

NATIONAL REVENUE AUTHORITY

ANNUAL REPORT 2022

Prepared by:

MONITORING, RESEARCH AND PLANNING DEPARTMENT

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List of Acronyms

|  |  |
| --- | --- |
| A-CIP | Anti-Corruption and Integrity Promotion Programme |
| ASU | Anti-Smuggling Unit |
| ASYCUDA | Automated System for Customs Data |
| ATAF | African Tax Administration Forum |
| AYV | African Young Voices |
| BCM | Border Controls and Management |
| BMS | Block Management System |
| C&FA | Clearing and Forwarding Agencies |
| CG | Commissioner-General |
| CIF | Cost, Insurance and Freight |
| CIT | Corporate Income Tax |
| CSD | Customs Services Department |
| CSOs | Civil Society Organizations |
| D&M | Design and Monitoring |
| DCG | Deputy Commissioner-General |
| DIPS | Domestic Tax Integrity Perception Survey |
| DMU | Debt Management Unit |
| DTD | Domestic Taxes Department |
| DTIS | Domestic Tax Information System |
| DTPS | Domestic Tax Preparers Scheme |
| ECOWAS | Economic Community of West African States |
| ECR | Electronic Cash Register |
| EIRU | Extractive Industry Revenue Unit |
| ESW | Electronic Single Window |
| F&B | Finance and Budget |
| FIU | Financial Intelligence Unit |
| FOB | Free on Board |
| GST | Goods and Services Tax |
| HRD | Human Resource Department |
| HS | Harmonized System |
| IAT | Import Adjustments Tax |
| IAU | Internal Affairs Unit |
| ICA | Internal Controls and Audit |
| ICT | Information, Communication Technology |
| ICTD | International Centre for Tax and Development |
| IDG | Integrity Development Guide |
| IMF | International Monetary Fund |
| ITAS | Integrated Tax Administration System |
| L&CS | Legal and Corporate Services |
| LTO | Large Taxpayers Office |
| MDAs | Ministries, Departments and Agencies |
| MoF | Ministry of Finance |
| MoU | Memorandum of Understanding |
| MRP | Monitoring, Research and Planning |
| MTO | Medium Taxpayers Office |
| NACS | National Anti-Corruption Strategy |
| NASSIT | National Social Security and Insurance Trust |
| NCRA | National Civil Registration Authority |
| NRA | National Revenue Authority |
| NTR | Non-Tax Revenue |
| NYC | National Youth Commission |
| OARG | Administrator and Registrar General |
| OMCs | Oil Marketing Companies |
| OSIWA | Open Society Initiative for West Africa |
| PATE | Public Affairs and Tax Education |
| PAYE | Pay as You Earn |
| PCA | Post Clearance Audit |
| PIT | Property Income Tax |
| RAD | Revised Arusha Declaration |
| RIID | Revenue Intelligence and Investigations Department |
| RIIU | Revenue Intelligence and Investigations Unit |
| RMC | Risk Management Committee |
| RMU | Risk Management Unit |
| RUC | Road User Charges |
| SCD | Single Customs Declaration |
| SICPA | Société Industrielle et Commerciale de Produits Alimentaires |
| SLBC | Sierra Leone Broadcasting Corporation |
| SLRSA | Sierra Leone Road Safety Authority |
| SMT | Senior Management Team |
| SMTO | Small and Medium Taxpayers Office |
| SOPs | Standard Operating Procedures |
| STA | Swedish Tax Agency |
| TIN | Taxpayer Identification Number |
| TSA | Treasury Single Account |
| TSC | Tariff Specification Code |
| VIPS | VAT Integrated Processing System |
| WAN | Wide Area Network |
| WCO | World Customs Organisation |
| WIT | Withholding Income Tax |

# FOREWORD BY THE COMMISSIONER GENERAL

It is with great pleasure that I present the Annual Report of the National Revenue Authority for 2022. The Annual Report draws on information provided by all operational and support departments within the Authority, and serves as a comprehensive account of our progress, providing detailed insights into the strategies, initiatives, and outcomes of our efforts. It also underscores our commitment to transparency, ensuring that all stakeholders can review our performance, the challenges faced, and the measures we have taken to address them. The Annual Report provides an opportunity for us at the Authority to look back on the year that has come to a close and take stock of what has been achieved and which objectives remain to be completed.

The NRA is mandated to assess and collect government revenue and help facilitate trade through Customs. In recent years, the NRA has made significant strides in increasing revenue collection and improving the fiscal space for Government in support of public spending and providing essential services to all Sierra Leoneans. It has also streamlined processes and reduced wait times at customs ports, fulfilling its second mandate of facilitating international trade. Following our Strategic Plan (2018-2022), we have invested in cutting-edge technology, streamlined our processes, and leveraged new and old sources of data to enhance our operational efficiency. We have collaborated with stakeholders, both within and outside the organization, to foster a culture of integrity and cooperation and exchange of best practices. These efforts have laid the foundation for a more robust and responsive revenue collection framework.

The past year was a transformative period for the NRA. Like many revenue authorities across the globe, we confronted unprecedented challenges that tested our resilience and determination. The twin shocks of global inflation following the COVID-19 Pandemic and the War in Ukraine have significantly affected Sierra Leoneans, with direct impacts on the NRA’s ability to raise revenue. Furthermore, inflation and the depreciation in the value of the Leone has put significant pressure on Government expenditures and necessitated a range of administrative and tax policy measures to increase revenue collection in the coming years. However, in the face of adversity, our staff demonstrated unwavering dedication and commitment to achieving our goals. Moving into the new year, the NRA will continue to consolidate the gains that it has made in 2022 and build upon them to continue to deliver on our revenue collection mandate.

I extend my gratitude to our dedicated staff at the NRA, our partners, and all stakeholders for their unwavering support throughout this journey. It is through our collective efforts that we have overcome challenges, made significant progress, and are poised to achieve even greater success in the future. Together, let us continue to build a robust revenue collection ecosystem that empowers our nation and paves the way for a prosperous future.

Sincerely,

Samuel S. Jibao

# EXECUTIVE SUMMARY

This report showcases the Authority’s performance, achievements, challenges, and future prospects in revenue generation and tax administration, and serves as a valuable resource for stakeholders, including government officials, policymakers, taxpayers, and the general public, to gain insights into the revenue landscape and the Authority’s efforts to enhance compliance and promote economic growth.

**Revenue Performance:**

The NRA exhibited robust performance during the fiscal year 2022, despite the significant challenges posed by high global inflation and the effects of the War in Ukraine. Revenue collection has been increasing year-over-year, and the current fiscal year is no exception. Total revenue collections reached Le7.183 trillion for 2022, representing an increase of Le266bn compared to the previous year. However, due to persistently high inflation over this period, this represents a decrease in real terms. Furthermore, revenue collected as a share of the size of the economy, measured as the revenue/GDP ratio, declined to 13.2% from 15.7% in 2022. Despite these setbacks, significant administrative and tax policy changes in 2023 mean that the NRA is poised to regain lost ground and continue to deliver the fiscal space needed to support Government spending.

**Tax Compliance:**

Promoting tax compliance is a core focus for the National Revenue Authority. Compliance rates remain high (69.9% for large taxpayers, 67.3% for taxpayers in extractive industries, and 66.7% for medium taxpayers), although there remains room for improvement. Noteworthy initiatives undertaken this year to improve compliance include the implementation of taxpayer education campaigns (both targeted workshops and mass sensitization on the street and by radio/television), providing taxpayers with additional support in filing taxes through regional tax clinics, continued audits of taxpayers, and the expansion of NRA’s analytics capabilities to better leverage data to identify leakages.

**Capacity Development:**

Goal 2 of the NRA’s 2018-2022 Strategic Plan is to “Develop Human Capital and Institutional Capacity.” In line with this goal, NRA undertook a number of training programmes, including 27 training programmes locally, and 18 externally. A total of 549 staff participated in these trainings, with DTD staff benefiting the most (143), followed by NTR staff (78), Admin staff (70) and then CSD staff (60).

The NRA has continued to make progress on the Data Warehouse and the roll-out of dashboards for the ECR, ITAS, and ASYCUDA systems, which are on-track for completion by Q3 of 2023. Staff of the ICT Department and Data Analytics Project Team are being trained to independently manage the systems, ensuring the NRA has the in-house capacity to maintain and further develop these systems in years to come.

**Taxpayer Services:**

The Authority prioritized taxpayer services and focused on delivering an exceptional experience. Efforts to enhance customer service include the expansion of the call centre and additional taxpayer education programmes and services. The Authority has also continued the expansion of recent initiatives such as the Integrated Tax Administration System (ITAS), Electronic Single Window (ESW), and Customs Electronic Single Window (CESW). Furthermore, the NRA automated the payment of non-tax revenue to revenue-generating Ministries, Departments and Agencies (MDAs) through the creation and launch of the Mobile Payment App.

**Collaboration and Partnerships:**

The National Revenue Authority fostered collaboration with domestic and international stakeholders to strengthen tax administration and combat tax evasion. Partnerships with other government agencies, industry associations, and international tax authorities including HM Revenue and Customs (UK) and the Swedish Tax Agency facilitated knowledge sharing, capacity building, and the exchange of best practices, contributing to the overall effectiveness of revenue collection efforts.

**Challenges:**

The heightened inflation and the effects War in Ukraine, which started in early 2022, created challenging economic conditions that affected the tax base, and thereby restrained the capacity of NRA to increase revenue collection. The prevalence of tax exemptions in both domestic taxes and import duties has further restrained the ability of the NRA to collect revenue. Resistance from taxpayers to certain new reforms has also been a challenge – especially for the ECR programme. Furthermore, new policies that affect the tax base, such as the suspension of timber exports resulted in declining revenue from timber, and policy measures that were either delayed or not fully implemented in the course of the year have lowered the total amount of revenue collected.

**Outlook:**

Looking ahead, the National Revenue Authority aims to further strengthen revenue generation and tax administration. Key focus areas include continued investment in digital infrastructure, leveraging data analytics for improved compliance, expanding taxpayer education initiatives, and exploring opportunities for international cooperation. These strategic initiatives will support sustainable revenue growth, foster economic development, and ensure a fair and efficient tax system.

In the medium term, the NRA will implement an ambitious 5-year Medium Term Revenue Strategy (MTRS) that will bring in estimated additional revenues of 6% of GDP on to 2027. NRA will continue to invest in digital services, including the expansion of the Mobile Payment App to SMEs. Further, the Authority will develop and operationalize an e-portal platform as a centralised online source for communicating with taxpayers. NRA will additionally establish regional taxpayer service centres to help complete the registration of new taxpayers into the ITAS and serve as centres for taxpayer services, including filing of tax returns, handling complaints, tax education and other taxpayer services. NRA is also in the process of completing initiatives to reduce tax evasion, including the rollout of excise stamps and fuel marking scheme to control technical and physical smuggling.

**Conclusion:**

By embracing digital transformation, fostering compliance, and building strategic partnerships, the National Revenue Authority remains committed to its mission of facilitating economic growth, ensuring fairness in taxation, and providing excellent taxpayer services.

# CHAPTER ONE: INTRODUCTION

The National Revenue Authority (NRA) was established in 2002 under the National Revenue Act (amended in 2022) as part of the Government’s reforms to enhance revenue administration and collection. Pursuant to the NRA Act of 2002, the Authority is charged with the responsibility of assessing and collecting tax and non-tax revenues as specified by law on behalf of the Government of Sierra Leone and to administer and enforce the revenue laws. Specifically, the NRA has the following core mandates:

* To assess and collect revenues on behalf of Government.
* To improve compliance (filing of returns and making payment on time); and
* To improve trade facilitation and border security.

