



NATIONAL REVENUE AUTHORITY

ANNUAL REPORT 2020

BY:

**Monitoring Research and Planning (MRP)
Department**

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Head Office
Modesty House
7 Bathurst Street
Freetown

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EXECUTIVE SUMMARY

The National Revenue Authority (NRA) is the semi-autonomous government institution with the mission of effectively administering the revenue system of Sierra Leone and facilitation international trade in order to enhance the Government's fiscal space for national development. It was established by the NRA Act 2002 and is directly supervised by the Ministry of Finance and overseen by a Board of Directors.

Despite the clear challenges posed by the COVID-19 pandemic for a country such as Sierra Leone that relies on international trade, 2020 was a year of moderate continued success for the National Revenue Authority in the face of these difficulties.

Revised Revenue Target Achieved

This success took the form, first and foremost, of a continued increase in sustainable revenue collection, the NRA's primary objective. Despite the pandemic, the **headline domestic revenue collection figure of Le 5.501 trillion** beat the final revised target set for the NRA and surpassed the revenue collection achieved in 2019. Of course, the figure fell short of the original target set out in the Budget Speech in November 2019 of Le 6.470 trillion, before the pandemic was declared in March 2020.

At the onset of the pandemic, the NRA shifted gears and implemented its Business Continuity Plan to allow revenue collection to continue while minimising social contact. Measures taken included allowing the filing of tax returns by email, and engagement with taxpayers online and via SMS asking them to be compliant with their tax payments.

The Authority also adopted moral suasion techniques to convince and appeal to taxpayers to honour their obligations rather than having to accrue arrears that will later become burdensome to settle. Finally, the relaxation of COVID-19 restrictions later in the year contributed to this performance to the extent Q4 and December 2020 collections were record quarterly and monthly collections respectively.

The NRA also played its part in implementing the Government's Quick Action Economic Recovery Plan (QAERP), supporting the private sector to continue importing essential goods and commodities by allowing tax deferments for these transactions.

Progress on Reforms

In addition, 2020 saw progress on a whole range of reforms that will support the achievement of the NRA's revenue and wider objectives in the coming years. These include the imminent rollout of the Integrated Tax Administration System (ITAS),

Electronic Cash Registers for Goods and Services Tax (ECRs) and the Electronic Single Window for Customs. Each of these reforms is about making the best, most efficient use of the automation and technology available to us now to increase the effectiveness of our tax administration system.

While many of the reform projects that the NRA has been pursuing in recent were due to come to fruition in 2020, the onset of the pandemic meant that much of the progress had to be put on a hold as a result of the changes put in place to ensure social distancing and the inability of foreign contractors to return from abroad for much of the year. However, it is expected that these programmes will start coming on board from Q1 2021.

All of these are investments in the NRA's capacity that should start paying dividends in the coming months and years, ensuring that recent revenue gains are sustained over the long-term. Specific information about each reform project and their current implementation status can be found in Section III of this report.

Staffing – A Growing Institution, Investing for the Future

The NRA has continued to grow in line with the staffing plan announced by the Commissioner-General upon taking office in 2018. The Authority grew by about 11% in 2020 and will continue to grow as the budget and accommodation allows—every new hire is an investment in the Authority's ability to continue to sustainably collect revenue in support of the Government's development agenda.

Looking Forward

Thanks to strong political and policy commitment from Government, increased collaboration with other ministries, departments and agencies, cooperation with the taxpaying public and the impact of a whole series of reforms, the NRA looks forward to another strong year in 2021 and beyond in delivering the commitments under the New Direction Manifesto and the Medium-Term National Development Plan.

I. ABOUT THE NRA: OUR MISSION, VISION, VALUES AND STRATEGY

ABOUT THE NRA

The National Revenue Authority (NRA) is Sierra Leone's tax and customs authority, responsible for the collection of most public revenues in the country and for the facilitation of international trade.

The NRA was established nearly twenty years ago on 13 September 2002 by an Act of Parliament.¹

Before the NRA was created, responsibility for the collection of public revenue was fragmented across different ministries, departments and agencies.

The creation of the NRA changed this set-up in several important ways. Firstly, the NRA combined responsibility for the assessment and collection of nearly all national revenue including taxes, tariffs and other customs revenue as well as non-tax revenue such as royalties on natural resources like minerals and fish and administrative fees.

Secondly, the NRA is a semi-autonomous public body. In other words, it was established by an Act of Parliament and no longer forms part of a government ministry. The Chairman of the Board of the NRA and its Commissioner-General are appointed by the President and must be approved by Parliament. The Chairman of the Board is term limited.

The NRA Act stipulates that the Authority be funded by at least three percent of the actual revenue collected annually and through other sources as required.

OUR MANDATE

The NRA is charged with the responsibility of assessing and collecting domestic taxes, customs duties and other revenues specified by law, as well as administering and enforcing laws relating to these revenues.

OUR MISSION

The effective administration of the revenue system and the facilitation of trade to enhance Government's fiscal space for national development.

¹ The National Revenue Authority Act, 2002

OUR VISION

To be an institution of excellence, a national and regional reference for public bodies and especially for revenue administrations.

OUR VALUES

Our activities are guided by the following core values:



Integrity

We are committed to the highest standards of trust and honesty.



Transparency

We will ensure full disclosure of information as required by law.



Accountability

We will ensure that appropriate mechanisms exist for staff to be held accountable for their decisions and actions.



Equity

We value individual differences and treat customers with fairness.



Service Excellence

We will provide outstanding service to our customers.

GOVERNANCE

The National Revenue Authority was established by the National Revenue Authority Act, 2002.

It is headed by a Commissioner-General (CG) appointed by the President and approved by Parliament. The CG is responsible for administering and managing the day-to-day operations of the Authority.

The overall direction and activities of the Authority are overseen by a Board of Directors consisting of seven members including the Financial Secretary, the Governor of the Bank of Sierra Leone and the Commissioner-General. The Chairperson of the Board of Directors is appointed by the President. The remaining

three members of the Board include an economist, a tax specialist and a lawyer as stipulated by the NRA Act. The qualifications, terms and procedure of appointment of the Board of Directors are also described in the NRA Act.

The CG is supported in the day-to-day running of the NRA by a Deputy Commissioner-General (DCG) appointed by the Board and by a senior management team including the heads of the various operational and support departments of the NRA.

There are three operational (i.e., revenue collecting) departments in the NRA, each of which is headed by a Commissioner.:

- the Domestic Tax Department (DTD)
- the Customs Services Department (CSD)
- the Non-Tax Revenue Department (NTR)

In addition to the three operational departments, there are also ten support departments, each headed by a Directors or Senior Director:

- Monitoring, Research and Planning (MRP)
- Modernization
- Finance and Budget (F&B)
- Administration (Admin)
- Human Resources (HR)
- Welfare
- Information and Communication Technology (ICT)
- Legal and Corporate Affairs (L&CA)
- Internal Control and Audit (ICA)
- Revenue Intelligence and Investigations (RIID)

The Modernization Department was established in 2020 from part of the MRP Department, while the Welfare Department was split off from the HR Department in April 2021.

The Revenue Intelligence and Investigations Department, previously a unit reporting directly to the Commissioner-General's office, was made a separate Department in 2020.

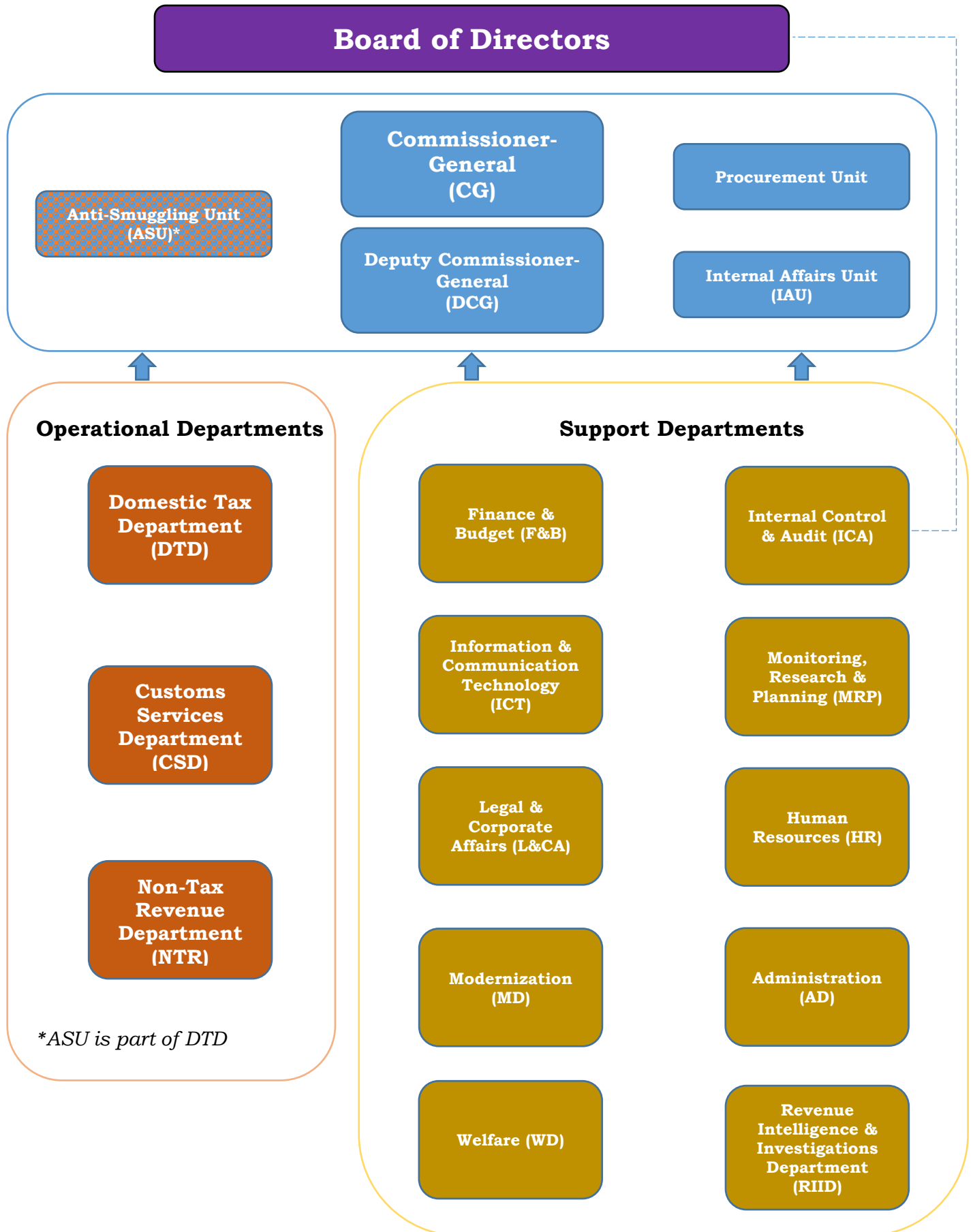
The heads of the operational departments (Commissioners) and the support departments (Directors/Senior Directors) as well as their deputies/assistants are all appointed by the Board of Directors.

The Internal Control and Audit Department (ICA) reports directly to the Board of Directors.

The following three separate units report directly to the Commissioner-General's office:

- Anti-Smuggling Unit (ASU) – *part of the Domestic Tax Department*
- Procurement Unit
- Internal Affairs Unit (IAU)

NRA ORGANOGRAM



NRA STAFF

The staff strength of the authority as of 31 December 2020 was **740**.

This figure comprised 572 male staff, representing about **77%** of the total and 168 female staff representing about **23%**.

Table 1: Number of Staff by Department, 2020 vs. 2019

Department	Number of Staff (2020)	Number of Staff (2019)	Variance
CG's Office*	22	17	5
DTD	190	184	6
CSD	206	176	30
NTR	52	53	-1
HR**	36	34	2
Admin	140	122	18
F & B	24	19	5
MRP	12	18	-6
ICT	26	26	-
ICA	10	9	1
L&CA	14	8	6
Modernization	8	-	8
TOTAL	740	666	74

*Includes staff now based on the new Revenue Intelligence and Investigations Department (est. 2020)

**Includes staff now based in the new Welfare Department (est. 2021)

The table above shows that the number of staff working at the NRA increased by 74 (11%) over the course of 2020.

This is in line with the decision taken in 2018 to gradually hire 300 new staff in order to more effectively perform the NRA's duties. New staff have been hired each year in line with that plan gradually since 2018 as budget and accommodation constraints allow.

The decrease in staff in the MRP Department reflects the fact that the Modernization Department was split off from MRP in the course of 2020. Every other department other than the Non-Tax Revenue Department grew or remained the same size over the course of the year.

Figure 1 below displays the same information about staff strength by department between 2019 and 2020 as Table 1.

Figure 1: Comparison between 2020 and 2019 staff strength

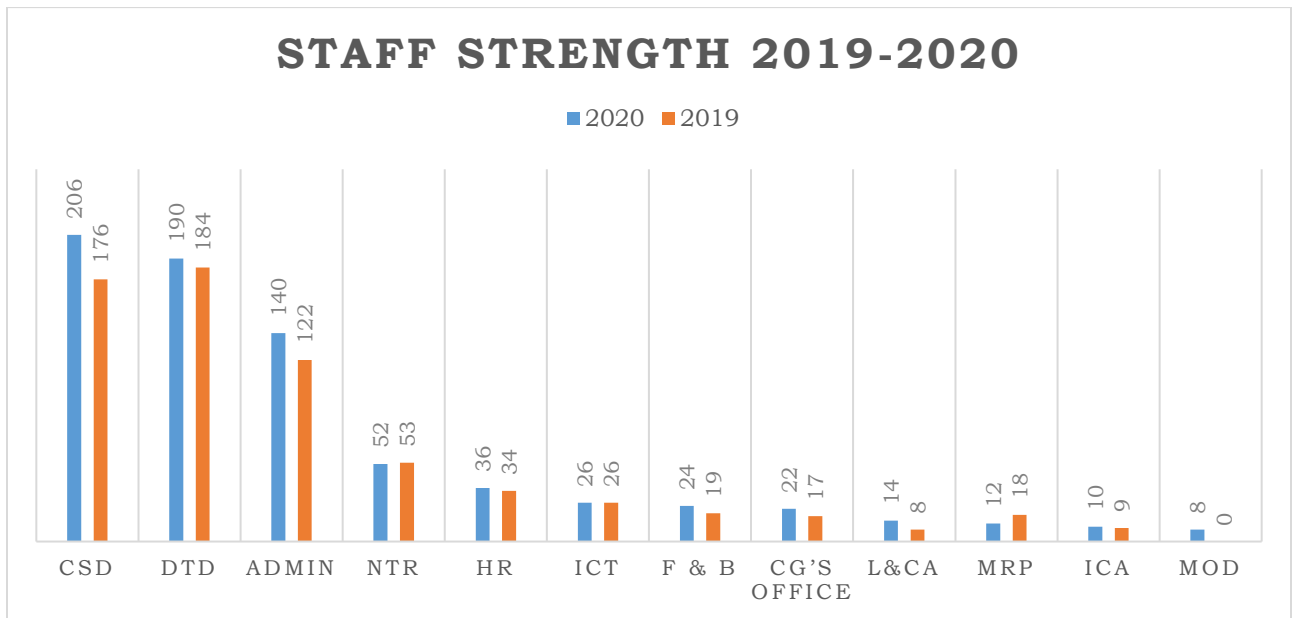
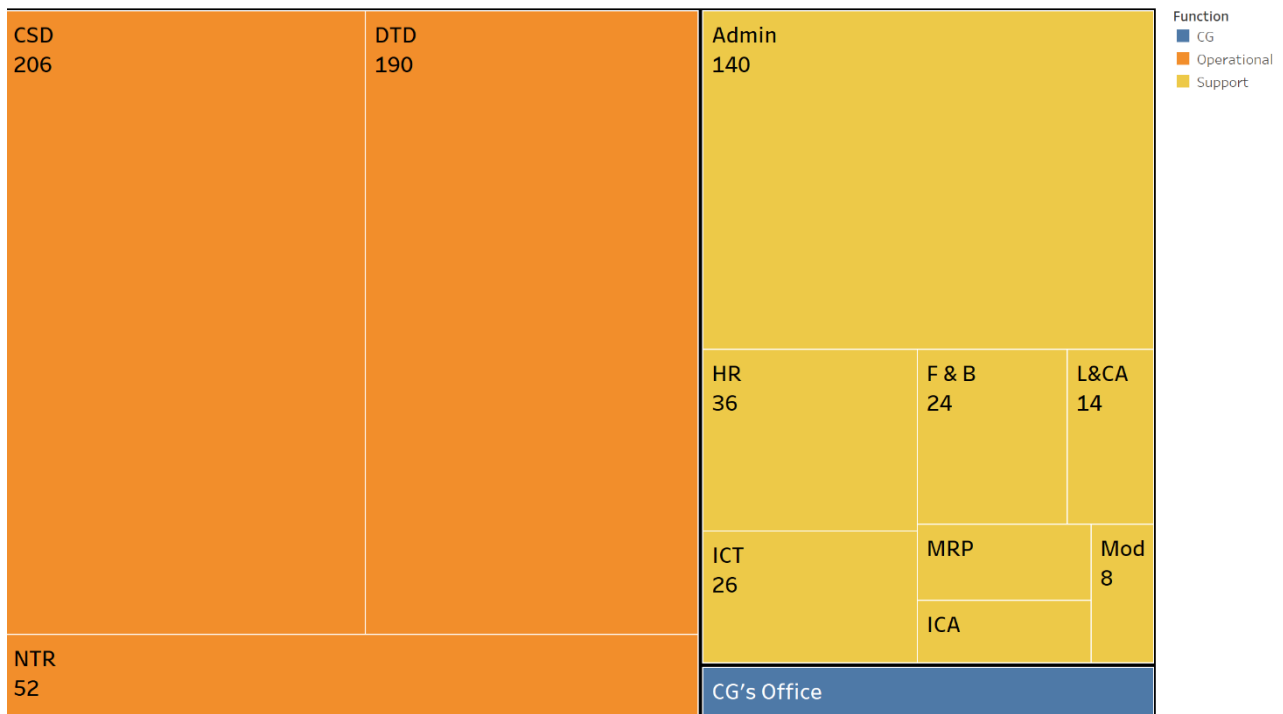


Figure 2: Number of Staff by Department (Operational/Support/CG's Office)



The above figure shows the functional breakdown of staff at the NRA. Operational departments are shown in orange, support department in yellow and the CG's office in blue.

At the end of 2020, 448 staff (61%) worked in one of the three operational departments. An additional 270 staff (37%) were working in one of the various support departments, with the remaining staff working in the CG's office.

