

- (m) for new shoes under H. S. Code 6403/6405, the duty is 15%;
- (n) for provisions under H. S. Code 2007.10.10, the duty is 10%;
- (o) for office stationery under H. S. Code 4816/4817, the duty is 10%;
- (p) for electrical and electronic (household) under H. S. Code 8501.03, the duty is 10%;
- (q) for building materials (hardboard) under H.S. Code 4411.11.00, the duty is 10%;
- (r) for bags (school) under H.S. Code 4202.19.10, the duty is 10%;
- (s) for motor bikes under H.S. Code 8711.10, the duty is 10%;
- (t) for monosodium glutamate under H.S. Code 2922.42.00, the duty is 20%;
- (u) for mineral water and aerated water under H. S. Code 2201.10.00, the duty is 20%;
- (v) for paraffin wax under H.S. Code 2712.20.00, the duty is 20%;
- (w) for raw materials (for any manufacture) each under their substantive H.S. Codes, the duty is 3%.
- (x) for cement (finished product) under H.S. Code 2523, the duty is 20%”.

Passed in Parliament this *18th* day of *March*, in the year of our Lord two thousand and ten.

VICTOR A. KAMARA,
Clerk of Parliament.

THIS PRINTED IMPRESSION has been carefully compared by me with the Bill which has passed Parliament and found by me to be a true and correct printed copy of the said Bill.

VICTOR A. KAMARA,
Clerk of Parliament.

ACT

Supplement to the Sierra Leone Gazette Vol. CXLI, No. 25
dated 15th April, 2010

SIGNED this *9th* day of *April*, 2010

DR. ERNEST BAI KOROMA,
President.

LS

No. 2



2010

Sierra Leone

THE FINANCE ACT, 2010.

Short title.

**Being an Act to provide for the imposition and alteration of
taxation for the year 2010 and for other related matters.**

[1st January, 2010]

Date of commencement.

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

Commencement.

1. Unless otherwise provided, this Act shall be deemed to have come into operation on 1st January, 2010.

Amendment of Cap. 271.

2. The Customs Act is amended by the insertion immediately after section 238 thereof of the following:—

“Revenue stamps for tobacco and alcohol products 238A (1) As from 1st April, 2010, there shall be placed on every tobacco product and every alcoholic beverage imported into or manufactured in Sierra Leone a revenue stamp issued by the National Revenue Authority for that purpose.

(2) Any person who contravenes this section commits an offence and shall be liable on conviction to a fine not exceeding Le100,000 or ten times the value of the stamps required for the purposes of subsection (1), whichever is the higher”.

Amendment of Act No. 16 of 1972.

3. The Pay-roll Tax Act, 1972 is amended—

- (a) in section 18 thereof, by the repeal and replacement of the words “two hundred leones” appearing therein, by the words “two million leones”;
- (b) in section 19 thereof, by the repeal and replacement of the words “one thousand leones” appearing therein, by the words “five million leones”.
- (c) in section 20 thereof, by the repeal and replacement of the words “one hundred leones” appearing therein, by the words “two million leones”.

Amendment of Act No. 7 of 1988.

4. The Forestry Act, 1988 is amended in section 25A by the substitution for the words “US\$1500” appearing at the end thereof, of the words “US\$10,000.”

Amendment of Act No. 11 of 1990.

5. The Development of Tourism Act, 1990, is amended—

- (a) in section 30 thereof –
 - (i) by the repeal of paragraph (b);
 - (ii) by the repeal and replacement of paragraph (c) by the following:—

“(c) relief from income tax—

- (i) for a period not exceeding five years; and
- (ii) in value, not exceeding, during the tax holiday period, one hundred and fifty percent of the original capital invested;”;
- (iii) by renumbering the section as subsection (1) and inserting the following as subsection (2):—

“(2) In paragraph (c) of subsection (1), the expression “original capital invested” means, for the purposes of taxation, both the equity and non-equity capital initially utilized in setting up the business”.

- (iv) in subsection (1), by the insertion immediately after the words “amenity” of the following:—
“with a minimum number of rooms for hotels established in the Western Area of 50 rooms and 10 rooms for the rest of the country”.

