



NATIONAL REVENUE AUTHORITY

ANNUAL REPORT 2014

BY:

Monitoring Research and Planning (MRP)

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Executive Summary

Since the inception of the National Revenue Authority (NRA) in 2002, the institution has mostly been a success story particularly in the execution of its core mandate of collecting and accounting for all tax and non-tax revenues in the country. Revenue performance has always been on the increase even in periods when the Authority fell short of its annual target.

The 2014 Financial Year was faced with notable economic shocks including the outbreak of the deadly Ebola Virus Disease (EVD) and financial challenges faced by the two (2) main iron companies in the country - London Mining Limited (LM) and the African Minerals Limited (AML). Both shocks have had significant consequences on revenue collection in the year.

Due to advent of those challenges, the NRA failed to meet the original government set and approved annual revenue target of Le2.468 trillion; but however, met and surpassed the revised end of year projection agreed by both Ministry of Finance and Economic Planning (MoFED) and IMF by Le41.9 billion. Actual total revenue collected by the Authority in 2014 amounted to Le2.174 trillion as against the end of year agreed/programme target of Le2.132 trillion. This collection fell slightly below that collected in the previous year 2013 by Le 38.2 billion. This represented the only year the Authority recorded a decline in revenue (of 1.7%) in the history of the NRA, for reasons previously highlighted.

Had it not been for the resolute and resilient collection strategies implemented by the NRA Management and staff, collection would have been far worse than what was realised. With this collection, the Authority was strongly able to support MoFED in the execution of government budget during both crises, in addition to augmented budgetary support from especially the IMF and the traditional budget support partners.

Of the 2014 collection, the Domestic Tax Department (DTD) collected Le1.38 trillion (accounting for 64% of total collection); the Customs and Excise Department (CED) collected Le500.1 billion (accounting for 23% of total collection); and the Non-Tax Revenue (NTR) Department collected Le293.2 billion (accounting for 13% of total collection).

On duty-free administration, actual total Import Duty and Import GST waiver concessions declined by 18% (i.e. from Le453.4 billion in 2013 to Le372.3 billion in 2014). This indicates a notable improvement in duty waiver administration over this period. However, discretionary duty waivers significantly increased in 2014 compared to the previous year; mainly influence by waivers granted to MDAs which contravenes the 2006 Finance Act.

The resilient revenue performance experienced in 2014 was necessitated by effective implementation of a combination of series of revenue mobilization

measures/strategies including the use of securitized GST receipts, implementation of the Small and Micro Enterprises (SME) Regime, Introduction of Short-Term Revenue Improvement Project (STRIP), Increase in media campaigns and comprehensive sensitisation on the payment of taxes and duties.

Whilst the revenue collecting agencies of the NRA were pivotal to the Authority's resilient collection, the collaborative support realised from support departments of the Authority could not go unrecognised. This is seen in the analysis of their individual activities and or projects presented in section five of the report.

The National Revenue Authority remains grateful to its stakeholders including the reliable taxpayers and looks forward to a less challenging and economically revived 2015.

TABLE OF CONTENT

Executive Summary	ii
List Of Tables	vii
List Of Figures	viii
Abbreviations	ix
SECTION ONE	11
1.0 GENERAL INTRODUCTION.....	11
1.1 Introduction	11
1.2 Overview of Domestic Revenue Collection in 2014.....	11
SECTION TWO	13
2.0 DOMESTIC REVENUE PERFORMANCE IN 2014.....	13
2.1 Introduction	13
2.2 Trend in Revenue Collection, 2000 - 2014.....	13
2.3 Tax Revenue /GDP Performance 2010 – 2014.....	14
2.4 Revenue Performance Analysis 2014.....	15
2.4.1 Overview of the NRA 2014 Annual Target.....	15
2.4.2 2014 NRA Revenue Performance Compared to Target.....	16
2.4.3 Trend in Quarterly Revenue Performance 2014	17
2.4.4 Monthly Revenue Performance Analysis 2014	18
2.5 Reasons for Revenue Performance in 2014.....	19
2.6 Comparative NRA Performance 2013 Vs. 2014.....	19
2.7 Key Revenue Mobilisation Measures Implemented in 2014.....	21
SECTION THREE	22
3.0 PERFORMANCE OF OPERATIONAL DEPARTMENTS IN 2014	22
3.1 Introduction:	22
3.2 Domestic Tax Department	22
3.3 Goods and Services Tax (GST) Revenue Performance	23
3.4 Analysis of Key Tax Variables	24
3.4.1 Tax Register 2013 Versus 2014.....	24
3.4.2 Analysis of Tax Returns Filing 2014.....	25
3.4.3 Taxpayer Identification Number (TIN) Statistics 2008 – 2014.....	27

3.4.4 Field Tax Audits in 2014	28
3.5 Customs and Excise Department.....	29
3.5.1 Customs and Excise Revenue 2014.....	29
3.5.2 Outstation CED collection by collection Points	30
3.5.3 Risk Management and Post Clearance Audit 2014.....	31
3.5.4: Trade Facilitation 2014	33
3.6 Non-Tax Revenue Department	33
3.6.1 Mines Revenue Performance	34
3.6.2 Revenue Performance of 'Other Departments' of the NTR.....	34
SECTION FOUR	36
4.0 DUTY-FREE CONCESSIONS 2014	36
4.1 Introduction	36
4.2 Category of Duty Waiver Concession	36
4.3 Duty Waiver Applications processed in 2014.....	37
4.4 Duty Waiver Analysis 2013 Versus 2014.....	37
4.5 Discretionary Duty Waivers	39
SECTION FIVE.....	41
5.0 ACTIVITIES OF SUPPORT DEPARTMENTS/UNITS.....	41
5.1 Introduction	41
5.2 ADMIN AND HUMAN RESOURCE DEPARTMENT (AHRD)	41
5.2.1 Staff Strength of the Authority 2014	41
5.2.2 Staff Separation 2014	42
5.2.3 Staff Recruitment 2014.....	43
5.2.4 Staff Promotion 2014	44
5.2.5 Staff Training.....	44
5.2.6 Key Activities of AHRD in 2014	45
5.3 MONITORING, RESEARCH AND PLANNING (MRP) DEPARTMENT	46
5.3.1 Staff strength and other specifics about the Department	47
5.3.2 MRP Departmental Activities 2014.....	47
5.3.2.1 Policy Support and Research.....	47
5.3.2.2 Monitoring and Planning activities	48
5.3.2.3 Response to External Data Requests	48

5.4 INFORMATION, COMMUNICATION & TECHNOLOGY (ICT) DEPT.....	49
5.4.1 Key Activities Accomplished in 2014	49
5.4.2 Availability of Computers	50
5.4.3 Key Challenges faced in 2014.....	51
5.5 FINANCE & BUDGET DEPARTMENT	51
5.5.1 Notable Achievements in 2014	51
5.5.2 Key Challenges of the Department	52
5.6 CORPORATE SERVICES DEPARTMENT	52
5.6.1 Achievement of the Corporate Services (CS) Department in 2014....	53
5.6.2 Challenges of the CS Department.....	54
5.7 INTERNAL CONTROLS AND AUDIT	55
5.7.1 Staff Strength of the ICA Department.....	55
5.7.2 Key Challenges of ICA Department.....	55
5.7.3 Update on 2014 Activities	55
5.8 REVENUE INTELLIGENCE AND INVESTIGATION UNIT (RIIU).....	56
5.8.1 Activities Undertaken in 2014	57
5.8.2 Key Investigations Conducted in 2014	58
5.8.3 Key Challenges of the Unit	58
5.9 EXTRACTIVE INDUSTRY REVENUE UNIT (EIRU).....	59
5.9.1 Achievement of EIRU in 2014.....	59
5.9.2 Challenges of the EIR Unit	60
6.0: Conclusion	61
7.0 Strategic Activities Planned for 2015.....	61
APPENDIX A	65
APPENDIX B	66

LIST OF TABLES

Table 1: NRA Revenue Performance 2014 (Amount in Million Leones).....	6
Table 2: Comparative Revenue Performance Analysis 2014 VS 2013 (Amount in M' Leones).....	11
Table 3: Tax Register 2014 VS 2013.....	16
Table 4: Tax Returns filing for 2014 (% of taxpayers filing tax returns on time).....	17
Table 5: TIN Statistics 2008- 2014.....	18
Table 6: Operational Statistics for Audit (DTD).....	20
Table 7: Breakdown of CED Outstation Collection: 2013 against 2014 (in million Leones).....	22
Table 8: Duty Waiver Applications Received and Processed in 2014.....	28
Table 9: Monthly Comparative Analysis of Duty Waiver Concession (Le M')..	29
Table 10: Duty Waiver Concession Granted in January- December, 2013 and 2014 by category of exemptions (Le M')	30
Table 11: Staff Strength of the Authority in 2014.....	34
Table 12: Staff Recruitment Statistics in 2014 on Departmental Basis.....	35
Table 13: Staff Promotion Statistics 2014	36
Table 14: Key Activities Undertaken by the AHRD in 2014	37
Table 15: List of Activities Accomplished by ICT Department in 2014.....	42
Table 16: List of Activities Accomplished by CS Department in 2014.....	45
Table 17: List of Internal Audit Activities undertaken by ICA Department in 2014.....	48

LIST OF FIGURES

Figure 1: Trend in Actual Revenue Performance: 2000 -2014.....	3
Figure 2: Annual Growth in Actual Revenue: 2000 -2014	4
Figure 3: Tax Revenue as % of GDP: 2010 -2014	5
Figure 4: Quarterly Revenue Performance by NRA 2014(in M' Leones).....	8
Figure 5: Trend in NRA Actual Revenue Collection (in M' Leones).....	9
Figure 6: Income Tax Revenue Performance 1 st January- 31 st December.....	13
Figure 7: GST Revenue Performance: January- December 2014.....	14
Figure 8: Customs and Excise Department Revenue Performance by Revenue Stream (Amount in billion Leones).....	21
Figure 9: Mines Revenue Performance: January- December 2014.....	25
Figure 10: Other Departments Revenue Performance: 1 st January- 31 st December.....	26
Figure 11: Discretionary Duty Waivers, 2013 and 2014 (in Le Million).....	31
Figure 12: Staff Separation from the Authority in 2014.....	34
Figure 13: Number of Staff benefited from Training in 2014.....	36
Figure 14: Staff Strength of MRP Department.....	39

ABBREVIATIONS

AGD	Accountant General's Department
AfDB	African Development Bank
AHRD	Admin and Human Resources Department
ASYCUDA++	Automated System for Customs Data
BSL	Bank of Sierra Leone
CGO	Commissioner General's Office
CS	Corporate Secretariat
CSD	Customs Services Department
DFID	Department for International Development
DTD	Domestic Tax Department
DTIS	Domestic Tax Information System
EIRU	Extractive Industry Revenue Unit
EVD	Ebola Virus Disease
F & B	Finance and Budget
FBC	Fourah Bay College
GDP	Gross Domestic Product
GRPO	GST Relief Purchase Order
GST	Goods and Services Tax
ICA	Internal Controls and Audit
ICT	Information, Communication and Technology
IMF	International Monetary Fund
ITAS	Integrated Tax Administration System
ITR	Income Tax Revenue
KPI	Key Performance Indicators
LAN	Local Area Network
LTO	Large Tax Office
MDA's	Ministries, Departments and Agencies
MDBS	Multi-Donor Budget Support

MoFED	Ministry of Finance and Economic Development
MoU	Memorandum of Understanding
MRP	Monitoring, Research and Planning
NMA	National Minerals Agency
NRA	National Revenue Authority
NTR	Non-Tax Revenue
PAF	Performance Assessment Framework
PAF	Performance Assessment Framework
PATE	Public Affairs and Tax Education Unit
PCA	Post Clearance Audit
PFA	Personal Files Audit
PSSD	Preventive Services and Special Division
PTT	Performance Tracking Table
R & D	Resource and Development
RIIU	Revenue Intelligence and Investigations Unit
SLEITI	Sierra Leone Extractive Industry Transparency Initiative
SLP	Sierra Leone Police
SMT	Senior Management Team
SMTO	Small and Medium Tax Office
SSL	Statistics Sierra Leone
STRIP	Short Term Revenue Improvement Strategy
TIN	Taxpayer Identification Number
WAN	Wide Area Network
WCO	World Customs Organisation
WFP	World Food Programme
WHO	World Health Organisation

SECTION ONE

1.0 GENERAL INTRODUCTION

1.1 Introduction

This report is presented in five broad sections starting with a general introduction in Section One. Analysis of domestic revenue performance in 2014 starting with historic trend analysis of revenue collected by the National Revenue Authority (NRA) since inception is discussed in Section two; Section three provides analysis of domestic revenue performance in 2014 by key revenue streams; Section four makes a comparative analysis of Duty-Free Concessions granted in 2014 compared to 2013 and the final segment, Section five, provides a summary report on the activities of all support departments of the Authority.

Revenue figures reported in this report have been finalised through the revenue reconciliation process between the Authority and the Accountant General's Department (AGD) at the Ministry of Finance and Economic Development (MoFED).

1.2 Overview of Domestic Revenue Collection in 2014

The 2014 Financial Year was faced with notable economic shocks including the outbreak of the deadly Ebola Virus Disease (EVD) and financial challenges of the two main iron companies in the country. Both shocks have had significant consequences on revenue collection in the year. Since the establishment of the NRA by the National Revenue Authority Act, 2002, the institution has always been a success story in living up to its core mandate of collecting and accounting for all tax and non-tax revenues in the country.

Despite the numerous challenges encountered in 2014 especially those affecting revenue generation including the conspicuous reduction in importation in the second half of the year, evacuation of foreign experts, closing down of operations by the prominent mining companies (London Mining Ltd and African Minerals), drastic reduction in tourist activities, restriction of movement within the country coupled with the suspension of flights in to the country etc., the institution

continued to work relentlessly to generate the much needed domestic revenue to foster government's activities in all facets.

History of revenue performance at the NRA has always shown that the second half of the year addresses short falls encountered in the first half creating an opportunity to meet and surpass the annual revenue target. The year 2014 portrayed a different scenario in which the first half year deficit was not offset in the second half due to the outbreak of EVD and its associated problems which became very severe in the second half of the year. Notwithstanding these challenges and the failure to meet the International Monetary Fund (IMF) augmented annual target of Le2.228 trillion, the NRA surpassed a revised end of year projection agreed by MoFED and IMF by Le41.9 billion collecting Le2.174 trillion as against Le2.132 trillion.

Domestic revenue collection by the NRA is principally under the control of three operational departments; Customs Services Department (CSD) responsible for the collection of import duties, import GST, and excise duties on petroleum products; Non Tax Revenue (NTR) Department in charge of the collection of fines, licenses, mining and fisheries royalties, immigration fees, land registration fees, documentation fees, court fines etc and the Domestic Tax Department (DTD) liable for the collection of Personal Income Taxes (PIT's), profit and corporation tax including withholding taxes, excise duties on alcohol produced locally, Foreign Travel Ticket Tax and domestic GST. For accountability purposes, even though CSD collects import GST, it is accounted for under the Domestic Tax Department.