NRA STRATEGIC PLAN 2018-2022

Our Strategic Plan sets out how we will deliver on our mandate of administering the tax and customs laws to support the achievement of Sierra Leone's Medium Term National Development Plan 2019-2023, the New Direction Manifesto and the 2018 Presidential Address at the State Opening of Parliament.

It is available to download from the NRA's website at the following address:

<https://nra.gov.sl/strategic-plan>

Strategic Goals

The Strategic Plan sets out five goals that will guide the NRA between 2018-2022:

1. Achieve effective and efficient revenue mobilisation to support government fiscal space
2. Develop human capital and institutional capacity
3. Enhance trade facilitation
4. Automate and integrate modernised business processes and procedures
5. Improve public trust and credibility

Objectives

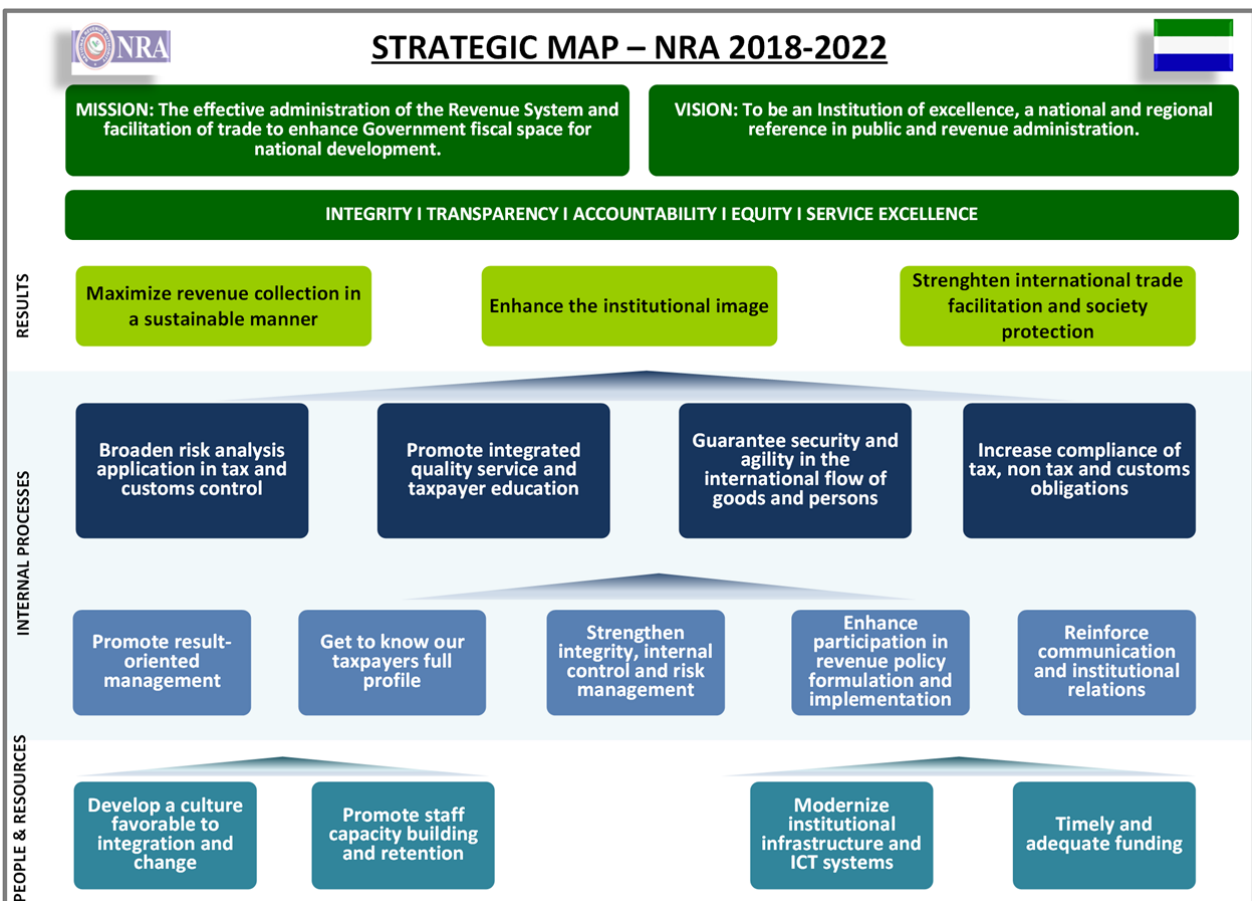
In order to achieve the five strategic goals, the Plan sets out sixteen specific objectives for the NRA to work towards between 2018-2022:

1. Maximize revenue collection in a sustainable manner
2. Enhance the institutional image before society
3. Strengthen international trade facilitation and society protection
4. Broaden the risk analysis application in tax and customs control
5. Promote integrated quality service and taxpayer education

6. Guarantee security and agility in the international flow of goods and persons
7. Increase compliance of tax, non-tax, and customs obligations
8. Promote results-oriented management
9. Get to know our taxpayers' full profile
10. Strengthen integrity, internal control and risk management
11. Enhance participation in revenue policy formulation
12. Reinforce communication and institutional relations
13. Develop a culture favourable to integration and change
14. Promote staff capacity-building and retention
15. Modernise institutional infrastructure and ICT systems
16. Timely and adequate funding

The map below shows how the NRA's mission, vision, values, goals and objectives fit together over the period covered by the Strategic Plan:

Figure 3: Strategic Map



II. 2020 REVENUE PERFORMANCE

ECONOMIC DEVELOPMENTS IN 2020

Sierra Leone's economy was estimated to have contracted by 2.2% in 2020, the first contraction since the Ebola crisis in 2015.² The pandemic-related restrictions such as the suspension of flights, closure of land borders and businesses in the hospitality sector explained the contraction of the service sector. Growth in agriculture was expected to slow down with some disruptions in labour supply and delivery of key inputs such as seeds and fertilizers due to the three short lockdowns in 2020 designed to stop the spread of COVID-19.

On the demand side, the contraction of the economy was reflected by lower investment and net exports, reflecting COVID-19 related uncertainties and global trade disruptions. Imports of goods and services slowed down, while exports contracted by 4.1% in 2020. These impacted on the rate of inflation, which was projected to reach 15.6% by end-2020 from 14.8% in 2019, reflecting food supply constraints as lockdowns and border closures disrupted domestic and international food supply chains.

Nonetheless, public, and private consumption remained strong with increased spending on health, support to vulnerable households (through social safety net programs) and businesses and demand for essential commodities, including food.

2020 REVENUE COLLECTION

2020 was a qualified success for the NRA in terms of its main objective of the sustainable collection of revenue in a year marked by the COVID-19 pandemic.

For the entire year 2020, the country raised Le 5.501 trillion in domestic revenues, thus exceeding the revised target of Le 5.366 trillion by Le 134.0 billion. This revised target was agreed in discussions with the International Monetary Fund because of the revised economic growth projections in the wake of the pandemic.

Before agreeing the final revised target with the IMF, the Government had published a Supplementary Budget in July 2020 to deal with the unexpected effects of the pandemic. It provided for the Quick Action Economic Response Programme (QAERP) to mitigate the negative economic impact of the pandemic and related restrictions as well as to release resources for the Health Sector Response Plan to deal with the health impact of COVID-19 in Sierra Leone. In the Supplementary Budget of July 2020, the domestic revenue target was revised down from the original Le 6.470 trillion announced in the November 2019 Budget Speech

² *World Economic Outlook April 2021*, IMF

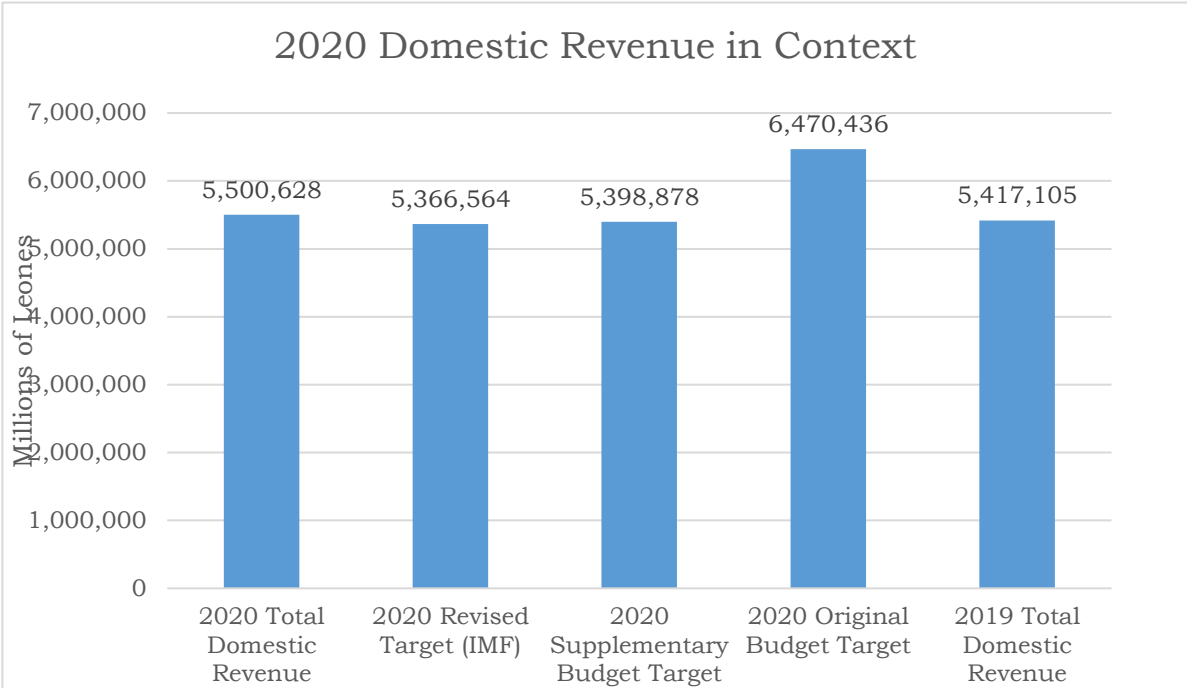
to a target of Le 5.399 trillion to take account of the impact of the pandemic on revenue collection. It was this latter target which was then revised downward a second time in discussions with the IMF. The original target and the revised targets are summarised in the tables below, together with the total revenue collected for 2020:

Table 2: 2020 Total Domestic Revenue in Context

	<i>Le, million</i>
2020 Total Domestic Revenue	5,500,628
2020 Final Revised Target (IMF)	5,366,564
2020 Supplementary Budget Target (July '20)	5,398,878
2020 Original Budget Target (Nov '19)	6,470,436

	<i>Le, million</i>
2020 Total Domestic Revenue	5,500,628
2019 Total Domestic Revenue	5,417,105

Figure 4: 2020 Total Domestic Revenue in Context



Even when compared to the higher 2020 Supplementary Budget target of Le 5.399 trillion, the collection of Le 5.501 trillion in 2020 implies the NRA met and exceeded this target by Le 101.8 billion as the NRA reduced the estimated effect of COVID-19 on domestic revenue.

Total revenue collection for 2020 collection also exceeded that for 2019 by Le 83.5 billion or 1.5% despite the COVID-19 challenges of 2020 thanks to a strong Q4 performance and a record collection in December 2020.

Total domestic revenue collection, including Road User Charges did, however, fall far short of the original 2020 revenue target included in the original budget for the year, coming in at Le 5.501 trillion against the original target of Le 6.47 trillion. The shortfalls were particularly marked in the areas of customs duties and petroleum excise given the severe impact of the pandemic on international trade and commodities prices, on consumption and on the NRA's own operations.

Besides petroleum excise and cargo tracking fees, all other revenue streams impressed by exceeding their revised annual targets.

The ability of the NRA to collect that much in 2020 was attributed to the approach taken by the Authority during the pandemic when it adapted its operations to ensure social distancing, including allowing the filing of tax returns by email, and engagement with taxpayers online and via SMS asking them to be compliant with their tax payments.

The Authority also adopted moral suasion techniques to convince and appeal to taxpayers to honour their obligations rather than having to accrue arrears that will later become burdensome to settle. Finally, the relaxation of COVID-19 restrictions later in the year contributed to this performance to the extent Q4 and December 2020 collections were record quarterly and monthly collections respectively.

Table X and Table X below provide the full breakdown of the 2020 revenue collection by tax type and by quarter as compared with the final target for 2020 and the 2019 actual collections:

**Table 3: Quarterly and Total Domestic Revenue Collection 2020
(Le Million) Compared to IMF Target**

	2020 Act	2020 Final (IMF) Target	Variance	% Variance
TOTAL DOMESTIC REVENUE	5,500,628	5,366,564	134,064	2.5%
TOTAL NRA REVENUES (Excl. RUC)	5,382,747	5,265,144	117,603	2.2%
DTD	3,038,445	2,985,237	53,208	1.8%
Income Tax	1,992,218	1,975,244	16,974	0.9%
Goods and Services Tax (GST)	1,046,227	1,009,993	36,234	3.6%
CSD	1,220,656	1,227,665	(7,009)	-0.6%
Import Duties	644,132	643,691	442	0.1%
Excise on Petroleum	520,115	533,930	(13,815)	-2.6%
<i>o/w IDF</i>	<i>158,200</i>		<i>158,200</i>	
Other Excise	56,409	50,044	6,365	12.7%
NTR	1,123,646	1,052,242	71,404	6.8%
Mines Revenue	257,921	222,690	35,231	15.8%
Other Departments	865,724	829,552	36,172	4.4%
<i>Royalty on Fisheries etc</i>	<i>96,212</i>	<i>91,430</i>	<i>4,782</i>	<i>5.2%</i>
<i>Parastatals (Cargo Tracking)</i>	<i>78,636</i>	<i>85,492</i>	<i>(6,856)</i>	<i>-8.0%</i>
<i>Other Revenues</i>	<i>690,876</i>	<i>652,630</i>	<i>38,246</i>	<i>5.9%</i>
<i>o/w TSA</i>	<i>353,516</i>	<i>332,910</i>	<i>20,606</i>	<i>6.2%</i>
<i>o/w Timber</i>	<i>261,087</i>	<i>242,740</i>	<i>18,347</i>	<i>7.6%</i>
<i>o/w Other MDAs</i>	<i>76,273</i>	<i>76,980</i>	<i>(707)</i>	<i>-0.9%</i>
Road User Charges (RUC)	117,881	101,420	16,461	16.2%

Table 4: Total Domestic Revenue Collection 2019 versus 2020 (Le Million)				
	2019 Act	2020 Act	Variance	% Var
TOTAL DOMESTIC REVENUE	5,417,104	5,500,628	83,524	1.5%
TOTAL NRA REVENUES (Excl. RUC)	5,310,818	5,382,747	71,929	1.4%
DTD	2,906,714	3,038,445	131,731	4.5%
Income Tax	1,876,028	1,992,218	116,190	6.2%
Goods and Services Tax (GST)	1,030,686	1,046,227	15,541	1.5%
CSD	1,313,905	1,220,656	(93,249)	-7.1%
Import Duties	711,075	644,132	(66,943)	-9.4%
Excise on Petroleum	567,476	520,115	(47,361)	-8.3%
<i>o/w: IDF</i>	<i>193,348</i>	<i>158,200</i>	<i>(35,148)</i>	<i>-18.2%</i>
Other Excise	35,354	56,409	21,055	59.6%
NTR	1,090,199	1,123,646	33,446	3.1%
Mines Revenue	233,409	257,921	24,513	10.5%
Other Departments	856,791	865,724	8,934	1.0%
<i>Royalty on Fisheries etc</i>	<i>108,016</i>	<i>96,212</i>	<i>(11,804)</i>	<i>-10.9%</i>
<i>Parastatals (Cargo Tracking)</i>	<i>87,801</i>	<i>78,636</i>	<i>(9,165)</i>	<i>-10.4%</i>
<i>Other Revenues</i>	660,974	690,876	29,903	4.5%
<i>o/w TSA</i>	<i>354,581</i>	<i>353,516</i>	<i>(1,065)</i>	<i>-0.3%</i>
<i>o/w Timber</i>	<i>222,550</i>	<i>261,087</i>	<i>38,537</i>	<i>17.3%</i>
<i>o/w Other MDAs</i>	<i>83,843</i>	<i>76,273</i>	<i>(7,570)</i>	<i>-9.0%</i>
Road User Charges (RUC)	106,286	117,881	11,595	10.9%

Table 4 above shows the difference between the breakdown of revenue collected in 2019 and that collected in 2020. Overall, revenue collection in 2020 surpassed that of 2019 even despite the COVID-19 pandemic, though some revenue areas, especially Customs, did decline sharply as a result of disruptions to international trade and the closure of Sierra Leone's air and land borders.

REVENUE COLLECTION IN HISTORICAL CONTEXT

Figure 5 below shows the 2020 revenue performance in a longer historical context going back to 2001, the year before the NRA was established and two years before it started operations. The figure shows steadily increasing revenue collections in nominal terms with a levelling off in 2020 that resembles the impact of the twin shocks of Ebola virus disease epidemic and the drop in the price of iron-ore in 2014-2015.