With support from Government and development partners, the NRA has implemented several reform measures geared towards meeting its mandate, mission, and vision. In the year under review, the Authority continued the expansion and enforcement of recently implemented reforms such as the Integrated Tax Administration System (ITAS), Electronic Single Window (ESW), and Customs Electronic Single Window (CESW). Furthermore, the NRA automated the payment of non-tax revenue (NTR) collections at revenue-generating Ministries, Departments and Agencies (MDAs) through the creation and use of a Mobile Payment App.

This report provides an update on the Authority’s performance for the fiscal year 2022 as required by the NRA Act of 2002. The report is organised into five chapters as follows: Chapter 1 provides information on the background of the Authority which includes the corporate statement, strategic planning, and governance structure. Chapter 2 and 3 provides analysis on revenue and non-revenue performance respectively. Other relevant statistics are analysed in Chapter 4, while Chapter 5 outlines the next steps and prospects for meeting 2023 revenue targets.

## CORPORATE STATEMENT

The corporate statement includes the mandate, the vision, mission, and core values of the NRA. While the mandate has not changed since NRA was formed in 2002, the vision, mission and core values are updated each time a new strategic plan is developed to reflect the prevailing environment in which the NRA operates.

Figure 1: Vision, Mission & Mandate

**Mandate**

As set out when it was founded, the NRA is charged with the responsibility of assessing and collecting domestic taxes, customs duties, and other revenues specified by law, and of administering and enforcing laws related to these revenues.

**Mission**

Our mission is to ensure the effective administration of the Revenue System and facilitation of trade to enhance Government fiscal space for national development.

**Vision**

Our vision is to be an Institution of excellence, a national and regional reference in public and revenue administration.

**Core Values**

Correspondingly, the NRA has a set of five core values which is reflected in how we operate. Those are:

* ***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.



Figure 2: Core Values

## NRA STRATEGIC PLAN (2018-2022)

The year under review marks the end of the implementation of the five-year strategic plan of the National Revenue Authority. The 2018-2022 Strategic Plan was aimed at enhancing domestic revenue collection through improved voluntary tax compliance, trade facilitation, and effective debt management. The Plan focused on the automation of business processes and procedures, staff development, and improving service delivery.

To achieve the mission and vision of the Authority, the five-year Strategic Plan emphasized five goals:

1. Effective and efficient revenue mobilization to support government fiscal space;
2. Develop human capital and institutional capacity;
3. Enhanced trade facilitation;
4. Automated and integrated modern business processes and procedures; and
5. Improved public trust and credibility.

## GOVERNANCE ARRANGEMENT

The activities of the NRA are directly supervised by the Ministry of Finance while the management of the NRA is overseen by the Board of Directors (headed by a chairperson) as provided for by the NRA Act of 2002. The Board and its committees provide strategic direction to management by determining and formulating management policies to enhance the corporate governance of the Authority.

According to the NRA Act of 2002, the membership of the Board of Directors is comprised of the following:

* A chairperson,
* The Financial Secretary,
* The Governor of the Bank of Sierra Leone,
* A tax specialist,
* An economist,
* A legal practitioner, and
* The Commissioner-General.

The Bank Governor and the Financial Secretary automatically become members of the Board, while the rest of the Board members are appointed by the President of Sierra Leone. Except for the Governor, the Financial Secretary and the Commissioner-General, the Chairperson and the other members of the Board can serve for a period of three years and may be re-appointed by the president for a maximum of three consecutive terms.

The day-to-day operations of the Authority are overseen by the Commissioner-General who is the head of the Senior Management Team (SMT) that comprises the Deputy Commissioner-General, Commissioners/Directors and the Deputy Commissioners/Directors. The Deputy Commissioner-General is appointed by the Board to serve as the principal assistant to the Commissioner-General and acts in the absence of the Commissioner-General, while Commissioners/Directors, and their Deputy and Assistants are appointed by the Commissioner-General subject to the approval of the Board (NRA Act 2002).



Figure 3: NRA Organogram

As shown in Figure 3, there are three units under the Office of the Commissioner-General, three operational departments that are directly involved with the collection of domestic revenue, and eleven support departments (including Internal Controls and Audit). The functions of the Internal Controls and Audit Department are overseen by the Board.

# CHAPTER TWO: REVENUE AND DUTY WAIVER PERFORMANCE

## HISTORIC REVENUE PERFORMANCE

Domestic revenue has been increasing sharply from 2017 to 2019, growing by an annual increase of one trillion leones, with both 2018 and 2019 being above the trend (Figure 4). With the advent of the COVID-19 pandemic in 2020, domestic revenue was seriously affected thus falling below the trend despite slightly increasing in nominal terms from 2019. FY2021 saw domestic revenue peak to its ever-highest level and again being above the trend by reaching as high as Le6.9 trillion. Domestic Revenue has also more than doubled within this period (from Le3.340 trillion in 2017 to Le6.917 trillion in 2021).

Figure 4: Trend in Domestic Revenue (2017-2022)

In real terms, the collection of Le6.917 trillion in 2021 represents 15.7% of GDP, the highest the country has ever reached and within reach of the regional ECOWAS average of 16% of GDP (Figure 5), with Sierra Leone being one of few countries (if not the only) within the sub-region to have raised domestic revenue by over 3 percentage points of GDP within a period of 4 years (from 12.3% in 2017 to 15.7% in 2021).

Figure 5: Revenue to GDP Ratio

However, with the global economic challenges arising from the prolonged War in Ukraine and the Covid-19 Pandemic, and its ripple effect on the domestic economy, the gains made in 2021 were reversed in 2022 to the extent that revenue/GDP ratio declined to 13.2%. It is hoped that revenue performance will revert to 2021 levels by end of 2023.

## REVENUE PERFORMANCE IN 2022

Overall, revenue collected in 2022 totalled Le7.0 trillion, which when compared to the IMF’s target of Le7.787 trillion implies a shortfall of Le740 billion or 9.5% (Table 1).

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Table 1: 2022 TOTAL DOMESTIC REVENUE COLLECTION Against Target (Le Million) | | | | | | | | |
| DETAIL | **Q1 2022** | **Q2 Act** | **Q3 Act** | **Q4 Act** | **Q1-4 Act** | **Q1-4 Target** | **Variance** | **% Var** |
| TOTAL NRA REVENUES (Including RUC) | **1,628,937** | **1,669,108** | **1,877,336** | **1,871,306** | **7,046,685** | **7,787,085** | **(740,399)** | **-9.5%** |
| TOTAL NRA REVENUES (Excluding RUC) | **1,575,767** | **1,621,014** | **1,841,302** | **1,836,371** | **6,874,454** | **7,517,275** | **(642,821)** | **-8.6%** |
| DOMESTIC TAX DEPARTMENT | **911,500** | **987,340** | **1,147,858** | **1,142,353** | **4,189,051** | **4,376,041** | **(186,990)** | **-4.3%** |
| Income Tax | 610,697 | 695,128 | 830,419 | 768,450 | 2,904,694 | 2,926,280 | (21,586) | -0.7% |
| Goods and Service Tax (GST) | 300,803 | 292,212 | 317,439 | 373,903 | 1,284,357 | 1,449,761 | (165,404) | -11.4% |
| CUSTOMS SERVICE DEPARTMENT (CSD) | **288,099** | **292,015** | **343,558** | **314,408** | **1,238,079** | **1,547,321** | **(309,242)** | **-20.0%** |
| Import Duties | 206,641 | 201,592 | 200,943 | 239,368 | 848,543 | 949,285 | (100,741) | -10.6% |
| Excise on Petroleum | 62,073 | 76,558 | 125,959 | 46,106 | 310,696 | 516,010 | (205,313) | -39.8% |
| Other Excise | 19,385 | 13,865 | 16,656 | 28,934 | 78,840 | 82,027 | (3,187) | -3.9% |
| NON TAX REVENUE DEPARTMENT (NTR) | **376,168** | **341,659** | **349,886** | **379,611** | **1,447,323** | **1,593,912** | **(146,589)** | **-9.2%** |
| *Mines Revenue* | **64,021** | **122,961** | **108,174** | **119,136** | **414,292** | **395,846** | **18,446** | **4.7%** |
| *Other Departments* | **312,147** | **218,698** | **241,711** | **260,475** | **1,033,031** | **1,198,066** | **(165,035)** | **-13.8%** |
| Royalty on Fisheries etc | 9,386 | 39,501 | 15,434 | 36,441 | 100,762 | 102,894 | (2,132) | -2.1% |
| Parastatals (Cargo Tracking/Bollore) | 96,005 | 24,930 | 23,848 | 31,550 | 176,332 | 141,656 | 34,676 | 24.5% |
| Other Revenues | 206,756 | 154,267 | 202,430 | 192,484 | 755,937 | 953,516 | (197,579) | -20.7% |
| *o/w TSA* | *126,063* | *126,445* | *188,362* | *172,402* | *613,272* | *459,631* | *153,641* | *33.4%* |
| *o/w Timber* | *58,830* | *-* | *-* | *-* | *58,830* | *349,134* | *(290,304)* | *-83.1%* |
| *o/w Other MDAs* | *21,863* | *27,821* | *14,068* | *20,082* | *83,835* | *144,751* | *(60,916)* | *-42.1%* |
| RUC | **53,169** | **48,094** | **36,034** | **34,934** | **172,231** | **269,810** | **(97,579)** | **-36.2%** |

Besides mines royalties, Cargo tracking and TSA revenues, all other revenue streams fell short of their respective targets. In particular, the shortfalls in petroleum excise collection, timber exports, RUC, import duties and ‘Other MDAs’ were substantial, whilst those from Income Tax, GST, fisheries, and Import Excise were marginal.

## COMPARATIVE REVENUE PERFORMANCE (2021 VS 2022)

Compared to the previous year 2021, the collection of Le7.047 trillion for 2022 still represents an increase of Le130 bn or 1.9% despite the challenges of the year (Table 2). This however falls significantly below the average inflation rate for 2022 (26.9%) as revenue collection did not seem to respond to inflationary increases, and hyperinflation may have affected revenue collection through its effect on businesses.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Table 2: TOTAL DOMESTIC REVENUE COLLECTION: 2022 versus 2021 (Old Le Million) | | | | |
| DETAIL | **2022 Act** | **2021 Act** | **Variance** | **% Var** |
| TOTAL NRA REVENUES ( Including RUC) | **7,046,685** | **6,917,103** | **129,582** | **1.9%** |
| TOTAL NRA REVENUES ( Excluding RUC) | **6,874,454** | **6,705,264** | **169,190** | **2.5%** |
| DOMESTIC TAX DEPARTMENT | **4,189,051** | **3,692,883** | **496,168** | **13.4%** |
| Income Tax | **2,904,694** | **2,435,025** | **469,669** | **19.3%** |
| Corporate Income Tax | 1,113,569 | 765,270 | 348,299 | 45.5% |
| Personal Income Tax | 1,791,124 | 1,669,755 | 121,370 | 7.3% |
| Goods and Service Tax ( GST) | **1,284,357** | **1,257,858** | **26,499** | **2.1%** |
| Import GST | 834,417 | 677,185 | 157,232 | 23.2% |
| Domestic GST | 585,941 | 580,673 | 5,268 | 0.9% |
| CUSTOMS SERVICE DEPARTMENT ( CSD) | **1,238,079** | **1,288,651** | **(50,571)** | **-3.9%** |
| Import Duties | 848,543 | 807,363 | 41,180 | 5.1% |
| Excise on Petroleum | 310,696 | 404,573 | (93,876) | -23.2% |
| *o/w IDF* | *30,644* | *28,939* | *1,705* | *5.9%* |
| Other Excise | 78,840 | 76,715 | 2,125 | 2.8% |
| NON TAX REVENUE DEPARTMENT (NTR) | **1,447,323** | **1,723,731** | **(276,407)** | **-16.0%** |
| *Mines Revenue* | **414,292** | **522,749** | **(108,456)** | **-20.7%** |
| *Royalty on Rutile* | 7,657 | 46,975 | (39,318) | -83.7% |
| *Royalty on Bauxite* | - | 14,302 | (14,302) | -100.0% |
| *Royalty on Diamond and Gold* | 157,883 | 83,932 | 73,951 | 88.1% |
| *Royalty on Iron Ore* | 86,089 | 260,455 | (174,366) | -66.9% |
| *Mining Licences* | 162,663 | 117,085 | 45,579 | 38.9% |
| *Other Departments* | **1,033,031** | **1,200,982** | **(167,951)** | **-14.0%** |
| Royalty on Fisheries etc | 100,762 | 81,056 | 19,706 | 24.3% |
| Parastatals ( Cargo Tracking/Bollore) | 176,332 | 110,159 | 66,173 | 60.1% |
| Other Revenues | 755,937 | 1,009,766 | (253,830) | -25.1% |
| *o/w TSA* | 613,272 | 445,528 | 167,744 | 37.7% |
| *o/w Timber* | 58,830 | 352,783 | (293,953) | -83.3% |
| *o/w Other MDAs* | 83,835 | 211,455 | (127,620) | -60.4% |
| RUC | **172,231** | **211,839** | **(39,607)** | **-18.7%** |