SECTION TWO

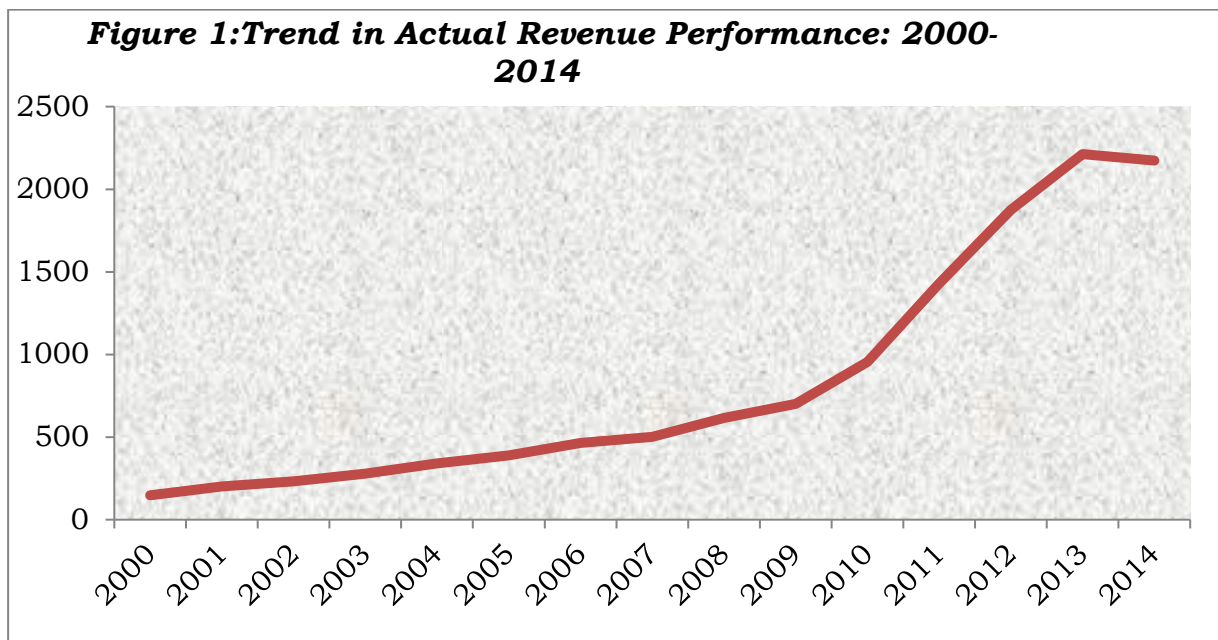
2.0 DOMESTIC REVENUE PERFORMANCE IN 2014

2.1 Introduction

This portion of the report provides an analysis of domestic revenue performance in 2014 starting with historic trends in revenue collection. The section also presents an analysis of the country's revenue effort, does a comparative analysis of the previous year's collection, highlight the main reasons for revenue outcome before concluding with the revenue enhancement measures implemented in the year.

2.2 Trend in Revenue Collection, 2000 - 2014

Since the inception of the National Revenue Authority (NRA) in 2002, revenue performance has always been on the increase even in periods when the Authority fell short of its annual target. Figure 1 gives a clear picture of actual revenue collection for a fifteen-year period 2000 - 2014. It must be noted here that revenue figures for the period 2000-2002 represent the pre-NRA era as the Authority commenced revenue collection operation in 2003.



As depicted in Figure 1, revenue increased from Le147.5 billion in 2000 to Le231.8 billion in 2002. The increase in revenue performance was more conspicuous in the period 2009 to 2013 in which actual collection leaped from

Le700.3 billion in 2009 to Le2.2 trillion in 2013. In this period (2009-2013), a whole lot of tax reforms were undertaken including the introduction of ASYCUDA++ and the Goods and Services Tax (GST) in 2010. The merger of GST and Income Tax Departments in 2011 also boosted revenue collection immensely. In other words, the revenue reforms in this period (2009 - 2013) translated into significant revenue growth especially between 2010 and 2013 as shown in Figure 2.

In 2014 however, revenue performance faced notable challenges including the outbreak of the deadly EVD and the temporary closure of two large mining companies - African Minerals Limited and the London Mining Company Limited, which by implication, impeded revenue collection efforts by the Authority.

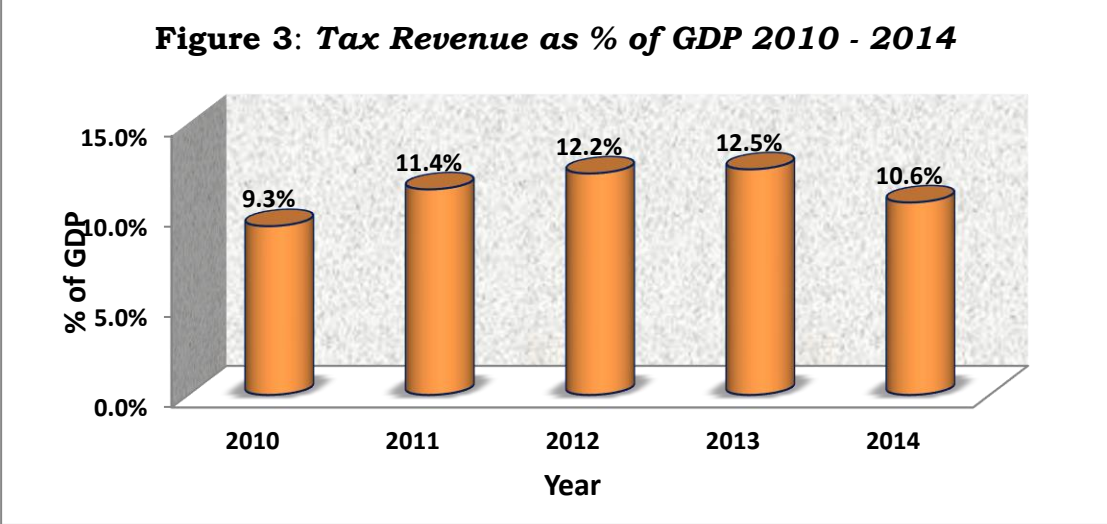


The reduction in actual revenue collection from Le2.212 trillion in 2013 to Le2.174 trillion in 2014 recorded the only negative revenue growth (of -1.7%) ever in the history of the NRA. It is worth noting that even though the Authority's highest collection was in 2014 (i.e. Le2.212 trillion,) its highest revenue growth was in 2011 (i.e. 49.5%) as shown in Figure 2.

2.3 Tax Revenue /GDP Performance 2010 – 2014

In most countries, revenue/GDP ratio is often used as a key performance indicator in measuring revenue mobilisation effort of revenue collection agencies, and the NRA is no exception. Since 2010, the Authority's revenue/GDP ratio grew consistently until 2014 as shown in Figure 3. The ratio

leaped from a low base of 9.3% in 2010 to 12.5% in 2013 but fell to 10.6% in 2014. This is likely attributable to the lower revenues received from reduced royalties from the financially challenged iron ore companies 2014 despite increased production levels in the year. Further, production in agriculture in 2014 was notably high despite the EVD outbreak and since this sector is largely untaxed, the increased agricultural output did not translate to revenues collected and hence the lower revenue/GDP ratio.



Source: MRP/NRA Database

2.4 Revenue Performance Analysis 2014

2.4.1 Overview of the NRA 2014 Annual Target

Before the start of the 2014, NRA's revenue target for the year was set at Le2.468 trillion. After an impressive first quarter revenue performance, the target was revised upwards to Le2.499 trillion and presented in a Supplementary budget endorsed by Parliament. With the emergence of the EVD in May 2014, which adversely impacted on the Authority's revenue collection, this target was revised downwards to Le2.228 trillion, often referred to as IMF Augmented Programme Target.

Just at the time the Augmented target was being concluded in late August, the financial challenges of the country's two main iron ore mining companies forced them administration and suspended operations. This necessitated the revision of the Augmented revenue target during IMF Programme review discussions held

in Paris in December 2014. The IMF together with government officials revised the 2014 NRA revenue target to Le2.132 trillion.

2.4.2 2014 NRA Revenue Performance Compared to Target

Total revenue collected by the NRA from January-December of 2014 amounted to Le2.174 trillion. This collection surpassed the revised Paris annual target, of Le2.132 trillion, by Le42 billion and represents 10.6% of GDP.

Table 1: NRA Revenue Performance 2014 (Billion Leones)

Detail	Revised Target	Actual Collection	Surplus/ Deficit	Cont. to Total NRA	Cont. to GDP
Total NRA Collection	2,132.5	2,174.4	41.9	100%	10.6%
Domestic Tax Department (DTD) o/w	1,353.5	1,381.0	27.5	64%	6.8%
<i>Income Tax Revenue (ITR)</i>	<i>888.2</i>	<i>915.7</i>	<i>27.5</i>	<i>42%</i>	<i>4.5%</i>
<i>Goods & Services Tax (GST)</i>	<i>465.3</i>	<i>465.3</i>	<i>0.0</i>	<i>21%</i>	<i>2.3%</i>
Customs & Excise Department (CED) o/w	480.8	500.1	19.3	23%	2.4%
<i>Import Duties</i>	<i>271.3</i>	<i>268.0</i>	<i>-3.3</i>	<i>12%</i>	<i>1.3%</i>
<i>Petroleum Excise</i>	<i>196.5</i>	<i>217.9</i>	<i>21.4</i>	<i>10%</i>	<i>1.1%</i>
<i>Other Excise</i>	<i>13.0</i>	<i>14.2</i>	<i>1.2</i>	<i>1%</i>	<i>0.1%</i>
Non - Tax Revenue Department (NTR) o/w	298.2	293.3	-4.9	13%	1.4%
<i>Mines Department</i>	<i>192.1</i>	<i>186.7</i>	<i>-5.4</i>	<i>9%</i>	<i>0.9%</i>
<i>Other Departments</i>	<i>106.1</i>	<i>106.6</i>	<i>0.5</i>	<i>5%</i>	<i>0.5%</i>
Gross Domestic Product (GDP)				20,432.1	

Source: MRP Staff Compilation

The Domestic Tax Department (DTD) collected Le1.38 trillion (accounting for 64% of total collection); the Customs and Excise Department (CED) collected Le500.1 billion (accounting for 23% of total collection); and the NTR Department collected Le293.2 billion (accounting for 13% of total collection); as depicted in Table 1.

From Table 1, it is evident that the DTD and the CED exceeded their respective targets. The NTR on the other hand, fell short of their revised target by Le4.9 billion largely because of short fall in mine collection during the period.

The DTD exceeded its revised Paris annual target by Le27.5 billion. This performance was largely the result of increased enforcement actions implemented in the second half of the year, with several defaulting businesses being sealed off.

CED collection relative to this target was equally impressive. The department exceeded its revised annual target by Le19.0 billion. For detail revenue performance by key revenue streams, see Appendix A.

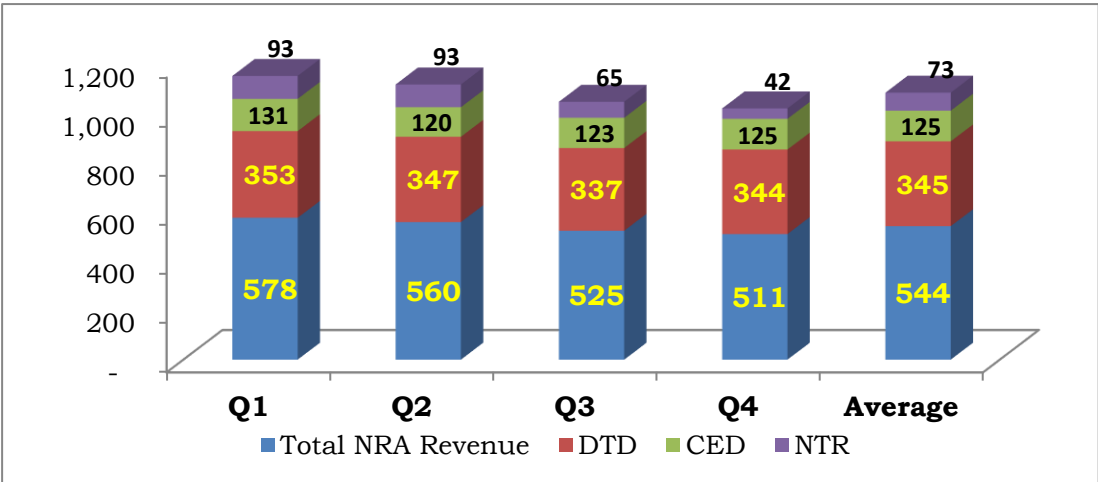
2.4.3 Trend in Quarterly Revenue Performance 2014

Even though the Authority’s quarterly performance in 2014 averaged Le544 billion, a greater portion of the total revenue collected in the year (Le2.174 trillion) was collected in the first two quarters Q1 & Q2) of the year.

Overall, quarterly revenue collection by the Authority showed a declining trend in 2014. As depicted in Figure 4, collection dropped from Le578 billion in Q1 to Le560 billion, Le525 billion and Le511 billion in Q2, Q3 and Q4 respectively. Similar trends were also observed with NTR and DTD quarterly collection; though unlike NTR, DTD collection slightly improved in Q4.

The CED however showed an erratic trend in their quarterly revenue collection, recording its highest and least quarterly collection in Q1 and Q2 respectively.

