

- (c) if, after the passage of the Bill to which it relates, the President refuses his assent thereto; or
- (d) at the expiration of a period of four months from the date it came into operation or such longer period from that date, as may be specified in any resolution passed by Parliament, after the Bill to which it relates has been introduced.

(3) For the purposes of this section, a Finance Bill is a Bill whose principal purpose is the imposition or alteration of taxation.

Passed in Parliament this *11th day of April*, in the year of our Lord two thousand and six.

A. A. KEMOKAI,
for 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.

A. A. KEMOKAI,
for Clerk of Parliament.

ACT

Supplement to the Sierra Leone Gazette Vol. CXXXVII, No. 24
dated 11th May, 2006

SIGNED this *10th day of May, 2006*

ALHAJI AHMAD TEJAN KABBAH,
President.



No. 7



Sierra Leone

2006

The Finance Act, 2006.

Short title.

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

[1st January, 2006] Date of commencement.

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

Commen-
cement

1. Unless otherwise provided, this Act shall be deemed to have come into operation on the 1st January, 2006.

Amendment
of Act No. 8
of 2000.

2. The Income Tax Act, 2000 is amended —

(a) by the repeal and replacement of section 120 by the following:—

“Payment of
royalties

120 (1) Subject to subsections (2), (3) and the Sixth Schedule, a person resident in Sierra Leone who pays royalty shall withhold tax on the gross amount of the payment —

- (a) in the case of payment made to a person resident in Sierra Leone, at the rate prescribed in Part IV of the First Schedule; and
- (b) in the case of a payment made to a non-resident person, at the rate prescribed in Part II of the Second Schedule.

(2) Subsection (1) shall not apply to royalties—

- (a) in respect of property owned by a person or organisation referred to in section 8 or 9;
- (b) the payment of which the Commissioner-General certifies to be exempt from the requirements of this section.

(3) This section shall apply to rental income as follows:—

- (a) the rate of tax on taxable rental income shall be 10% with the taxable rental income being arrived at by granting to the landlord—

- (i) non-taxable threshold of Le1,500,000 in the aggregate ; and
 - (ii) a tax deductible allowance of 20% of the gross rental income that is in excess of the non-taxable threshold;
- (b) individual tenants shall withhold tax on rents payable to non-resident landlords but not on rents payable to resident landlords;
 - (c) institutional tenants paying rent to either resident or non-resident landlords shall withhold tax on the rent payable;
 - (d) a landlord receiving rent above the non-taxable threshold shall provide details of the tenancy agreement to the National Revenue Authority not later than 90 days after the conclusion of the agreement, failing which he shall be liable to the prescribed penalty;
 - (e) the due date for the payment of tax on rental income and the filing of the relevant returns shall be —
 - (i) the first day of each lease year (that is to say, the calendar day and month on which the lease or tenancy agreement came into force) with a grace period of 90 days;
 - (ii) in the case of a tenancy in respect of which there is no written agreement, the first day of January of each calendar year with a grace period of 90 days;
 - (f) any amount in respect of tax on rental income remaining unpaid beyond the grace period of 90 days shall attract interest at the rate of 35% per annum for as long as it remains unpaid;

- (g) any profit accruing from a sub-lease or other sub-letting arrangement shall be taxed as if it were rental income.”;
- (b) in section 129, by inserting the following immediately after subsection (3) thereof:–

“(4) Without prejudice to any action available to the National Revenue Authority to recover the tax due from the payer or payee, where a person has failed to deduct withholding tax from any payment from which tax should have been withheld, such payment shall not be allowed as an expense for the purpose of ascertaining the income of that person.”;

- (c) in section 174 by renumbering the existing section as subsection (1), and inserting immediately thereafter the following:–

“(2) The certificate of tax clearance referred to in subsection (1), shall not be issued unless the applicant therefor produces to the satisfaction of the Commissioner-General or such other officer deputed in that behalf by the Commissioner-General, evidence that he has discharged such other tax and non-tax liability arising under any of the enactments specified in the First and Second Schedules to the National Revenue Authority Act, 2002, as applicable”.