Besides Timber, Petroleum revenues, all other major key revenue streams showed some increases in nominal terms in 2022. This means, had it not been for the one-off collections in 2021 (from Marampa mines and NACOVERC Fees), tax policy changes (Petroleum Excise, RUC, Timber Export) and the global crisis, revenue collection in 2022 would have improved impressively. These challenges are detailed in the next section.

## CHALLENGES TO 2022 REVENUE PERFORMANCE

FY2022 was characterized by major challenges that adversely affected revenue collection in the year, such that the positive trajectory seen in 2021 was not sustained in 2022. Overall, the weak performance in the year had arisen from the combination of factors including:

### Twin shocks of COVID and Ukraine crisis:

Over the past three years, revenue administration has suffered from the twin shocks of the COVID-19 pandemic which commenced in early 2020, and the War in Ukraine which started in February 2022. 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 travel restrictions of foreign experts or obstructions in the delivery of equipment meant for implementation of these reform projects. The effect on domestic revenue collection was also evident as the government had to substantially reduce its revenue target by 17% in 2020 to account for the effect of the pandemic on revenue collection. In addition, global supply chain constraints lead to scarcity in global container availability and enormous increases in freight costs.

At the same time, the prolonged Ukraine war which started in early 2022 created challenging economic conditions that affected the tax base, and thereby restrained the capacity of NRA to increase revenue collection. Global energy prices soared, and domestic prices had to be subsidised by reducing the tax component of products’ prices to ensure the impact on consumers is minimised. Similarly, mining revenues significantly declined from companies in which Russian shareholders had been sanctioned or where their market is located within conflict-affected countries.

With much of Africa, and particularly Sierra Leone, being a country dependent on imports and foreign investment for its economic welfare and growth meant the impact of this crisis directly affected the economy and by extension our domestic revenue generation.

### Broad Tax Exemptions Regime

Another major challenge that threatened revenue performance in the course of the last five years is the prevalence of tax exemptions in both domestic taxes and import duties. The quest to respond to the challenging global economy and its effects on businesses and consumers meant government had to keep the existing broad exemption and as well introduced new ones thus eroding the tax base.

Figure 6: Duty Waiver Trend (2017-2022)

From Figure 6, it is observed that duty waivers granted from 2017 to 2022 have shown an erratic trend – increasing on to 2019 and declining on to 2021 before rising to significantly higher levels in 2022. Between 2017 and 2022, duty waivers increased by 74%.

In addition, most mining companies as commercial consumers of petroleum products have Parliament-ratified concessionary agreements substantially limiting the revenues they pay with respect to petroleum excise. Based on diesel and petrol consumption data provided by the Petroleum Regulatory Agency for Jan-Sept 2022, NRA estimates that commercial tier users should have paid a total of Le138 bn in petroleum excise (from January-September 2022) if they were not given special concession and had used the fully liberalised rates.

### Change Management Challenges

As major reforms are rolled out, there often emerges change management challenges as staff may be concerned about losing their jobs through redundancies or changes to business practices. The lack of adequate training of staff and customers on new system creates uncertainties thus generating resistance to the implementation of the reforms. Sierra Leone has been no exception as the NRA faced taxpayer resistance to the roll out of these reforms – especially the ECR. The lack of adequate training for the taxpayers who were supposed to use the system and as well as to the staff involved in tax administration led to change management challenges which affected tax compliance and consequently revenue mobilization. Furthermore, new policies also affect the tax base, such as the suspension of timber exports that cost the government as much as Le290 bn in timber revenue losses.

### Non-implementation of revenue enhancing policies

In 2022, there were policy assumptions upon which the revenue target was partly based. These policy measures were either delayed or not fully implemented in the course of the year thus costing government as much as Le457 billion in revenue collection.

|  |  |
| --- | --- |
| Policy Measures Not Implemented | Revenue Loss  (Old Le Bn) |
| Digital ID card (15% government share) | 10.5 |
| Delayed implementation of wage policies for security sector and judges (was to commence in April 2022) | 24 |
| Adjustments in import duty rates for selected companies | 60 |
| Subsidy of petroleum excise and effect of reduced consumption due to increased prices | 205 |
| Subsidy of RUC and effect of reduced consumption | 97.6 |
| Mobile data tax | 60 |
| Total Revenue Loss | **457.1** |

*Table 4: Revenue Loss from Non-Implementation of Revenue Enhancing Policies in 2022*

### Accumulation of Tax arrears

Parastatal arrears continue to be a major constraint to revenue mobilisation in 2022. Because central government sometimes owe these parastatals payments in respect of utility bills, they in turn hold on to government tax revenues, thus affecting the set revenue target. One major parastatal alone owed tax revenue in the region of **Le77.785 billion for 2022.**

### Comparative Duty- Waiver Performance (2021 Vs 2022)

As shown by the comparative analysis in Table 5, the total value of duty waived increased from Le443,511 billion in 2021 to Le703,639 billion in 2022 or by 59%. The rise in the 2022 duty waiver was driven by waivers granted to non-governmental organizations, private entities, and the Government. However, a significant decrease was identified in public international organizations. NGOs that attracted the highest increase can be related to various sectors based on the contract MOU with the government. In addition, the private category that attracted the second most duty waiver values, table 2 pointed out that the sector that attracted the highest value composition was the manufacturing sector. See table 2 for a further breakdown of duty waiver analysis by sector.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Category | 2022 | 2021 | Variance | %Variance |
| Embassy | 16,590 | 15,315 | 1,275 | 8% |
| Government | 347,594 | 192,637 | 154,957 | 80% |
| Mining | 26,736 | 17,866 | 8,870 | 50% |
| NGO | 79,158 | 25,118 | 54,040 | 215% |
| PIO | 44,636 | 92,629 | -47,993 | -52% |
| Private | 188,925 | 99,946 | 88,979 | 89% |
| Total | **703,639** | **443,511** | **260,128** | **59%** |

*Table 5: Duty Waiver by Category, 2021 and 2022*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Sector | 2022 | 2021 | Variance | % Variance |
| Agricultural | 44,725 | 34,317 | 10,408 | 30% |
| Communication | 1,277 | 4,168 | -2,891 | -69% |
| Construction | 49,737 | 55,360 | -5,623 | -10% |
| Diplomatic | 38,264 | 79,760 | -41,396 | -52% |
| Education | 13,879 | 2,776 | 11,103 | 400% |
| Elections |  | 195 | -195 | -100% |
| Energy | 167,082 | 43,706 | 123,376 | 282% |
| Financial |  | 0 | 0 | 0% |
| Fishery | 216 | 330 | -114 | -35% |
| Governance |  | 94 | -94 | -100% |
| Health | 135,283 | 118,387 | 16,896 | 14% |
| Justice | 88 |  | 88 | NAN |
| Local Government | 868 | 782 | 86 | 11% |
| Manufacturing | 118,902 | 41,144 | 77,758 | 189% |
| Migration | 59 |  | 59 | NAN |
| Mineral | 26,736 | 20,888 | 5,848 | 28% |
| NCRA | 2,236 |  | 2,236 | NAN |
| Office of the President | 2,464 | 249 | 2,215 | 890% |
| Oil | 636 | 5,720 | -5,084 | -89% |
| Parliament | 563 | 231 | 332 | 144% |
| Privatisation | 37 | 0 | 37 | NAN |
| Security | 1,290 | 2,636 | -1,346 | -51% |
| Social Welfare | 48,037 | 11,388 | 36,649 | 322% |
| Sports | 13,355 | 1,236 | 12,199 | 981% |
| Statistics |  | 53 | -53 | -100% |
| Tourism |  | 2,916 | -2,916 | -100% |
| Trades | 4,137 | 6,874 | -2,737 | -40% |
| Transport | 26,525 | 8,624 | 17,901 | 208% |
| Water Resources | 7,143 | 1,561 | 5,582 | 358% |
| Youths |  |  | 0 | NAN |
| Total | **703,639** | **443,509** | **260,130** | **59%** |

Table 6: Duty Waiver by Sector (2021 and 2022)

Table 7 shows that there was a high number of duty waivers processed in 2021 compared to 2022 representing a decrease in 4,271 processed waivers, however with a significant increase in it value of the duty waivers granted.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Category | 2022 | 2021 | Variance | % Variance |
| Embassy | 338 | 388 | -50 | -13% |
| Government | 2,097 | 3,312 | -1,215 | -37% |
| Mining | 876 | 924 | -48 | -5% |
| PIO | 724 | 1,842 | -1,118 | -61% |
| Private | 1,795 | 3,578 | -1,783 | -50% |
| Total | **8,787** | **13,058** | **-4,271** | **-33%** |

Table 7: Count of Duty Waiver Applications Received and Processed (2021 and 2022)

Furthermore, the decrease in duty waiver count was mainly from Government and non-governmental organization sectors in 2022 as shown in Table 8.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Month | Embassy | Government | Mining | NGO | PIO | Private | Total |
| January | 42 | 153 | 32 | 227 | 57 | 135 | **646** |
| February | 19 | 128 | 25 | 294 | 76 | 160 | **702** |
| March | 33 | 169 | 33 | 109 | 49 | 137 | **530** |
| April | 35 | 196 | 25 | 267 | 43 | 181 | **747** |
| May | 16 | 313 | 158 | 188 | 74 | 145 | **894** |
| June | 3 | 116 | 17 | 158 | 78 | 254 | **626** |
| July | 13 | 113 | 124 | 162 | 42 | 196 | **650** |
| August | 4 | 220 | 101 | 448 | 35 | 158 | **966** |
| September | 36 | 97 | 183 | 150 | 109 | 124 | **699** |
| October | 43 | 153 | 55 | 410 | 41 | 82 | **784** |
| November | 48 | 245 | 83 | 204 | 79 | 136 | **795** |
| December | 46 | 194 | 40 | 340 | 41 | 87 | **748** |
| Total | **338** | **2,097** | **876** | **2,957** | **724** | **1,795** | **8,787** |

Table 8: Count of Duty Waiver Applications Received and Processed by Month (2022)

# CHAPTER THREE: KEY NON-REVENUE ACHIEVEMENTS

## TAXPAYER SENSITISATION AND EDUCATION

The Public Affairs and Tax Education Unit (PATE) is a Unit under the Legal and Corporate Services Department that is responsible for the education of taxpayers, stakeholders and the general public on tax issues and the activities of the Authority. The Unit, in collaboration with other departments and stakeholders, ensures the provision of reliable, timely and uninterrupted flow of information with the aim of minimising noncompliance and subsequently enhancing domestic revenue collection. A summary of the key activities carried out by the PATE Unit during the period under review are provided below:

***Commissioner General’s Provincial Media Tour:*** PATE organised provincial media engagements for the Commissioner-General that were hosted across different media institutions in Bo, Kenema and Makeni during which the Commissioner General met with journalists in press conferences, and live radio programmes at selected radio stations. There was the need for the Commissioner-General to engage taxpayers across the country through the Fourth Estate on the gains made by the Authority, to discuss the focus and direction of the institution, and the reduction in Customs duties made in the 2022 Finance Act.