Figure 5: Government Revenue 2001-2020

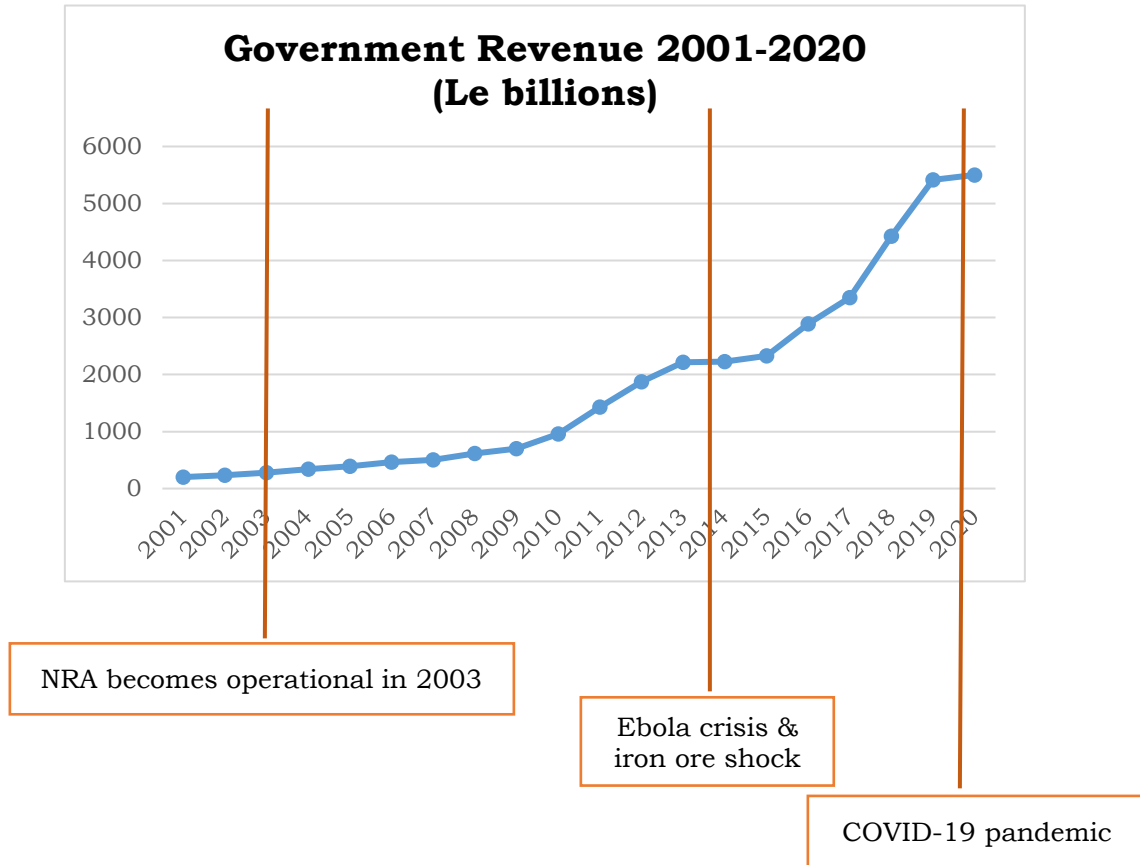
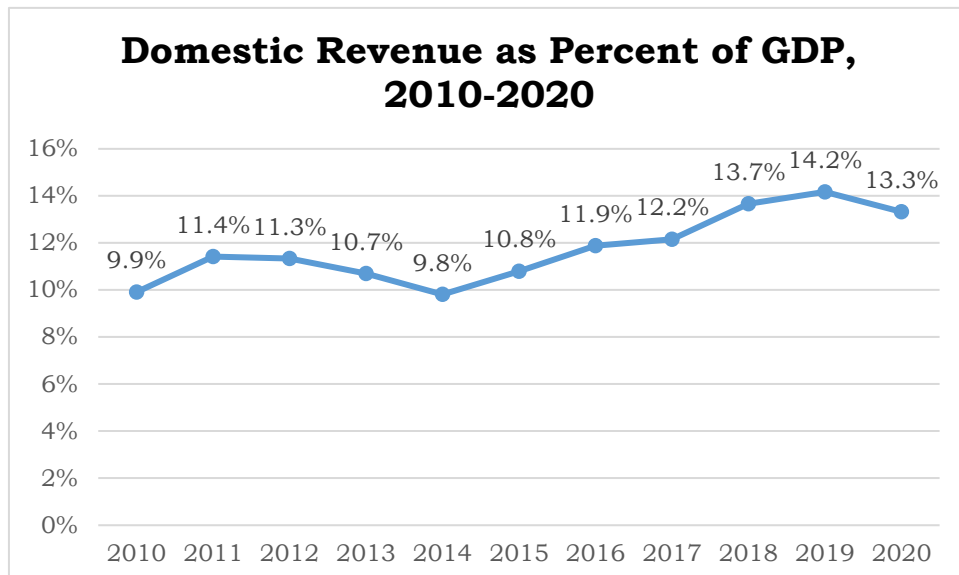


Figure 6 below presents total domestic revenue collection as a percentage of GDP over the previous decade. The figure presented for 2020 is based on the most recent GDP estimate available for the year.

Figure 6: Domestic Revenue as Percent of GDP, 2010-2020



Source: UNU-WIDER Government Revenue Dataset, 2020; *Government Budget and Statement of Economic and Financial Policies for the Financial Year 2021*, Government of Sierra Leone

Again, the effect of the twin shocks of the Ebola crisis and the drop in commodity prices in 2014 are apparent in the decline in the revenue to GDP ratio in 2014. Revenue collection in terms of GDP then increases steadily through 2019, peaking at a record 14.2% last year. The effect of the coronavirus pandemic and the mitigating measures as described above can be seen in the drop back to 13.3% in 2020—though it must be noted that this level is still higher than that seen in 2017.

REVENUE PERFORMANCE BY DEPARTMENT

The following two figures show the revenue performance of the three operational departments of the NRA against the final revenue target as well as across quarters.

Figure 7: Departmental Performance Against 2020 Target

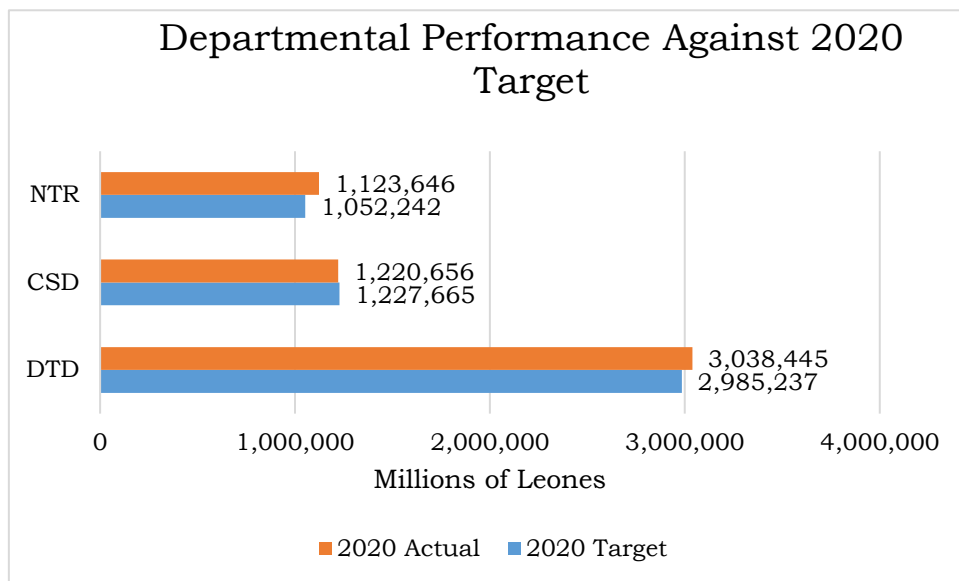
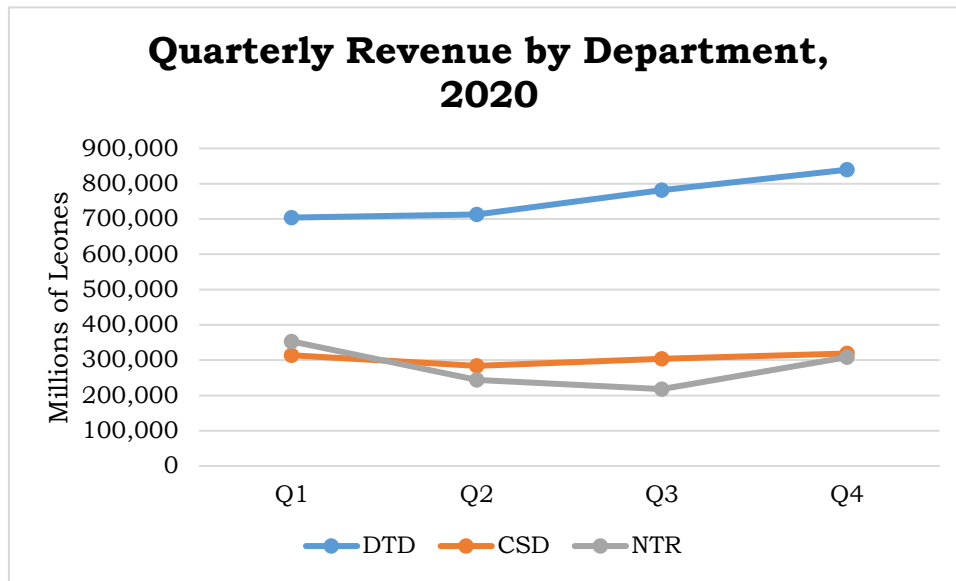


Figure 8: Quarterly Revenue by Department, 2020



1. Domestic Tax Department

The Domestic Tax Department (DTD) is the second largest department of the NRA by staff numbers. There were 190 DTD staff at the end of 2020. The DTD is responsible for collecting two of the main tax types, income tax (personal, corporate and Pay-As-You-Earn/PAYE) and the Goods and Services Tax (GST). DTD is also responsible for several other taxes such as various withholding taxes including on rental profits, payroll tax and domestic excise duty on certain locally manufactured products.

In 2020, the two main domestic tax types (GST and income taxes) accounted for just over Le 3 trillion or about 55% of all domestic revenue.

As shown in Table 3 and Table 4 above, the Domestic Tax Department exceeded both the final revised (IMF) revenue target for the year as well its performance in 2019. The DTD exceeded the 2020 revenue target by about 1.8% and exceeded its 2019 performance by about 4.5%.

The Domestic Tax Department is comprised of a number of separate units and offices that are responsible for dealing either with certain groups of taxpayers or with specific tax types. These include:

- Large Taxpayers Office
- Small and Medium Taxpayers Office, with the following tax districts:
 - Freetown Tax District East
 - Freetown Tax District Central
 - Freetown Tax District West

- Provincial outstations:
 - Bo
 - Kenema
 - Kono
 - Makeni
- Goods and Services Tax (GST) Unit
- Extractive Industries Revenue Unit
- Rental Income Unit
- Domestic Excise Unit
- Audit Unit
- Design and Monitoring Unit (D&M)

This section provides further information about the performance of these various component units and offices of the Domestic Tax Department. Note that the figures that follow are meant only to shed light on the performance of each unit/office relative to other comparable units/office or over time. These figures are not meant to provide a definitive breakdown of the headline revenue figures for the Domestic Tax Department provided above.

1.1. Large Taxpayers Office

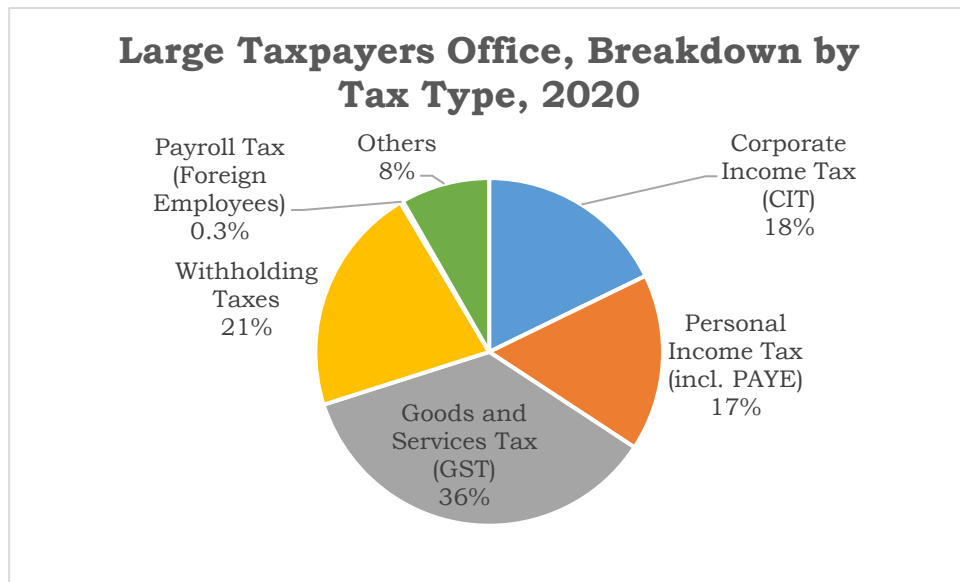
The Large Taxpayers Office is responsible for handling a range of domestic taxes applicable to large taxpayers, defined as those with an annual turnover of about Le 6 billion.³

The figure below shows the Large Taxpayers Office collection total for 2020 broken down by tax type. Note that these percentages are based on totals that exclude non-cash payments, for example direct transfers from ministries, department and agencies for their PAYE payments.

For this reason and other recording issues, only the percentage breakdown is included here in order to maintain reporting consistency with the total figures for the year provided in Tables 3 and 4.

³ Section 2 of the Income Tax Act, 2000 as amended by Section 5 the Finance Act, 2020

Figure 9: Large Taxpayers Office, Breakdown by Tax Type, 2020



1.2. *Small and Medium Taxpayers Office*

The Small and Medium Taxpayers Office consists of a headquarters office plus three Freetown offices that divide the Western Area Urban into three tax districts. Together, these offices are responsible for administering the tax affairs of small and medium-sized taxpayers.

Small taxpayers are defined as those with an annual turnover between Le 10 million and Le 350 million.

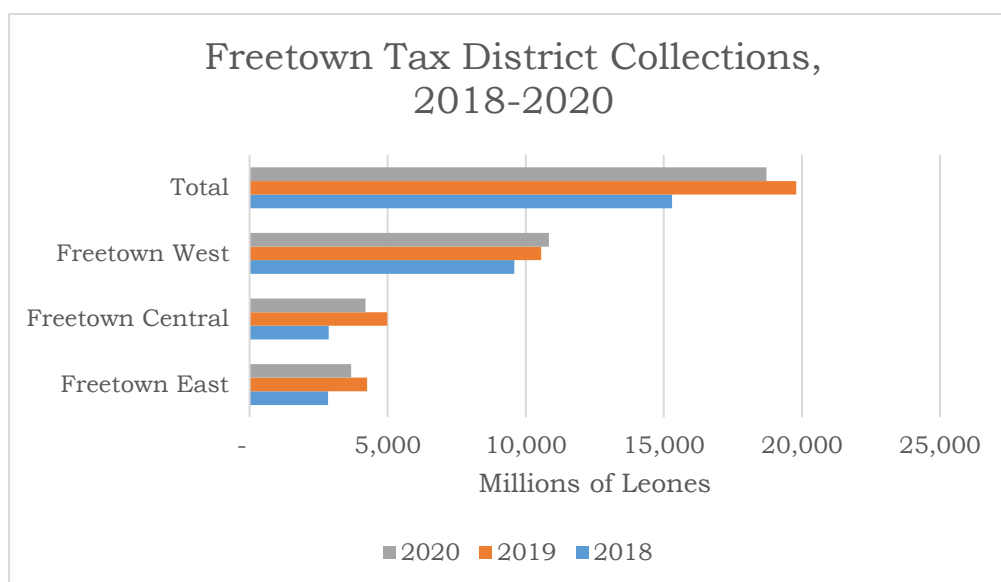
Medium taxpayers are defined as those with an annual turnover between Le 350 million and Le 6 billion.

Table 6 and Figure 10 below shows revenue collections from the three Freetown tax districts for the past three years. There was a 30% increase in the total revenue collected from the tax districts between 2018 and 2019, though this figure declined by about 5.5% last year in the wake of the pandemic and the measures taken to mitigate it.

Table 5: Freetown Tax Districts: Collections 2018-2020 (Millions of Leones)

Office	2018	2019	2020
Freetown East	2,844	4,255	3,678
Freetown Central	2,870	4,984	4,196
Freetown West	9,583	10,561	10,842
Total	15,298	19,799	18,716

Figure 10: Freetown Tax Districts: Collections



1.3. Provincial Outstations

There are four NRA outstations that deal primarily with domestic taxes outside the capital Freetown.

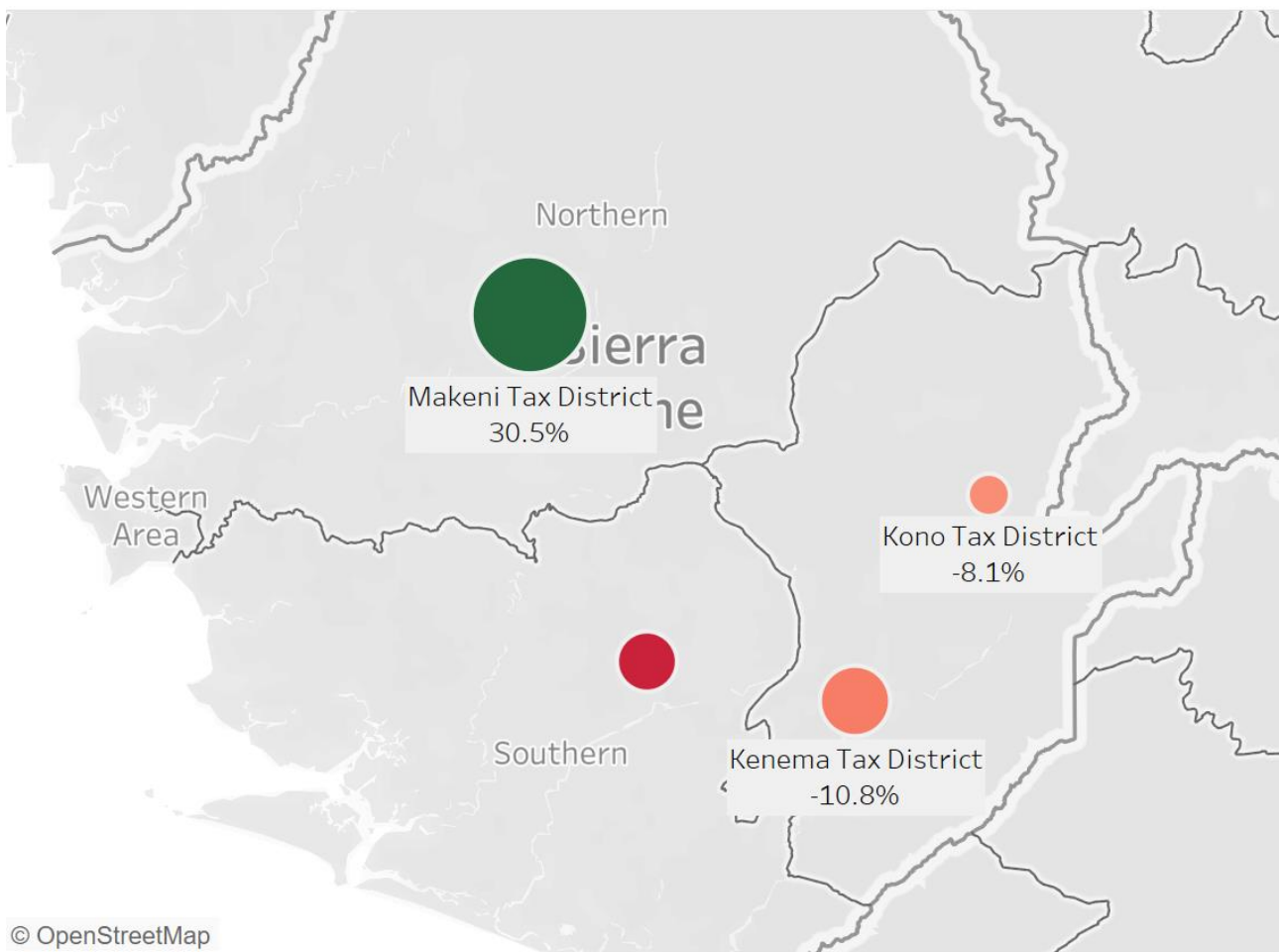
For domestic taxes, the following table and map show 2020 performance against the target set for 2020. Three of the offices (Kono, Bo and Kenema) were below their targets for the year, which again was likely influenced by the economic downturn related to the coronavirus pandemic and in particular the mitigating measures taken to combat it. The shortfall ranged from 25% (Bo) to 8% (Kono). Makeni had a particularly strong year, surpassing its revenue target by 30%.