- (b) by the repeal and replacement of section 31 by the following:—

“Capital allowances

31. 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 the provisions of the Seventh Schedule to the Income Tax Act, 2000:

Provided that an investment allowance of sixteen percentum 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.”

- (c) in section 32 thereof, by the substitution for the words “Part VI of the Income Tax Act” of the words “Part IV of the Income Tax Act, 2000”;

- (d) in section 34 thereof, by the deletion of the word “easily” appearing in subsections (1) and (2) thereof;
- (e) by the repeal and replacement of section 35 thereof by the following:–

“Application of Act No. 16 of 1972. 35. Tax relief for the employment of expatriate staff for the purposes of tourism development may be obtained under the Pay-roll Tax Act, 1972”.

Amendment of Act No. 8 of 2000.

6. The Income Tax Act, 2000 is amended–

- (a) in section 21 thereof, by the substitution for the word “1994” of “2009”;
 - (b) in section 31 thereof–
 - (i) by the insertion immediately after “oil-palm” appearing in paragraphs (f) and (g) thereof, of the words “poultry, livestock and ruminants”;
 - (ii) by renumbering the section as subsection (1) and inserting the following as subsection 2:–
- “(2) The exemption in paragraphs (f) and (g) of subsection (1) shall apply–
- (a) 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; and
 - (b) in the case of a national–
 - (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 US\$500,000 in livestock production or processing.

- (c) in subsection (2) of section 32 thereof–

- (i) by inserting immediately after paragraph (a) thereof, the following new paragraph:–

“(aa) cash and capital items, at their fair market values as determined by the Commissioner-General, given or donated by the taxpayer in the course of generating chargeable income or in deriving sales or promoting the activities of the business to the extent of 50% of the market value or values so determined;”;

- (ii) by the repeal of paragraph (b);

- (iii) by the substitution of a semi-colon for the full-stop at the end thereof and inserting the following as paragraph (d):–

“(d) at the rate of one hundred and twenty five percent–

- (i) any expenses on training of staff in an approved training programme;
- (ii) any expenses on social services such as building of schools and hospitals and any investments outside the scope of the original investment that would also be available to the general public for use free of charge;
- (iii) expenses which are aimed at promoting exports and the supply of goods overseas;
- (iv) freight charges from the quay to a factory or processing site not located within Freetown;
- (v) expenditure incurred promoting an export quality standard Sierra Leonean owned product”.

- (d) in section 37 thereof, by the insertion immediately after the word “deduction” appearing in subsection (1) thereof, of the words “of 125%”;
- (e) in section 95 thereof, by the substitution for the word “taxpayers”, wherever it occurs in subsection (1), of the word “persons”;
- (f) by the insertion of the following new section:-

“ Commi- 30A (1) Where a withholding agent-
 ssioner-
 General may
 reassess tax
 withheld

- (a) fails to file the statement required by section 128;
- (b) fails to withhold tax as required by this Act;
- (c) fails to pay to the Commissioner-General any tax that has been withheld; or
- (d) has filed the statement required by section 128 and the Commissioner-General is of the opinion that the information provided in the statement does not correctly disclose the amount of the tax that should have been withheld,

the Commissioner-General may, according to his best judgment, determine the amount of the tax payable and may make an assessment accordingly.

(2) A withholding agent may file with the Commissioner-General an objection to any assessment made by the Commissioner-General under subsection (1) and the provisions of Part XVII relating to objections and appeals shall, with the necessary modifications, apply to the determination of the objection filed”.

- (g) (i) by the repeal and replacement of section 154 by the following:-

“Tax
 evasion.

154. A person who willfully evades or defeats or attempts to evade or defeat tax imposed by this Act either by, among other things, physically or otherwise preventing the tax officer from access to tax information or the business premises of the taxpayer during normal working hours or the payment and collection of such tax, commits an offence and, in

addition to any penalty otherwise provided, shall be liable, on conviction, to a fine not exceeding the amount specified in paragraph 12 of the Ninth Schedule or to a term of imprisonment not exceeding five years, or both.”.