Figure 4: Quarterly Revenue Performance by NRA 2014 (Million Leones)



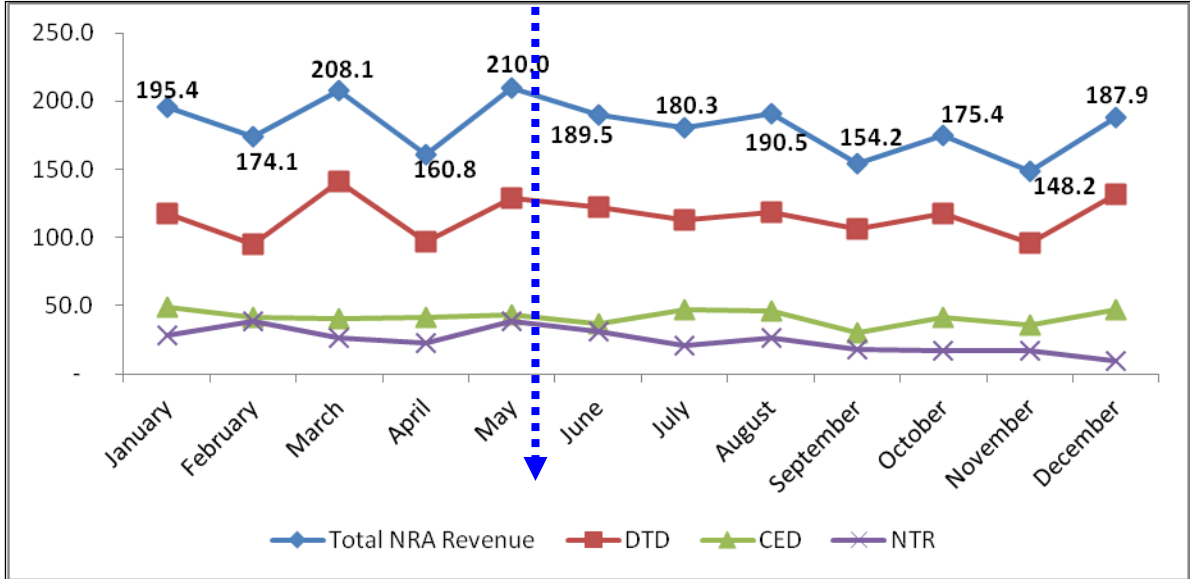
Source: MRP/NRA database

2.4.4 Monthly Revenue Performance Analysis 2014

As in the quarterly trend, the effect of the EVD and financial challenges of the mining sector was clearly evident in the monthly trends in revenue collection in 2014. Even though average monthly revenue collection for the FY2014 stood at Le182.4 billion, during the era of the EVD, average monthly collection dropped to Le175.1 billion (compared to Le189.7 billion in pre-EVD era). Figure 5 shows trend in NRA monthly revenue collection before the outbreak of the EVD (January – May) and during the Ebola outbreak (June – December).

Overall however, the monthly trend in revenue collection has been erratic, as has been the cases in previous years. DTD collection trends tend to dictate the overall NRA monthly collection trends since DTD accounts for a greater portion of NRA revenue. NTR collection seems to have shown a clear downward trend particularly since May, coinciding with the outbreak of EVD and collapse of the iron ore mining sector. The implication is that both economic shocks have affected NTR collection the most.

Figure 5: Trend in NRA Actual revenue collection (Million Leones)



DTD collection could have been equally affected by both economic shocks had it not been for the implementation of the Short-Term Revenue Improvement Strategies (STRIP) by the department in the second half of the year. This saw increased sensitisation; taxpayer reach and implementation of enforcement

actions in a bid to generate additional revenues to sustain government operations amid the crises.

2.5 Reasons for Revenue Performance in 2014

From Table 1 both DTD and CED exceeded their respective annual targets while NTR fell short of its revenue target by slight margin.

On the DTD front, the use of securitised GST receipts in early 2014 and the increased monitoring of its use were pivotal to the performance of its revenue; in addition to increased enforcement actions (seal off defaulting businesses) implemented in the second half of the year.

For the CED, the performance of Petroleum Excise revenue towards the end of the year was crucial to the overall performance of the department. The decline in Platt price (world market price) of petroleum products and the fact that the government maintained the pump price of fuel at Le4,500 per litre ensured the subsidy element of the retail tier was gradually being eliminated and in effect yielding significant additional revenues for the government. Further, the NRA engaged on a massive collection campaign on Oil Marketing Companies in December to ensure that these businesses paid their outstanding obligations.

The revenue short fall recorded by NTR on the other hand, was largely as a result of the underperformance of mines revenue especially diamond royalties (since iron ore royalties were already assumed to be zero due to the collapse of the industry).

In summary, even though the 2014 collection by the NRA may have been short of the original budgetary target of Le2.468 trillion set at the beginning of the year, based on subsequent revisions of the target to reflect the prevailing economic shocks, the Authority performed well; as it surpassed its revised annual target of Le2.132 trillion by about Le42 billion.

2.6 Comparative NRA Performance 2013 Vs. 2014

Analysing the performance of the NRA for 2014 also necessitates comparison with 2013. Hence, Table 2 reports revenue collection in 2014 and 2013. With a collection of Le2.174 trillion, despite the two huge economic shocks realised in 2014, this collection was not too different from that of Le2.212 trillion collected

in 2013. The NRA 2014 revenue was only Le38.2 billion (1.7%) short of its actual collection in 2013.

The DTD even collected Le8.2 billion more in 2014 compared to 2013 which was largely the result of improved collection from corporate taxes and domestic GST in 2014.

The 2014 total CED collection was also Le10.2 billion excess of its 2013 collection and this largely the result of impressive collection from petroleum excise which was Le17.3 billion more than its previous year's collection.

Actual 2014 revenue collection from the NTR department however was significantly lower than the 2013 collection by Le56.6 billion, arising largely from underperformance of mining revenue (royalties and licences). This of course largely had to do with the financial challenges of the iron ore sector in 2014.

Table 2: Comparative Revenue Performance Analysis, 2014 Vs 2013 (Million Leones)

<i>Detail</i>	Actual 2014	Actual 2013	Variance	% Variance
Total NRA Revenue	2,174,379	2,212,546	-38,167	1.7%
Domestic Tax Dept. (DTD)	1,381,023	1,372,841	8,182	0.6%
<i>Income Tax Rev.(ITR)</i>	915,734	931,706	-15,972	1.7%
<i>Goods & Services Tax</i>	465,289	441,134	24,155	5.5%
Customs & Excise Dept.	500,123	489,919	10,204	2.08%
<i>Import Duty</i>	268,038	268,713	-674	0.3%
<i>Petroleum Excise</i>	217,898	200,613	17,285	8.6%
<i>Other Excise</i>	14,186	20,593	-6,407	31.1%
Non-Tax Revenue (NTR):	293,234	349,787	-56,553	16.2%
<i>Mines Department</i>	186,674	235,042	-48,368	20.6%
<i>Other Departments</i>	106,560	114,744	-8,184	7.1%

Source: MRP Staff Compilation

In essence, with only a short fall of Le38.2 billion compared to 2013 in the midst of Ebola and collapse of the mining sector, the NRA performed well in relation to our mandate, ensuring that revenues in 2014 remained strong.

2.7 Key Revenue Mobilisation Measures Implemented in 2014

The relatively better revenue performance experienced in 2014 was necessitated by effective implementation of a combination of series of revenue mobilization measures/strategies. In the period under review (January – December 2014), the NRA embarked on numerous revenue enhancement measures including the following:

- The use of securitized GST receipts including strengthening of sensitization campaigns, workshops, taking receipt books to the doorstep of taxpayers, monitoring the effective use of the receipt books and the issuance of GST Relief Purchase Order (GRPO).
- The introduction of the Finance Act 2013 which provides for the implementation of the Small and Micro Enterprises (SME's) Regime in a bid to widen the tax base and increase voluntary tax compliance.
- Increase in media campaigns and sensitisation on paying taxes.
- Minimisation of customs revenue leakages through increased monitoring of customs examination and enforcement of the Customs Act 2011.
- The Introduction of STRIP in the second half of the year, which involved among other things, effective debt management, audits and assessments of companies and subcontractors, and collaborating with key stakeholders.

SECTION THREE

3.0 PERFORMANCE OF OPERATIONAL DEPARTMENTS IN 2014

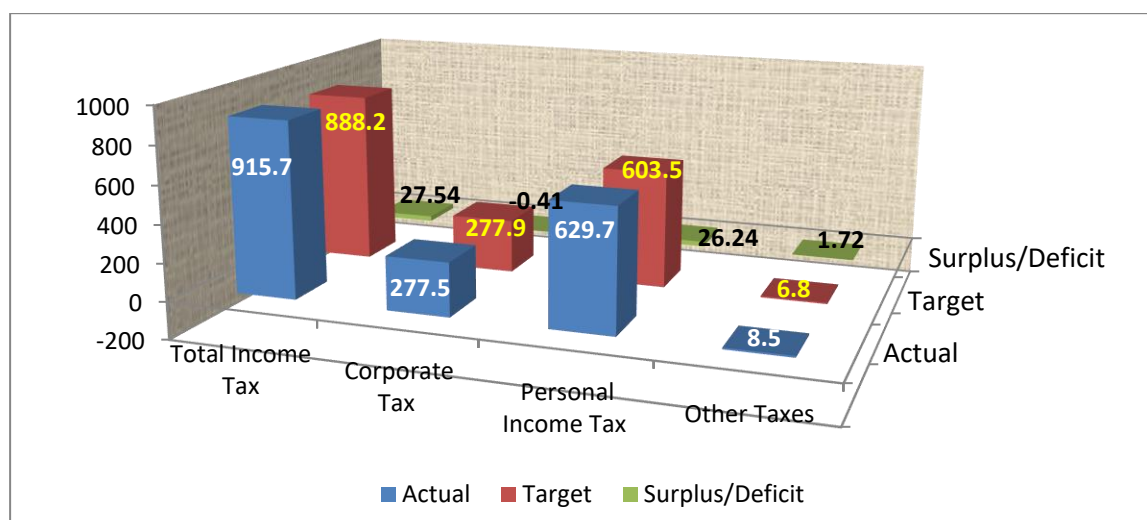
3.1 Introduction:

This part of the report presents the performance of the three operational departments of the NRA that are directly responsible for revenue collection and includes the DTD, the CED and the NTR. Performance is presented in terms of collection by revenue streams of the various departments. The section also provides a brief analysis of key tax variables, such as the tax register, Tax Identification Number (TIN), field audits and filing of tax returns. On the customs side, it further presents reports related to customs compliance, post-clearance audits and trade facilitation.

3.2 Domestic Tax Department

Total revenue collected by DTD in 2014 amounted to Le1.381 trillion which represents 63.5% of the total revenue collected by the Authority. DTD exceeded its annual programme target of Le1.353 trillion by Le27.5 billion.

Figure 6: Income Tax Revenue Performance: 1st January – 31st December 2014



Source: MRP Database

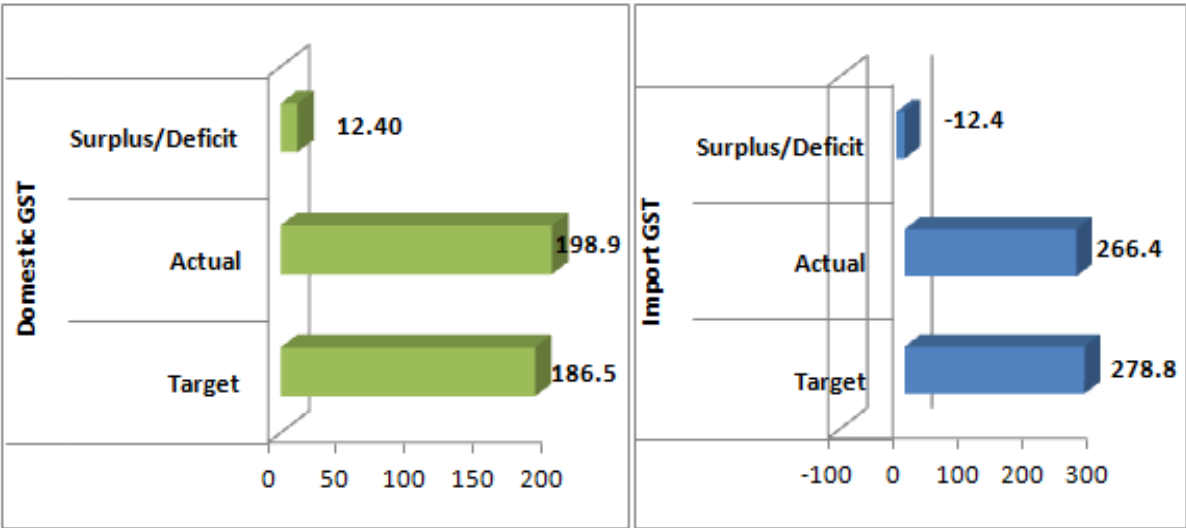
The DTD is made up of two major tax handles, income tax revenue and the GST revenue.

As depicted in Figure 6, Total Income Tax totalled Le915.7 billion against its target of Le888.2 billion; hence recording a surplus of Le27.5 billion. Of this collection, Personal Income Tax, the major sub-category of the income tax revenue stream collected Le629.7 billion exceeding its Le603.5 billion target by Le26.2 billion. Similarly, Other Taxes recorded a surplus of Le1.7 billion and Corporate Income Tax also just about met its annual target of Le277.9 billion during the period.

3.3 Goods and Services Tax Revenue Performance

GST is another revenue stream of the DTD that made immense contribution to the overall collection by the department. It comprised of two sub revenue streams - import GST which is collected by the CED at the time of clearing imported goods and Domestic GST directly collected by the DTD itself. Figure 7 presents the amount of GST collected in 2014 on both tax streams against the revised programme target.

Figure 7: GST Revenue Performance: January – December 2014



Source: MRP Database

Unlike the income tax revenue which recorded a noticeable surplus of Le27.5 billion, GST just met its programme's revenue target of Le465.3 billion. Of the total GST reported for the period, Domestic GST performed relatively well as it surpassed its target by Le12.4 billion while Import GST recorded a deficit of Le12.4 billion. This under-performance by the latter was offset by gains made by domestic GST to the extent total GST just met its overall annual target.

The performance of the department in 2014 has therefore been impressive despite the economic shocks experienced in the year. With a collection of Le1.381 trillion in 2014, not only did the department meet its annual target but were also Le8.1 billion above what they collected in 2013.

3.4 Analysis of Key Tax Variables

3.4.1 Tax Register 2013 Versus 2014

Tax register shows the number of taxpayers under a particular tax administration during a specific period, normally a year. It guides tax collection institutions to make the necessary projections in tax revenue mobilization. It is therefore necessary for revenue institutions such as the NRA to establish and always update the number of taxpayers they work with.

Table 3 gives a comparative analysis of the number of taxpayers by operational unit for the 2013 and 2014 Fiscal Year. The Large Taxpayer Office (LTO) recorded 150 and 185 taxpayers in 2013 and 2014 respectively. This shows that the number of taxpayers in this unit increased by 23%. Also, the number of medium taxpayers administered by the Small and Medium Tax Office (SMTO) increased from 600 in 2013 to 800 in 2014.

Freetown West and Freetown Centre reported a reduction in the number of taxpayers by 16% and 8% respectively whilst Freetown East accounted for a 10% increase. The reduction in the number of taxpayers managed by the two Freetown tax districts cannot be unconnected with the increase in the number of medium taxpayers managed by SMTO.

Table 3: Tax Register 2013 Versus 2014

Operational Unit	2013	2014	Variance	% Increase/ Decrease
LTO	150	185	35	23%
SMTO	600	800	200	33%
Freetown West	684	577	-107	-16%
Freetown East	500	550	50	10%
Freetown Centre	413	382	-31	-8%
Total	2,347	2,494	147	6%

It should be noted that there are taxpayers also being managed in the provincial head quarter towns of Bo, Kenema, Makeni and Kono that add up to the total of taxpayers registered with the DTD.