Changes in the responsibilities or coverage areas of each tax office leading to issues of comparability from one year to the next:

Table 6: Domestic Tax Outstations Revenue Performance, 2020 vs 2019

Office Name	2018	2019	2020	2020 Target	2020 Actual vs. Target
Makeni	22,710	48,740	41,059	31,468	30%
Kono	2,750	3,457	4,651	5,064	-8%
Bo	7,544	9,647	10,043	13,470	-25%
Kenema	9,360	11,121	14,075	15,787	-11%

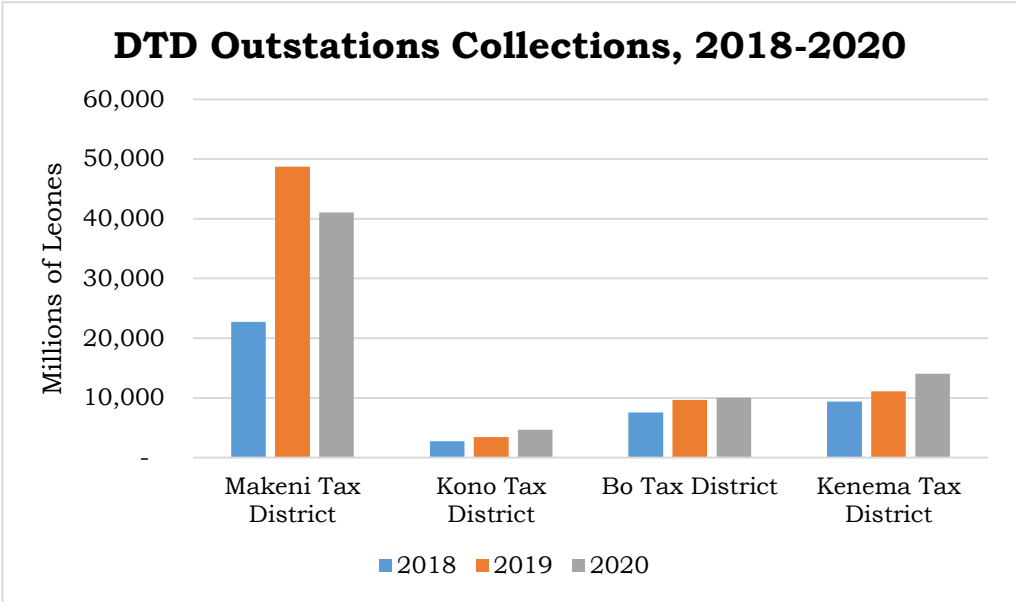
Figure 11: 2020 Domestic Tax Outstations Revenue Performance vs Target



Created in Tableau. Size of bubble indicates relative size of revenue collected

The table below shows the development of revenue collection in the four DTD outstations over the last three years. The three smaller offices in terms of revenue collection (Kono, Bo, Kenema) have all been growing steadily as shown below in Figure 12—despite missing their revenue target for the year, each of these offices surpassed their collection performances in 2019. Kono improved its collection by 35%, Kenema by 27% and Bo by 4%. By contrast, while the Makeni office greatly surpassed its revenue target for the year, it nevertheless fell short of its performance in 2019 by 16%.

Figure 12: DTD Outstations Collections, 2018-2020



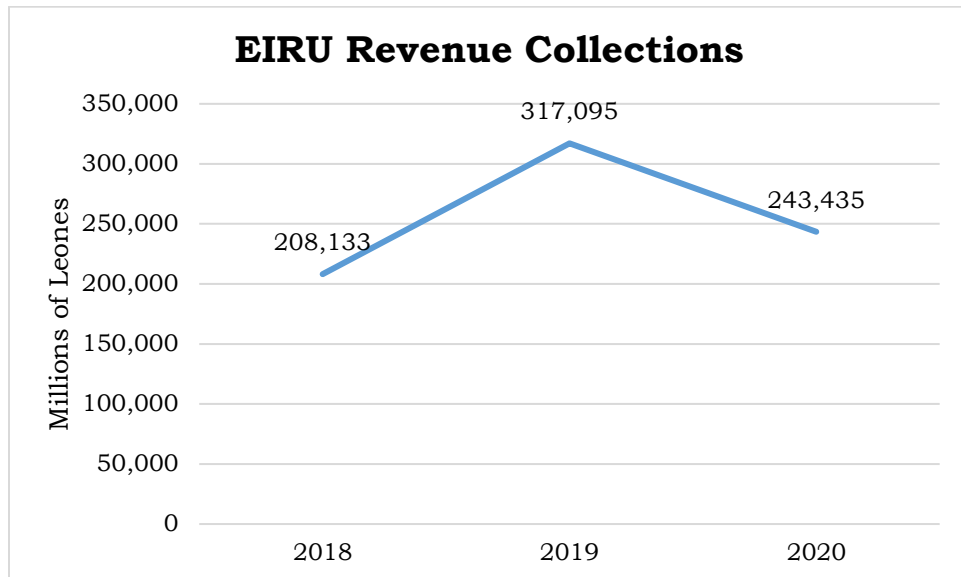
1.4. *Extractive Industries Revenue Unit*

The Extractive Industries Revenue Unit (EIRU) is responsible for the collection of revenue from operators in the extractive industries, especially mining firms. Tax types handled by the unit include corporate income tax, PAYE, import excise tax, GST, and withholding taxes.

As of the end of 2020, there were 24 operational licences among extractive industry taxpayers. Thirteen of these were exploration licenses, while there were 7 large-scale mining licenses, 2 small-scale licenses and 2 export licenses. A further 72 licence-holders were non-operational by the end of 2020.

The figure below shows the revenue performance of the EIRU in the last three years:

Figure 13: EIRU Revenue Collections

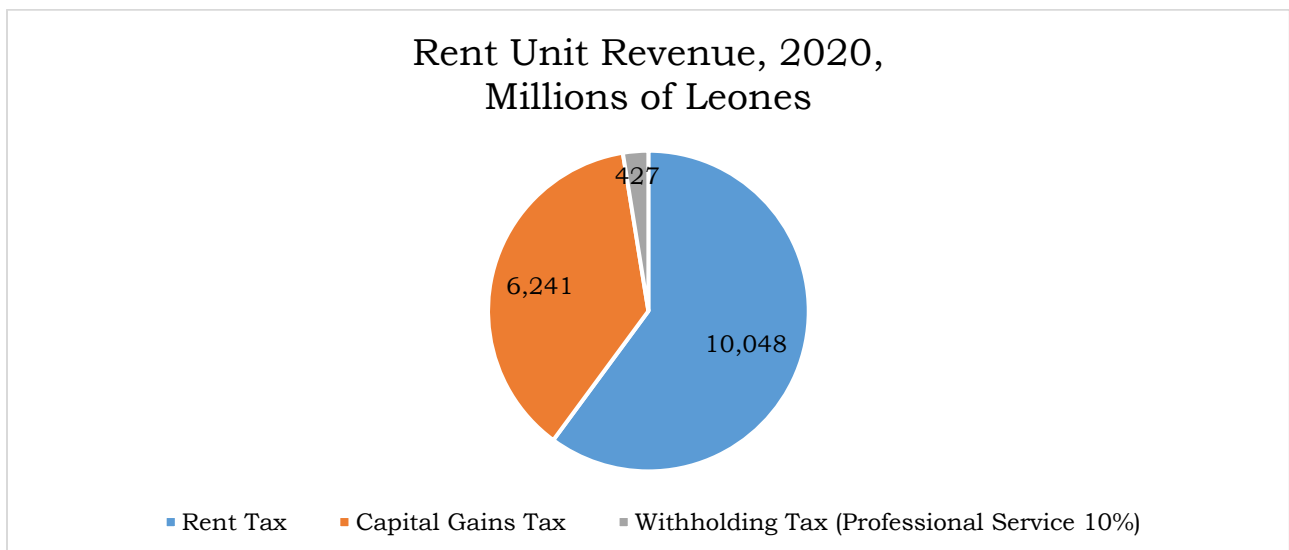


1.5. Rental Income Unit

The Rental Income Unit is responsible for administering the tax on profits derived from renting property as well as capital gains tax and the 10% withholding tax on income from professional services.

The Rental Income Unit collected Le 16.7 billion in total in 2020. The following figure provides the breakdown by tax type:

Figure 14: Rent Unit Revenue, 2020

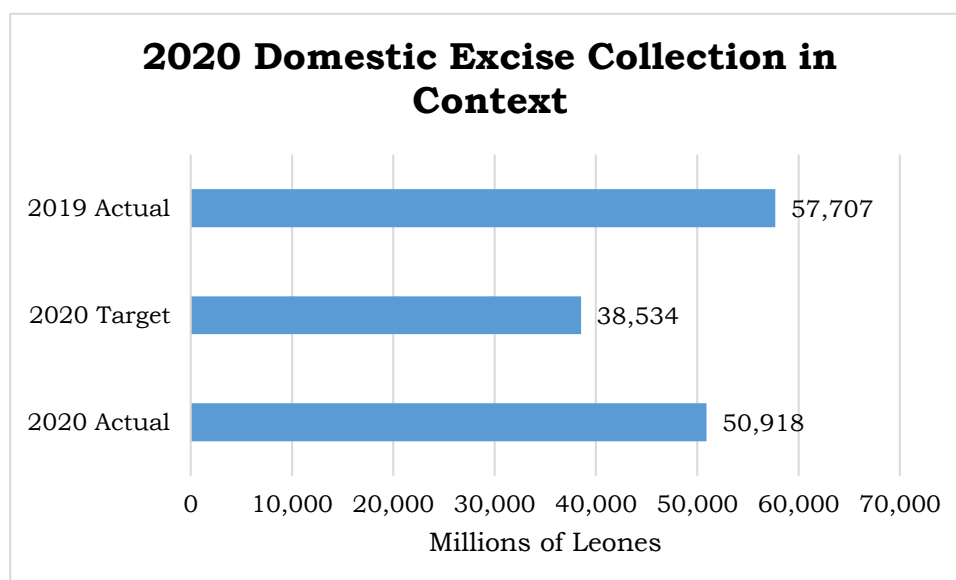


1.6. Domestic Excise Unit

The Domestic Excise Unit is part of the Large Taxpayers Office of the Domestic Tax Department. The Unit is responsible for collecting excise duty on locally manufactured products as per the Excise Act, 1982 (as amended). The unit also monitors other factories in order to enhance compliance across all tax handles administered by the Domestic Tax Department.

A total of Le 50.92 billion in excise duty was collected in 2020, beating the annual target set for the unit of Le 38.53 billion by 24%. Nevertheless, due to the challenges of the COVID-19 pandemic, domestic excise revenue fell by about 12.2% in 2020 compared to 2019.

Figure 15: 2020 Domestic Excise Collection in Context



2. Customs Services Department

Considering the effect of COVID-19 pandemic on trade and economic activities, the overall revenue collection by the Customs Services Department (CSD) in 2020 was impressive, though it was plagued with challenges.

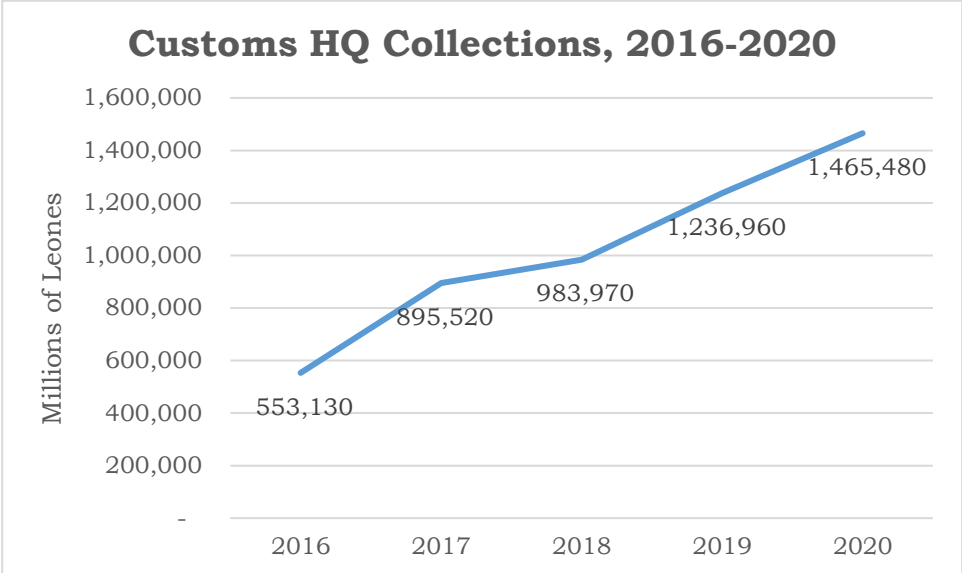
The Department's revenue collections for import and excise duties fell short of the revised (IMF) revenue target by about half a percent. After sluggish performance in quarter four (Q4) of 2019, revenue collection by CSD picked up in January 2020 but fell sharply in February likely as a result of the spread of COVID-19. This fall continued throughout Q1 and Q2 in 2021.

However, notwithstanding the situation highlighted above, the CSD performed remarkably well in mobilizing and collecting much-needed revenue in 2020. It should be noted that CSD also collects imports GST on behalf of the Domestic Tax Department and facilitates the collection of Road User Charges, both of which are recorded separately from import and excise duties in the annual revenue figures in Tables 3 and 4 above. Indeed, if all the revenue collected by CSD is put together, the department’s revenue performance actually increased compared with 2019 and surpassed the final revised revenue target (see Figure 16 below, which includes these additional revenue streams over the last five years).

The department was able to achieve such a remarkable performance particularly so in the first (Q1) and third (Q3) quarters of 2020 due to drastic actions undertaken in customs debts recovery, duty free controls and revenue collection in the petroleum sector.

Even though the overall revenue performance in 2020 has been very impressive relative to that of 2019, more effort will be required in 2021 taking into consideration continuing economic restrictions and lockdowns around the world.

Figure 16: Customs HQ Collections, 2016-2020



2.1 Customs Outstations

There are currently seven CSD outstations across the country including posts at the land borders with neighbouring Guinea and Liberia as well as inland customs posts along major trade routes leading to and from the land borders:

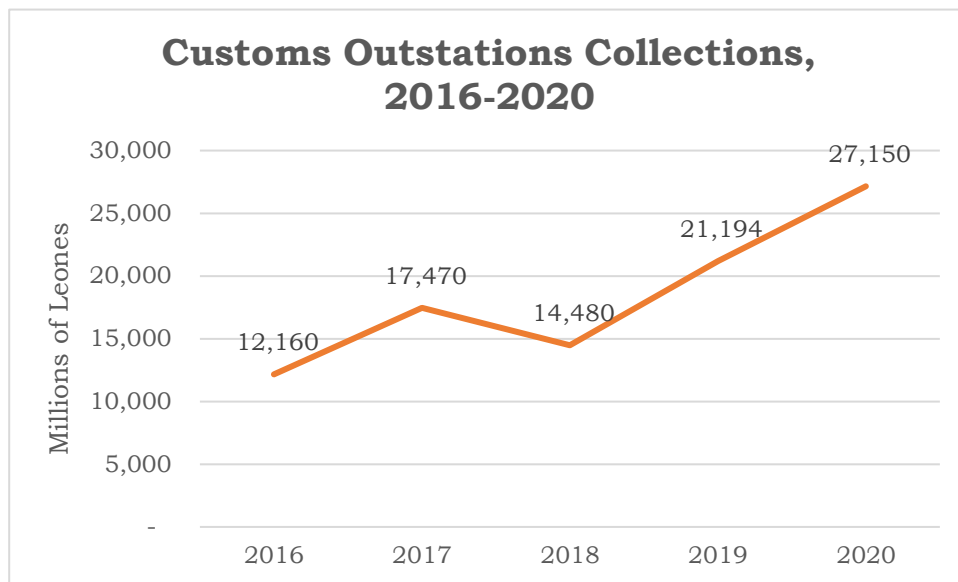
- Kono Customs Inland Post

- Dogolia Customs Border Post
- Lungi Airport
- Gbalamuya Customs Border Post
- Bo Customs Inland Post
- Jendema Customs Border Post
- Kailahun Customs Border Post

While the customs outstations account for only a relatively small proportion of overall customs, excise and import GST revenue, they nevertheless play an essential role in helping the NRA fulfil its border management and trade facilitation objectives.

The figure below shows that revenue collected at the customs outstations has been increasing every year since 2016 except for 2018.