***Electronic Cash Register (ECR) Crisis Management Dialogue:*** Due to the unwarranted misconceptions which emanated from the installation and usage of the ECR and the reduction of the Goods and Services Tax (GST) threshold from Le 350 million to 100 million as stated in the 2022 Finance Act, the Authority developed and implemented Crisis Management Communication Strategies to calm the resentful actions by some traders. In February, the NRA held closed door meetings with representatives of Trade Unions and Civil Society Organizations (CSOs) to support the position of the NRA. The Crisis Management Communication was climaxed by a press conference with journalists and CSOs.

***Street Publicity Activity Using Mobile Bluetooth Speakers:***This method was used to ensure that taxpayers’ education messages reach the people at community level in the district headquarter towns of Bo, Kenema and Makeni. In each town, the Unit engaged five (5) individuals carrying Bluetooth speakers on the streets and playing different taxpayers’ sensitisation messages/ jingles. A similar approach was implemented in Freetown with a total of fifteen (15) individuals who were contracted to undertake this task. This strategy has proven to be one of the most effective approaches in disseminating NRA’s taxpayer education messages especially on due dates with regards to Pay-As-You-Earn (PAYE), Withholding Tax and GST.

***Weekly Radio and Television Programs:*** The Unit organised several tax education programmes on both radio and television in which senior staff of the Authority discussed several issues relating to tax administration reforms, and other activities relating to the Authority. A total of seventeen (17) television programmes on African Young Voices (AYV), and the Sierra Leone Broadcasting Corporation (SLBC) were aired. Another thirteen (13) radio programmes were also aired at the Society for Radio Democracy.

***Provincial Installation of Television Screens:***The NRA installed several television screens at NRA outstations in Bo, Makeni and Kambia. Tax education content are shown on these screens during office hours in the reception or waiting areas. This idea is borne out of the desire to make taxpayer information more accessible.

***Provincial Non-Tax Revenue Mobile Payment App And E-Service Stakeholders’ Engagement:*** PATE Unit, in collaboration with the Non-Tax Revenue (NTR) Department embarked on seven-day provincial stakeholders’ engagements in Kono, Makeni, Portloko, Bo, and Kenema. A team which comprised the Commissioner of NTR, staff from PATE, representatives from the Office of the Administrator and Registrar General (OARG), National Civil Registration Authority (NCRA), Law Court (Judiciary of Sierra Leone) and the service provider (Blue-Ribbon Solution) were in the provinces to engage stakeholders through simulcast radio discussion programmes. The messages during these engagements were focused on the advantages of using the App.

Stakeholders’ Engagement with Manufacturers and Importers on the Implementation of the Excise Tax Stamp and Other Fuel Markings - following the signing and parliamentary ratification of the Track and Trace Agreement, the National Revenue Authority is responsible for the implementing of the said Agreement which includes the track and trace of excisable goods. The Authority therefore deemed it necessary to undertake public education on the agreement with manufactures and importers of excisable products.

***The 2022 National Youth Employment and Entrepreneurship Fair:***As part of its functions to keep the public informed about the Authority’s activities, PATE developed a concept and coordinated actions to participate in the 2022 National Youth Employment and Entrepreneurship Fair organized by the Office of the Vice President and the Ministry of Youth Affairs. The NRA participated in this Fair by way of educating young graduates and entrepreneurs about the Sierra Leone tax system and their tax obligations as citizens.

***The Ministry of Information and Communications Annual Media/CSO Retreat in Kenema:*** NRA, through the PATE Unit and the Monitoring, Research and Planning (MRP) Department participated in the yearly retreat organised by this Ministry. This platform was used by the Authority to update stakeholders about the functions and mandates of the NRA with emphasis on Tax Administration reforms undertaken by the NRA. Tax education materials were shared during the Retreat.

***Business Dialogue:*** Business dialogue events were organised in Bo, Kenema, Makeni and Lungi for taxpayers as part of the Authority’s drive to improve public sensitisation on the reforms implemented by the NRA and the tax laws. This business dialogue provided an avenue to interact with taxpayers and to understand their concerns and constraints with tax administration processes.

***Domestic Tax Preparers Scheme (DTPS) Provincial Sensitisation:*** After the completion of the DTPS training, PATE and the Domestic Tax Department (DTD) embarked on taxpayer sensitisation in the provinces on the objectives of the DTPS. The exercise took the form of shop-to-shop sensitisation of business owners, and also provided the opportunity for business owners to give their own opinion about the scheme.

## CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility has been an integral part of the Authority’s activities, and as such create an opportunity for organisations to request for support to their course. However, due to the challenges faced by the NRA in its drive to maximise revenue collection in 2022, the Authority decided to prioritise funds to focus on revenue mobilisation and staff welfare. Some requests were however considered for support through the Authority’s Corporate Social Responsibility Policy in the area of education, agriculture, urgent medical care of the less fortunate, breast cancer awareness campaign etc.

On a similar front, the Authority was pleased to be a beneficiary of a state-of-the-art building named BOLLONRA at the Queen Elizabeth the II Quay, as a gift received from Bollore as part of their Corporate Social Responsibility. The building is now occupied by the NRA Customs staff for baggage and merchandise handling, and anti-smuggling purposes.

## COLLABORATION WITH STAKEHOLDERS

The National Revenue Authority collaborated with several stakeholders in the year under review in the discharge of its functions. This section discusses some of the activities undertaken by the Authority in collaboration with stakeholders.

***Société Industrielle et Commerciale de Produits Alimentaires (SICPA):*** With support from SICPA**,** the NRA collaborated with the Ministry of Finance in the drafting of a regulation to be laid before the House of Parliament for the implementation of the Excise Tax Stamp. The Authority continued to coordinate with SICPA and facilitated meetings with the Petroleum Regulatory Authority, Ministry of Trade and Industry, importers, manufacturers, and all relevant stakeholders in order to ensure the effective implementation of the Excise Tax Stamp and other fuel markings.

***Swedish Tax Agency (STA) Study Tour:*** The Authority also facilitated a study tour from a delegation from the STA, with a focus of helping the NRA to assess its level of “Digital Transformation Maturity Model”.

***International Centre for Tax and Development (ICTD) Seminar:*** The Authority participated in a two-day conference organised by the ICTD, and the Budget Advocacy Network featuring recent research on taxation in Sierra Leone. The conference was attended by several members of NRA Management, including the Commissioner-General, and the Deputy Commissioner-General, with both providing critical contributions to the successful outcome of the conference. Staff of the MRP Department made presentations on several studies conducted by the Department and were also key discussants during the conference together with senior staff of other departments within the Authority.

***MoU with the Customs Administration of the Republic of Guinea:*** On the 4th of November 2022, a ‘Memorandum of Understanding of Mutual Administrative Assistance between the Customs Administrations of The Republic of Guinea, The Republic of Liberia and The Republic of Sierra Leone’ was signed in Conakry by the NRA Customs Management and other relevant stakeholders. The MoU is geared towards strengthening the existing partnerships between Guinea, Liberia, and Sierra Leone Customs Administrations. The Commissioner of Customs Services Department (CSD) of the NRA signed the MoU on behalf of the NRA.

## PUBLIC RECOGNITION AND TRUST

The Authority received a certificate award from the Anti-Corruption Commission for “…Full Compliance in Implementation of the National Anti-Corruption Strategy 2019-2023 (3rd and 4th Quarter 2021 Monitoring)” – a truly commendable recognition from the Commissioner of the Anti-Corruption Commission and the Chairperson of the National Anti-Corruption Strategy Steering Committee.

The Authority also received a certificate of appreciation from the Maada & Fatima Bio Foundation for its “Contribution and Outstanding Support for all the Courses of the Foundation and Humanity”. Despite the financial constraints faced in 2022, the Authority’s effort to support human capital development through its Corporate Social Responsibility Policy is reflected through such recognition.

## CONSTRUCTION AND REHABILITATION OF NRA OFFICES

One of the core functions of the Administration Department of the NRA is to ensure that staff of the Authority perform their duties in a conducive work environment. During the period under review, the Admin Department ensured the rehabilitation, construction, and renting/purchase of the following properties:

* Refurbishment and furnishing of old Baggage Office (now BOLLONRA Building) at the Queen Elizabeth II Quay;
* Refurbishment and furnishing of Parcel Post Office at SALPOST, Gloucester Street;
* Renting and customisation of a booth for Taxpayer Services Centre for filing of returns, payment of taxes, mail collection etc. at SALPOST, Gloucester Street;
* Acquisition of land for construction of an NRA office on Wilkinson Road;
* Renovation prior to handing over to landlords of both 17 and 19 Wellington Street properties previously occupied by the NRA;
* Rehabilitation and relocation of NRA Headquarter hosting the CG’s office, DCG’s Office, Finance and Budget Department, Human Resource Department, Legal and Corporate Services Department, and Board Secretariat;
* Renovation of Block Management System (BMS) Office at Waterloo;
* Acquisition of land for the construction of a proposed NRA office in Port Loko;
* Refurbishment and furnishing of office space for CSD Baggage Unit Office at the Freetown International Airport in Lungi;
* Refurbishment of the CSD Cargo Inspection Facility Office at the Freetown International Airport in Lungi; and
* Architectural design completed for:
* Office and staff accommodation at Dogoloya;
* Staff accommodation at Sanya;
* Proposed new cargo inspection facility at Gbalamuya;
* New Rokupr Customs Post at Kambia; and
* Staff accommodation and proposed cargo inspection facility at Jendema.

## HUMAN RESOURCE MANAGEMENT

Issues of recruitment, training, maintenance and review of staff records, and staff appraisal are handled by the Human Resource Department (HRD). This Department has three (3) units (Salary and Records; Training, Manpower Planning and Capacity Building; and Recruitment and Appraisal) that carry out these functions. This section provides an update on the key activities completed by the HRD during the period under review.