3.4.2 Analysis of Tax Returns Filing 2014

A tax return is a statement on an official form showing income, deductions, exemptions, and taxes due. It is also a form that the NRA requires a taxpayer to file within a specified date as stipulated the relevant tax laws. It details income subject to taxation and eligibility for deductions and exemptions, along with a remittance of the tax due or a claim for a refund of taxes that were overpaid. In Sierra Leone, the specified deadline for filing tax returns without incurring any interest or penalties for lateness is 30th April of the following year for annual corporate tax returns, 15th of the following month for monthly PAYE returns and the 30th of the following month for monthly GST returns.

Taxpayer compliance is an indicator that the Sierra Leone's Multi-Donor Budget Support (MDBS) partners monitor annually in their Performance Assessment Framework (PAF). In 2014, the MDBS donors targeted average proportion of taxpayers filing tax returns on time to reach 80% for large taxpayer and 60% for medium taxpayers. Table 4 presents these statistics for 2014.

Table 4: Tax Returns Filing for 2014 (% of taxpayers filing tax returns on time)

Taxpayer Category	Tax Type	Q1	Q2	Q3	Q4	2014 Actual	2014 Target
Large Tax Office (LTO)	GST	99	99	95	94	97	80
	PAYE	89	82	84	89	86	80
	Corporate Tax					95	80
	Average Returns	94	90	89	92	92	80
Medium Tax Office (MTO)	GST	83	78	72	66	75	60
	PAYE	71	66	59	37	59	60
	Corporate Tax					74	60
	Average Returns	77	72	66	52	70	60

Source: NRA

The table shows that the annual donor PAF target was met for both large taxpayers and medium taxpayers despite the quarterly decline in compliance for especially the medium taxpayers, clearly showing the effect of the EVD outbreak on compliance for this category of taxpayers. Compliance in GST and corporate taxes emerged to be particularly impressive for both categories of taxpayers.

This achievement was largely due to the implementation of the STRIP undertaken by the Authority which involved aggressive tax payer sensitisation and education, monitoring of taxpayer compliance, engagement with taxpayers, and application of enforcement actions where initial engagements failed to arrive at a favourable solution.

We made significant progress in improving compliance largely on account of extensive and intense media engagement on developmental issues within the Authority and on general tax issues despite the EVD. Our Public Relations strategies have been more robust this year compared to previous years, with increased electronic and print media coverage of taxpayer sensitisation and education matters. The redesigned NRA website went live, further improving and easing access of our services and information by our customers. Stakeholder's

consultative workshops on the Finance Act of 2013 and the provisions of other tax legislations were also held across the country.

3.4.3 Taxpayer Identification Number (TIN) Statistics 2008 – 2014

Before 2008, taxpayers were identified using file numbers with obvious duplications and constraints in identifying them. The former filing system of taxpayer identification posed series of system drawbacks ranging from being limited to Income tax administration only, long searching time, misplacement of files and the system being completely manual operations. With modern taxation moving away from manual processes to automation, the Authority in November 2008 established an operational unit within the then Income Tax Department charged with the responsibility of issuing TIN to its valued taxpayers as a tax administrative reform.

Table 5: TIN Statistics 2008 – 2014			
Year	No. of TIN Issued	Growth	% Growth
2008	58	-	-
2009	1,925	1,867	3219%
2010	5,647	3,722	193%
2011	6,337	690	12%
2012	6,339	2	0%
2013	6,078	-261	-4%
2014	5,221	-857	-14%
Total	31,605		

Source: TIN Issuance Office of the DTD, NRA

This reform has been successful since inception and TIN today is widely accepted in the Sierra Leone tax system as it is not only limited to direct taxation operations as opposed to the former file number arrangement. TIN is now used by every taxpayer for almost all their tax activities with the NRA. It is used as a requirement for registering new businesses, issuance of tax clearance certificates, assessment and audit purposes and in the clearing of goods /consignments at customs via ASYCUDA++.

Since inception in 2008 to end 2014, a total of **31,605** TINs have been issued to taxpayers, as shown in Table 5. It is important to note that this number includes one-off importers since all customs importers (whether commercial or individual) are required to have a TIN for clearing their consignments. This number therefore does not represent the total number of taxpayers/businesses in the country, as a significant proportion of that are personal/individual importers issued with a TIN.

TIN increased sharply from 58 in 2008 to 1,925 in 2009 recording highest growth rate of 3,219%. The issuance of TIN gradually continued to increase on to 2012 in which 6,339 TINs were issued indicating the highest annual issuance. Even though the number issues per annum declined the following years, the number remains high.

3.4.4 Field Tax Audits in 2014

In any country, taxation is assumed to be one of the most essential and important instruments of governments' fiscal policies and as such, the improvement of the efficiency of taxpayers' voluntary compliance and the effectiveness of collection procedures are of great significance. One important tool for improving efficiency and effectiveness of a tax system is the use of appropriate tax audit methods. The DTD of NRA therefore puts premium on tax audit as one of its main enforcement strategies. In contemporary times of voluntary compliance, field tax audit become vital to ensure taxpayers present reliable self-assessment information to the tax office.

Table 6 gives a breakdown of tax audits undertaken in 2014 and the resulting revenue collection. As can be seen in Table 6, SMTO planned to audit 172 taxpayers of the existing 850 medium taxpayers in 2014; but only completed 47 audits falling below target by 125. This was partly due to the unexpected Ebola outbreak during the period. LTO on the other hand exceeded their planned audit of 61 taxpayers by 8.

Table 6: Operational Statistics for Audit (DTD)

Office	No. of Audit		Amount in Billion Leones	
	SMT0	LTO	SMT0	LTO
Planned	172	61	3.0	50.0
Actual	47	69	1.6	35.5
Variance	-125	8	-1.4	-14.5
% Variance	-73	13	-47	-29

With respect to revenue recouped from audit exercise, SMT0 collected Le1.6 billion out of an assessed Le3.0 billion, whilst LTO collected Le35.5 billion out of an assessed Le50 billion; as also shown in Table 6.

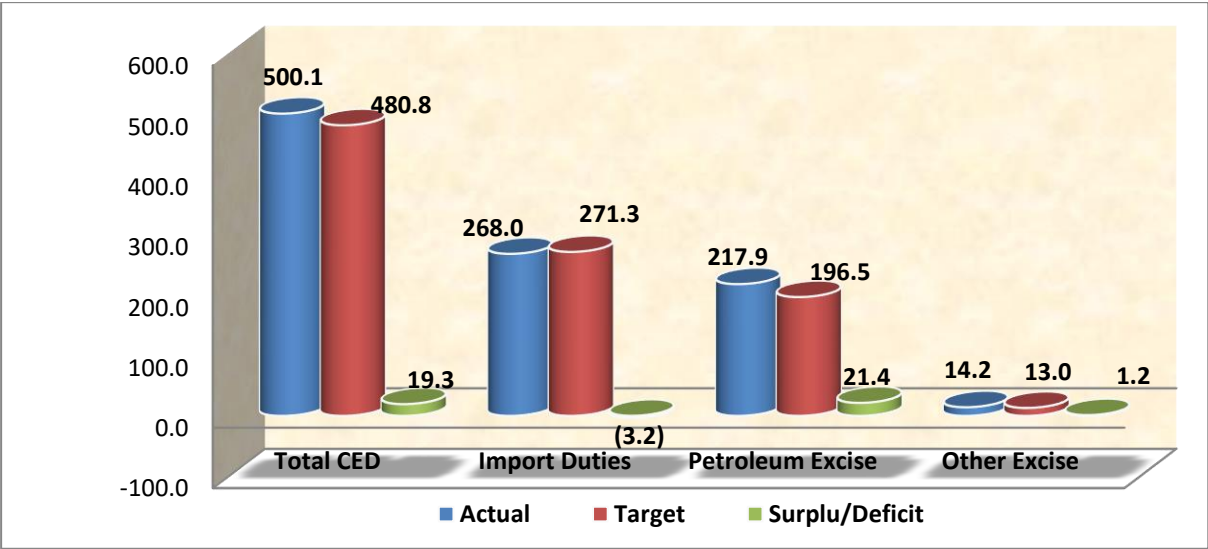
3.5 Customs and Excise Department

3.5.1 Customs and Excise Revenue 2014

The CED collected Le500.1 billion contributing 23.0% to the Authority's total revenue collection in 2014. The Department exceeded its annual target of Le480.8 billion by Le19.3 billion. This outstanding performance of CED's revenue against its programme target was attributed mainly to surplus collection recorded by petroleum excise.

Figure 8 gives a detailed breakdown of CED collection in 2014. Of this total collection, import duties amounted to Le268.0 billion slightly short of its annual programme target by Le3.2 billion. Petroleum excise which is the second major tax handle of the department performed well relative to its 2014 programme target. Revenue collected from petroleum excise amounted to Le217.9 billion against its programme target of Le195.5 billion, recording a surplus of Le21.4 billion. The other 'excise-tax' category which includes excises on alcohol import amounted to Le14.2 billion, also recording an excess collection of Le1.2 billion.

Figure 8: Customs and Excise Department Revenue Performance by revenue stream (Billion Leones)



Source: MRP Database

3.5.2 Outstation CED collection by collection Points

Outstations customs collection constituted 2.3% of total CED collection in 2014. This implies that virtually all customs collection comes from Queen Elizabeth II Quay.

Table 7 gives a detailed breakdown of CED outstation revenue collection by collection points. As shown in Table 7, the most significant CED outstation collection points are Lungi and Kambia which in 2014 collected 52.8% and 45.6% of the total CED outstation revenue respectively. Collection from other outstations remains negligible. In fact, Sanya and Kailahun/Baidu did not collect/report any revenue for the period under review.

Compared to 2013, Table 7 shows that outstations collection declined by almost 24% in 2014 which could largely be attributed to reduced import activities across the borders due to the spread of EVD and restriction of movement across borders.

Table 7: Breakdown of CED Outstation Collection: 2013 against 2014 (in million Leones)					
No.	Name of Outstation	Amount Collected			% Surplus/Deficit
		2014	2013	Surplus/Deficit	
1	LUNGI	5.95	7.88	- 1.94	-24.6%
2	KAMBIA	5.13	6.49	- 1.36	-21.0%
3	SANYA	0.00	0.00	- 0.00	-0.9%
4	KABALA	0.02	0.03	- 0.01	-45.9%
5	BO/KENEMA	0.02	0.09	- 0.06	-71.8%
6	KONO	0.02	0.03	- 0.01	-41.7%
7	M/RIVER BRIDGE	0.10	0.17	- 0.07	-40.2%
8	KOINDU/BUEDU	0.01	0.01	- 0.00	-21.4%
9	SUSANS BAY	0.02	0.06	- 0.05	-74.6%
10	KAILAHUN (BAIDU)	0.00	0.00	- 0.00	-100.0%
TOTAL		11.26	14.76	- 3.51	-23.8%

3.5.3 Risk Management and Post Clearance Audit 2014

Risk Management at Customs has remained a priority in recent years particularly since the implementation of the ASYCUDA project at the Quay. The NRA eventually implemented a risk management module with the aim of improving compliance but also to facilitate trade through reduction of import clearance delays for compliant importers. The risk management function with ASYCUDA involves three lanes in the clearance of goods - the Green Lane, Yellow Lane and Red Lane.

Importers with known history of compliance in their importation and imports of homogenous goods enjoy the facility of clearing their goods through the Green lane, which requires no examination. In this situation, post-clearance audit is

randomly done on their imports at their stores. This gives such importers the benefit of faster clearance of their goods at the port as they are not subject to examination prior to clearance. Importers with known history of under-declaration or mis-declaration as well as goods of high heterogeneity are subject to the red lane with full examination of their import. Goods also coming from countries known for non-compliance are also cleared through this lane.

The NRA then sets targets as per the Presidential Performance Contract on the proportion of declarations cleared through the Green lane; as the higher the proportion of goods passing through this lane the lesser the clearance time and the greater the compliance level. In 2014, the number of declarations cleared through the Green lane was targeted to constitute 31% of all commercial merchandise. In the first three quarters when the Green Lane was operational, the NRA met and exceeded this target. However, in quarter 4, the Senior Management Team (SMT) reviewed and suspended declarations going through the Green Lane due to the risks of false declarations. Following this review, it was observed that the selectivity criteria for Green Lane declarations in ASYCUDA were not properly defined by United Nation Conference on Trade and Development (UNCTAD), the providers of the software. As this posed a challenge to revenue collection at Customs, Management decided to suspend the risk management module until the selectivity criteria are properly defined.

Post Clearance Audit (PCA) being an integral part of NRA's effort to streamline Customs processes and procedures, was introduced as another tool to serve as a fiscal safety net and to reduce intrusive examinations through risk audit-based approach. This task is performed on all persons/companies involved in the accomplishment of customs formalities (import & export). The exercise is done to ascertain the correctness and completeness of all declarations and to further assess compliance with laid down Customs laws and regulations. As trade facilitation tool, the PCA is anchored on a comprehensive annual audit plan.

In 2014, the target of the Unit was reviewed from 12 audits to 15 audits per month, which implies 45 audits per quarter and 180 audits per year. One-

hundred and six audits were completed as against one hundred and eighty audits planned for the year 2014 with a recovery collection of Le2.7 billion.

3.5.4: Trade Facilitation 2014

With respect to trade facilitation, the Authority made the following gains in 2014: The NRA developed proposals for the Erection of a cargo inspection facility at the Port in Freetown and at the Sierra Leone Guinea border post (Gbayamuya) to facilitate physical examination of consignments. However, the actual erection of the facilities was delayed due to the EVD outbreak during the period.

In addition, the NRA made significant progress in the adoption of the revised import and export process maps, Customs brokers' regulations, and the mandatory documents for import and export clearing processes. The Import and Export process flow maps were developed, approved and circulated to stakeholders in 2014. Also, fees and charges for the clearing of goods at the port were consolidated, reviewed by stakeholders, published and sensitisation through television and radio programmes commenced.

The ASYCUDA++ was further rolled out to the Sierra Leone-Guinea Border at Gbalamuya, Kambia District in 2014. We also commenced the Gold card scheme in early 2014 and reached the pilot stage. This was suspended in the second half of the year to enable us to reassess the selectivity criteria for beneficiaries. The scheme is set to continue in 2015.

Clearance at Customs for error-free declaration remained at most one and half days in 2014 as it was in 2013. Delays at the Port therefore have less to do with customs clearing process on the side of the NRA. Pre-customs clearance requirements, errors in declarations, customs broker negligence and inability to pay charged duties and taxes are the key candidates to delays in the customs clearance process.