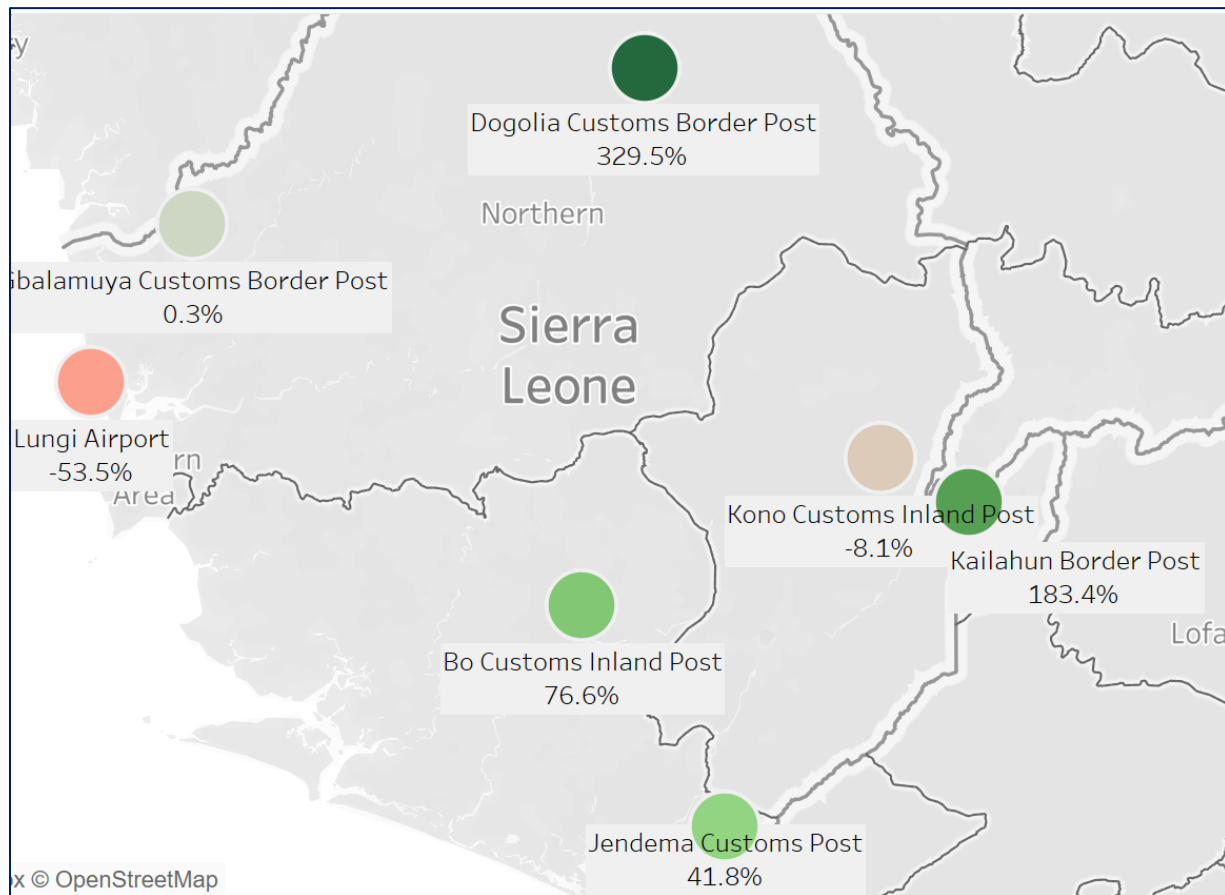
Figure 17: Customs Outstations Collections, 2016-2020



The map below (created using the Tableau software package acquired by the NRA in 2020 to support its data analytics capacity) shows 2020 revenue as a percentage of 2019 revenue for the CSD outstations

Overall, these outstations performed well compared with last year with the notable exception of Lungi Airport which remained closed for around one-third of the year (four months) and was operating at lower capacity for much of the rest of the year as a result of measures taken to mitigate the spread of coronavirus to Sierra Leone.

Figure 18: Customs Outstations Revenue Performance, 2020 vs 2019



Created in Tableau

3. Non-Tax Revenue Department

The Non-Tax Revenue Department collects revenue on behalf of a wide variety of ministries, departments and agencies, including the following:

- Sierra Leone Roads Safety Authority (SLRSA)
- Sierra Leone Standards Bureau (SLSB)
- Sierra Leone Civil Aviation Authority (SLCAA)
- National Civil Registration Authority (NCRA)
- Pharmacy Board (PB)
- National Telecommunications Commission (NATCOM)
- Sierra Leone Maritime Administration (SLMA)
- Petroleum Directorate (PD)
- Petroleum Regulatory Agency (PRA)
- Environment Protection Agency (EP)

- Ministry of Fisheries and Marine Resources
- Ministry of Works and Public Assets
- Ministry of Labour and Social Security
- Office of the Administrator and Registrar-General (OARG)
- Judiciary Department
- Sierra Leone Embassies and High Commissions around the world

The NTR collects the revenue assessed by these bodies for the Treasury Single Account (TSA).

As shown in Tables 3 and 4 above, the NTR Department collected about Le 1.12 trillion in 2020, of which about 23% were related to the mining industry.

The overall figure represents an increase of about 3.1% on the collection total for 2019 and surpassed the final revenue target for 2020 by about 6.8%.

DUTY-FREE WAIVERS

Duty waivers are granted for import duty and import GST in accordance with international agreements and the laws of Sierra Leone. Applications must be submitted by the importing person or body to the relevant line ministry and must ultimately also be approved by the Ministry of Finance before being processed by the NRA.

As shown by the comparative analysis in Table 7, the NRA received and processed a total of 8,563 duty waiver applications in 2020. Compared with that processed in 2019 (9,709), it means that the number duty-free applications slightly declined by about 12% from 2019 – 2020. This mirrors the decline in international trade as a result of the global pandemic.

The total value of duty waived decreased from about Le 637 billion in 2019 to Le 509 billion in 2020, a decline of 20%. The significant drop in the value of duty waived was driven by decreases in the value of waivers to non-governmental organisations (NGOs), government bodies, public international organisations (PIOs) and foreign embassies. Table 7 depicts detailed analysis of duty-waiver concession comparatively:

Table 8 disaggregates the value of duty waivers granted in 2019 and 2020 by economic sector. In absolute terms, waivers for the communication sector increased the most (by about Le 36.36 billion) while waivers for the energy sector decreased the most (by about Le 77.66 billion).

Table 7: Duty Waivers by Number and Value, 2019-2020

VALUE OF DUTY WAIVER CONCESSION PROCESSED 2019 AND 2020 COMPARED (MILLION LEONES)				
CATEGORY	2019	2020	VARIANCE	% variance
EMBASSY	23,469	9,588	(13,881)	-59%
GOVERNMENT	386,126	331,183	(54,943)	-14%
MINING	5,592	7,412	1,820	33%
NGO	91,203	24,860	(66,344)	-73%
PIO	70,792	62,817	(7,974)	-11%
PRIVATE	59,308	73,262	13,954	24%
TOTAL	636,489	509,122	(127,367)	-20%

VOLUME OF DUTY WAIVER CONCESSION PROCESSED 2019 AND 2020 COMPARED (MILLION LEONES)				
CATEGORY	2019	2020	VARIANCE	% variance
EMBASSY	793	119	-674	-85%
GOVERNMENT	2676	2409	-267	-10%
MINING	30	233	203	677%
NGO	1628	1504	-124	-8%
PIO	979	882	-97	-10%
PRIVATE	1584	1396	-188	-12%
TOTAL	9709	8563	-1146	-12%

Table 8: Duty Waiver by Sector, 2019-2020

Millions of Leones

SECTOR	2019	2020	VAR.	% VAR.
AGRICULTURE	28,426	35,657	7,231	25%
COMMUNICATION	858	37,220	36,361	4237%
CONSTRUCTION	49,081	29,775	-19,306	-39%
DEFENCE	363	0	-363	-100%
DIPLOMATIC	34,312	33,474	-838	-2%
EDUCATION	9,592	6,001	-3,591	-37%
ENERGY	146,388	68,732	-77,656	-53%
FINANCIAL	303	398	95	31%
FISHERY	12	270	258	2115%
HEALTH	310,427	240,336	-70,091	-23%
JUSTICE	0	39	39	-
LOCAL GOVERNMENT	0	209	209	-
MANUFACTURING	239	14,910	14,672	6145%
MINERAL	5,858	7,644	1,786	30%
OFFICE OF THE PRESIDENT	2,040	1,749	-291	-14%
OIL	78	1,253	1,175	1505%
PARLIAMENT	699	497	-202	-29%
SECURITY	1,953	3,539	1,586	81%
SOCIAL WELFARE	11,091	7,820	-3,272	-29%
SPORTS	1,501	191	-1,310	-87%

TOURISM	844	7,150	6,306	747%
TRADE	26,179	6,240	-19,939	-76%
TRANSPORT	5,527	4,989	-538	-10%
WATER RESOURCES	538	844	307	57%
YOUTHS	181	185	4	2%
TOTAL	636,489	509,122	-127,367	-20%

III. POLICIES, PROGRAMMES AND REFORMS

The NRA continued to make substantial progress across a broad range of reforms, infrastructure improvement and ICT projects and policy advice.

This section describes this progress and the expected benefits that these investments will bring in terms of sustainable revenue increases and a better service for taxpayers.

This section provides an update on the NRA's activities with respect to engagement with taxpayers and other stakeholders as well as its anti-smuggling and risk management activities in 2020.

TAXPAYER SENSITISATION AND EDUCATION

The NRA in 2020 stepped up its taxpayer sensitization and education efforts through the work of its Public Affairs and Tax Education (PATE) Unit, part of the Legal and Corporate Affairs Department (L&CA).

The year 2020 also saw a continuation of the unit's work to engage more closely with the media. The unit reviews copies of each daily newspaper and logs items that have bearing on the National Revenue Authority's work in order to better gauge public perception of the institution and the level of awareness of tax policy and administration issues in the public debate. This knowledge and understanding helps the NRA to better tailor its tax sensitisation and education efforts. The same approach was used for radio and television.

In collaboration with the operational departments and in some cases supported by donor organisations such as the African Development Bank (AfDB) and OSIWA, the PATE Unit held a series of workshops, seminars, and campaigns in various parts of the country. These engagements focused on a general introduction to the operations of the NRA, tax compliance and important reforms which require strong taxpayer awareness such as the Electronic Cash Registers and the Customs Single Electronic Window. Taxpayer had the opportunity to ask questions and receive answers from NRA officials in-person.

In 2019, PATE improved on the media presence of the NRA by introducing the weekly revenue update on the television stations AYV, SLBC, and Radio Democracy 98.1. These efforts were continued in 2020 and expanded to include Justice FM in the East End of Freetown. These weekly engagements mostly feature NRA officials from the operational departments who explain tax laws, compliance issues and the new reforms which is top on our sensitization drive.

In addition, the NRA continues to use radio jingles, spot messages, infographics, public notices, scroll bar messages on TV networks and a host of other

communication strategies. The PATE unit also operates a Facebook page and WhatsApp channels. The Chair of the NRA Board of Directors, Madam Tuma Adama Gento Kamara, has launched a half-yearly newsletter which gives an account of the NRA's activities. The idea is to be able to have tax education messages in various communities in Freetown as well as beyond the capital.

These programmes have proven to be very effective, and many taxpayers refer to them as their primary source of information about the tax system. Indeed, the 2019 Tax Perception Survey showed that while face-to-face contact is still the predominant means of contact with the NRA (89% of respondents), people tend to get their general information on tax issues from the radio (84%), NRA staff (54%) or television (44%).⁴ According to the statistics generated by the Facebook page, the NRA's average engagement per post is around 5,000.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In 2020 the NRA received several requests from different organizations soliciting support for educational programs, health-related sensitizations, girl child related issues, organizations for the disabled, etc. In total, the Authority amidst the pandemic funded 15 out of 32 requests laying emphasis on requests for educational and health-related issues as part of its commitment to corporate social responsibility.

COLLABORATION WITH KEY STAKEHOLDERS

In order to improve cooperation with key institutions and stakeholders, the NRA has signed a number of Memoranda of Understanding (MoUs) with institutions partner institutions such as:

- NATCOM (2018) to share information that will enable us track evasion and avoidance in telecoms sector
- NASSIT and FIU (2019) to share data that will enhance revenue collection
- ATAF and ICTD (2019) for capacity building
- NCRA and NMA (2020)

Further MoUs have been drafted or are being drafted for signature in 2021 with the OARG, Freetown City Council, the Pharmacy Board of Sierra Leone, Fisheries and the Sierra Leone Standards Bureau.

⁴ *2019 Tax Perception Survey Report*, Public Financial Management Consortium – led by Christian Aid together with the Budget Advocacy Network (BAN), Restless Development and the Centre for Accountability and the Rule of Law. With support from DFID (now FCDO). January, 2020. <https://www.christianaid.org.uk/resources/2019-tax-perception-survey-report>

WORLD BANK DOING BUSINESS INDICATOR

Sierra Leone ranked 163rd in the world in the 2020 edition of the World Bank Doing Business report. In the Paying Taxes indicator, however, Sierra Leone ranks much higher at 93rd out of 190 countries. The absolute score in the Paying Taxes indicator remained the same as the year before at 73.

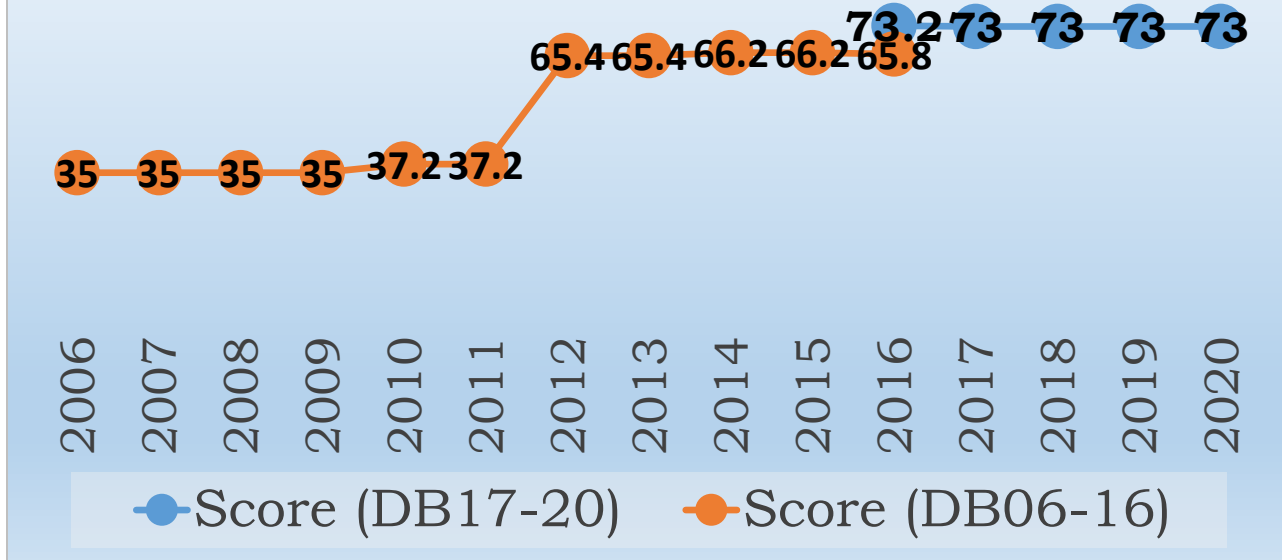
Sierra Leone ranks behind Liberia but ahead of Guinea in terms of the number of hours spent on paying taxes (a measurement of the compliance burden of the hypothetical business used by the Doing Business study) at a relatively high 343 hours. The country ranks about the same as its two neighbours in terms of the number of tax payments that the hypothetical business must make in a year, and it outperforms its neighbours in terms of the tax rate as a percentage of profits.

The report measures aspects of the tax system from the perspective of a hypothetical large, Freetown-based manufacturer. Because the hypothetical business is not representative of the vast majority of businesses in Sierra Leone, the results of the study itself must be carefully interpreted. Many of the reforms undertaken in recent years, for example, have not been formally recognized in the Doing Business report because they do not have a large enough impact on this hypothetical business.

Further information about how the indicator is compiled and about Sierra Leone's performance over the years compared to other countries can be found on the Doing Business website:

<https://www.doingbusiness.org/en/data/exploretopics/paying-taxes>

Paying Taxes Overall Score 2006-2020



Note change of methodology from 2017 onward, recalculated for 2016 for comparison

ANTI-SMUGGLING ACTIVITIES

The Anti-Smuggling Unit (ASU) is an operational arm attached to the Customs Services Department under the direct supervision of the Commissioner-General.

The ASU is tasked with tackling technical smuggling. Technical smuggling refers to a situation where importers submit fictitious information relating to goods declaration to Customs, with a view to avoiding payment of correct taxes. This can take the form of under-declaration of quantities, misdescription and misclassification of goods to avoid tariffs, undervaluation, incorrect country of origin or currency rate, etc. The ASU is also tasked with preventing the import and export of prohibited and harmful goods into and out of Sierra Leone. It carries out these responsibilities by gathering intelligence, conducting investigations on suspicious transactions and effectively monitoring CSD’s general operations to minimize the incidence of smuggling, particularly for transactions going through official channels.

The ASU also cooperates with other stakeholders. For example, an ASU resident officer is assigned to Sierra Leone Roads Safety Authority (SLRSA) to validate all vehicle/motorcycle clearance documents including license slips. This minimizes the potential risk of registering/Licensing vehicles at SLRSA, which fail to go through customs formalities.

As the Freetown Port receives about 80% of Sierra Leone’s international trade, most ASU staff are deployed in Freetown.

In 2020, the ASU received eight additional staff including one manager and a supervisor for Intelligence and Investigations and six Revenue Officers/Assistant Revenue Officers. This took us to an overall staffing level of 24. Refresher trainings were offered to staff in 2020 to improve their technical competence.

There has been a consistent growth in revenue since 2015, with especially strong growth between 2018 and 2019. Growth continued in 2020, though at a slower pace with reflects the impact of the pandemic of international trade to and from Sierra Leone.