### Staff Strength

Table 9 compares 2021 and 2022 staff strength of the Authority by gender. The total number of staff of the Authority increased in 2022 by 15 from 795 in 2021. It can be seen from the Table that the total number of male staff decreased in 2022 by 4 from 612 in 2021 while the number of female staff increased by 19 from 186 in 2021. Although the number of male staff accounted for 75.1% of the total staff population in 2022, the growing rate of employment of female staff by the Authority shows commitment of management to gender mainstreaming.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Male | | | Female | | |
|  | 2022 | 2021 | Difference | 2022 | 2021 | Difference |
| CG’s Office | 11 | 11 | 0 | 10 | 9 | 1 |
| RIID | 9 | 9 | 0 | 8 | 3 | 5 |
| Human Resource | 8 | 8 | 0 | 24 | 24 | 0 |
| Staff Welfare | 3 | 3 | 0 | 1 | 1 | 0 |
| Admin | 132 | 136 | -4 | 7 | 7 | 0 |
| Customs | 177 | 175 | 2 | 45 | 45 | 0 |
| NTRD | 31 | 35 | -4 | 19 | 17 | 2 |
| F & B | 13 | 15 | -2 | 6 | 6 | 0 |
| MRP | 12 | 12 | 0 | 0 | 0 | 0 |
| ICT | 30 | 28 | 2 | 3 | 3 | 0 |
| ICA | 10 | 12 | -2 | 4 | 4 | 0 |
| L&Cs | 8 | 7 | 1 | 6 | 6 | 0 |
| Board Secretariat | 2 | 2 | 0 | 0 | 0 | 0 |
| Modernization | 10 | 10 | 0 | 3 | 2 | 1 |
| DTD | 152 | 149 | 3 | 66 | 56 | 10 |
| Total | **608** | **612** | **-4** | **202** | **186** | **19** |

Table 9: Staff Strength by Gender in 2021 and 2022

*Source: HRD*

### Staff Recruitment and Confirmation

The NRA recruited 45 staff in the year under review compared to 69 in the previous year. Of the total number of staff recruited in 2022, the DTD accounted for the highest number of staff (13 staff), followed by CSD with 11 staff, RIID with 6 staff and ICTD with 5 staff. There was no recruitment for the MRP, F&B, Welfare, ICA departments, and the Board Secretariat. A total of 67 staff were also confirmed in 2022 as staff of the NRA of which DTD recorded the highest (23 staff), followed by CSD (10 staff), and CG’s Office (7 staff). Furthermore, the Authority contracted a total of 91 staff, engaged the services of 5 interns, 26 whistle-blowers, and 12 youth corps from the National Youth Commission (NYC).

|  |  |  |
| --- | --- | --- |
| Department | No. Of Employees Recruited | No. Of Employees Confirmed |
| CG’s Office | 1 | 7 |
| RIID | 6 | 5 |
| Human Resource | 1 | 3 |
| Staff Welfare | - | - |
| Admin | 4 | 1 |
| Customs | 11 | 10 |
| NTRD | 2 | 2 |
| F & B | - | 1 |
| MRP | - | - |
| ICT | 5 | 6 |
| ICA | - | 6 |
| L&Cs | 1 | 1 |
| Board Secretariat | - | - |
| Modernization | 1 | 2 |
| DTD | 13 | 23 |
| Total | **45** | **67** |

Table 10: Staff Recruitment by Department, 2022

Source: HRD

### Staff Promotion

The Authority recognises excellent performance and diligent services by staff, and as a way of reward, 18 staff from different departments were promoted in 2022 of which 13 were promoted as supervisors, and 5 as managers.

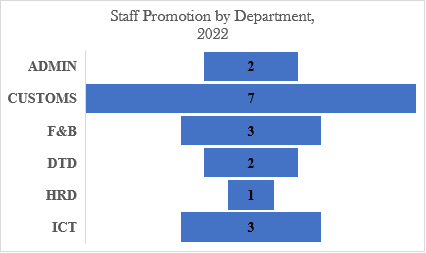


Figure 7: Staff Promotion by Department, 2022

Source: HRD

### Staff Separation

Table 11 shows the number of staff separation by department while Figure 8 shows the separation by category. A total of 32 staff separated from the Authority in the year under review. The CSD recorded the highest number of separations (9 staff), followed by Admin (7 staff), and then NTR (4 staff) and DTD (4 staff).

|  |  |
| --- | --- |
| Department | No. Of Employees |
| RIID | 1 |
| ADMIN | 7 |
| CSD | 9 |
| NTR | 4 |
| F & B | 2 |
| ICT | 3 |
| ICA | 2 |
| DTD | 4 |
| Total | **32** |

Table 11: Staff Separation by Department, 2022

Source: HRD

From Figure 8, it can be observed that the main reason for staff separation was due to retirement (with 14 staff), followed by resignation (with 12 staff) and then termination (with 4 staff). Compared to 2021, retirement also accounted for the highest number of staff separation from the Authority. Death of staff and resignation were respectively the other main factors responsible for staff separating from the Authority in 2021.

Figure 8: Staff Separation (2022 vs 2021)

Source: HRD

### Training and Capacity Development

Goal two (2) of the NRA 2018-2022 strategic plan is to “Develop Human Capital and Institutional Capacity.” In line with this goal, the HRD organised/coordinated several local and international trainings that benefitted staff from various departments. Overall, 27 training programmes were organised locally, and 18 externally. A total of 549 staff participated in both local and international trainings with DTD staff benefited the most (with 143 beneficiaries), followed by NTR staff (with 78 beneficiaries), Admin staff (with 70 beneficiaries) and then CSD staff (with 60 beneficiaries).

It should be noted that the total number of staff that participated in the different training programmes included those that benefitted from more than one training in the year. Of these 549 staff, 401 (73.0%) were male and 148 (27.0%) were female. Furthermore, 375 male staff and 139 female staff participated in trainings organised locally, while 26 male staff and 9 female staff participated in external training programmes.

|  |  |
| --- | --- |
| Department | No. of Employees\* |
| CG’s Office | 6 |
| RIID | 43 |
| Human Resource | 21 |
| Staff Welfare | - |
| Admin | 70 |
| CSD | 60 |
| NTRD | 78 |
| F & B | 13 |
| MRP | 52 |
| ICT | 32 |
| ICA | 11 |
| L&Cs | 1 |
| Modernization | 16 |
| DTD | 143 |
| IAU | 3 |
| Total | **549** |

Table 12: Number of Training Beneficiaries by Department

\*Includes staff that benefited from more than one training

Source: HRD

## REVENUE INTELLIGENCE AND INVESTIGATIONS

The Revenue Intelligence and Investigation Department (RIID) started as a unit under the Commissioner-General’s Office in 2012 and was referred to as the Revenue Intelligence and Investigation Unit (RIIU). The RIIU became a fully independent department named the RIID in March 2021. The primary responsibilities of the Department include gathering and processing intelligence on delinquent taxpayers, conducting revenue investigations on such taxpayers, and producing and submitting reports to the Commissioner-General. The intelligence reports and results of investigations are often used as bases for revenue recovery, discovery, disciplinary actions and possibly, prosecution.

The RIID also has the role in integrity management and general tax fraud detection both within and outside the NRA. The Department further undertakes legislative functions relating to licensing of Customs Clearing and Forwarding Agencies (C&FAs), and complements operation departments in undertaking tax enforcement activities. This section provides update on the activities undertaken by the Department as follows:

### Foreign Currency Declarations for Tax Revenue

The RIID collaborated with CSD staff from the Freetown International Airport in Lungi for data relating to foreign currency declarations and for onward submission to the Financial Intelligence Unit (FIU) on a monthly basis.

### Implementation of The Whistle-Blowers Policy

Twenty-Six (26) whistle-blowers were recruited in quarter four of 2021 and this number was maintained up to March 2022. Of these 26 whistle-blowers, the contracts of 16 were terminated at the end of March 2022. The remaining 10 whistle-blowers were deployed along the borders to assist in border management activities. However, the contracts of these 10 whistle-blowers ended in October 2022 and have not been renewed.

### Intelligence and Revenue Investigations on Delinquent Taxpayers

The following investigations were completed by the RIID in 2022:

* MR Distilleries (excise duty)
* International Insurance Company
* Outstation Monitoring
* Customs Site Examination Verification
* The Customs Credit Analysis
* Customs Warehouse Analysis

The following cases were carried over to 2023 for investigations:

* Maersk Line (Investigation of GST on Local Purchase)
* Hong Peng
* BRAC Microfinace SL Ltd
* Shalimar Trading SL Ltd

### Licencing of Clearing and Forwarding Agencies

As shown in Table 13, a total of 139 Clearing and Forwarding Agencies (C&FAs) applied for license to operate in 2022, of which 131 applications were processed and licensed grated to these agencies while the application for 8 Agencies were not processed.

|  |  |
| --- | --- |
| Detail | Amount |
| Total Number of Applications Received (A) | 139 |
| Total C&FA Licenses Renewed (B) | 119 |
| Total New C&FAs Licensed (C) | 12 |
| Total C&FAs Licensed in 2022 (D = B + C) | 131 |
| Total Applications Not Processed (E = A – D) | 8 |

Table 13: Clearing and Forwarding Agencies Licenses Processed in 2022

Source: RIID

## INTERNAL AFFAIRS UNIT (IAU)

With support from the World Customs Organisation (WCO), the formation of the Internal Affairs Unit as a Unit under the Office of CG was approved by the Board of Directors in 2019 with the following mandates:

* To investigate allegations of malpractice and other complaints against an employee;
* To process and verify asset declarations of employees or prospective employees;
* To handle matters relating to the National Anti-Corruption Strategy (NACS); and
* To perform other cognate duties as the Commissioner-General may determine.

The following sections provide an update on some of the key activities of the Unit during the period under review.

### Credibility Checks of Staff on Adherence to their Standard Operating Procedures

Credibility checks are performed to see how far staff adhere to Standard Operating Procedures (SOPs). Firstly, it was discovered that many departments do not have updated procedures considering the extent of reforms and systems deployed within the Authority. Furthermore, departments/units that rely on external legislations in performing their responsibilities (like the Procurement Unit), their SOPs should be consistent with the legislations. For some departments/units, information on their processes and procedures is inadequate. The IAU has recommended to Senior Management Team (SMT) that SOPs on all activities within the NRA needs to be reviewed consistent with previous and ongoing reforms, and legislation.

The IAU received training from the WCO on assessing adherence to SOPs and the performance of credibility checks. These training courses were consistent with the Revised Arusha Declaration (RAD) and the revised Integrity Development Guide (IDG). The following are trainings the Unit benefitted from:

* Verifying whether staff who proceed on leave are logged off NRA’s IT systems or platforms like ITAS, ASYCUDA, ECR etc.; and
* Training on warehousing, transit, and groupage procedures.

### Domestic Tax Integrity Perception Survey (DIPS)

A draft concept note on the need to undertake a DIPS was submitted to the Modernization Department and an initial meeting was held. The essence of the concept note was that since DTD collects the bulk of domestic revenue, and having completed the baseline Customs Integrity Perception Survey, there was also a need to do the same for DTD. The NRA, through the Modernisation Department is currently seeking for funding to conduct this survey.

### A-CIP Programme of the World Customs Organisation

The Anti-Corruption and Integrity Promotion Programme (A-CIP) which started in 2019 has provided a structural approach to the fight against corruption in the NRA using the 10 pillars of the Revised Arusha Declaration (RAD) and the IDG as benchmarks. The following are some of achievements under the A-CIP programme:

* Professional attachment of staff to the Mauritius Revenue Authority for 8 days to get on-the-job experience. This includes details on corruption risk mapping, declaration, filing and verification of assets, and on the administrative investigation process;
* Staff capacity building on Outcomes 2 and 3 of the A-CIP project information document following the Customs Integrity Perception Survey;
* Conducted series of in-house trainings on the working tools of the IAU including SOPs, IDG, Prevention of Malpractice Manual, Project Information Document, Income Tax Act 2000 (as Amended), Goods and Services Tax Act 2009 (as Amended), Customs Act 2011 (as Amended) and the Finance Acts;
* With support from WCO, staff of the IAU participated in administrative investigation and reporting techniques facilitated by the Mauritius Revenue Authority and the Canada Customs;
* Staff of the IAU participated in the Mid-Term Review of the Project Information Document with other A-CIP countries;
* Following the CIPS report of May 2020 which indicated that people were disinclined to report corrupt practices, the IAU in 2021 produced and displayed 48 standing pull-up banners at NRA offices and outstations nationwide;
* With support from WCO, the Unit produced 500 wall stickers bearing information on how and where to report corrupt practices to be displayed at prominent business locations nationwide.