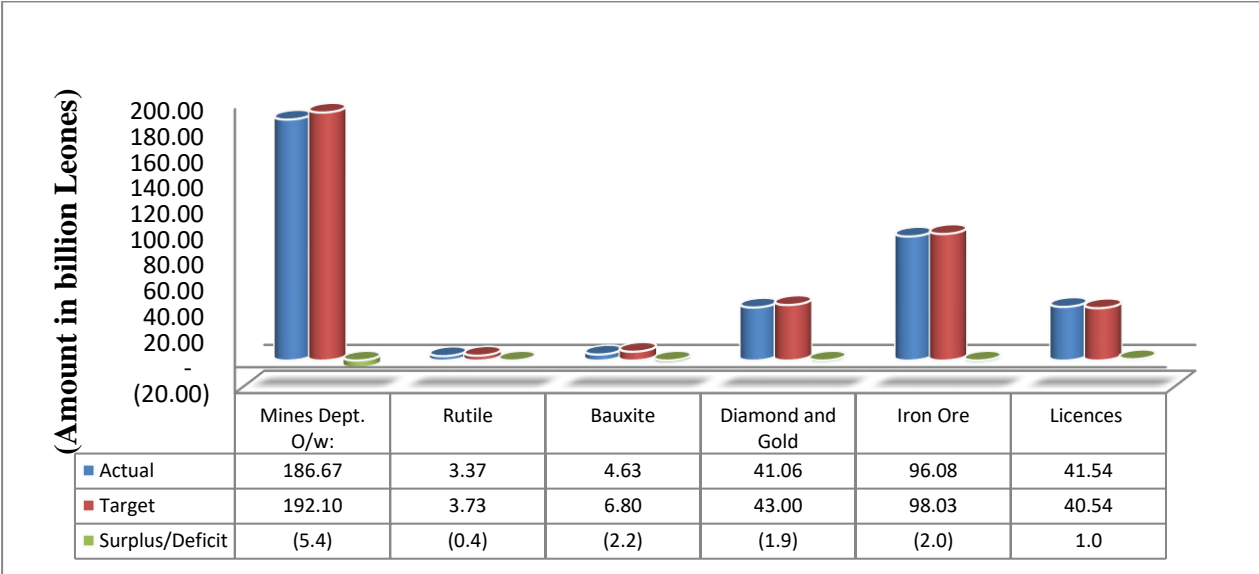
3.6 Non-Tax Revenue Department

The NTR collected Le293.2 billion, contributing 13.5% to total NRA collection in 2014. Unlike the other revenue collecting agencies in the Authority, NTR fell short of its annual programme target Le298.2 billion by Le5.0 billion.

3.6.1 Mines Revenue Performance

As the major tax handle of NTR, the Mines Department accounts for royalty on iron ore, rutile, bauxite, diamond and mining licences. Mines Department contributed 63.7% whilst ‘Other Departments’ accounted for 36.3% of total NTR collection.

Figure 9: Mines Revenue Performance: January -December 2014



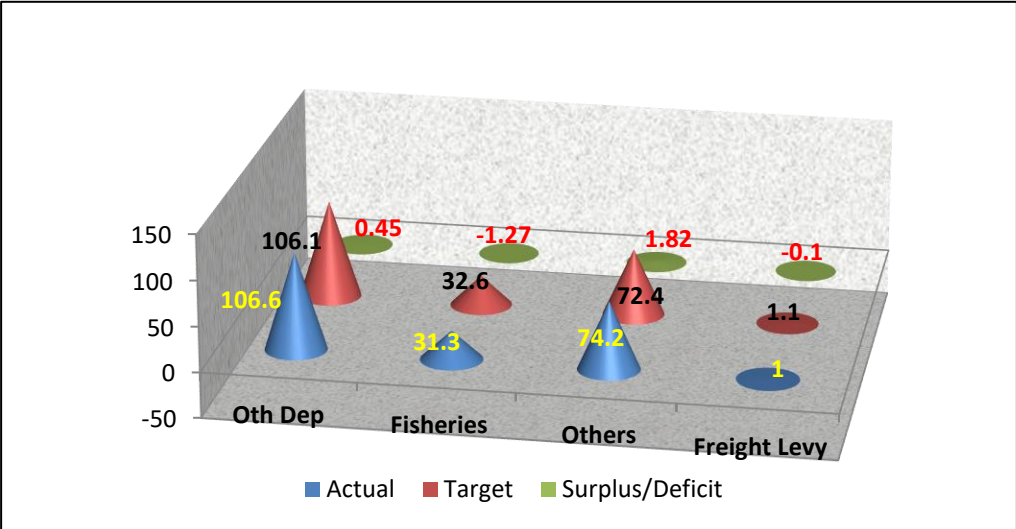
Source: MRP Database

Of the total collection by the Mines Department, iron ore royalties recorded the highest (Le96.1 billion), followed by licences (Le41.5 billion), royalties on diamonds (Le41.1 billion), royalties on bauxite (Le4.6 billion) and royalties on rutile (Le3.4 billion). Except for licences which surpassed its target by Le1.0 billion, all other sub-tax handles of the mines department fell short of their programme targets as seen in Figure 9. In fact, the shortfall of total NRA collection compared to the original budgetary target was largely the result of short fall of mining revenues in addition to the impact of EVD outbreak.

3.6.2 Revenue Performance of 'Other Departments' of the NTR

Revenue collected from 'Other Departments' of NTR comprises of royalty on fisheries, freight levy and other revenues which are mainly revenues from other Ministries, Departments and Agencies (MDAs).

Figure 10: Other Departments Revenue Performance: 1st January - 31st December 2014



As shown in Figure 10, revenue collected from 'Other Departments' minimally exceeded its Le106.11 billion target by Le0.5 billion. Fisheries Department has been one of the impressive performers in 2014. However, our December revision of revenue from the department seemed optimistic to the extent they could not meet that target. Collection from freight levy was rather disappointing in 2014 and much of their collection was not remitted into the Consolidated Revenue Fund to be considered as domestic revenue.

SECTION FOUR

4.0 DUTY-FREE CONCESSIONS 2014

4.1 Introduction

Section 110 of the Constitution of Sierra Leone gives the mandate of duty/tax waiver concessions to Parliament. In a situation where Parliament deems it necessary, it may transfer this mandate to another capable institution. Presently, the administration and granting of duty/tax exemptions and waivers is under the authority of the Ministry of Finance and Economic Development (MoFED) to which Parliament delegated the responsibility. The role of the NRA has been limited to review and processing duty exemptions applications and in some cases proffering advice on duty exemptions.

4.2 Category of Duty Waiver Concession

Duty-free concession data is classified into five main categories or beneficiaries as follows:

- I. *Embassies/High Commissions* (such as Gambian High Commission, American Embassy, Chinese Embassy, Nigerian High Commission etc).
- II. *Public International Organisations* (e.g. World Food Programme (WFP), World Health Organisation (WHO), Department for International Development (DFID), etc);
- III. *Non-Governmental Organisations/Humanitarian Organisations* (for instance, Plan International, Care, World Vision, Caritas Makeni etc).
- IV. *Mining/Exploration Companies* (e.g. African Minerals Ltd, Sierra Rutile, Marampa Iron Ore Ltd, Cluff Gold Ltd etc) and
- V. *Others* (e.g. Government ministries, Departments and Agencies; Parliamentarians, returning students & diplomats, Diaspora returnees, government contracted construction companies, private businesses etc).

Duty waiver concessions are granted to categories I, II, III and IV in line with specific legal provisions. However, duty waiver administration becomes difficult when faced with a situation wherein duty-free concessions are granted without reference to any legal provision. These types of situations are mostly found

under category V and are referred to as discretionary duty waivers. This does not however imply the 'Other's' category of duty waivers is mostly discretionary waivers.

4.3 Duty Waiver Applications processed in 2014

For the reporting period, a total of 3,427 duty waiver applications were forwarded to the NRA and were promptly processed, with the required data base updated regularly. Table 8 provides statistics of duty-free concession applications processed in 2014 by category of beneficiaries.

Table 8: Duty Waiver Applications Received and Processed in 2014						
Month	Embass ies	Public Int. Org	Non Govt Org	Mining/ Expl Co	Others	Total
Jan-14	14	28	46	55	122	265
Feb-14	5	25	25	59	101	215
Mar-14	14	44	33	118	114	323
Apr-14	7	14	24	27	30	102
May-14	13	44	37	182	240	516
Jun-14	9	39	45	143	119	355
Jul-14	10	24	34	97	126	291
Aug-14	14	26	32	104	125	301
Sep-14	10	30	54	106	172	372
Oct-14	14	37	36	62	119	268
Nov-14	9	26	51	60	72	218
Dec-14	6	30	37	50	78	201
TOTAL	125	367	454	1,063	1,418	3,427

Source: MRP/NRA Duty-Free database

From the table, it is observed that most of the duty-free requests came from the non-conventional beneficiaries including the 'Others' category (41%) and the Mining/ Exploration Co category (31%).

4.4 Duty Waiver Analysis 2013 Versus 2014

Table 9 presents a monthly analysis of duty waiver concessions granted in 2013 and 2014. As depicted in the Table, duty waiver concessions reduced from

Le453.4 billion in 2013 to Le372.3 billion in 2014 representing 18% reduction. This indicates notable improvement in duty waiver administration over this period. The highest reduction was recorded in April 2014 in which duty waiver concession granted exhibited a noticeable decrease of Le64.8 billion or 88%. Waivers also comparatively reduced significantly in January, December, November and July 2014.

Table 9: Monthly Comparative Analysis of duty Waiver Concession (Millions Leones)

Month	2013	2014	Variance	% Variance
January	55,481	18,868	(36,613)	(66)
February	31,176	30,876	(300)	(1)
March	35,426	23,019	(12,407)	(35)
April	73,692	8,884	(64,809)	(88)
May	35,592	75,553	39,961	112
June	16,499	57,996	41,497	252
July	44,354	21,845	(22,509)	(51)
August	14,741	33,840	19,099	130
September	24,534	29,284	4,750	19
October	28,210	32,179	3,969	14
November	42,921	17,523	(25,398)	(59)
December	50,811	22,423	(28,389)	(56)
Total	453,437	372,288	(81,149)	(18)

Although the overall duty waiver registered a decrease of L81.1 billion or 18% in 2014 over 2013, notable increases were seen in June, May and August 2014 mainly due to the high value goods imported by Public International Organizations and Others.

Further analysing the duty waivers by category of beneficiary reveals that of the Le81 billion reductions in duty-waiver in 2014, this has been accounted for by mining/exploration Company and the 'Others' categories even though both

categories also represent the highest beneficiaries of duty-waivers in the year (Table 10).

Table 10: Duty waiver Concessions Granted in January-December 2013 and 2014 by Category of Exemptions (Millions Leones)

Organization	2013	2014	Variance	% Variance
Embassies	12,474	9,564	(2,910)	(23)
Public Int. Org	48,364	71,501	23,138	48
Non-Govt. Org	18,675	19,911	1,236	7
Mining/Exploration Co	179,150	98,008	(81,142)	(45)
Others	194,774	173,304	(21,470)	(11)
Total	453,437	372,288	(81,149)	(18)

Source: MRP/NRA Duty-Free database

It is important to note that despite the reduction in waivers granted in 2014 relative to the previous year, waivers granted to Public International Organisations increased significantly in 2014 (48%), which came because of W.H. O's importation of mectizan tablets, being one of the most expensive drugs. Detailed duty-free statistics for 2013 and 2014, both in terms of Import Duty and Import GST are provided in **Appendix B and C** respectively.

4.5 Discretionary Duty Waivers

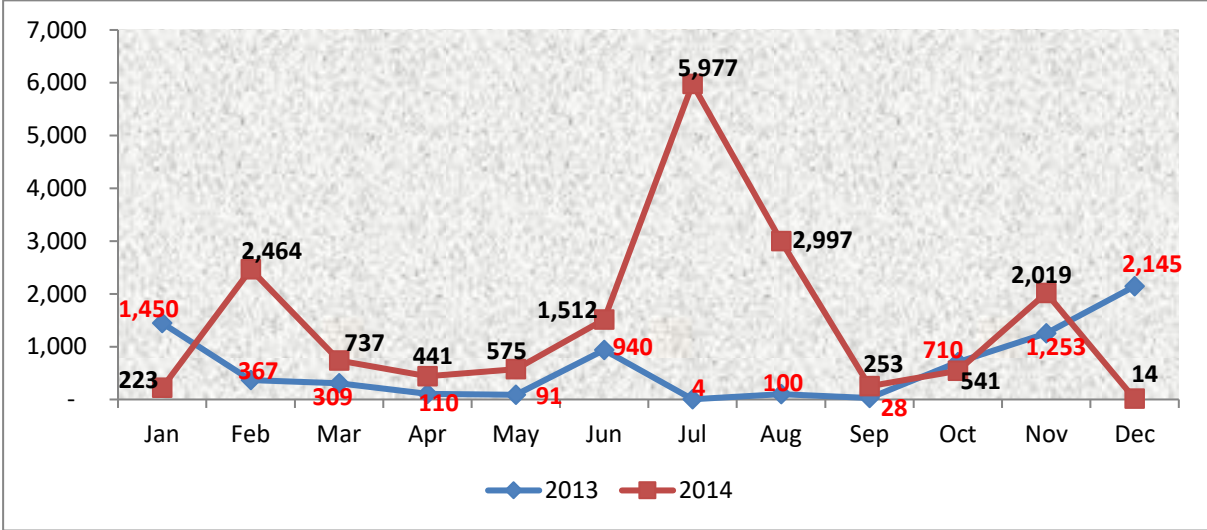
A further analysis of duty-waiver statistics looks at discretionary waivers granted over the same period. As earlier indicated, discretionary waivers are those granted without legal basis.

In 2014, discretionary waivers granted amounted to Le17.8 billion, representing just under 5% of total duty waivers granted over the same period.

Figure 11 shows a comparative picture of discretionary duty waivers granted in 2013 and 2014. The figure reveals significant increase in discretionary duty waivers in 2014 mainly influenced by waivers granted to MDAs especially Prisons Department, Constitutional Review Commission and Sierra Leone Police, which by virtue of the Finance Act 2006 does not exempt their imports from payment of the required import duties and taxes. The highest discretionary

duty waivers were granted in the months of July, August and February 2014 in which Le6.0 billion, Le3.0 billion and Le2.5 billion were recorded respectively.

Figure 11: Discretionary Duty waivers, 2013 and 2014 (in Le Million)



Source: MRA/NRA Duty-free database

In December 2014 however, discretionary waivers reduced significantly from Le2.0 billion in November to Le0.014 billion in December 2014 and emerged to be comparatively lower than those granted in the same month of the previous year.

From the above analysis, it can be concluded that, though duty waiver statistics reduced notably (18%) compared to previous year, it is realised that discretionary waivers took the opposite direction in 2014 which if not contained has the tendency to overshadow the gains in duty free administration. However, it is important to note that discretionary waivers only constitute less than 5% of total duty waivers granted in the year and only 0.8% of total revenues collected by the NRA in the year. Therefore, even at this level, the government can be commended for controlling the levels of discretionary waivers granted.