Figure 19: Revenues Recovered by the ASU, 2015-2020

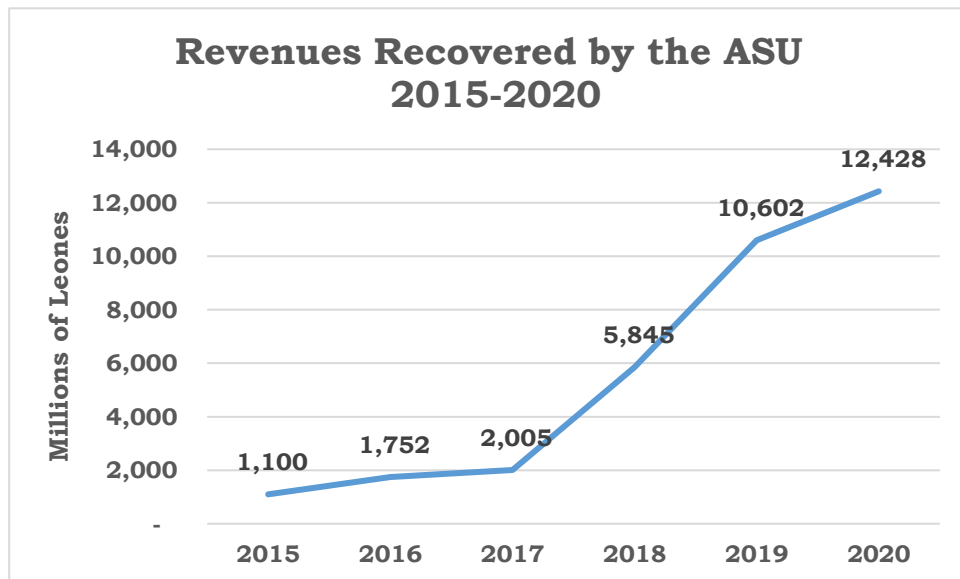
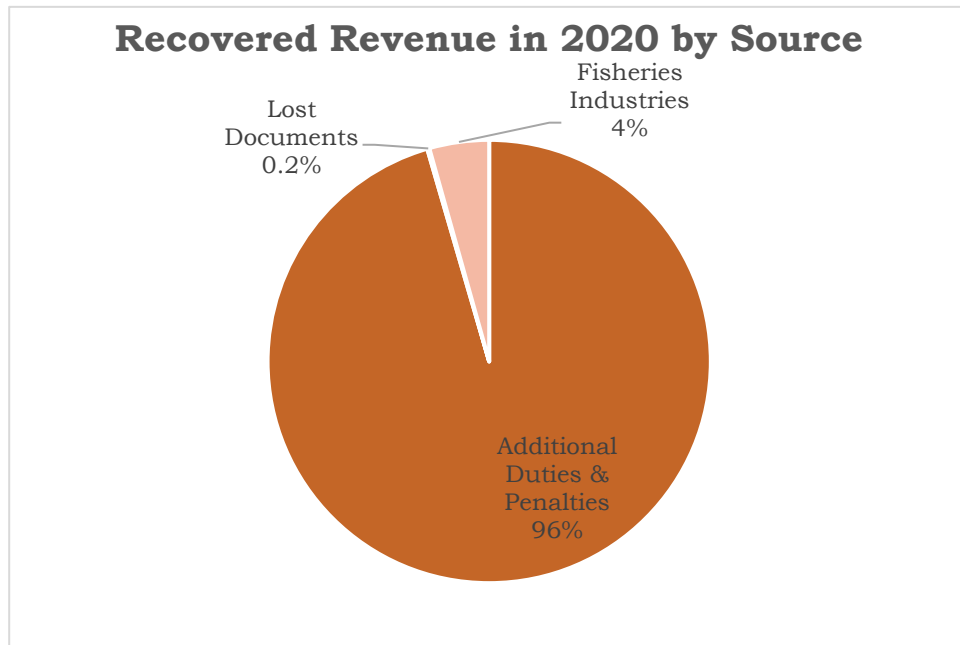


Figure 20: Recovered Revenue in 2020 by Source



Note that of the three sources identified in Figure 20 above, 96% of the Le 12.4 billion overall revenue recovered by the ASU in 2020 came from additional duties and taxes derived from discrepancies at the Freetown port.

RISK MANAGEMENT ACTIVITIES

The Risk Management Unit (RMU) of the Customs Services Department is charged profiling importers and brokers into three selectivity lanes: (red, blue and yellow) in the ASYCUDA World System used at the border points in order to facilitate trade while taking a risk-based approach to customs management.

The RMU analyses, verifies and processes data of activities of each importer and broker in the system on a daily and quarterly basis, respectively. Information reports generated in these processes are made available to the Customs Risk Management Committee (CRMC) for final management approval prior to the establishment of the selectivity criteria into the ASYCUDA World system.

In addition to the above function, the unit also provides suspected risk notices for declarations within the system and proposed treatments for such to other units along the processing path. Some of these notices may include issues on valuation, classification, currency codes, improper documentations, CVC input errors, incorrect commodity description, incorrect container size(s) and number(s) etc.

Profiling of importers and brokers formed part of the major activities of RMU this year. In 2020, 162 importers were profiled of which 144 importers (89%) fell into the compliant category (Blue Lane), 14 importers (9%) fell into the medium compliant category (Yellow Lane) and 4 importers (2%) fell into the non-compliant category (Red Lane).

The unit also completed profiling of 184 declarants/brokers for the same period under review of which 117 brokers (64%) fell into the compliant category (Blue Lane), 35 brokers (19%) fell into the medium complaint category (Yellow Lane) and 32 brokers (17%) fell into the non-complaint category (Red Lane).

A total of 261 declarations were identified and suspected to have risk issues in 2020. The suspected risk notices were sent to the various units within CSD dealing with such declarations for corrections and appropriate actions to be taken.

The following table provides a breakdown of the 261 suspect declarations by category:

Table 9: Number of Declarations with Suspected Risks (CSD – RMU)

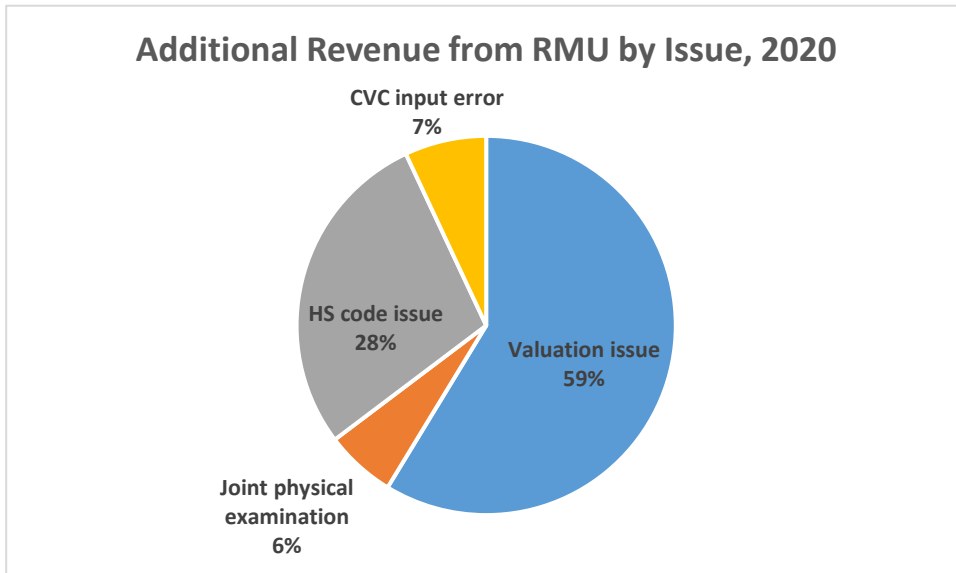
SUSPECTED RISK NOTICE	Number
Valuation Issue	87
Joint Physical Examination	90
H.S. Code Classification Issue	62
CVC Input Errors	22
TOTAL	261

The table above clearly shows that more joint physical examinations (34.5%) interventions were carried out followed by valuation issue (33.3%) interventions. This further indicates that suspected under-declaration of quantity and misdescription were jointly examined and verified.

A total of Le 11.02 billion of additional revenue was generated as a result of the RMU’s interventions in 2020.

The figure below provides the breakdown by issue:

Figure 21: Additional Revenue from Suspect Declarations by Issue, 2020



MAJOR REFORM PROJECTS

1. Integrated Tax Administration System (ITAS)

The NRA made significant progress in getting the much-anticipated Integrated Tax Administration System (ITAS) project back on track following the disruption caused by the pandemic in the spring of 2020. The ITAS is now scheduled to go live for a first group of 1,000 large and medium-sized taxpayers by in the second quarter of 2021. Training of operational staff and pilot taxpayers has been completed in preparation for the launch of the new system.

Once live, ITAS will allow these taxpayers to access an online NRA portal to register and de-register for taxes, file their tax returns and receive their payment notices to take to the bank. The first tax types to be brought into the new system will be the Goods and Services Tax (GST), the Pay-As-You-Earn (PAYE) Tax on employee income, and corporate and personal income tax.

In addition to providing a much more convenient and straightforward experience for taxpayers, the system will also automate many of the NRA's internal processes, thereby improving the efficiency and the quality of the service the NRA provides to taxpayers. It will also allow the NRA to make better use of the vast quantities of data generated by the day-to-day processes of tax administration, allowing it to become a smarter, more data-driven institution.

2. Introduction of Electronic Cash Registers (ECRs) for Automated Sales Recording and Administration of GST

The NRA continued its preparatory work for the rollout of Electronic Cash Registers (ECR) for the recording and transmission of transactions subject to GST. The ECR programme will help improve the country's GST compliance rate by automating the printing of GST receipts and transmitting transaction information directly to the NRA to allow it to monitor compliance.

2020 saw the enactment of the Finance Act 2020 which included the necessary enabling provisions for the ECR programme, while the ECR Regulations 2020 were drafted, printed, gazetted and scheduled to be laid in Parliament before the end of March 2021.

The NRA received the 5,000 ECR devices as well as the necessary back-office software, servers and network equipment which will allow for the automatic transmission of transactions to the NRA server. A technical team is currently onsite at the NRA configuring and installing this equipment. Stakeholder sensitisation has also been completed. Around 410 large and medium-sized taxpayers will be the first to be provided with the devices under the pilot phase, with the programme planned to expand to more taxpayers in the same sectors in due course.

3. Electronic Single Window (ESW) – Customs

The NRA, and especially its Customs Services Department, continued to make progress in 2020 in preparing to roll out an Electronic Single Window for customs transactions which aims to fulfil the New Direction Manifesto commitment to set up a one-stop shop allowing importers to clear goods in 24 hours.

The purpose of the Electronic Single Window is to connect all relevant stakeholders in the customs clearance process to a single information-sharing and processing portal in an effort to streamline and speed up that process. These stakeholders include other ministries, departments and agencies such as the Bank of Sierra Leone, the Ministry of Trade and the Ministry of Finance; customs brokers; banks; and other private-sector operators at the ports of entry.

The new system went live in March 2021 after the Minister launched it on the 23 February 2021. It will initially cover goods under the duty-waiver regime and those under the ECOWAS Trade Liberalisation Scheme (ETLS). The system involves a new process of electronic submission of documents necessary to clear customs. It will be linked with systems from other ministries, departments and agencies involved in the duty-waiver and ETLS processes.

In 2020, the NRA oversaw the completion of the development of the system and its testing and training phases.

OTHER MAJOR IMPROVEMENTS & ACTIVITIES

4. Cargo Inspection Building

A new cargo inspection facility was constructed in 2020 at the Queen Elizabeth II Quay area to facilitate these operations where they are necessary. This should improve trade facilitation and reduce the time needed for the clearance of goods at the seaport, a key indicator of the World Bank's Doing Business Report. It will also ensure a secure and conducive space for the examination of customs cargo even during the rainy season. This facility was officially opened by the Minister of Finance for use by Customs officers and importers on the 23 February 2021.

5. Customs Inland Office in Makeni

In 2020, amid the COVID-19 outbreak, the NRA was able to set up an Inland Customs Office in Makeni to provide for the collection of customs-related revenues largely from smuggled goods and motor bikes within the jurisdiction of Makeni and its immediate environs.

6. Renting of Sanya Office

The NRA rented a building in Sanya in Bombali District to use as a new customs post and accommodation for NRA staff posted there. This should help reduce smuggling across the border with Guinea and increase customs revenue collections.

7. Kailahun Outstation Office

The NRA opened a new office at Kailahun which should improve tax administration and compliance in this area.

8. Development of a Compendium of HR Policies and Revision of the Terms and Conditions of Service (TACOS)

Amid the COVID-19 Pandemic, the Board of Directors and Senior Management Team developed a compendium of HR, Admin, and ICT Security and data protection policies to guide the conduct of staff and the use of the facilities available to them.

This compendium was an addendum to a Revised Terms of Conditions of Staff prepared during this same period to ensure staff conditions of service are reflective of contemporary needs and are comparable to sister institutions in the country.

The effect of these staff welfare related motivations was realised on increased collection effort towards the end of the year. The improvement of staff terms and conditions was made possible after the Ministry of Finance assured the Authority of the disbursement of its collection commission as enacted in the Finance Act 2019.

9. Expanded Collaboration with Key MDAs in the Exchange of Information for Enhanced Revenue Mobilisation

In its quest to improve collaboration in revenue collection and administration consistent with its Strategic Plan, the NRA signed Memoranda of Understanding (MoUs) recently with key institutions on data exchange including with the National Social Security and Insurance Trust (NASSIT), the National Telecommunications Commission (NATCOM), and the Financial Intelligence Unit (FIU). In 2020, MoUs were further signed with the National Minerals Agency (NMA) and the National Civil Registration Authority (NCRA). Discussions are ongoing on similar agreements with the Office of the Administrator and Registrar-General (OARG) as well as the Corporate Affairs Commission (CAC) whose databases on registered businesses are key tools for the NRA to use to improve tax compliance.

10. Business Continuity Plan

The NRA quickly drew up and enacted its Business Continuity Plan as the spread of the coronavirus became apparent across the world. The Plan involved minimizing social distance while continuing the core work of the NRA, for example by allowing taxpayers to file their returns by email and drop boxes.

11. ICT Strategy

The Authority has drawn up a new ICT strategy to enable it to be fit to handle the large amounts of data that the various reform projects such as ITAS and ECRs will generate.

12. World Bank Review of the Sierra Leone Tax System

The World Bank completed their review of the Sierra Leone tax system and have made recommendations to the Ministry of Finance and the NRA on the way forward. The review will feed into future work on refreshing the NRA's strategy for the years ahead as well as a future medium-term revenue strategy.

PUBLIC RECOGNITION AND TRUST

As of the result of the progress described above, the NRA was recognised in the past year in a number of international fora. The *Africa Business Report* named the

NRA the 'best performing revenue authority in Africa.' The 2020 UNCTAD Compendium chose to profile the NRA from over 100 countries implementing the ASYCUDA customs system in recognition of the strong reforms in recent years.

The NRA has also become a regional reference point, with other revenue administrations from Nigeria, Liberia and Gambia proposing study visits to Sierra Leone to learn from our recent progress.

IV. SPECIAL RELEVANCE/OPERATIONAL STATISTICS

This section includes a variety of statistics relating to the NRA’s operations in 2020 and in previous years beyond the headline revenue figures presented in Section II above.

HR STATISTICS AND INFORMATION

1. Recruitment

A total of 74 new staff were recruited in 2020, a decrease from the 221 new staff recruited in 2019.

As the revenue target set by the Government after discussion with the IMF has increased in recent years, there has been greater emphasis placed on the recruitment of frontline staff who will have a direct impact on the collection of revenue. This can be seen in the table below:

Table 10: Recruitment by Staff Rank in 2020

Rank	Number of Staff Recruited
Senior Leadership	1
Manager	3
Supervisor	0
Officer	36
Clerical	3
Service	21
TOTAL	64*

**Information on the rank of 10 further recruits in 2020 is not available*

In addition, a 157 temporary staff were contracted in 2020. Of these, 31 were interns.

2. Staff Discipline

Staff disciplinary procedures include interdiction, termination, and summary dismissal.

In 2020, a total of 23 staff were either interdicted, terminated, or dismissed from the Authority for not adhering to the Terms and Conditions of Service.

- **Summary Dismissal:** two staff from DTD were summarily dismissed for gross misconduct.
- **Interdiction/Suspension:** 10 staff were interdicted and placed on half-salaries pending investigation of their matters

Table 11: Disciplinary Procedures by Staff Rank

Rank	Number of Disciplinary Procedures
Senior Leadership	0
Manager	3
Supervisor	2
Officer	4
Clerical	2
Service	1
Total	12

3. Compensation and Benefits

The services of the National Insurance Company (NIC) were retained in 2020 to provide the NRA’s medical insurance scheme for staff. A broker was appointed in February to manage the relationship between the NRA and the NIC, and the challenges of staff in using the scheme were discussed in a meeting that was held between the authority and the NIC for a better relationship.

In 2020, 133 staff exceeded their in-patient medical allocation with the excess being deducted from their monthly salaries.

Pikin Welbodi Medical Centre situated at 25 Lightfoot Boston Street was added to the medical insurance scheme in 2020.

Salaries on the new tax rates as per 2020 finance act were paid in January.

Backlog salary was paid to eight DTD staff who were reinstated after serving their interdiction period.

Death benefits were paid out to 23 staff who lost family members in 2020 doubling that of 2019.

4. Staff Attendance Management

Significant changes had to be made to the NRA’s working methods, including attendance policies and monitoring systems, as a result of the coronavirus

pandemic and the early efforts at preventing the spread of the disease in Sierra Leone.

The beginning of the year saw a significant improvement in staff attendance in January with 24 staff queried for lateness and absenteeism. A memo drawing attention to the clause on attendance in the TACOS was circulated to discourage the behaviour.

In May, as part of efforts at social distancing to slow the spread of the coronavirus, staff were grouped into teams to work on alternate days in order to reduce the number of people in the office at any one time. Other methods of monitoring staff attendance had to be used as the newly installed biometric fingerprint monitors were not used to cut down on the spread of germs.

The authority returned to normal working hours (8 am -12pm and 1pm -5pm from Monday -Thursday, and 8am -12pm and 2pm -5pm on Fridays) in October 2020.

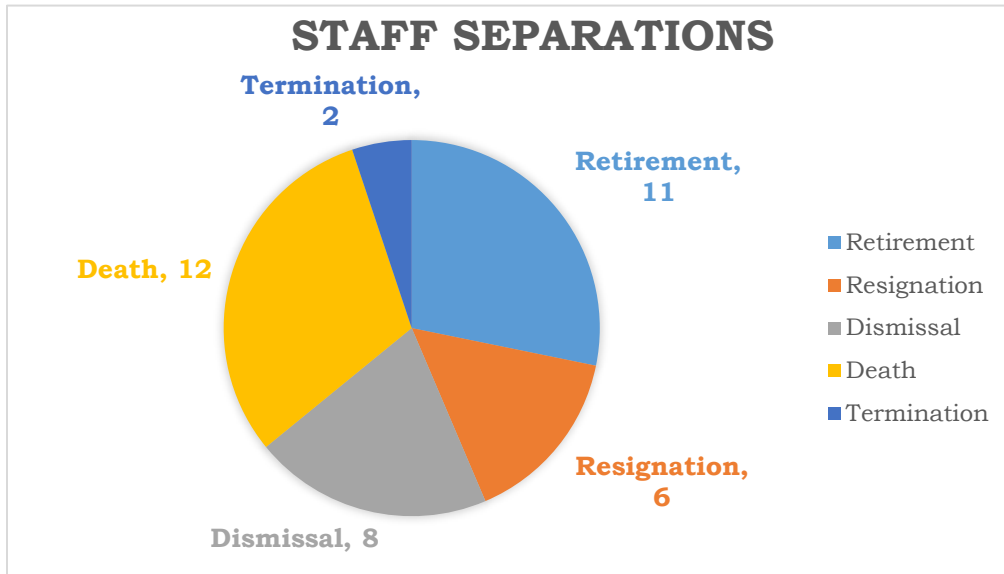
5. Promotions and Separations

Eleven staff were promoted in 2020 compared to 14 staff in 2019.

A total of 39 staff separated from the authority in 2020. Of these 39 staff, 33 were men and 6 were women.