- (ii) in paragraph 12 of the Ninth Schedule, for the fine of “Le1,000,000” specified in relation to section 154, substitute the fine of “Le10,000,000.”

(h) in the Sixth Schedule-

- (i) by the repeal and replacement of paragraph 1 by the following:-

“1. The rate of tax applicable to companies under section 21 for the year of assessment commencing after 1st January, 2010 shall be thirty percent, subject to any additional tax on profits agreed between the Ministry responsible for mineral resources and the company concerned”;

- (ii) in paragraph 3 (a), for “residents” substitute “affiliates”;

- (iii) in paragraph 3 (b), for “non-residents” substitute “non-affiliates” and for “15 per cent”, substitute “5 percent”;

- (iv) in paragraph 3(h), insert immediately after the word “contractors” the words “who are not party to a double taxation avoidance agreement with the Government of Sierra Leone”; and for “10 percent” substitute “5 percent”;

- (v) insert a new paragraph 3(j) as follows:-

“3(j) on payments to non-resident contractors who are party to a double taxation avoidance agreement with the Government of Sierra Leone, 10 percent.”.

- (vi) paragraph 4 is deleted and replaced by the following:-

“4. If the holder of a small-scale mining licence or a large-scale mining licence does not maintain audited accounts pursuant to subsection (3) of section 69, then the licence holder shall pay a minimum income tax of three percent of turnover.”

- (vii) in paragraph 5, insert immediately after the word “assessment.” appearing at the end thereof, the following:-

“Accumulated losses can be carried forward up to a maximum of ten years from the date of commencement of commercial production”.

- (viii) Paragraph 6 is deleted and replaced by the following:-

“6. Where a deduction for head office expenses exceeds one-half percent of sales, any excess of such expense shall be treated as a dividend under section 85.

7. Where a deduction for interest payable on loans is prohibited because the total debt of the paying company exceeds three times the total equity and where interest payments exceed fifty percent of income before capital allowances, any amount disallowed shall be treated as a dividend under section 85”.

- (ix) insert a new paragraph 8 as follows:-

“8. Costs associated with reclamation, rehabilitation and mine closure or payments made towards providing financial surety for environmental liabilities will be fully deductible in the year in which they were incurred”.

- (x) insert a new paragraph 9 as follows:-

“9. The Minister responsible for mineral resources shall advise the Commissioner-General of-

- (a) any “appropriate price” determined and the circumstances of that determination;
- (b) when a holder of mineral rights is permitted to deduct expenditures incurred on an exploration licence from income attributed from a large-scale mining licence;

(c) the nature (but not the content) of any document or information obtained by order of the Minister and the reason for ordering its production.”,

(h) in the Ninth Schedule-

(i) by the repeal of paragraph 3;

(ii) in paragraph 6, by the substitution for “five percent” appearing therein of “twenty percent”.

7. The Schedule to the Customs Tariff Act, 1978, being the External Tariff of the Republic of Sierra Leone, is amended :- Amendment of Schedule to Act No. 16 of 1978.

(i) by numbering the existing entries as “PART I” and inserting the following as “PART II”.

“(a) for onions under H.S. Code 0703.10.00, the duty is 15%;

(b) for potatoes under H.S. Code 0701.90.00, the duty is 15%;

(c) for tomato paste under H. S. Code 2002.90.10, the duty is 10%;

(d) for cooking oil under H. S. Code 1515, the duty is 10%;

(e) for powdered milk/baby food under H.S. Code 0402.21.21, the duty is 10%;

(f) for toilet soap under H. S. Code 3401.11.10, the duty is 15%;

(g) for wheel barrow under H. S. Code 8716.80.90, the duty is 10%;

(h) for batteries under H. S. Code 8506.11.00, the duty is 10%;

(i) for cellotapes under H. S. Code 4823.11.00, the duty is 10%;

(j) for cotton buds under H. S. Code 3005.90.00, the duty is 15%;

(k) for textile under H. S. Code 6105.90.00/6106.90.00, the duty is 10%;

(l) for iron rods under H. S. Code 7215.90, the duty is 10%;