SECTION FIVE

5.0 ACTIVITIES OF SUPPORT DEPARTMENTS/UNITS

5.1 Introduction

This portion of the report presents key activities of the support departments which are not directly linked with revenue collection function but deemed to be supportive to the overall revenue administration function of the Authority. These activities and/projects are presented on departmental basis.

5.2 Admin and Human Resource Department

The Admin and Human Resource Department (AHRD) is responsible for ensuring that all departments within the Authority are operationally efficient and effective. It is responsible for deriving a strategic direction for human and institutional capacity building in the context of learning and growth. As a support department, the AHRD ensures that the NRA becomes a comfortable place for its employees and tax administration.

5.2.1 Staff Strength of the Authority 2014

The Authority began the year with 519 employees. However, due to the various forms of separations during the year, overall staff strength reduced by 2% to 508 as at end December 2014. This overall statistics on staff turnover could have been worse had it not been for recruitments made over the year.

From Table 11, 58% of NRA staff come from the three operational departments of CED, DTD and NTR. The biggest support department is the AHRD with 132 staff. In fact, about 79% of NRA staff at the end of the year are from the AHRD, CED and DTD. The Corporate Services (CS) Department has just 6 staff, making it the smallest department.

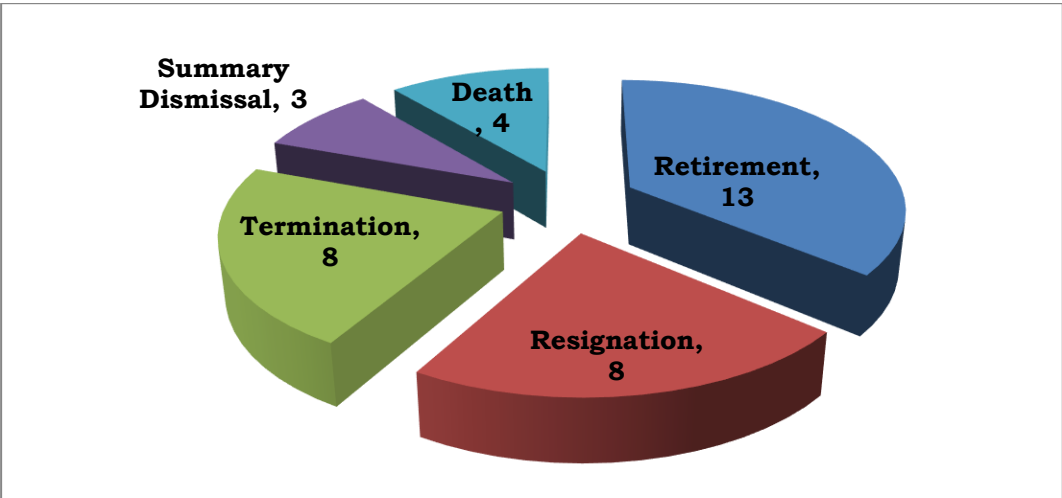
Table 11: Staff strength of the Authority in 2014

Department	Staff strength as at Jan 2014	Staff strength as at Dec. 2014	Variance
Commissioner General Office	5	17	12
Customs and Excise	163	147	-16
Domestic Tax Department	134	123	-11
Non-Tax Revenue	27	25	-2
Administration & Human Resource	138	132	-6
Monitoring Research & Planning	10	15	5
Finance and Budget	10	16	6
Internal Controls and Audit	11	10	-1
Corporate Secretariat	5	6	1
Information & Communication Technology	14	17	3
Total	519	508	-11

5.2.2 Staff Separation 2014

Total of thirty-six staff members separated with the Authority in 2014 as shown in Table 11 and Figure 12. As denoted in Table 11, the Authority separated with more CED staff, 16, in 2014. Staff separation from the DTD and AHRD was 11 and 6 staff respectively.

Figure 12: Staff separation from the Authority in 2014



From Figure 12, it is noted that the highest separation during the period was because of staff retirement, 13 staff, followed by voluntarily resignation and

termination; with 8 staff each. Separations caused by staff death and summary dismissal were 4 and 3 staff respectively.

5.2.3 Staff Recruitment 2014

Staff recruitment was largely done in the second and fourth quarters of the year. A total of 44 staff were recruited as shown in Table 12. As depicted in the Table, most staff recruited were for the Monitoring Research and Planning (MRP) department and the Commissioner General’s Office with 13 and 12 staff recruited respectively.

Table 12: Staff recruitment statistics in 2014 on departmental basis

Department	Number of Staff Recruited
Commissioner General’s Office	12
Customs and Excise Department	4
Domestic Tax Department	1
Non-Tax Revenue	1
Administration Human Resource Department	2
Monitoring Research & Planning	13
Finance and Budget	6
Corporate Secretariat	1
Information & Communication Technology	4
Total	44

It is important to note that some of the staff at the MRP department said to have been recruited in the year, were already fully employed staff. Their positions were re-advertised following the restructuring of the department and so these staff had to reapply and got re-designated. Recruitment at the Commissioner-General's office was mostly for the newly established Extractive Industry Revenue Unit (EIRU) and strengthening of the Revenue Intelligence and Investigations Unit (RIIU), both units being under the Office of the Commissioner-General.

5.2.4 Staff Promotion 2014

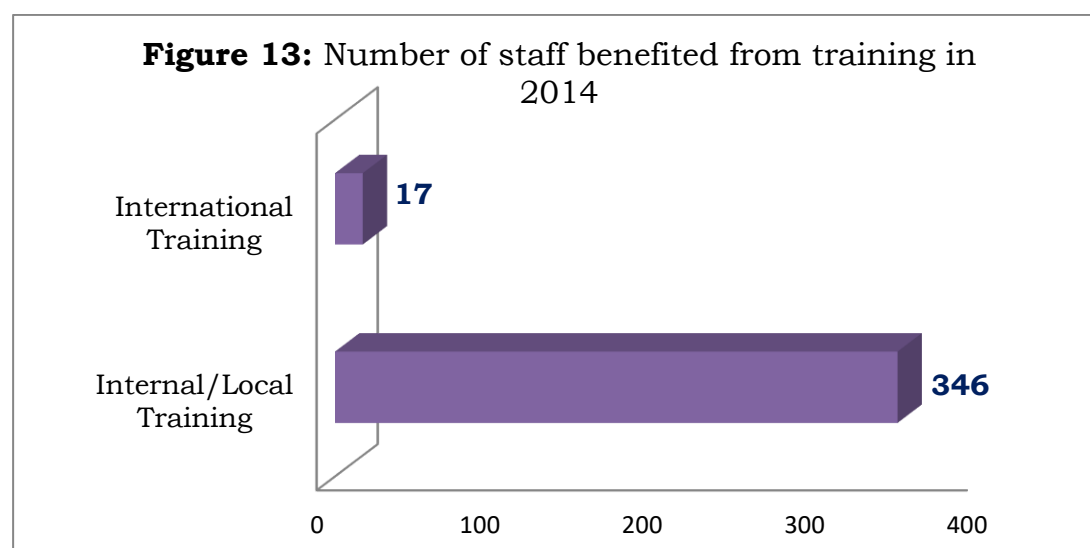
As depicted in Table 13, 19 staff members were promoted to higher positions across the Authority in 2014, with most, 13 staff, from the NTR department. The Finance and Budget also benefited, with 4 staff being promoted.

Table 13: Staff promotion statistics 2014

Department	No. of Staff	Promoted to
Non Tax Revenue	13	Revenue Officer
Admin and Human Resource	1	Stores Supervisor
	1	Manager
Finance & Budget	3	Finance Supervisor
	1	Manager
Total	19	

5.2.5 Staff Training

A total of 363 staff members benefited from both international and national training programmes. Of the total, 346 staff members benefited from internal training (in-house and local) while a comparatively lower number (about 17 staff) benefited from external/international training programmes as shown in Figure 13.



It must be noted that the relatively smaller number of staff on external training was largely the result of the outbreak of Ebola in the country in May 2014, which

caused travel restrictions to other countries. This did not only make it impossible for staff to travel for any trainings outside the country, but also had a negative impact on local training arrangement as external experts invited to conduct trainings in-country could not travel.

5.2.6 Key Activities of AHRD in 2014

Table 14: Key Activities undertaken by the AHRD in 2014

No.	Type of Activities	Achievement
1.	Staff Recruitment	A two-phase recruitment was done (one in the second quarter and one in the fourth quarter). A total of 45 staff were employed across the Authority during the period.
2.	Strengthening Staff Appraisal system	Appraisal forms were distributed for objective setting in February, mid-year review in June and end of year review in November respectively. Staff response rate in filling those forms was very poor as only 2% of the completed end of year assessment forms were submitted to the AHRD.
3.	Staff Personal Files Audit (PFA)	The staff PFA which entails verification of staff Birth Certificates and auditing of staff dates of birth commenced in July 2014 and continued up to October 2014. From the recommendation of the first report, out of the 7 staff that were affected, 2 were slated to be retired - one was compellingly retired in July 2014 and another to be retired in July 2015. For the rest of the affected staff, a final report was forwarded to the Commissioner-General in November 2014 for consideration.
4.	National Social Security and Insurance Trust (NaSSIT)	In addition to the verification of NaSSIT details of some existing staff, 20 new NaSSIT registration forms were also processed for new registrants. Statements of account for 185 staff were yet to be received from NaSSIT.

5.	<i>Management of staff medical scheme</i>	The management of the scheme was well executed. Staff were sensitised about the new changes in the scheme, and very minimal complaints were received. However, there is need for the effective monitoring of the welfare scheme to identify any associated challenges.
6.	<i>Maintenance/ Servicing of vehicles, motorbikes & generators</i>	<p><u>Vehicles:</u> Maintenance & servicing of vehicles took place throughout the year. Six new vehicles were bought and one 24 seat bus) was donated to FBC.</p> <p><u>Motorbikes:</u> Out of the 75 motorbikes, only 4 required maintenance.</p> <p><u>Generator:</u> Maintenance/servicing was robustly carried out in the Western Area and the Gbalamuya post. Maintenance/servicing could not be extended to the South and Eastern Provinces due to the out-break of the Ebola disease in that part of the country.</p>
7.	<i>Develop welfare policy instruments</i>	The implementation of welfare policy instruments such as personal loans, car loans and credit schemes continued in 2014. However, to improve delivery time, there is a need for stronger administrative will.

5.3 Monitoring, Research and Planning (MRP) Department

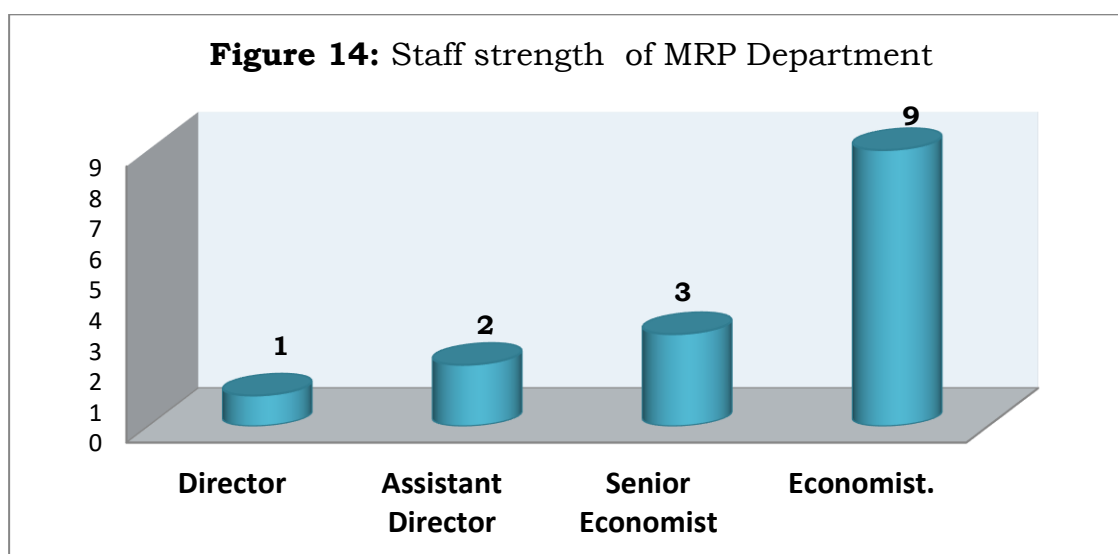
Part III, Section 18 (2) Paragraph (a) of the NRA Act 2002 provides for the establishment of Department for Research and Development (R&D); which was eventually renamed as the Monitoring, Research and Planning (MRP) Department as its functions expanded. The department has five key responsibilities:

1. Conducting revenue enhancement research/surveys.
2. Forecasting revenue collection.
3. Monitoring of all NRA Key Performance Indicators (KPIs) and operations (processes and procedures);
4. Leading the planning activities of the Authority; and

5. Processing and monitoring of duty waivers approved by the Ministry of Finance and Economic Development (MoFED).

5.3.1 Staff strength and other specifics about the Department

Following Board approval of the department’s organogram in 2013, recruitments were made in 2014 to add to the initial staff strength of 9 staff that had been running the department since 2012. By July 2014, the department had achieved total staff strength of 15 comprising the Director, two Assistant Directors, three Senior Economists, and nine Economists: shown in Table 14.



The Policy and Research Unit is still short of 2 senior economists to complete the department’s organogram.

5.3.2 MRP Departmental Activities 2014

5.3.2.1 Policy Support and Research

On the policy front, the MRP department coordinated: the formulation of NRA’s Risk Management Policy, drafting of NRA’s Risk Management Strategy, drafting of 2015 Finance Bill together with DTD and MoFED, review of the draft CFA regulation, formulation and distribution of the Revenue Administration Bill, contributed to the formulation of the country’s PFM Bill and in the production of the Duty-Waiver Handbook.

On the research front, the department conducted an employee satisfaction survey in December 2014 and developed research proposals in preparation for three other research excises to be conducted in 2015. These research proposals

include Customer Satisfaction Survey, Cost/Benefit Analysis, and Staff Competency Survey. The report for the Employee Satisfaction Survey is expected to be released in the second quarter of 2015.

The Department also represented NRA at Macro-fiscal forecasting workshops led by MoFED. The department leads the revenue forecasting aspect of the macro-fiscal framework during these workshops. Two of these workshops were held in 2014. The department also validated the Augmented Revenue Target revised by the IMF in September of 2014 in respect of the effect of Ebola on revenue generation.