- **Retirement:** 11 staff retired from the authority in 2020 as compared to the 7 staff that retired in 2019. This shows that the authority paid more service benefits in 2020.
- **Resignation:** 6 staff resigned from the Authority as compared to 8 staff in 2019, indicating that the authority's replacement cost for 2020 decreased.
- **Dismissal:** 8 staff were dismissed compared to 4 in 2019
- **Death:** the NRA sadly recorded 12 deaths among its staff members in 2020 compared with 3 in 2019
- **Termination:** 2 staff were terminated in 2020 compared to 1 in 2019

Figure 22: Staff Separations in 2020

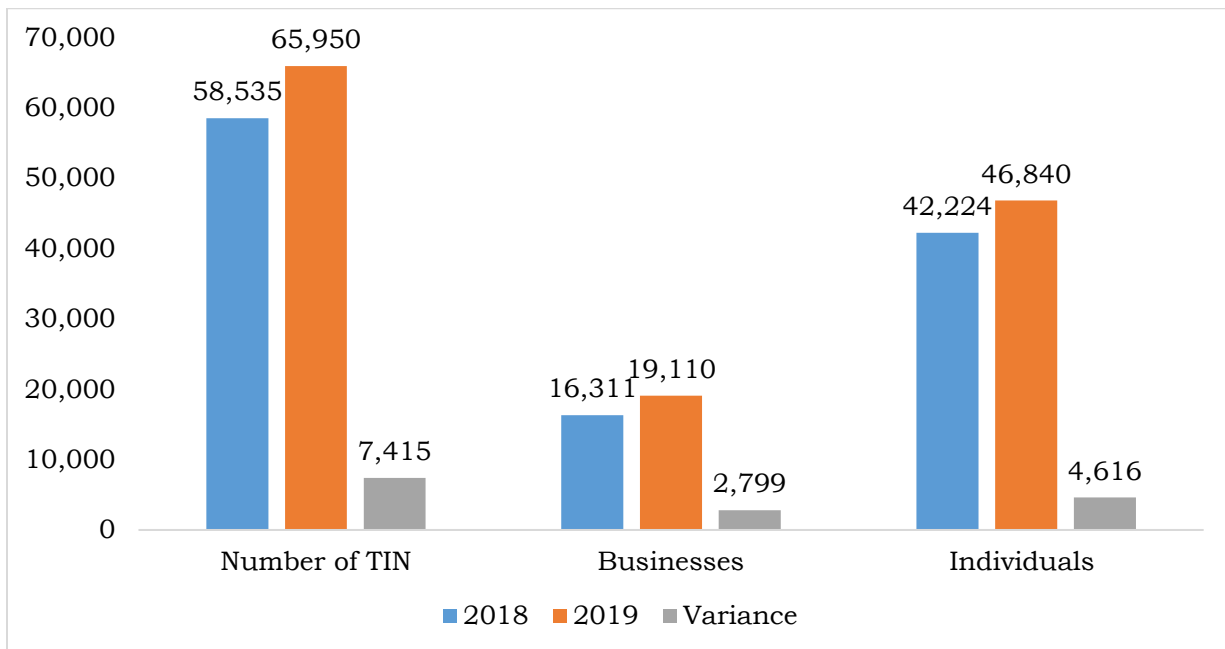


TAXPAYER REGISTRATION

Taxpayers are required to register with the NRA. The registration process involves giving each taxpayer a unique number known as a Taxpayer Identification Number (TIN) which can be used to identify every taxpayer.

The total number of taxpayers registered with the NRA in 2018 and 2019 is shown below. The figure shows that the total number of TINs issued in 2019 increased by 13% from the year before.

Figure 23: Taxpayer Identification Numbers, 2018-2019



It is important to note that having a TIN is not the same as being an ‘active taxpayer.’ There are a variety of reasons why some individuals or businesses have a TIN but are not considered ‘active taxpayers’:

- non-compliance with tax obligations (failure to file a return, failure to pay, etc.)
- no longer economically active
- turnover/income no longer above minimum tax thresholds
- no longer undertaking activities subject to taxation
- received a TIN to make a one-off import or export

The figures below provide a breakdown of the 6,099 taxpayers considered ‘active’ by the Domestic Tax Department. This figure excludes those whose only taxable economic activities are imports or exports.

Figure 24: Active Taxpayers by DTD Office, 2020

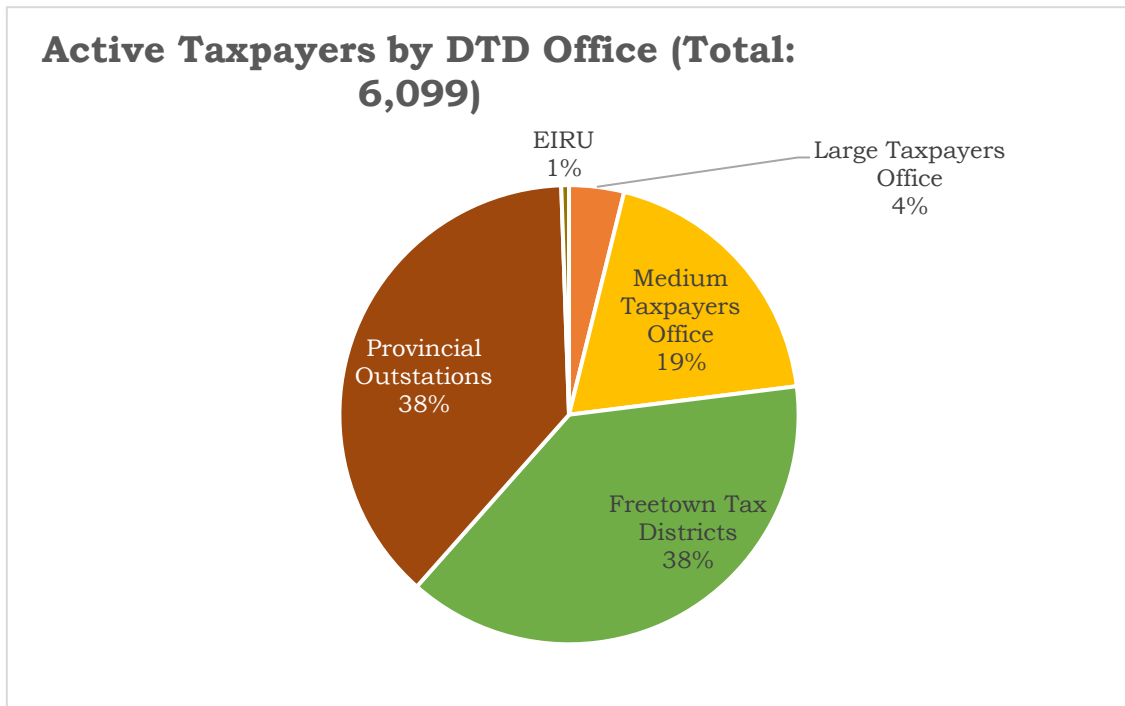
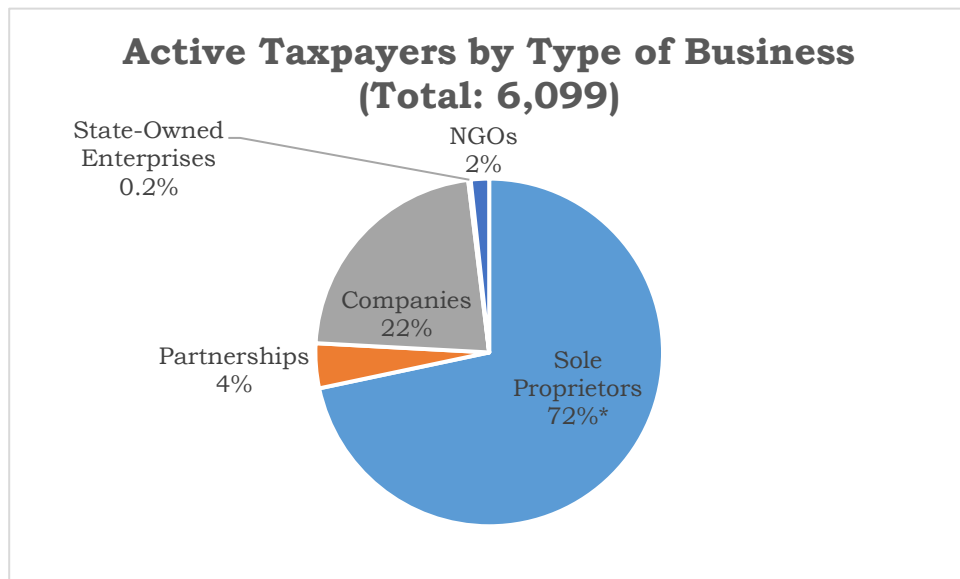


Figure 25: Active DTD Taxpayers by Type of Business



**This figure includes 18 taxpayers from the LTO, which combines sole proprietors and partnerships together.*

There were 2,275 taxpayers across all offices combined that were recorded as either ‘dormant’ or under ‘investigation’ to ascertain their business status. This amounts to about one-quarter (27%) of the total number of taxpayers on file across all offices. It does not include many businesses or individuals who were at one time issued a TIN but have been considered inactive for many years or only received a TIN to complete a one-off import or export transaction.

TAX COMPLIANCE (ON-TIME FILING)

After registering as a taxpayer, tax compliance begins with filing a self-assessment for the coming year.

Once an assessment has been issued, tax payments take place over the course of the tax year (usually January – December, though alternative tax years can be agreed depending on a taxpayer’s situation, i.e., when the business began trading).

Depending on the tax type, payments are either made quarterly (income tax) or monthly (GST).

For the Domestic Tax Department, the table below shows the on-time filing rates for active taxpayers across the different tax types and compared between the Large Tax Office and all DTD taxpayers combined:

Table 12: On-Time Filing Rates, DTD 2020

On-Time Filing Rates	CIT	PIT	PAYE	GST
Large Taxpayers Office	87%	86%	64%	91%
All Offices Combined	76%	49%	64%	91%

The table above shows the number of returns expected and the number of returns received on time by the Large Taxpayers Office. There was an on-time rate of between 85%-90% for corporate income tax (CIT), personal income tax (PIT) and Goods and Services Tax (GST). The on-time rate for PAYE returns was significantly lower, at 64%. Note these figures refer only to returns expected and not to the number of returns which would be due assuming full compliance with the tax legislation.

ARREARS AND CREDITS

The table below shows domestic tax arrears broken down by DTD office. Total arrears have been increasing substantially since 2018, with the total of arrears each year five times higher than the previous year.

The recording of arrears is based on a determination on the collectability of tax debts, with some arrears being written-off as non-collectible (for example, those

owed by businesses that have gone bankrupt with no further assets). This allows scarce staff time to be devoted to collecting arrears where this is some likelihood of success.

Table 13: Arrears 2018-2020 by DTD Office

DTD Office	2018	2019	2020
	Millions of Leones (non-audited estimates)		
Large Taxpayers Office	736	6,324	8,579
Medium Taxpayers Office	-	-	8,726
Freetown Tax Districts	576	681	766
Provincial Outstations	552	1,547	2,248
Other Units (Rent, EIRU, Excise)	-	489	20,810
Total	1,864	9,040	41,130

The CSD’s Debt Management Unit (DMU) processed 41 credits requests approved by the Commissioner-General’s Office which are on payment plans.

The DMU collaborated with other enforcement units and sections of the department and the NRA to recover customs debts on payment plans and hard-to-collect debts. Due to the COVID-19 pandemic, more robust strategies that were hitherto used were minimized to limit face-to-face contact. However, more moderate strategies such as phone reminders, letters of reminder and intermittent visitations at business premises were used to recover the credits due.

AUDITS

The NRA conducts audits of taxpayers for both domestic and international trade taxes. Audits are either ‘desk audits’ based on documentary evidence and the taxpayers accounts and tax returns or ‘field audits’ involving a visit to the taxpayer’s premises.

Customs audits involve verifying the accuracy of import, export and transit declarations; accounting records and all relevant commercial data held by persons or companies as stated above. CSD undertakes both desk audits as well as field audits.

The table below shows the planned number of audits for both the Large Taxpayers Office and the Small and Medium Taxpayers Office of the DTD as well as customs audits undertaken by CSD. Special audits are non-planned audits selected during the year by management. Audit planning are drawn up on the basis of a manual revenue risk-based approach.

Table 14: Field Audits, 2019-2020

Year	Office	Planned	Special	Completed	% Completed
2020	LTO	89		39	44%
2019	LTO	85	9	21	22%
2018	LTO	61	7	46	87%
		Planned	Special	Completed	% Completed
2020	SMTO				
2019	SMTO	114	13	114	90%
2018	SMTO	95	11		
		Planned	Special	Completed	% Completed
2020	CSD	150		152	
2019	CSD	150	13	114	90%
2018	CSD	150	11		

In 2020, the Large Taxpayers Office issued liabilities worth Le 114.7 billion as a result of both field and desk audits.

The Customs Services Department found about Le 2.8 billion as a result of both field and desk audits.

IMPORT AND EXPORT STATISTICS

The tables below provide information about imports into the country. Table 15 shows the CIF value (i.e., the value of goods inclusive of the costs of insurance and freight) of all imports subject to duties broken down by category of goods.

It is clear from the table that fuels, and manufactured goods were the two largest categories of dutiable imports by value in 2020, followed by food. This is a significant change from the year before, when food was the largest component of imports by value.

Table 15: CIF Values of Dutiable Imports, 2018-2020

Dutiable	2018	2019	2020
SITC CATEGORY			
FOOD AND LIVE ANIMALS	2,007,254	2,146,628	1,667,479
BEVERAGES	93,384	71,927	82,241
TOBACCO	98,583	111,775	64,363
CRUDE MATERIALS, INEDIBLE, EXCEPT FUELS	153,980	177,719	164,101
MINERAL FUELS, LUBRICANTS AND RELATED MATERIALS	71,975	1,688,276	2,440,224
ANIMAL AND VEGETABLE OILS, FATS AND WAXES	62,117	66,149	116,867
CHEMICALS AND RELATED PRODUCTS, N.E.S.	458,811	485,115	541,517

MANUFACTURED GOODS CLASSIFIED CHIEFLY BY MATERIAL	937,232	1,165,496	2,386,544
MACHINERY AND TRANSPORT EQUIPMENT	1,400,429	1,512,367	1,387,333
MISCELLANEOUS MANUFACTURED ARTICLES	377,667	523,428	714,700
OTHER ITEMS	43,906	74,354	77,823
Totals	5,705,339	8,023,234	9,643,190

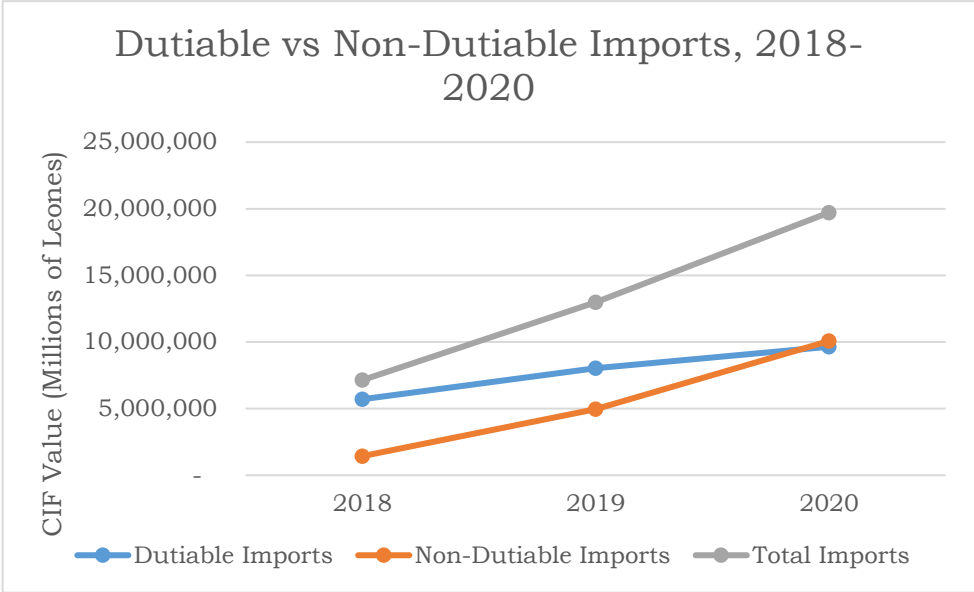
The table below shows the value of goods subject to duty as a percentage of all goods imported into the country, broken down by category of goods. The table shows a declining trend whereby 62% of goods were dutiable in 2019, but only 49% of goods by value in 2020 were. Part of this decline may be attributable to action taken as part of the Quick Action Economic Response Programme to ensure the import of essential commodities into the country during the pandemic, though it must be noted that the trend began before 2019.

Table 16: Duties by Category of Goods, 2018-2020

% Dutiable	2018	2019	2020
SITC CATEGORY			
FOOD AND LIVE ANIMALS	98%	95%	89%
BEVERAGES	99%	100%	100%
TOBACCO	100%	100%	90%
CRUDE MATERIALS, INEDIBLE, EXCEPT FUELS	82%	37%	85%
MINERAL FUELS, LUBRICANTS AND RELATED MATERIALS	89%	99%	98%
ANIMAL AND VEGETABLE OILS, FATS AND WAXES	98%	94%	100%
CHEMICALS AND RELATED PRODUCTS, N.E.S.	69%	43%	77%
MANUFACTURED GOODS CLASSIFIED CHIEFLY BY MATERIAL	71%	56%	92%
MACHINERY AND TRANSPORT EQUIPMENT	70%	46%	14%
MISCELLANEOUS MANUFACTURED ARTICLES	72%	30%	41%
OTHER ITEMS	80%	90%	88%
Totals	80%	62%	49%

Finally, figure 26 below shows the trends in the value of all imports and in the value of dutiable and non-dutiable goods imports over the years 2018-2020. As can be seen, the value of imports has risen sharply over the last three years, and the value of non-dutiable goods has risen faster than the value of dutiable goods.

Figure 26: Dutiable vs. Non-Dutiable Imports, 2018-2020



V. THE YEAR AHEAD

CHALLENGES

The effect of the COVID-19 pandemic on the revenue collection mandate and administration of the NRA has been obvious. The key revenue administration reforms expected to have gone live in 2020 were all delayed due to travelling restrictions on foreign experts or obstructions to the shipment of equipment meant for implementation of these reform projects.

The effect on domestic revenue collection was clear as the government had to substantially reduce the revenue target by 17% to take into account the effect of the pandemic on revenue collection in 2020. Whilst the NRA remains ready to mobilise the set target for 2021 and in the medium-term, we cannot underestimate the potential impact of the resurgence of the pandemic in the country and the global community.

