for deduction from profits of 100% of the cost incurred up to the extent of profits of the same year the expenditure is made but any unclaimed amount shall not be made available for future deductions</p>	Does not apply to any expense incurred in ascertaining the existence, location, extent, or quality of a natural deposit or for the acquisition of depreciable assets or land.	FA 2011 Section 14
1.2.5	TRAINING EXPENSES	<p>1. INCOME TAX</p> <p>a. Income tax deductions For the purposes of income tax, any expenses on training of local staff in an approved training programme shall be eligible for deduction from profits of 100% of the cost incurred up to the extent of profits of the same year the expenditure is made, but any unclaimed amount shall not be available for future deductions</p>	The relevant MDA must approve training programme	FA 2011 Section 15

1.3 VALUE ADDITION

REF.	ENTICEMENT	TAX LIABILITY & NATURE OF THE INCENTIVE	QUALIFYING CRITERIA	LEGISLATION
1.3.1	MANUFACTURING	<p>1. INCOME TAX</p> <p>a. Income tax-exempt person A new business investing a minimum of \$2,000,000 and employing at least twenty Sierra Leonean citizens shall be eligible for a corporate tax relief not exceeding five years</p> <p>2. CUSTOMS DUTY</p>		FA 2013 Section 48

		<p>a. Duty-free importation A new business investing a minimum of \$2,000,000 and employing at least twenty Sierra Leonean citizens shall be eligible for importing duty-free equipment and machinery for establishing a new business for a period of five years</p>		<p>FA 2013 Section 48</p>
1.3.2	<p>RAW MATERIALS AND PACKAGING MATERIALS</p>	<p>2. CUSTOMS DUTY</p> <p>a. Reduced-rate duty For raw materials (for any manufacture), each under their substantive HS Codes, the import duty rate is 5%</p> <p>For packaging materials, each under their substantive HS Codes, the import duty rate is 5%</p>	<p>Raw materials mean basic materials which are needed for the manufacture of goods, but which are still in a raw, natural, unrefined, or unmanufactured state and for a manufacturer, any material or goods which are required for his manufacturing process, whether they have actually been previously manufactured or are processed or are still in a raw or natural state</p>	<p>FA 2016 Sections 24 & 29</p> <p>FA 2016 Sections 25 & 30</p>

1.4 SOCIAL POLICY

REF.	ENTICEMENT	TAX LIABILITY & NATURE OF THE INCENTIVE	QUALIFYING CRITERIA	LEGISLATION
1.4.1	DISABLED PERSONS	<p>1. INCOME TAX</p> <p>a. Income tax deductions For the purposes of income tax, there shall be deducted from the taxable profits of any business or establishment, 200% of the actual cost of the remuneration payable to any physically or mentally disabled employees, up to the extent of the profits of the year in which the expenditure is made, but any unclaimed amount shall not be available for future deductions</p>	<p>A claim for this deduction shall be accompanied by a certificate of disability issued by the prescribed authority in the prescribed form in respect of the employee with disability. Disability shall have the meaning assigned thereto in the Persons with Disability Act, 2010</p>	<p>FA 2011 Section 21</p>
1.4.2	SOCIAL SERVICES	<p>1. INCOME TAX</p> <p>a. Income tax deductions Any expenses on social services, such as building of schools and hospitals and any investment that is outside the scope of the original investment and which would be also available to the general for use free of charge, shall be eligible for deduction from profits of 100%% of the cost incurred up to the extent if profits for the purposes of the Income Tax Act 2000</p>	<p>Investment must be approved by the relevant MDA</p>	<p>FA 2011 Section 16</p>
1.4.3	WOMEN EMPLOYMENT	<p>1. INCOME TAX</p> <p>a. Income tax credit Any business employing a female employee in a management position between 1st day of January 2016 and 31st of December 2018 shall be eligible to a tax credit at a rate of 6.5% on the PAYE of that female employee</p>		<p>FA 2016 Section 38</p>
1.4.4	YOUTH EMPLOYMENT	<p>1. INCOME TAX</p> <p>a. Income tax credit Any small or medium size business employing any Sierra Leonean youth who is (a) between the age of 18 and 35, and (b) previously unemployed or working part time, between 1st December 2014 and before 1st December 2015 shall be eligible to a 6.5% tax credit on employee PAYE of that employee</p>		<p>FA 2015 Section 23</p>