5.3.2.2 Monitoring and planning activities

Performance Monitoring: This focused on revenue performance, the NRA Performance Contract (PTT) with H.E. the President, donor benchmarks and departmental work plans in respect of the Authority's strategic plan. In 2014, the department did quarterly monitoring of the Authority's PTT, monitoring of donor Performance Assessment Framework (PAF) benchmarks, weekly and monthly monitoring of revenue collections against target, monitoring of IMF structural benchmarks related to the NRA, and quarterly monitoring of the departmental work plans as part of the strategic plan monitoring.

Operational Monitoring: During the period (January – December 2014), the Department focused on three areas of operational monitoring: Use of GST securitized receipts/I=invoices by GST Taxpayers, the CED's bonded warehouse and Customs processes and procedures. Monitoring reports on these areas were done and submitted to Management. However, outstations monitoring on revenue collection processes and procedures were derailed by the outbreak of the EVD in 2014.

5.3.2.3 Response to External Data Requests

As part of the routine functions of MRP, the Department responded to data requests mostly made by Ministries, Departments and Agencies (MDAs), International Institutions/Donor partners and even students from higher learning institutions. Some of these included the following:

- Data requests made by the IMF and other international institutions.
- Data requests made by MoFED and other MDAs.

- Data on manufacturing industries/factories (on both import and export data) to Statistics Sierra Leone (SSL).
- Revenue collection data and other related data (on quarterly and yearly basis) were also made available to several final year students mainly from universities; as a way of assisting them in their project writings.
- Data requests in respect of duty-free concession statistics.
- Coordinated data request from Bank of Sierra Leone for Balance of Payment compilation.

5.4 Information, Communication & Technology (ICT) Department

The ICT department has consistently provided reasonably high-quality ICT services to the Authority despite many challenges (including the Ebola factor) faced in 2014. The Authority invested heavily in ICT infrastructure; bandwidth available for the staff increased from 10mb to 15mb and will increase further in 2015 to accommodate new offices as the NRA extends its wide area network to the provinces.

The staff strength of the department now stands at 17. 8 staff are based at Wellington Street (ICT headquarters) and the rest distributed across the Authorities locations.

5.4.1 Key Activities Accomplished in 2014

The Department has several projects in place to increase access speeds, capacity and availability of the internet. Some of these projects include LAN/WAN extensions, upgrade of old LANs and deployment of Wireless LANs popularly known as Wi-Fi. There are also projects aimed at supporting email services, infrastructure development, and capacity building. While some are yet to commence, some are in progress and others have already been completed. Below in Table 14 is a list of projects/activities completed in 2014:

Table 14: List of Activities accomplished by ICT Department in 2014

No.	Specific Activity	Status	Comment
1.	Optimize internet bandwidth usage for e-tax	Completed	Internet bandwidth has been increased from 10mb to 15mb across NRA's network
2.	Develop ICT security and standard policies	Completed	ICT policies, procedure and standards approved by the NRA Board of Directors
3.	Enhance Data backup solutions	Completed	Data backup on servers, tapes, etc. is done daily/regularly or as and when needed by users
4.	Redesign the NRA web site to be more interactive and user friendly	Completed	Website in public domain. PATE to ensure regular site update and sensitization of the public.
5.	Rollout of DTIS to all DTD offices in Freetown	Completed	DTIS operational in all Freetown tax offices.
6.	Rollout of TIN system to Gbalamuya	Completed	TIN system is currently operating at Gbalamuya in the Kambia district
7.	Upgrade DTIS to allow the banks key in payment directly	Completed	DTIS Bank Module developed, and pilot run scheduled for 2015.
8.	Implement an effective e-mailing system to enhance effective communication & foster information sharing	Completed	Website redesigned. The corporate email services have also been re-introduced.

5.4.2 Availability of Computers

Given that ICT/NRA aims to achieve staff/computer ratio of 1:1 by the year 2017; the Authority procures computers every year in order to ensure that staff access and productively exploit the available ICT resources. As of the end December 2014, the Authority had 226 desktop computers, 36 laptops, and 64 printers.

5.4.3 Key Challenges faced in 2014

Key challenges faced by the ICT Department in 2014 included the following:

- Inefficient connectivity services provided by the telecom industry (Airtel and Sierratel).
- The national health emergency (caused by Ebola) prevented the completion of most activities, e.g. activities for the provinces, the NTR system project, staff capacity building, etc.
- The skills level of ICT personnel is not adequate to effectively support new implementations.
- Inability to attract and retain ICT skilled staff.

5.5 Finance & Budget Department

The prime responsibility of the Finance and Budget Department of the NRA is to account for government revenue collected by the Authority, manage the budget of the Authority and provide financial advice to all departments and the Commissioner-General on all financial matters of the Authority.

With this responsibility, the department makes available to the Authority financial forecasting and analysis (Budget), statutory financial statements including the Authority's management accounts and maintain good internal financial control and risk management including compliance with the Authority's Financial Regulations. Additionally, the department provides procurement guidance, manages the Authority's staff payroll and suppliers' payments.

5.5.1 Notable Achievements in 2014

During 2014 Financial year, though there were remarkable challenges (including the Ebola factor), the department was able to achieve some of its planned activities as highlighted below:

- Successful weekly reconciliation of revenue with the transit banks and the Bank of Sierra Leone (BSL), the Government Banker.
- Preparation of quarterly budget and management account for the attention of the Commissioner-General and the NRA Board.

- Introduction and implementation of Financial Software
- Maintenance of strict budgetary principles; Budget line expenditure was met following those principles, which helped promote budgetary compliance

Increased staff strength of the department in 2014 was critical in the timely execution of tasks.

5.5 .2 Key Challenges of the Department

Irrespective of the achievements, the Authority had a couple of challenges which included but are not limited to the following:

- Outstation revenue collection posts were not visited as planned due to the Public Health Emergency caused by the outbreak of the Ebola disease in May 2014.
- Capacity building for staff was not fully met due to the same EVD outbreak.
- Lack of reconciliation software made the departmental work with respect to revenue reconciliation very cumbersome.

5.6 Corporate Services Department

The CS Department plays a crucial role in achieving the Authority's mandate through providing the organisation with a range of services in the areas of Board administration, legal policy advice, tax education and public affairs management.

The **Board Administration Unit** of the department coordinates Board meetings, record board proceedings and disseminates instructions from the Board which is the governing body of the Authority.

The **Policy and Legal Affairs Unit** provides legal services, expert knowledge and guidance to maximise the collection of revenue. It also makes proposals for effective legislation and enforcement of tax laws.

The **Public Affairs and Tax Education Unit** provides reliable and timely information to stakeholders to improve understanding of complex legal instruments related to taxation to enhance compliance and revenue collection.

The Department currently has 6 staff, the Director, 2 attached to board administration, 1 to the legal affairs unit and 3 to the public affairs unit.

5.6.1 Achievement of the Corporate Services (CS) Department in 2014

The under-mentioned activities were successfully undertaken by the CS Department in 2014.

Table 15: List of activities accomplished by CS Department in 2014

No.	Activities	Key Achievement
1.	Organizing of Board of Directors, Senior Management and other related administrative meetings	The Department successfully organised 7 Board of Directors meetings, 11 Board Sub-Committee meetings, regular Senior Management meetings and a Board/Management Retreat during the period. The department also organised the stakeholder meeting at Gbalamuya, in the Kambia district on the roll out of ASYCUDA++.
2.	Coordinate the Signing of Memorandum with relevant stakeholders	3 Memoranda of Understanding (MoUs) were signed between (i) NRA and Attitudinal and Behavioural Change (ABC) Secretariat; (ii) NRA and the Sierra Leone Police (SLP) and (iii) NRA and Fourah Bay College Administration/Student Union; during which the Authority donated a 24 seat Toyota Bus to the FBC student Union.
3.	Taxpayers' sensitization and Education	During the period, the department undertook a robust radio/television tax sensitization and education on the following: <ul style="list-style-type: none"> • On the increase in duty waiver administrative fees • Reminding taxpayers on tax deadlines • On payment of rental taxes • On general tax compliance • NRA re-designed website
4.	Publications and Press Conferences	The NRA bi-annual newsletter Publication was made for the Fiscal Year 2014 and a host of press

		<p>conferences were held during the period. Key among these were:</p> <ul style="list-style-type: none"> • on NRA activities as whole • on half yearly NRA revenue report • on NRA collection for the year • on NRA PTT Silver Award
5.	<i>Coordinate the Launching of NRA key activities</i>	During the period under review, the CS Department coordinated/organize the launching of the Taxpayer Service Charter and the rehabilitated/ revised NRA Website, which are well functional.
6.	<i>Stakeholders' sensitisation meetings and workshops</i>	Between April to May 2014, stakeholders' sensitisation meetings on the Finance Act 2014 were successfully held in Freetown, Makeni, Kono, Bo and Kenema. In December 2014, a stakeholders' workshop on STRIP was held at Njala Venue in Freetown; with the singular aim of improving the Authority's revenue collection.
7.	<i>Provision of Legal support to the Authority</i>	In addition to regular provision of legal support to the operational departments of the Authority, the department also represented NRA in High Court proceedings with External Solicitors.
8.	<i>Other Key Activities</i>	The department organised the World Customs Organisation (WCO) day in January 2014, coordinated the setting up of the Ebola Health Workers Victim Family Trust Fund, and reviewed lease contract with tenants.

5.6.2 Challenges of the Corporate Services Department

Notwithstanding the above successes made by the CS Department, the following remained as key challenges of the department.

- Resource constraints—inadequate staff, office space, equipment and funds to support planned activities.
- Lack of capacity—inadequate training opportunities for staff of the department.
- Lack of adequate organisational capacity to support and manage the three units of the department.

5.7 Internal Controls and Audit

The Internal Controls and Audit (ICA) department fosters effective internal audit services within the NRA. The department is responsible to provide the Board of Directors, Audit Committee and Management with information about the internal operations, performance, accomplishment and results achieved by the various departments of the NRA. By so doing, it provides information on the assurance and consulting services and other activities of the internal audit functions.

5.7.1 Staff Strength of the ICA Department

The ICA department have staff that are skilled in field and Internal Audit, Accountancy, risk Management, Governance and Information Technology. The department currently has a total strength of 10 staff, significantly lagging the target of 20.

5.7.2 Key Challenges of ICA Department

The Department is currently faced with 3 major challenges.

(1) The failure of departments/units audited to provide timely response(s) to audit queries. The department's audit processes are not only held-up by the few response queries received from departments/unit's concern, but also total absence or untimely availability of such responses. This over the years has been the major cause for late finalization of audit reports.

(2) Limited number of computers for the use of the department. The department does not currently have sufficient computers, and most times jobs are delay as a result of this factor.

(3) Based on the emerging Internal Audit Functions of the Authority and the level and quality of service expected to be delivered by the ICA department, the current staff strength of 10 is insufficient

5.7.3 Update on 2014 Activities

The department undertook a series of activities in 2014 and 95% (19 out of the 20 audit activities slated for 2014) of those activities were fully accomplished as shown in Table 16. As denoted in the Table, a total of twenty 20 internal controls

and audit activities in the various departments of the Authority were attempted; 19 of which were completed.

Table 16: List of internal audit activities undertaken by ICA Dept. in 2014

Department	No. of Audit	Audit Project Name	Status as at 31st Dec. 2014
Domestic Tax Department (DTD)	1	Audit of Domestic GST	Completed & report issued
	2	Field Audit Operations	
	3	DTD Arrears and Assessment	
	4	Domestic Excise	
	5	Freetown East Tax Office	
	6	Freetown Central Tax Office	
	7	Corporation Tax	
Customs and Excise Department (CED)	1	Audit of Baggage clearing process	Completed & report issued
	2	Audit of Container (Customs)	
	3	Post Clearance Audit (Customs)	
	4	Risk Management Unit (Customs)	
	5	Customs Credits (PSSD)	
Non-Tax Revenue Department (NTR)	1	Administrator & Registrar General	Completed & report issued
	2	Audit of the Law Courts	
Outstations and others	1	Makeni DTD Office	Completed & report issued
	2	Gbalamuya Customs Post	
	3	Lungi Customs Post	
	4	Bo DTD Office	
	5	Transit Bank Accounts	
	6	End of year procedures	Report yet to be issued.

5.8 Revenue Intelligence and Investigation Unit (RIIU)

Established in January 2012, the Revenue Intelligence and Investigation Unit (RIIU) came about as a strategy to increase tax compliance and hence maximize revenue collection. The role of this unit is primarily information gathering, intelligence processing and investigations. The intelligence and investigation

reports are used as basis for revenue discovery and recovery, disciplinary actions and possibly, prosecution. The RIIU also has the responsibility of integrity management and general fraud detection and investigation both within and outside the NRA, a critical role that had been absent for a long time. The Unit falls under the Office of the Commissioner-General.

Even though the RIIU has three core functions as Investigations, Intelligence gathering and Integrity management, the work of the unit is divided into two (2) sub-sections. The Investigations section and The Intelligence and Corporate Risk Management section.

Currently, the unit is headed by an Assistant Commissioner who is the administrative and technical head of the Department, assisted by one (1) Manager, one (1) Supervisor, and two (2) Revenue officers.

5.8.1 Activities Undertaken in 2014

In 2014, the RIIU engaged in intelligence gathering, risk management and investigations. Below are some of the key activities undertaken by the unit during the period:

- The unit worked with the MRP and ICA) Departments to draft a compliance risk management policy.
- As part of its Integrity management mandate, an integrity policy statement was also drafted during the period.
- A whistle blower policy was also drafted in 2014 and it's expected to be finalised in 2015 to facilitate intelligence gathering and revenue investigation.
- In addition to the establishment of a reliable database of NRA properties in the Western Urban Area drawn from local government property database and the MRP conducted Rent and Business Survey, the unit updated various sections of the existing Income Tax Act, 2000.
- The unit in collaboration with operational departments helped recover over Le 1.0 billion tax liabilities that have been withheld by non-compliant taxpayers.

- Outcome of the few revenue investigations conducted resulted to three (3) staff being interdicted and more than five (5) staff dismissed for collusion and revenue malpractices.

5.8.2 Key Investigations Conducted in 2014

The RIIU has integrity management as part of its core functions and with this, series of revenue enhancement investigations was conducted; all with the aim of maximizing the Authority's revenue collection. The following specific investigations were completed in 2014:

- Rental tax evasion
- Investigation of Undervaluation at the Gbalamuya customs post
- Investigation of Undervaluation at the Sanya customs post
- The Investigation of Tax districts Phase I (Carding)
- The unlawful exit of 1x20" container at the Queen Elizabeth II Quay
- The unlawful exit of 1x40" container at the Queen Elizabeth II Quay
- The unlawful exit of 1x40" container at the Queen Elizabeth II Quay
- Overpayment of terminal benefits
- Investigation of staff inefficiency at the Gbalamuya Post
- Investigation of missing receipt books at the Makeni office

5.8.3 Key Challenges of the Unit

Below are some of the challenges currently faced by the RIIU in 2014:

- Staffing Constraints – The RIIU in 2014 grew from two (2) staff to five (5) staff in 2014. However, this still fell short of the organogram done by the international consultants, in which the RIIU should have a minimum of 10 staff (5 intelligence & 5 investigations) for effectively operation.
- Information Gathering – information flow to the RIIU, both internally and externally, remains a major challenge. The Unit had to go through unnecessary processes and procedures to get the required information needed for investigations.