Duty-waiver administration. Act No. 6 of 1991

3. (1) Subject to section 110 of the Constitution of Sierra Leone, the responsibility for duty waiver administration is hereby transferred to the National Revenue Authority, with the Minister of finance retaining responsibility for policy guidelines thereon.

(2) The National Revenue Authority shall charge a non-refundable administrative fee at the rate of 1.25% of the CIF value of all goods in respect of which duty waiver is granted to cover the administrative cost of processing the duty-waiver application.

(3) Eligible entities shall, at the commencement of each financial year, prepare and forward for the approval of the National Revenue Authority, exhaustible lists of goods in respect of which they will be applying for duty waiver, and the National Revenue Authority may undertake stock-taking of goods in respect of which duty-free concessions are granted.

(4) Persons and organizations applying for duty-free concessions may be required to pay duties up front on any ambiguous waiver requests, but refund of such duties may be granted where the Commissioner-General is satisfied of the entitlement of the applicant to the waiver.

4. For the avoidance of any doubt, a government Ministry or department shall be liable to pay import duty on its imports.

Import duty liability of Government Ministries, etc.

5. The Sales Tax Act, 1995 is amended in section 4–

Amendment of Act No. 5 of 1995.

- (a) by the repeal and replacement of subsections (1) and (2) thereof by the following:–

“Levying of sales tax, etc.

4. (1) Subject to section 5, a tax to be known as sales tax shall be levied on –

- (a) all goods subject to customs duty under the Customs Laws;
- (b) all goods subject to excise duty under the Excise Laws;
- (c) all goods listed in the First Schedule; and
- (d) local telephone calls and professional services.

- (2) The rate of the sales tax shall be—
- (a) in respect of goods, fifteen percent of the taxable value of the goods referred to in paragraphs (a), (b) and (c) of subsection (1); and
 - (b) in respect of services, ten percent of the gross amount payable in respect of the telephone calls or professional services, as the case may be:—
- Provided that medical services and any professional services provided under a contract of service shall be exempted from the sales tax under paragraph (d) of subsection (1).”;
- (b) by the insertion immediately after subsection (3) thereof of the following:—
- “(4) Paragraph (d) of subsection (1) and paragraph (b) of subsection (2) excluding professional services, shall be deemed to have come into operation on the 1st January, 2005”.

Reports on non-tax revenues retained by Ministries, etc.

6. A Government Ministry or department which is authorized by or under an Act of Parliament to retain for the purpose of defraying its expenses any non-tax revenue derived from its operations shall, within three months after the financial year in which such revenue was collected, prepare and submit to the National Revenue Authority, a report in respect of the amount of such revenue collected.

National Revenue Authority may require cancellation of Government lease.

7. The Commissioner-General of the National Revenue Authority may require the cancellation or termination by the competent authority of the lease of any State land in respect of which the lessee is in default of payment of rent for 5 years or more without any payment plan approved by the Authority.

- 8.** The proviso to subsection (4) of section 25 of the Government Budgeting and Accountability Act, 2005 is hereby amended by the substitution of the words “three percent” for the words “two percent” appearing therein. Amendment of Act No. 3 of 2005.
- 9.** (1) There shall be charged for the replacement of a lost or misplaced customs document, a fee of two hundred thousand leones. Fees for replacement of lost customs document.
- (2) In this section “customs document” means any document relating to the forwarding or clearance of goods under the Customs Act, the Customs Tariff Act, 1978 and any order, proclamation, regulation or other statutory instrument made under any of them. Cap. 271 Act No. 16 of 1978
- 10.** (1) Pursuant to subsection (3) of section 110 of the Constitution, the Minister of Finance may, by order made by statutory instrument, provide that such provisions of a Finance Bill, including the Bill for this Act, as may be specified in the order shall, until the Bill becomes law, have the force of law for a period not exceeding four months and that any amendment to the Bill made after the date of the order shall not affect the previous operation of the Bill or anything duly done or suffered thereunder. Provisional enactment of Finance Bills, etc.
- (2) The order referred to in subsection (1) shall, unless sooner revoked, cease to have effect—
- (a) if the Bill to which it relates is not passed within such period from the date of its first reading in Parliament as may be prescribed by Parliament; or
 - (b) if, after the introduction of the Bill to which it relates, Parliament is prorogued or dissolved; or