REF.	ENTICEMENT	TAX LIABILITY & NATURE OF THE INCENTIVE	QUALIFYING CRITERIA	LEGISLATION
1.4.5	YOUTH AND WOMEN SKILLS DEVELOPMENT	1. INCOME TAX a. Income Tax deduction For the purposes of income tax, any investor who makes a donation into the Skills Development Fund shall be eligible for 100% deduction of the donation from the profits for the same year that the donation is made, but any unclaimed amount shall not be available for future deductions		FA 2015 Section 25

Beneficiary Institutions/Organisations of Import Duty Concessions

There are various tax and duty concessions available to the following institutions/organisations involved in importing household effects, goods and vehicles:-

1. Embassies/High Commissions/Diplomatic Missions/United Nations Agencies;
2. International Financial Institutions and related Agencies;
3. Returning Diplomat/Nationals/International Public Servants;
4. Ministers and their Deputies, Parliamentarians, and High Court Judges;
5. Charitable/Humanitarian Organisations;
6. Religious Organisations
7. Non-Governmental Organisations

However, the extent of relief and process for accessing the waivers vary from group to group.

1. Embassies/High Commissions/Diplomatic Missions/ United Nations Agencies

Foreign Diplomats are eligible to have all taxes and duties waived on all imported items, provided that the items leave the country when they due. Should the items remain, all duties and taxes from which they were initially exempt must be paid in full, except in cases where the items remain in the possession of the high commission or embassy. Please note that in addition to the processes and documents outlined above, it is also necessary for diplomats to produce to the MoFED proof of their diplomatic status as evident in documents provided by the Ministry of Foreign Affairs (usually a letter received on arrival in the country or shortly thereafter).

The eligibility criteria under this category are the Geneva Convention and the External Tariff of the Republic of Sierra Leone, Section 100.04 of the Second Schedule of General Exemptions from Import Duties.

2. International Financial Institutions and related Agencies

International Financial Institutions and related Agencies that have signed a special agreement with the Government of Sierra Leone relating to their operations and status are entitled to duty waiver

privileges depending on the terms and conditions contained in the agreement. In this regard, applications for duty free privilege should be forwarded together with a copy of the relevant agreement to the MoFED the beneficiary MDAs. However, all supplies paid for out of counterpart funds under this category attract duty.

Exemption from import duty for this category is provided under the External Tariff of the Republic of Sierra Leone, Section 100.04 of the Second Schedule of General Exemptions from Import Duties.

3. Returning Diplomat/Nationals/International Public Servants

Returning Diplomat/Nationals/International Public Servants are eligible to import personal effects (including one vehicle) on duty free basis. To qualify, they must:

1. Be a citizen of Sierra Leone, and have worked in Sierra Leone Embassies/High Commissions outside the country for over one year.
2. Be a citizen of Sierra Leone, and have worked in international public institutions (IMF, World Bank, AfDB, etc.) and UN Agencies outside Sierra Leone for over one year.

Returning residents who wish to import their vehicles must submit the following to the MoFED, along with their letter and import duty waiver forms through the Ministry of Foreign Affairs and International Cooperation:

- Proof of ownership (bill of sale, registration certificate, Certificate of Title, insurance certificate or official certificate from country of origin) of the vehicle.
- Customs Duty Waiver Declaration form (broker/clearing agent fills this out based on information you provide and cross check by NRA).
- Bill of Lading, provided by the shipping company.

Note that exemptions are allowed on only one vehicle per person. The vehicle must be imported within six months of returning to Sierra Leone. No waivers are granted from the payment of GST (15% calculated on the total value of the cost, insurance and freight of the vehicle). In the case of household effects intended for personal use (and not sale or exchange), the returning national must have used and owned them for at least one year and must import them within two months of returning to Sierra Leone.

4. Ministers and their Deputies, Parliamentarians and High Court Judges

Ministers and their Deputies, Parliamentarians, and High Court Judges are granted duty free concessions on one vehicle for their personal use during the life time of Parliament. The concession is granted on the basis of Cabinet conclusion CP23 (96)13, which states that "The Cabinet approved the

granting of duty free concessions for the importation of one vehicle each with a maximum engine capacity of 4.5 litres, to Cabinet Ministers, Ministers, Deputy Ministers, Mr. Speaker, Deputy Speaker, Members of Parliament, the Chief Justice and Judges of the Superior Courts, once in every five (5) years”.