- Capacity Building - Intelligence gathering is made difficult due to lack of the required tools and training for staff. Even though the staff have strong background in financial analysis, they need to be trained in intelligence gathering and investigation techniques.
- Establishing Criteria for Intelligence Gathering – lack of information flow between the various operational departments and the RIIU restricts the RIIU’s ability to properly profile taxpayers to produce intelligence packages.
- Review of Powers under legislation – as per the legal framework for the RIIU, certain legislations must be added to the various Acts to empower the RIIU and ensure the effectiveness of the unit.

5.9 Extractive Industry Revenue Unit (EIRU)

The Extractive Industry Revenue Unit (EIRU), which was formally established by mid-2014, was formed on the recommendation by the International Monetary Fund (IMF) and other international donors in the quest for a specialized extractive industry unit. The principal aim of the establishment the EIRU is to facilitate a well-structured and capacitated system to adequately assess, collect, audit and recover timely revenue from the extractive industry, with a resultant aim of maximizing NRA’s revenue.

5.9.1 Achievement of EIRU in 2014

Being the newest unit of the Authority, its operational framework requires external and international expertise which was adversely affected by the sudden outbreak of the Ebola Virus Disease (EVD) in late May 2014. On this basis, only few activities were achieved in the Fiscal Year 2014 as follows:

- The Unit reviewed various articles related to the Extractive sector with the aim of providing technical advice to the Authority.
- Following recommendations from the Annual Validation Report produced by the SLEITI, the EIRU engaged the NRA banking committee and the Central Bank on mechanisms to improve the bottlenecks associated with the current reconciliation processes.

- As per the provisions of the Mines and Minerals Act 2009 and the Local Content policy, the career development of Sierra Leonean nationals is of prime importance. The unit was able to effect changes on the employee information requirements by the National Minerals Agency (NMA).
- Prepared a draft work plan for the Technical and Capacity building Support by AfDB coordinated by MoFED. This was vital given that funding for the unit by AfDB was contingent on the unit's input.
- Prepared a Draft Memorandum of Understanding (MoU) on information sharing with National Minerals Agency (NMA)

5.9.2 Challenges of the EIR Unit

The current challenges of the unit range from external problems (beyond the influences of the NRA) to internal challenges ranging from office space to staff strength. Prominent amongst those challenges are the following:

1. Delay in Consultancy Support: Series of activities aligned to propel the work of the unit were hinged on the recruitment of resident external consultants as part of the AfDB support to the Unit. However, because of the Ebola outbreak in the country in May 2014 most expatriates fled the country and recruitment of such consultants was evidently not feasible.

2. The absence of an EI Revenue Act to provide legal backings for the unit

The passing of the Extractive Industry Revenue bill plays a pivotal role in the establishment, acceptance and continued functioning and existence of the unit both within and outside the NRA. The delay in the passing of this bill remains a challenge. Even though laws pertaining to the existence of the sector/unit could be found in existing legislations within the NRA, there is still need for the unit to have its own legal instrument that guides revenue mobilisation in the sector.

3. Insufficient/under staffing

With the absence of resident consultants, a tentative work plan spanning from June to December 2014 was prepared for the unit. One of the key reasons why

most of the expected outcomes were not met, in addition to lack of the technical knowledge, was limited staffing as the unit could only boast of four (4) staff at as end December 2014.

4. Inadequate office space

The unit's staff of three (3) managers and one (1) supervisor are currently occupying two office rooms in the headquarter office of the NRA. The space does not promote efficient work environment and therefore remains a challenge for the smooth functioning of the unit.

6.0: Conclusion

NRA has performed satisfactorily during the year under review, despite the two massive economic shocks. The Authority could hardly do beyond what it did in terms of the execution of its mandate. Revenue Output in the year was largely the result of initiatives embarked upon and immense effort by the Authority to collect revenue and get the public sector functional as the effect of the Ebola and collapse of the iron ore mining sector hit the economy. Even though revenue collected in the year could not meet the original target set by Government and the IMF, yet the Authority collected nearly as close to that collected in the previous year when the economy boomed.

The support from MoFED as a Supervisory Ministry, support from the Board of Directors, collaboration with MDAs and compliance from a good number of taxpayers amid the crises were crucial to this year's achievement. The dedicated effort of Senior Management Team and employees of the NRA had been commendable.

We look forward to a less challenging 2015 with better performance and service delivery for our valued customers as highlighted in the following section.

7.0 Strategic Activities Planned for 2015

The NRA plans to implement the following strategic activities in 2015:

1. Expand the tax base through the following:
 - i. *Continued Implementation of a small taxpayer regime to capture the "hard-to-tax" sector.*

- ii. *Expand stakeholder engagements to strengthen non-tax revenue collection.*
- iii. *Build the capacity of the Research Department of the NRA to conduct revenue mobilisation studies and forecasting techniques.*
- iv. *In collaboration with MoFED, conduct a comprehensive domestic resource mobilization study with support from the AfDB.*
- v. *Implement the findings of the Business and Rent Survey Report.*

2. Implement revenue generating tax administration efficiency measures including:

- i. stakeholder engagement.*
- ii. risk-based approach to revenue collection and administration.*
- iii. Monthly conduct of automated reconciliation between ASYCUDA and the Destination Inspection Companies CVC Database to identify discrepancies in value assessment figures.*
- iv. Automation of Non-Tax Revenue processes to ensure correct & timely payment of all non-tax revenues; and*
- v. harmonizes taxes or duties and business processes and procedures in line with international best practice.*

3. Reduce revenue leakages through:

- (i) control of smuggling by operationalising and capacitating the Flexible Anti-Smuggling Team (FAST) at Customs to undertake land and Marine Anti-Smuggling and Airport techniques with support from DfID.*
- (ii) developing procedures for handling, recording of and storing of seized goods.*
- (iii) conducting a full review on Excise, Warehousing and Petroleum control.*
- (iv) monitoring of ASYCUDA++ to identify variances in respect of payment, declarations, and assessments; inspection of Mine Sites for technical smuggling; and*
- (v) better regulate and capacitate Clearing and Forwarding Agents to reduce error prone declarations and malpractices that will undermine maximum revenue collection from Customs.*

4. Improve business process in tax collection through modern technology vis-a-vis:

- i. *Enhancement of the current Domestic Tax Information System (DTIS) software with a Banking and reconciliation module to capture and reconcile payment from transit banks.*
- ii. *Roll out of DTIS to all Domestic Tax offices in the country.*
- iii. *Develop an E-Tax system that reduces the personal interaction of the Business Community and staff in operations.*
- iv. *build capacity of Customs staff to utilise the remaining modules of the ASYCUDA++.*
- v. *Conduct Business Process Re-engineering to migrate from ASYCUDA++ to ASYCUDA World or a customs management system.*
- vi. *Conduct Business Process Re-engineering for the implementation of an Integrated Tax Administration System (ITAS);*
- vii. *Prepare the business and technical requirements for Electronic Cash Registers for GST registered businesses*
- viii. *build the capacity of ICT staff to manage the NRA ICT systems.*

5. Design and implement revenue optimisation policies including:

- i. *Reviewing and rationalising the tax exemption system with the view of removing ineffective and uncompetitive reliefs ensuring that key aims of supporting both investment incentives and budgetary requirements are achieved.*
- ii. *Introducing a Revenue Administration Act that puts together the administrative provisions in the various tax legislations into one document with the rationale of reducing the cost of compliance burden for taxpayers.*
- iii. *Re-write the income tax, GST and Customs Acts in line with changes due to the Revenue Administration Act and amendments over the years*
- iv. *Review unrealistic and anachronistic NTR rates in tune with the current value of money.*
- v. *Redraft and adopt guidelines for broker licensing in consultation with the brokers association; and*
- vi. *Develop guidelines for pre-arrival reporting of manifests and declaration processing.*

6. Minimise tax evasion through enhanced field audit and rigorous tax intelligence and investigation.
7. Improve voluntary compliance through taxpayer education and sensitization involving the following activities:
 - i. Conduct of regular workshops and outreach programmes for taxpayers.*
 - ii. Introduction of taxpayer call centres; strengthening of taxpayer services and education at all operational units; and*
 - iii. Sensitising stakeholders both internal and external on the law, processes and procedures.*
8. Strengthen debt collection through the creation of a debt management unit at corporate level of the NRA to control and collect all debts generated by operational departments and ensure that the assessment, collection and accounting processes are separated.
9. Commence the construction of cargo inspection facility at the seaport to ease import handling and examination processes.
11. Work with Indian Customs and WCO to adopt their own reference price database based on the Indian Customs system to improve customs valuation.
12. Use mobile scanners for non-intrusive methods of import examination.
13. Build capacity of our staff in specialised tax and customs audit in extractive, telecom, financial and petroleum companies.
14. Present and implement the findings of the Employee Satisfaction Survey conducted in late 2014.
15. Conduct a Customer Satisfaction Survey
16. Conduct a Staff Competency Survey

APPENDIX A

Detailed Revenue Performance 2014 (Amount in billion Leones)

Details	Actual Revenue	Programme Target	Surplus/ Deficit
Total NRA Revenue	2,174.4	2,132.5	41.9
Domestic Tax Department (DTD) O/w:	1,381.0	1,353.5	27.53
Income Tax Revenue (ITR)	915.7	888.2	27.54
<i>Corporate tax</i>	277.5	277.9	-0.41
<i>Personal Income Tax - incl. Govt. PAYE</i>	629.7	603.5	26.24
<i>Other Taxes</i>	8.5	6.8	1.72
Goods and Services Tax (GST): O/w	465.3	465.3	-0.01
<i>Import GST</i>	266.4	278.8	-12.34
<i>Domestic GST</i>	198.9	186.5	12.33
Customs & Excise Revenue (CED)	500.1	480.8	19.34
<i>Import Duties</i>	268	271.3	-3.21
<i>Petroleum Excise</i>	217.9	196.5	21.4
<i>Other Excises</i>	14.2	13	1.16
Non-Tax Revenue (NTR): O/w	293.2	298.2	-4.97
Mines Department	186.7	192.1	-5.42
<i>Royalties on Rutile</i>	3.4	3.7	-0.36
<i>Royalties on Bauxite</i>	4.6	6.8	-2.17
<i>Royalties on Diamond and Gold</i>	41.1	43	-1.94
<i>Royalties on Iron Ore</i>	96.1	98	-1.95
<i>Mining Licences (incl. Pet.)</i>	41.5	40.5	1
Other Departments	106.6	106.1	0.45
<i>Royalties etc. on Fisheries</i>	31.3	32.6	-1.27
<i>Parastals</i>	0	0	0
<i>Other Revenues</i>	74.2	72.4	1.82
<i>Freight Levy</i>	1	1.1	-0.1

Source: MRP Database

APPENDIX B

Duty-free concessions granted in 2013 (Amount in Million Leones)

Period	Embassies		Public Int. Org		Non-Govt. Org		Mining/Expl. Co		Others		Total		Grant Total
	Duty	GST	Duty	GST	Duty	GST	Duty	GST	Duty	GST	Duty	GST	
2013	8,305	4,170	17,348	31,015	8,311	10,364	145,591	33,560	104,937	89,836	284,492	168,945	453,437
Jan-13	594	286	1,530	690	552	581	14,494	3,629	22,947	10,179	40,116	15,365	55,481
Feb-13	57	76	222	601	274	701	1,591	897	14,433	12,323	16,578	14,597	31,175
Mar-13	1,135	239	315	486	1,483	1,331	9,186	6,046	7,232	7,973	19,351	16,075	35,426
Apr-13	651	764	1,480	1,672	493	844	38,877	4,126	10,580	14,205	52,081	21,611	73,692
May-13	527	476	2,185	2,508	469	573	17,566	577	5,254	5,458	26,000	9,592	35,592
Jun-13	1,327	311	895	995	1,156	1,495	1,923	342	3,810	4,246	9,111	7,388	16,499
Jul-13	1,784	1,609	5,792	16,554	226	481	2,564	1,345	6,611	7,388	16,977	27,377	44,354
Aug-13	905	80	1,413	1,450	250	443	2,227	905	4,197	2,870	8,993	5,748	14,741
Sep-13	89	97	982	1,118	193	298	12,632	1,285	3,923	3,916	17,820	6,714	24,534
Oct-13	92	81	1,154	2,150	1,376	1,341	10,084	3,814	4,656	3,463	17,362	10,849	28,210
Nov-13	52	73	530	1,212	835	1,165	23,232	1,269	7,095	7,460	31,743	11,177	42,921
Dec-13	1,091	80	850	1,580	1,003	1,111	11,215	9,324	14,200	10,357	28,360	22,452	50,811

APPENDIX B

Duty-free concessions granted in 2014 (Amount in Million Leones)

Period	Embassies		Public Int. Org		Non-Govt. Org		Mining/Expl. Co		Others		Total		Grant Total
	Duty	GST	Duty	GST	Duty	GST	Duty	GST	Duty	GST	Duty	GST	
2014	5,780	3,784	29,054	42,447	9,002	10,909	72,748	25,259	82,767	90,537	199,352	172,936	372,288
Jan-14	369	415	606	814	799	628	5,228	1,079	4,817	4,113	11,819	7,049	18,868
Feb-14	85	139	6,377	5,646	708	895	4,357	878	5,576	6,215	17,103	13,773	30,876
Mar-14	277	288	1,081	1,672	271	465	5,530	2,251	5,017	6,169	12,175	10,844	23,019
Apr-14	1,085	90	369	423	464	601	716	514	2,493	2,128	5,127	3,756	8,884
May-14	526	536	9,203	20,197	915	675	12,366	6,201	15,870	9,065	38,880	36,673	75,553
Jun-14	105	125	1,261	1,423	1,930	2,280	26,886	1,901	8,983	13,100	39,166	18,830	57,996
Jul-14	1,431	447	524	664	342	631	2,484	2,087	6,951	6,285	11,732	10,113	21,845
Aug-14	434	429	453	623	519	425	3,505	2,697	10,006	14,750	14,917	18,923	33,840
Sep-14	205	195	867	1,134	1,122	1,688	2,591	2,015	9,221	10,244	14,007	15,277	29,284
Oct-14	277	309	3,252	2,148	847	948	3,951	3,257	7,546	9,645	15,873	16,306	32,179
Nov-14	194	101	1,706	861	540	811	3,815	1,238	3,358	4,898	9,613	7,909	17,523
Dec-14	791	712	3,356	6,842	544	861	1,320	1,142	2,930	3,925	8,940	13,482	22,423