### National Anti-Corruption Strategy (NACS)

The NACS serves as a guide for developing a set of shared commitments across sectors, to support and collaborate within and between sectors, and to direct renewed energy towards the goal of reducing corruption and building an ethical society. It involved a national dialogue and stakeholder’s consultation on corruption to harness greater national ownership on the fight against corruption and to ascertain political will and commitment of policymakers, implementers and all other stakeholders including the private sector and religious organizations. The following was accomplished in 2022:

* Met all 9 performance criteria set in the NACS matrix;
* Quarterly reporting on the NRA implementation of the NACS activities;
* Participation by the IAU in the Assurance Committee team reviewing the 2020 Audit Report findings.

## INFORMATION, COMMUNICATION AND TECHNOLOGY REFORMS

The Information, Communication Technology (ICT) Department is a support department charged with providing and ensuring responsive, effective, and efficient ICT services to the Authority and other stakeholders, in the fulfilment of the NRA’s core mandate of domestic revenue mobilisation and collection. The following were the key accomplishments of the different units under the Department during the 2022 fiscal year:

### Software Unit

* Supported the specification, development, and implementation of the NTR Mobile Payment App;
* Supported the functional teams in the recalibration of all business systems (ASYCUDA, ITAS, ECR, & GP);
* Supported the development of the NRA data warehouse and the roll-out of dashboards for the ECR system;
* Supported the maintenance and optimisation of ITAS, ECR & ASYCUDA World.
* Completed assessment for the implementation of the ECOWAS SIGMAT and awaiting its implementation; and
* Supported the functional team in the development of concept note for the enhancement of ASYCUDA World.

### Helpdesk Unit

* Provided effective and efficient daily first-level and routine support to staff and other ICT end-users;
* Conducted training for staff on basic computing and computer systems;
* Facilitated professional (OCA & OCP) training for ICT staff on Oracle Database administration and Oracle Database Vault; and

Effective and efficient management of Office365 packages.

### Infrastructure Unit

* Increased internet bandwidth to enhance the availability and accessibility of the various business systems;
* Improved backup power supply (i.e., batteries and 30KVA inverter) at the Wellington Street datacentre to ensure a stable (24/7) supply of electricity to the datacentre;
* Extended LAN and WAN connectivity to five (5) key NRA office locations (i.e., BOLLONRA building, 38 Wellington Street, 3rd floor of 7 Bathurst Street, RENSIS Building and NCRA);
* Installed redundant (failover) network connectivity at RENSIS and WAMA buildings; and
* Optimized the NRA server infrastructure with failover clustering to ensure improved availability.

### Security Unit

* Completed Vulnerability and Penetration Testing on the Authority’s information systems and IT infrastructure, and all critical security issues addressed; and
* Recommended ICT security tools necessary for the proper implementation of information system security and cybersecurity.

# CHAPTER FOUR: SPECIAL RELEVANCE STATISTICS

## IMPORT STATISTICS

Statistics on dutiable and non-dutiable imports were extracted from ASYCUDA World and are presented in Tables 17 and 18 respectively. Total imports in 2022 increased by Le 5,225 billion (an increase of 30.6%). Of the total imports in 2022, dutiable imports accounted for 75.0%, and their value increased by 31.0% from Le 12,746 billion in 2021 to Le 16,697 billion in 2022. Similarly, total non-dutiable imports increased by 29.6% from Le 4,301 billion in 2021 to Le 5,575 billion in 2022.

As shown in Table 17, there was a decline in the imports value of products under Sections 1A, 2, 4, and “Other Items” category. Machinery and transport equipment (Section 7) recorded the highest increase of 55.6%, followed by chemicals and related products (Section 5) with an increase of 44.7%, and then tobacco (Section 1B) with an increase of 42.8%. In 2022, products under Section 3 accounted for the highest value of dutiable imports (32.0%), followed by products under Section 0 (23.3%), and then Section 7 (17.0%).

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| SITC Category | 2021 | 2022 | Difference | % Diff |
| Section 1b - Tobacco | 132,518,274 | 189,206,355 | 56,688,082 | 42.8% |
| Section 0 - Food and Live Animals | 2,812,847,854 | 3,894,001,730 | 1,081,153,876 | 38.4% |
| Section 7 - Machinery and Transport Equipment | 1,819,484,630 | 2,831,645,570 | 1,012,160,940 | 55.6% |
| Section 8 - Miscellaneous Manufactured Articles | 746,280,674 | 918,664,269 | 172,383,596 | 23.1% |
| Section 1a - Beverages | 113,583,005 | 95,485,121 | (18,097,883) | -15.9% |
| Other Items | 85,682,943 | 80,995,563 | (4,687,380) | -5.5% |
| Section 4 - Animal and Vegetable Oils, Fats And Waxes | 5,350,303 | 1,558,746 | (3,791,557) | -70.9% |
| Section 2 - Crude Materials, Inedible, Except Fuels | 207,910,174 | 179,141,395 | (28,768,780) | -13.8% |
| Section 6 - Manufactured Goods Classified Chiefly by Material | 1,617,479,788 | 2,192,932,351 | 575,452,563 | 35.6% |
| Section 5 - Chemicals and Related Products, N.E.S. | 670,050,210 | 969,833,813 | 299,783,603 | 44.7% |
| Section 3 - Mineral Fuels, Lubricants and Related Materials | 4,535,055,539 | 5,343,114,150 | 808,058,611 | 17.8% |
| Total | **12,746,243,391** | **16,696,579,062** | **3,950,335,671** | **31.0%** |

Table 14: Dutiable Imports in 2021 and 2022

Source: ASYCUDA World

From Table 17, there was a decline in the imports value of products under Sections 8 and Sections 5. Beverages (Section 1A) recorded the highest increase followed by products under Section 3, and then “Other Items”. Machinery and transport equipment (Section 7) accounted for the highest value of non-dutiable imports (42.3%) in 2022, followed by products under Section 5 (19.8%) and Section 6 (15.3%) respectively.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| SITC Category | 2021 | 2022 | Difference | % Diff |
| Section 1b - Tobacco | - | 1,946,682 | 1,946,682 | - |
| Section 0 - Food And Live Animals | 112,759,748 | 231,117,854 | 118,358,106 | 105.0% |
| Section 7 - Machinery And Transport Equipment | 1,364,694,905 | 2,358,661,595 | 993,966,690 | 72.8% |
| Section 8 - Miscellaneous Manufactured Articles | 1,053,927,083 | 486,521,208 | (567,405,875) | -53.8% |
| Section 1a - Beverages | 348,070 | 77,703,177 | 77,355,107 | 22224.0% |
| Other Items | 7,617,380 | 39,411,345 | 31,793,964 | 417.4% |
| Section 4 - Animal And Vegetable Oils, Fats And Waxes | 41,818,882 | 93,167,884 | 51,349,001 | 122.8% |
| Section 2 - Crude Materials, Inedible, Except Fuels | 44,486,812 | 53,813,919 | 9,327,107 | 21.0% |
| Section 6 - Manufactured Goods Classified Chiefly By Material | 367,890,515 | 854,289,600 | 486,399,085 | 132.2% |
| Section 5 - Chemicals And Related Products, N.E.S. | 1,260,288,972 | 1,103,210,430 | (157,078,542) | -12.5% |
| Section 3 - Mineral Fuels, Lubricants And Related Materials | 46,769,790 | 274,953,760 | 228,183,971 | 487.9% |
| Total | **4,300,602,157** | **5,574,797,454** | **1,274,195,297** | **29.6%** |

Table 15: Non-Dutiable Imports in 2021 and 2022

Source: ASYCUDA World

Table 19 compares the top ten exporting countries to Sierra Leone by CIF value. Of the top ten exporters to Sierra Leone in 2021, only Brazil is not among the top ten exporters to Sierra Leone in 2022 as it is replaced by Senegal. The top ten exporting countries to Sierra Leone in 2021 accounted for 81.2% of Sierra Leones imports compared to 76.4% in 2022. Although Switzerland is the major exporter (by CIF value) to Sierra Leone, its primary export is petroleum products (accounting for over 98.0% of its total exports) unlike other exporting countries with assorted export products accounting for a relatively higher percentage of their total exports.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | 2021 | | 2022 | |
|  | Origin Country | CIF Value | Origin Country | CIF Value |
| 1 | Switzerland | 3,534,171,550 | Switzerland | 4,201,570,289 |
| 2 | China | 3,255,442,941 | China | 3,426,879,516 |
| 3 | United States | 1,534,853,953 | India | 2,054,416,401 |
| 4 | India | 1,471,939,375 | Turkey | 1,940,734,244 |
| 5 | France | 1,001,228,348 | United Arab Emirates | 1,374,551,700 |
| 6 | Turkey | 933,725,253 | France | 1,281,616,995 |
| 7 | United Arab Emirates | 606,262,166 | United States | 923,325,567 |
| 8 | Belgium | 594,749,999 | Belgium | 921,622,263 |
| 9 | United Kingdom | 346,874,223 | United Kingdom | 636,142,347 |
| 10 | Brazil | 339,394,528 | Senegal | 622,826,767 |

Table 16: Import Value by Country of Origin in 2021 and 2022

Source: ASYCUDA World

\*IM4 (imports for home consumption), SD4 (Simplified Declaration), PP4 (Percel Post), and PB4 (Personal Baggage)

## CUSTOMS RISK MANAGEMENT ACTIVITIES

Risk detection and management is crucial in customs operations which is why the Risk Management Unit (RMU) was created with the aim of identifying risks and suggest measures that should be put in place to mitigate such risks and ensures that declarants are compliant with customs obligations. Staff of the Unit are required to view all declarations on real time basis to enable them to identify ‘High Risk’ declarations relating to valuation, classification, currency code, CVC inputs, general documentation etc., and inform operational units who are required to take corrective actions.

### Additional Revenue Raised from RMU Interventions

During the period under review, a total of 44 declarations were identified as ‘High Risk’ to customs revenue collection. A total of NLe 2,575,493 was raised as additional revenue from the intervention of the RMU. Table 14 shows a breakdown of the additional revenue raised with their corresponding risk factor. From the Table, 59.3% of the revenue raised following the intervention of the RMU was as a result of declaring the wrong value of the goods while 18.1% was as a result of false declaration. Wrong CVC input and wrong HS code accounted for 16.4% and 6.2% respectively.

|  |  |  |
| --- | --- | --- |
| Suspected Risk Notice | Revenue Raised | % Contribution |
| Value Issues | 1,526,542 | 59.3 |
| False Declaration | 467,320 | 18.1 |
| Wrong CVC Input | 421,385 | 16.4 |
| Wrong HS Code | 160,246 | 6.2 |
| Total | **2,575,493** |  |

Table 17: Revenue Raised by the Risk Management Unit, 2022

Source: CSD

### Risk Profiling

Risk Profiling is another core function of the RMU which primarily entails the categorisation of importers and brokers based on the nature of risks they pose to revenue and supply chains. This function is also relevant to enhancing trade facilitation and effective risk analysis. Profiling is done on a quarterly basis using ASYCUDA-generated data, Post Clearance Audit (PCA) activities and reports, Anti-Smuggling Unit (ASU) interdictions and penal actions, and data from the Query and Amendment Unit. Such data is analysed to determine the level of compliance of importers and brokers for placement into three selective lanes (red, blue, and yellow lanes). Results generated from profiling is submitted to the Risk Management Committee as recommendation for management approval.