Further, infrastructure and buildings continued to pose a challenge for the NRA in 2020 despite continued progress towards the provision of a modern, conducive environment for tax administration. The Jendema Customs Post in particular is in poor condition, and the environment there is not conducive to effectively guarding against smuggling from Liberia and increasing revenue collection. Work continues after a number of setbacks on planning for a bespoke 'Revenue House' NRA headquarters in Freetown. The NRA's work continues in the meantime to be hindered by the inability to seamlessly collaborate across departments as its offices are scattered in a variety of buildings across the capital.

Further, as the Authority strives to implement major ICT reforms, it is challenged and increasingly concerned about the relatively weak national ICT infrastructure backbone to support the numerous ICT revenues systems being rolled out at the NRA. This is also backed by the non-optimum capacity in ICT systems development, data analytics and audit of specialised industries that the Authority is also faced with.

Finally, as it moves to implement a series of major ICT-based revenue systems reforms in 2021, the Authority is faced with the burden of balancing the need to raise revenues for government in the short-term with the need to roll out major revenue reforms at the same time. Any focus of staff resources to implementation of reforms at any one point will result to a drop in collection of domestic revenue needed by government in the short term and vice versa.

2021 REVENUE TARGET

(Figures are in millions of Leones)	Q1	Q2	Q3	Q4	2021 Budget Speech	2020 Act	Increase	% Increase
TOTAL NRA REVENUES (Incl. RUC)	1,607,739	1,651,753	1,511,970	1,644,732	6,416,194	5,500,628	915,566	17%
TOTAL NRA REVENUES (Excl. RUC)	1,577,739	1,618,753	1,485,023	1,609,732	6,291,247	5,382,747	908,500	17%
DTD	879,913	943,199	861,536	939,316	3,623,964	3,038,445	585,519	19%
Income Tax	587,975	626,370	574,870	616,685	2,405,900	1,992,218	413,682	21%
Goods and Services Tax (GST)	291,938	316,829	286,666	322,631	1,218,064	1,046,227	171,837	16%
CSD	340,347	374,708	356,853	378,655	1,450,563	1,220,656	229,907	19%
Import Duties	173,623	196,490	189,053	198,802	757,968	644,132	113,836	18%
Excise on Petroleum	149,825	158,791	149,970	160,848	619,435	520,115	99,320	19%
Other Excise	16,899	19,426	17,830	19,004	73,160	56,409	16,751	30%
NTR	357,479	300,846	266,634	291,761	1,216,720	1,123,646	93,074	8%
Mines Revenue	78,297	65,541	63,516	68,094	275,448	257,921	17,527	7%
Other Departments	279,183	235,305	203,118	223,667	941,272	865,724	75,548	9%
<i>Royalty on Fisheries, etc.</i>	<i>33,817</i>	<i>31,903</i>	<i>24,585</i>	<i>26,691</i>	<i>116,996</i>	<i>96,212</i>	<i>20,784</i>	<i>22%</i>
<i>Bollore Concession/Cargo Tracking Fee</i>	<i>59,600</i>	<i>10,100</i>	<i>8,500</i>	<i>10,300</i>	<i>88,500</i>	<i>78,636</i>	<i>9,864</i>	<i>13%</i>
<i>Other Revenues (incl. Parastatals & Cargo Tracking)</i>	<i>185,766</i>	<i>193,302</i>	<i>170,032</i>	<i>186,676</i>	<i>735,776</i>	<i>690,876</i>	<i>44,900</i>	<i>6%</i>
<i>TSA</i>	<i>102,279</i>	<i>107,901</i>	<i>98,451</i>	<i>106,825</i>	<i>415,455</i>	<i>353,516</i>	<i>61,939</i>	<i>18%</i>
<i>Timber Levy and Citing Fee</i>	<i>61,530</i>	<i>64,278</i>	<i>46,765</i>	<i>57,095</i>	<i>229,668</i>	<i>261,087</i>	<i>-31,419</i>	<i>-12%</i>
<i>Other MDAs</i>	<i>21,957</i>	<i>21,124</i>	<i>24,816</i>	<i>22,756</i>	<i>90,653</i>	<i>76,273</i>	<i>14,380</i>	<i>19%</i>
Road User Charges (RUC)	30,000	33,000	26,947	35,000	124,947	117,881	7,066	6%

ANNUAL WORK PLAN FOR 2021

As shown in the table above, the NRA has been set a revenue target of Le 6.291 billion for the year 2021. This represents a 17% increase in nominal terms over the actual revenue collected for 2020, though in a reflection of the lingering effects of the pandemic it is still below the original revenue target set for 2020 in the November 2019 Budget Speech.

Even though there remains the threat of the continued incidence of COVID-19 pandemic, the NRA remains confident that 2021 will be the year of delivery for the Authority with almost a trillion more revenues to be collected and several key reform projects to be rolled out. We therefore outline the key plans for 2021 as follows:

1. Completion of Major ICT Revenue Systems Reforms

- 1.1 ITAS** – On course to go live in the next few days before close of March 2020 after we completed UAT 2 in December 2020 and currently training the first set of taxpayers to go live next week; and this will cover all tax types and the 5 core modules. ITAS will change the way we conduct domestic tax administration once we go live.
- 1.2 ECR** – On course to go live by end March 2021 – 5,000 machines safely stored in-country and ECR Regulation being printed now to be soon laid in Parliament for ratification. Targeting Hospitality sector, supermarkets, and dealers in building materials for the pilot.
- 1.3 In 2020, the NRA with support from the World Bank and UNCTAD developed the Customs Electronic Single Window (CESW) system for the processing, approval and release of duty waiver applications as well as applications under the ECOWAS Trade Liberalisation Scheme (ETLS).** On the 23rd February 2021, the Minister of Finance launched the scheme with new applications for duty waiver and ECOWAS Trade Liberalisation Scheme (ETLS) from the 1st March 2020 being processed using the Electronic Single Window platform. Then launching of the ESW was also done together with the opening of the NRA constructed Cargo Inspection Facility at the Port, which provides for convenient and safe examination facility for the imported goods even during the rains. This building also provides a one-stop-shop for all customs function at the Port.
- 1.4 Valuation control module of ASYCUDA World** – The NRA will install and activate the valuation module in the ASYCUDA World before the end of Q1 2021 that will ensure we have less discretion in the valuation of imported goods at Customs.

2. Extension of Customs Reforms

Reforms at Customs will continue apace in 2021, with the extension of the automated customs system ASYCUDA World to be rolled out to those remaining border posts that still operate manually (Dogolia, Kono, Jendema and Bo) as well as the implementation of additional functionalities within the ASYCUDA World system for valuation of imported goods and an e-query module. These are all due to be in place by the end of the first quarter of 2021.

3. Compliance of SMEs

3.1 Block Management System (BMS)

In 2021, the NRA will begin the first phase of a new approach to tax administration for micro-, small and medium-sized taxpayers. Initially in the Western Area only, the new Block Management System (BMS) will set up seven new 'block offices' in addition to the existing three tax district offices staffed by NRA personnel who will be trained specifically in handling the tax administration of smaller taxpayers. Due to their geographical proximity (in container offices) to local taxpayers, they will be better placed than headquarters staff to conduct the follow-up needed to ensure and maintain tax compliance for this segment of the business community. While the BMS may contribute modestly in the short-term to the objective of revenue collection, it is in essence a long-term project to ensure the sustainability of the tax administration system by widening the tax base to include smaller, informal businesses who stand to benefit from formalisation and from accountability links with the NRA and who may end up being the larger taxpayers of the future.

The necessary equipment and software are in place for the first registration drive, while procurement is underway for the container offices which will be set up in the new blocks.

3.2 Domestic Tax Preparers Scheme (DTPS)

In 2021, the NRA will begin implementation of a Domestic Tax Preparers Scheme for those taxpayers who operate under the Small and Micro Taxpayers Regime. The necessary legal provisions are already in place requiring these taxpayers to have their tax returns prepared by a domestic preparer certified by the NRA. An adviser has been recruited and training of shortlisted preparers underway. Three offices are now available for the new tax preparers in Freetown. The DTPS will be a key input of the Block Management System, as most of the new taxpayers covered by the tax blocks will require the services of the new tax preparers to help them keep books of account.

4. Infrastructural Enhancement

4.1 Occupation of Cargo Inspection Building

In 2021, the NRA's Customs Services Department will take occupation of the new cargo inspection building at the Queen Elizabeth II Quay, thereby facilitating these inspections where they are required and reducing the time needed to clear goods through customs.

4.2 Construction of Revenue House

The NRA hopes in 2021 to commence construction of its future single headquarters in Freetown, Revenue House. Revenue House will for the first time bring together under one roof the management of all NRA departments, thereby improving the flow of information and easing the possibility of coordination between staff across the Authority. Currently, this seamless internal collaboration enjoyed by other institutions is rendered difficult by the fact that NRA departments are scattered in small offices across the capital, making it frequently impossible to speak to colleagues in other departments without leaving the building and travelling to another part of the city centre.

4.3 Occupation of WAMA Building

In 2020, rehabilitation work continued on the former headquarters of the West African Monetary Agency (WAMA) on ECOWAS Street following WAMA's move to a new building off Spur Road.

The NRA plans to occupy the former WAMA building in the course of 2021 with the Domestic Tax Department identified to move in there. The building itself was constructed with contributions from ECOWAS Member States in the early 1990s to house the former West African Clearing House, precursor to the WAMA. The building was officially inaugurated in 1996 and served as the headquarters of WAMA until 2019 when it was handed over to the Bank of Sierra Leone. The Ministry of Finance then handed over this building for use.

4.4 Acquisition of the DTD Makeni Office and Freetown East Office at Uppun

In 2021, the Authority intends to acquire the refurbished office housing the Domestic Tax Department in Makeni after negotiations with the owner had already commenced in 2020. Also, the office housing the Freetown East tax office at Uppun has been under consideration for acquisition and the Authority intends to acquire this office as its property in 2021 to ensure it permanently houses the Freetown East DTD office to serve the increasing number of taxpayers in the Eastern part of Freetown.

4.5 Relocation of the Commissioner-General's Office

In 2021, the NRA will be relocating the Office of the Commissioner General and his Deputy as their current office space does not suit the convenience and conduciveness expected of this important office.

5. Research

In 2021, the NRA has planned a variety of revenue-enhancing research activities that include projects related to the collection of tax from high net-worth individuals, the use of new Freetown City Council property tax data to ensure compliance with rental tax, and an analysis of the tax gap, notably on GST, to identify those higher risk areas to prioritise resources.

6. Data analytics and Data warehouse

The NRA plans in 2021 to set up a centralised data analytics unit within its existing research department to lead on institutional data analytics to inform decision-making in compliance management, audit selection, risk prioritisation, revenue administration statistics, and evidence-based policymaking and reforms. A data warehouse storage system will be put in place to capture and make available for analysis the vast amount of data expected to be gathered through the implementation of the ITAS and ECR systems as well as that generated by customs transactions on the ASYCUDA World platform.

7. Capacity building

Alongside the continued implementation of the NRA's capacity-building plan, delayed for a time in 2020 due to the pandemic, the NRA will begin new training programmes in particular aimed at the successful establishment of the data analytics unit described above. The aim will be to have a cadre of staff who are able and confident to draw insights from the large amount of data that will come online to the NRA as a result of its large number of ICT reforms (ITAS, ECRs, ASYCUDA, etc.) to enable data-drive operations and decision-making.

8. Extension of Non-Tax Revenue System (NTRS)

As the consolidation of domestic revenues through the implementation of Treasury Single Account agencies continues to take effect and the collection of royalties and fees from a resurgent natural resource sector continues to expand, the scope and contribution of non-tax revenues to the total domestic revenue basket becomes worth prioritising. Therefore, the NRA in 2021 intends to extend the use of the Non-Tax Revenue System (NTRS) to key MDAs to ensure the Authority is able to track assessment, payment and outstanding collections in respect of these revenue types.

9. Transfer Pricing Implementation

The Finance Act 2021 has given the NRA more powers to determine whether the 'arms-length' principle for transfers between members of the same corporate group in different countries has been reported correctly for tax purposes. New Transfer Pricing Regulations, enabled by a change in the Finance Act 2020, will be laid before Parliament in the next few days for ratification. The NRA has inputted into the drafting process and secured the technical assistance from ATAF, World Bank and OXFAM to get this Regulation drafted.

10. Taxpayer engagement

The popular weekly one-hour television and radio programmes on AYV and Radio Democracy 98.1 FM will continue in 2021. For the first time, the Authority is putting together an annual comprehensive taxpayer engagement programme that will target taxpayer sensitization and education by sector, reform project and on periodic basis.

11. Operationalisation of excise stamp duty

In 2021, the NRA, with procurement approvals from MOF and NPPA, will operationalise excise stamp duty on imports of alcohol, tobacco and other commodities subject to excise duties, thereby controlling smuggling associated with the importation of these commodities.

These reforms, together with series of innovative research studies planned for the year, will only make 2021 a better year not only for revenue collection but also for reforms delivery.

**APPENDIX 1: ABRIDGED VERSIONS OF THE 2018-2020 AUDITED
FINANCIAL STATEMENTS OF THE NRA**

STATEMENT OF COMPREHENSIVE INCOME

	2020	2019	2018
	Le.'000	Le.'000	Le.'000
INCOME			
REVENUE	148,810,250	153,300,000	105,246,900
OTHER OPERATING INCOME	11,180,956	8,849,723	6,248,595
TOTAL INCOME	159,991,206	162,149,723	111,495,495
EXPENDITURE			
ADMINISTRATIVE EXPENSES	47,534,916	39,766,456	39,420,643
STAFF EXPENSES	126,240,621	100,979,668	68,024,128
DEPRECIATION	3,599,364	6,186,633	4,668,669
AMORTISATION	399,113	65,417	-
TOTAL EXPENDITURE	177,774,014	146,998,174	112,113,440
FINANCE COSTS	378,923	596,837	1,865,110
RESULT FOR THE YEAR	(18,161,731)	14,554,712	(2,483,055)

STATEMENT OF FINANCIAL POSITION

	2020 Le.'000	2019 Le.'000	2018 Le.'000
ASSETS			
TANGIBLE NON-CURRENT ASSETS			
PROPERTY, PLANT & EQUIPMENT	56,394,717	41,309,063	27,145,903
INTANGIBLE NON-CURRENT ASSETS			
SOFTWARE	1,299,475	848,588	
TOTAL NON-CURRENT ASSETS	57,694,192	42,157,651	27,145,903
CURRENT ASSETS			
RECEIVABLES & PREPAYMENT	31,399,414	50,050,749	30,704,168
INVENTORIES	2,232,393	1,572,100	-
CASH & CASH EQUIVALENT	22,772,342	12,716,596	22,256,414
TOTAL CURRENT ASSETS	56,404,148	64,339,445	52,960,582
TOTAL ASSETS	114,098,340	106,497,096	80,106,485
FUNDING & LIABILITIES			
ACCUMULATED FUND	5,298,745	15,680,487	1,593,298
NON-CURRENT LIABILITIES			
CAPITAL FUNDS	1,212,709	1,212,709	1,212,709
EMPLOYEE BENEFIT PROVISION	53,264,299	34,608,753	30,415,148
TOTAL NON-CURRENT LIABILITIES	54,477,008	35,821,462	31,627,857
CURRENT LIABILITIES			
INCOME TAX LIABILITIES	1,304,637	1,304,637	1,304,637
OTHER PAYABLES	53,690,510	53,690,510	45,580,693
TOTAL CURRENT LIABILITIES	54,322,587	54,995,147	46,885,330
TOTAL FUNDING & LIABILITIES	114,098,340	106,497,096	80,106,485

APPENDIX 2: DETAILED RECONCILED REVENUE FIGURES 2020

Table 17: Quarterly and Total Domestic Revenue Collection 2020 (Le Million) Compared to IMF Target							
	Q1 Act	Q2 Act	Q3 Act	Q4 Act	Q1-4 Act	Q1-4 IMF Target	Variance
TOTAL DOMESTIC REVENUE	1,397,494	1,263,455	1,330,244	1,509,435	5,500,628	5,366,564	134,064
TOTAL NRA REVENUES (Excl. RUC)	1,371,207	1,241,041	1,303,896	1,466,603	5,382,747	5,265,144	117,603
DTD	704,063	712,688	782,104	839,590	3,038,445	2,985,237	53,208
Income Tax	455,679	490,489	509,106	536,944	1,992,218	1,975,244	16,974
Goods and Services Tax (GST)	248,384	222,199	272,998	302,647	1,046,227	1,009,993	36,234
CSD	313,984	283,982	303,728	318,962	1,220,656	1,227,665	(7,009)
Import Duties	155,744	140,913	164,543	182,932	644,132	643,691	442
Excise on Petroleum	149,364	127,665	124,873	118,212	520,115	533,930	(13,815)
<i>o/w: IDF</i>	<i>47,610</i>	<i>52,770</i>	<i>30,800</i>	<i>27,020</i>	<i>158,200</i>		<i>158,200</i>
Other Excise	8,876	15,404	14,312	17,818	56,409	50,044	6,365
NTR	353,160	244,371	218,064	308,051	1,123,646	1,052,242	71,404
Mines Revenue	82,210	41,416	52,807	81,488	257,921	222,690	35,231
Other Departments	270,950	202,956	165,256	226,562	865,724	829,552	36,172
<i>Royalty on Fisheries etc</i>	<i>26,262</i>	<i>26,429</i>	<i>16,442</i>	<i>27,079</i>	<i>96,212</i>	<i>91,430</i>	<i>4,782</i>
<i>Parastatals (Cargo Tracking)</i>	<i>65,040</i>	<i>6,347</i>	<i>4,566</i>	<i>2,682</i>	<i>78,636</i>	<i>85,492</i>	<i>(6,856)</i>
<i>Other Revenues</i>	<i>179,648</i>	<i>170,179</i>	<i>144,248</i>	<i>196,801</i>	<i>690,876</i>	<i>652,630</i>	<i>38,246</i>
<i>o/w TSA</i>	<i>100,329</i>	<i>68,830</i>	<i>80,609</i>	<i>103,749</i>	<i>353,516</i>	<i>332,910</i>	<i>20,606</i>
<i>o/w Timber</i>	<i>57,421</i>	<i>86,323</i>	<i>42,151</i>	<i>75,192</i>	<i>261,087</i>	<i>242,740</i>	<i>18,347</i>
<i>o/w Other MDAs</i>	<i>21,898</i>	<i>15,027</i>	<i>21,488</i>	<i>17,861</i>	<i>76,273</i>	<i>76,980</i>	<i>(707)</i>
Road User Charges (RUC)	26,287	22,414	26,348	42,833	117,881	101,420	16,461