5. Charitable/Humanitarian Organisations

Tax and duty can be waived on goods imported for a charitable purpose, or for use in a not-for-profit making enterprise. The organisation must send the request to the MoFED through its respective MDA that indicates the type of activity that the organisation is engaged in, that the efforts of the organisation are non-profit, and how the duty relief would benefit the wider public. In addition to this letter, the following documents must be submitted:

- Copy of letter authorising charitable organisation status (for charitable organisations).
- Evidence of the value of the items (invoice, etc.).
- Letters from sponsors attesting to the charitable nature of the items.
- Names and addresses of intended beneficiaries
- Duly filled duty waiver form endorsed by the relevant supervisory MDA.

Exemption from import duty for this category is provided under the External Tariff of the Republic of Sierra Leone, Section 100.05 of the Second Schedule of General Exemptions from Import Duties.

6. Religious Organisations

Duty free concessions under this category are granted strictly for items that are deemed essential for the furtherance of the objectives of a particular religion. All religious organizations are required to register with the Ministry of Social Welfare, Gender and Children’s Affairs to enable them qualify for the award of duty waiver. The duty free privileges are very limited.

7. Non-Governmental Organisations (NGOs)

All NGOs registered with the MoFED are entitled to duty free privileges in accordance with the rules governing their operations. All registered NGOs wishing to clear goods and equipment on a duty free basis should forward their requests to the MoFED. In addition, all such requests should provide evidence of the value of the items (invoice, etc.), information on the intended beneficiaries and communities to facilitate monitoring of project objectives.

8. Exemptions under External Tariff of the Republic of Sierra Leone- Second Schedule of General Exemptions from Import Duties

Part two, Second Schedule of General Exemptions from import duties, of the External Tariff of the Republic of Sierra Leone provides as follows: Exemption from the payment of duty shall be granted on any goods which are imported:

- 100.1 by or for the account of the President;
- 100.2 by and on behalf of Government or by or on behalf of Local Government or Local Government bodies;
- 100.3 by or on behalf of Representatives of Foreign Governments or Public International Organisations not nationals of the Member State and certified by the Foreign Minister of the Country into which the goods are being imported;
- 100.4 by or for the account of Foreign Governments or Public International Organisations certified as such by the Minister of Foreign Affairs;
- 100.5 for the general use of educational, and philanthropic institutions certified as such by the Minister of Finance excluding goods for the personal use of the Members and employees of such institutions and organizations;
- 100.6 as awards received abroad for distinction in the arts or sciences or for meritorious achievements accepted as such by the Customs Authority;
- 100.7 as household and personal effects of nationals who die abroad;
- 100.8 as articles for use as memorials for deceased person;
- 100.9 as reasonably used household and personal effects in reasonable quantities when accepted as such by the Customs Authorities and imported by or for the account of any person arriving from abroad;
- 100.10 as samples of negligible value when accepted as such by the Customs Authority;
- 100.11 in special circumstances with the approval of the President subject to such terms and conditions as he may impose;
- 100.12 as personal effects for the personal use of persons arriving from abroad provided that no person may import free of duty tobacco in accounts exceeding 200 sticks of cigarettes or 25 sticks of cigars, or 250 grams smoking tobacco, or alcoholic beverages exceeding 1 litre potable spirit, 1 litre wine, or perfumes exceeding 100 grams or toilet water exceeding ½ litre when brought in by an adult person.

SECTION 2 – PROCEDURES

2.1 CUSTOMS DUTY WAIVER APPLICATION

The beneficiary must first hire a Registered Customs Broker or Clearing Agent to fill out the Customs Duty Waiver forms. These can be found at the proximity of Queen Elizabeth Quay in Cline Town.

Generally, the beneficiary must apply for duty relief by sending a letter to the supervisory Ministry under which their institution/organisation falls. The letter should accompany a list of the items the institution/organisation(s) wish to import (imported) and the reason(s) that they qualify for tax and duty waivers. The supervisory Ministry will then write to the Ministry of Finance and Economic Development (MoFED) confirming the beneficiary' eligibility and hence recommend to the Honourable Minister to grant the waiver. The waiver forms must be duly signed by the respective ministers.

2.2 DUTY WAIVER COMMITTEE

Every duty waiver application will be evaluated by the Duty Waiver Committee of the Ministry of Finance and Economic Development, that sits every Tuesday and Thursday.

2.3 ADMINISTRATIVE FEE

The National Revenue Authority shall charge a non-refundable administrative fee of Le1,000,000 for each consignment of goods in respect of which duty waiver is granted, to cover the administrative cost of processing the duty waiver application (Finance Act 2013, Section 38, as amended by Section 35 of the Finance Act 2016).

2.4 MONITORING

To ensure that applicants meet the qualifying criteria, the Ministry of Finance and Economic Development, the National Revenue Authority and the Duty Waiver Committee conduct regular monitoring visits.