In 2022, a total of 158 importers were profiled, and 151 importers were recommended for the Blue Lane, 3 importers recommended for the Yellow Lane and 4 importers recommended for the Red Lane. Table 15 provides information on the number of importers and their corresponding selectivity lanes by quarter.

|  |  |  |  |
| --- | --- | --- | --- |
| Quarter | Blue Lane | Yellow Lane | Red Lane |
| Q1 | 42 | - | 1 |
| Q2 | 30 | - | 3 |
| Q3 | 42 | 2 | - |
| Q4 | 37 | 1 | - |
| Total | **151** | **3** | **4** |

Table 18: Number of profiled importers by Selectivity Lane in 2022

Source: CSD

Furthermore, the RMU completed the profiling of 411 declarants/brokers. As shown in Table 16, of the total number of declarants profiled, 275 (i.e., 66.9%) were selected for the Blue Lane, 66 (i.e., 16.1%) selected for the Yellow Lane, and 70 (i.e., 17.0%) for the Red Lane.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Quarter | Blue Lane | Yellow Lane | Red Lane | Total |
| Q1 | 40 | 22 | 36 | 98 |
| Q2 | 121 | 7 | 10 | 138 |
| Q3 | 43 | 28 | 16 | 87 |
| Q4 | 71 | 9 | 8 | 88 |
| Total | **275** | **66** | **70** | **411** |

Table 19: Number of profiled declarants by Selectivity Lane in 2022

Source: CSD

### Anti-Smuggling Operations

Anti-smuggling operations at the CSD, whether they are covert or overt are led by the ASU – established as an operational arm of the Department, but under the direct supervision of the CG. As its name implies, it is responsible for tackling smuggling by conducting and partaking in joint border patrols and investigations and the effective monitoring of CSD’s general operations to minimise the incidence of smuggling. The Unit has a further mandate to prevent the importation/exportation of contraband goods into/from Sierra Leone. The role of ASU is exclusively complementary in revenue mobilisation.

The ASU operation is divided into two: one division responsible for monitoring and investigations which is exclusively deployed at the Freetown Port, and the other division responsible for Border Controls and Management (BCM) with primary mandate of preventing illegal cross border activities and coordinating joint border operations with the security and other border regulatory agencies.

While the revenue collection environment remained challenging in 2022, the ASU focused exclusively on collaboration with other teams including the RMU, Trade & Tariff Unit and Physical Examination Unit to identify high risk consignments, which assisted a great deal in minimising leakages.

### Post Clearance Audit (PCA) Activities

The role of the PCA is to conduct field and desk audits by way of verifying the accuracy of import documents including Customs declarations, accounting records, and all other relevant commercial data held by persons or entities that are directly or indirectly engaged in cross-border trade. PCA activities characterises modern Customs administrations and is aimed at improving Customs revenue recovery and increasing turn-around time by reducing intrusive examinations through a risk-based audit approach. The PCA Unit collaborates with the RMU to develop the annual Risk Register for profiling and provide feedback to the Trade and Tariff Unit. During the period under review, the PCA conducted 153 audits, of which 144 were completed, and recovered revenue to the tune of NLe2,959,566 for various Customs infringements.

## OTHER CUSTOMS ACTIVITES

### Debt Recovery and Management

The Debt Management Unit (DMU) has the responsibility of managing all credits by way of processing, monitoring, and ensuring payment of all credits granted to people or entities engaged in import trade. Such requests are made and approved through the Commissioner-General’s Office or his representative.

In 2022, the DMU processed a total of 27 credit requests of which 11 have completed payments while the remaining 16 are on payment plans. The DMU adopted various strategies to collect Customs debt including reminding debtors of their debt obligations through making phone calls and writing letters. The Unit also conducted joint operations, especially with the ASU in the recovery of Customs debt. These joint operations were to either give strong warnings to defaulters or to seal off business premises. These operations to a large extent yielded positive results in debt recovery.

### Trade and Tariff Unit

The Trade and Tariff Unit of the CSD conducts customs valuation, goods classification, and documentary verification to ensure correct tax assessment. This Unit is a merger of Valuation, Documentary Check, and Harmonized System/Rules of Origin (HS/RO) Units prior to the migration to ASYCUDA World. Its activities ensure that import assessments are based on transaction value and that commodity descriptions and applicable rates are followed. The Unit processes and assesses IM4 (import for home consumption), IM7 (imports for warehousing), and IM8 (transit and transshipment) declarations selected for the Red and Yellow Lanes.

The Unit, in collaboration with the ASYCUDA functional team, completed the first phase of the implementation of the Valuation Control Module in the ASYCUDA system in 2021, using the Tariff Specification Code (TSC). This first stage of the project targeted 17 commodities with 300 lines of TSCs. The introduction of the TSC was necessary to ensure control of declaration and collection of the right tax at the right time without aimless intervention in the clearance process. However, the module is yet to incorporate other goods that pose valuation risks.

The Unit has completed the alignment of the ECOWAS CET HS2022 with the Import Adjustments Tax (IAT) List and awaits upload into the ASYCUDA system. Initial attempts by the ICT team to upload or migrate from HS2017 to HS2022 encountered technical challenges which stalled the process. Notwithstanding these challenges, the Unit continues to play a critical role in the customs clearing process by providing a predictable business environment for importers and brokers in valuation, classification, origin, and documentary compliance.

The Trade and Tariff Unit processed 20,855 declarations in 2022 which included IM4, IM7, and IM8. Those declarations queried and uplifted resulted to additional revenue gained to the tune of NLe 6,436,502. The most common offenses recorded among others were incomplete declarations, incorrect quantity, short collections, under valuation, incorrect freight, wrong foreign currency exchange rate, and incorrect classification. The sectors that posed the greatest risks to revenue during the year were telecommunications equipment, mixed items, auto spares, and factory raw materials.

### Container Inspection and Examination Unit

As shown in Table 20, a total of 10,653 declarations were processed and released from the Container Unit in 2022 compared to 13,723 in the previous year representing a 22.4% decrease. The year under review recorded a decline in the number of declarations under the three selectivity lanes. As shown, 80.8% of the total number of declarations were processed under the Red Selectivity Lane in 2022. The total number of containers examined and released also declined in 2022 by 6,076 from 26,942 reported in 2021. Table 20 further shows that most of the containers imported in 2022 contained dutiable goods.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Category | 2021 | 2022 | Difference | % of 2022 Total |
| Total SCDs Processed | **13,723** | **10,653** | **(3,070)** |  |
| Red Lane | 11,092 | 8,376 | (2,716) | 80.8% |
| Green Lane | 553 | 254 | (299) | 4.0% |
| Blue Lane | 2,078 | 2,023 | (55) | 15.1% |
|  |  |  |  |  |
| Total Containers | **26,942** | **20,866** | **(6,076)** |  |
| 20ft Containers | 15,971 | 12,298 | (3,673) | 58.9% |
| 40ft Containers | 10,971 | 8,568 | (2,403) | 41.1% |
| Dutiable | 24,878 | 17,203 | (7,675) | 82% |
| Duty-Free | 2,064 | 3,663 | 1,599 | 18% |

Table 20: Containers Examined and Released 2021 and 2022 by the Container Unit

Source: CSD

It should be noted that during the conduct of physical examinations, some discrepancies were discovered by the Unit which led to the recovery of additional revenues. A total of 36 declarations were found to contain discrepancies and NLe 1,466,383 was recovered as additional revenue.

### Port Baggage Unit

Table 21 provides a summary of total declarations, containers and packages processed and released in 2021 and 2022 by the Baggage Unit. The total number of declarations processed by the Baggage Unit increased by 650 from 6,187 in 2021. A total of 5,501 containers were examined and released in 2022 of which 97.7% were 40 feet containers. Furthermore, a total number of 1,312 packages were also examined and released by the Unit.

|  |  |  |  |
| --- | --- | --- | --- |
| Category | 2021 | 2022 | Difference |
| Total SCDS Processed | 6,187 | 6,837 | 650 |
| Total Containers | 5,935 | 5,501 | -434 |
| 40ft Containers | 5,874 | 5,375 | -499 |
| 20ft Containers | 61 | 126 | 65 |
| Packages | 256 | 1,312 | 1,056 |
| Dutiable | 189 | 792 | 603 |
| Duty-Free | 67 | 520 | 453 |

Table 21: Containers Examined and Released 2021 and 2022 by the Baggage Unit

Source: CSD

Figure 9 further shows the monthly amount of revenue recovered following examination by the Baggage Unit. The total amount of additional revenue recovered in 2022 amounted to NLe 982,854.

Figure 9: Additional Revenue Recovered by the Baggage Unit in 2022

Source: CSD

### Vehicle Clearance Unit

Vehicles Valuation Unit is charged with the responsibility to assess values on imported vehicles, motorcycles, machines, and boats. In the year under review, the Unit processed a total of 9,603 declarations and generated revenue totalling NLe156,194,389 from the various vehicle types as shown in Table 22***.***

|  |  |  |
| --- | --- | --- |
| Description | Revenue Collected | No. Of Declarations |
| Cars | 19,904,475 | 2,839 |
| Jeeps | 47,061,095 | 4,036 |
| Vans | 12,128,442 | 1,619 |
| Buses | 4,389,824 | 400 |
| Motorcycles | 61,342,084 | 430 |
| Machines | 11,250,016 | 276 |
| Boats | 118,454 | 3 |
| Total | **156,194,389** | **9,603** |

Table 22: Declarations and Revenue Collection by the Vehicle Unit in 2022

Source: CSD

### Scanning Unit

The Scanning Unit uses a scanning machine that helps identify objects that are in containers/luggage by creating images. Once the containers/luggage are scanned, reports are then forwarded to the Physical Inspection Unit for necessary action. Reports generated could either be satisfactory if it conforms with what is declared or can be unsatisfactory if it does not conform with what is declared. Unsatisfactory report is an indication that detailed checks need to be done by the Physical Inspection Unit.

Table 23 compares the total number of containers scanned by the Unit in 2021 and 2022 by month. As could be seen, the total number of containers scanned declined in 2022 by 2,180 from 48,988 in 2021. Further, the number of scanned import containers declined by 2,119 (6.2%), while the number of scanned export containers declined by only 61 (0.4%).

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Total Scanned | | | Total Import | | | Total Export | | |
|  | **2021** | **2022** | **Difference** | **2021** | **2022** | **Difference** | **2021** | **2022** | **Difference** |
| January | 3,721 | 7,180 | 3,459 | 2,818 | 2,593 | (225) | 903 | 4,587 | 3,684 |
| February | 4,079 | 3,461 | (618) | 2,793 | 2,370 | (423) | 1,286 | 1,091 | (195) |
| March | 3,809 | 3,980 | 171 | 2,726 | 2,626 | (100) | 1,083 | 1,354 | 271 |
| April | 4,022 | 3,437 | (585) | 3,033 | 2,039 | (994) | 989 | 1,398 | 409 |
| May | 3,906 | 4,051 | 145 | 2,564 | 2,745 | 181 | 1,342 | 1,306 | (36) |
| June | 4,524 | 3,156 | (1,368) | 3,481 | 2,489 | (992) | 1,043 | 667 | (376) |
| July | 3,962 | 3,015 | (947) | 2,683 | 2,407 | (276) | 1,279 | 608 | (671) |
| August | 4,244 | 3,476 | (768) | 2,715 | 2,746 | 31 | 1,529 | 730 | (799) |
| September | 4,106 | 3,944 | (162) | 3,061 | 3,276 | 215 | 1,045 | 668 | (377) |
| October | 3,874 | 3,397 | (477) | 2,490 | 2,690 | 200 | 1,384 | 707 | (677) |
| November | 4,520 | 4,111 | (409) | 3,017 | 3,275 | 258 | 1,503 | 836 | (667) |
| December | 4,221 | 3,600 | (621) | 2,951 | 2,957 | 6 | 1,270 | 643 | (627) |
| Total | **48,988** | **46,808** | **(2,180)** | **34,332** | **32,213** | **(2,119)** | **14,656** | **14,595** | **(61)** |

Table 23: Scanned Containers, 2021 vs 2022

Source: CSD

Table 24 shows the number of scanned containers by container size in 2022. Of the total number of containers scanned, 23,960 (i.e., 51.2%) were 20ft containers while the remaining 22,848 (i.e., 48.8%) were 40ft containers. The total number of import containers (both 20ft and 40ft) accounted for 68.8% (32,213) of the total number of scanned containers, implying that Sierra Leone is importing more than its exporting.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 20ft | | | 40ft | | |  |
|  | **Import** | **Export** | **Total (A)** | **Import** | **Export** | **Total (B)** | **Total Scanned (A+B)** |
| January | 1,149 | 916 | 2,065 | 1,444 | 3,671 | 5,115 | 7,180 |
| February | 962 | 1,041 | 2,003 | 1,408 | 50 | 1,458 | 3,461 |
| March | 1,207 | 1,215 | 2,422 | 1,419 | 139 | 1,558 | 3,980 |
| April | 827 | 1,339 | 2,166 | 1,212 | 59 | 1,271 | 3,437 |
| May | 1,107 | 1,270 | 2,377 | 1,638 | 36 | 1,674 | 4,051 |
| June | 1,019 | 626 | 1,645 | 1,470 | 41 | 1,511 | 3,156 |
| July | 936 | 567 | 1,503 | 1,471 | 41 | 1,512 | 3,015 |
| August | 1,245 | 684 | 1,929 | 1,501 | 46 | 1,547 | 3,476 |
| September | 1,548 | 592 | 2,140 | 1,728 | 76 | 1,804 | 3,944 |
| October | 1,294 | 625 | 1,919 | 1,396 | 82 | 1,478 | 3,397 |
| November | 1,431 | 608 | 2,039 | 1,844 | 228 | 2,072 | 4,111 |
| December | 1,274 | 478 | 1,752 | 1,683 | 165 | 1,848 | 3,600 |
| Total | **13,999** | **9,961** | **23,960** | **18,214** | **4,634** | **22,848** | **46,808** |

Table 24: Scanned Containers by Size

Source: CSD

Table 25 further shows the number of unsatisfactory reports from scanned containers and the amount raised as additional revenue by month. A total of 84 unsatisfactory scans were made with additional revenue amounting to NLe 188,972. As shown in the Table, a total of 67 unsatisfactory scans were made on containers containing personal effects with a corresponding NLe 140,611 as additional revenue, and 17 on containers containing merchandise goods with a corresponding NLe 48,361 as additional revenue.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Personal Effects | | Merchandise | |  |
|  | **# Unsatisfactory Reports** | **Additional Revenue (A)** | **# Unsatisfactory Reports** | **Additional Revenue (B)** | **Total (A+B)** |
| January | 9 | 17,576 | - | - | 17,576 |
| February | - | - | 6 | 41,336 | 41,336 |
| March | 13 | 25,163 | - | - | 25,163 |
| April | - | - | - | - | - |
| May | 8 | - | - | - | - |
| June | - | - | 11 | 7,024 | 7,024 |
| July | 1 | 90,424 | - | - | 90,424 |
| August | - | - | - | - | - |
| September | 6 | 7,448 | - | - | 7,448 |
| October | 8 | - | - | - | - |
| November | 8 | - | - | - | - |
| December | 14 | - | - | - | - |
| Total | 67 | 140,611 | 17 | 48,361 | 188,972 |

Table 25: Additional Revenue Generated from Unsatisfactory Scanned Reports by Month, 2022

Source: CSD

## DOMESTIC TAX COMPLIANCE

### Taxpayer Registration

It is a prerequisite for taxpayers to register with the NRA for tax purposes. Each taxpayer is given a unique number known as a Taxpayer Identification Number (TIN). However, not all TINs issued are for business registration. After the introduction of the ITAS in March 2021, the previous 9-digit TINs were replaced by a 10 digit number. The total number of TINs issued in the year under review was 21,410.

Table 26 shows the number of TINs issued by tax office. The Medium Taxpayers Office (MTO) in Freetown issued the highest number of TINs (with 7,087) followed by DTD head office at WAMA building (with 3,217), Freetown Central Office (with 2,366), and then the CSD head office (with 2,203). Most of the TINs issued by the CSD office are for import and export purposes.

|  |  |
| --- | --- |
| Tax Office | # Issued |
| Medium Taxpayers Office | 7,087 |
| WAMA Individual Taxpayer | 3,217 |
| Freetown Central | 2,366 |
| CSD Importers and Brokers | 2,203 |
| Freetown West | 1,579 |
| Makeni Taxpayers Office | 1,364 |
| Freetown East | 1,232 |
| Bo Taxpayers Office | 974 |
| Kenema Taxpayers Office | 901 |
| Kono Taxpayers Office | 404 |
| Extractive Industry Revenue Unit | 60 |
| Large Taxpayers Office | 23 |
| Total | **21,410** |

Table 26: TINs Issued by Tax Office in 2022

Source: ITAS

The proportion of TINs issued to taxpayers by tax type is shown in Figure 10. Over half of the number of TINs was issued for the purpose of paying Personal Income Tax (PIT), while all the rest of the other tax types recorded less than 10% respectively of the TIN issued.

Figure 10: TINs Issued by Tax Type

Source: ITAS

Figure 11 displays the share of TINs issued by TIN application purpose. As could be seen, more than half of the TINs were issued for the purpose of business/trading.

Figure 11: TINs Issued by Purpose

Source: ITAS

### 

### On-time Filing Compliance

Table 27 shows the average filing compliance rate by tax office. The average filing compliance rate is defined as the percentage of taxpayers among the total active taxpayers who file on time. Large taxpayers have the highest filing compliance rate of 69.9% followed by taxpayers in the extractive industry (with 67.3%) and then medium taxpayers’ office (with 66.7%). Of the three tax districts in Freetown, the Freetown West tax district has the highest compliance rate (with 56.6%). Furthermore, of the provincial tax districts, Bo taxpayers recorded the highest compliance filing rate with 49.9% (although the compliance rate falls short of expectation) while Kono taxpayers filing compliance rate are the lowest with only 5.0%.

|  |  |
| --- | --- |
| Tax Office | Compliance Rate (%) |
| Large Taxpayers | 69.9 |
| Extractive Industry | 67.3 |
| Medium Taxpayers | 66.7 |
| Freetown West | 56.6 |
| Bo Taxpayers Office | 49.9 |
| Freetown Central | 48.7 |
| Makeni Taxpayers | 48.1 |
| Freetown East | 40.5 |
| Kenema Taxpayers | 34.3 |
| WAMA Individual | 22.2 |
| Kono Taxpayers Office | 5.0 |

Table 27: Average Compliance Rate by Tax Office

Source: ITAS

Figure 12 displays the average filing compliance rate by three major tax types. Goods and Services Tax (GST) recorded the highest filing compliance rate (63.7%) of the three tax types.

Figure 12: Average Compliance Rate by Tax Type

Source: ITAS

### DTD Arrears

Table 28 shows the total amount of DTD arrears by tax type for the period under review. Arrears owed by State Owned Enterprises accounted for 97.6% of the total arrears reported. Arrears from personal income tax owed by medium taxpayers recorded the least with a share of only 0.5%.

|  |  |  |
| --- | --- | --- |
| Tax Type | Arrears Amount (NLe) | % Share Of Total |
| State Owned Enterprises (SOEs) | 426,548,646 | 97.6% |
| Corporation Tax (LTO) | 5,685,396 | 1.3% |
| Corporation Tax (MTO) | 2,249,743 | 0.5% |
| Personal Income Tax (MTO) | 2,398,823 | 0.5% |
| Total | **436,882,608** |  |

Table 28: DTD Arrears by Tax Type and Office

Source: DTD

## 

## DOMESTIC TAX DEPARTMENT AUDITS

There are three sets of audits conducted by the DTD which include audit of large taxpayers, medium taxpayers, and the extractives. These audits can be either field audit, desk audit or a combination of both. The Design and Monitoring (D&M) Unit of the DTD is responsible for risk profiling and the preparation of audit plan. The audit plan identifies taxpayers that should be audited by the Audit Unit of the DTD.

### Large Taxpayers Office

Table 29 shows the tax audit liability by tax type for large taxpayers by tax type and the number of planned and completed audits in 2021 and 2022. The total number of audits to be completed in 2022 was 150 compared to 95 of the previous year. A total of 99 audits were completed in 2022 which fell short of the target by 51. The number of audits completed in 2021 was also less than the target by 20. Even though the total number of completed audits in 2022 was greater than that of 2021, the total tax audit liability established in 2022 for large taxpayers was less than that of 2021 by NLe 51,194,678.

|  |  |  |  |
| --- | --- | --- | --- |
| Tax Type | 2021 | 2022 | Difference |
| Corporation Tax | 12,110,295 | (4,696,957) | (16,807,252) |
| Personal Income Tax | 3,171,602 | 540,813 | (2,630,789) |
| Withholding Tax | 33,585,659 | 14,359,835 | (19,225,824) |
| Retained Earnings | 781,351 | 32,610 | (748,741) |
| PAYE | 9,288,934 | 11,318,037 | 2,029,103 |
| Payroll Tax | 456,349 | 147,000 | (309,349) |
| GST | 11,391,089 | 4,821,269 | (6,569,820) |
| Tax Paid/Tax Credit |  | (3,637,906) | (3,637,906) |
| Penalty | 8,931,912 | 5,637,812 | (3,294,100) |
| Total (NLe) | **79,717,191** | **28,522,513** | **(51,194,678)** |
| No. of Taxpayers Audited (A) | 75 | 99 | 24 |
| No. of Target Audit (B) | 95 | 150 | 55 |
| Difference (A-B) | **(20)** | **(51)** |  |

Table 29: Additional Tax Liability Established through Audits (LTO)

Source: LTO/DTD

### Medium Taxpayers Office

The total number of medium taxpayers’ audits to be completed in 2022 was 215 compared to 140 of the previous year. A total of 79 audits were completed in 2022 which fell short of the target by 136. The number of audits completed in 2021 was also less than the target by 61. The total tax audit liability established in 2022 for medium taxpayers was NLe 7,065,419 and less than that of 2021 by NLe 12,101,917.

|  |  |  |  |
| --- | --- | --- | --- |
| Tax Type | 2021 | 2022 | Difference |
| Corporation Tax/Trade Tax | 6,350,940 | 2,502,730 | (3,848,210) |
| Withholding Tax | 4,037,758 | 1,588,507 | (2,449,251) |
| PAYE | 637,874 | 449,597 | (188,277) |
| Payroll Tax | 245,195 | 133,351 | (111,844) |
| GST | 3,999,798 | 978,599 | (3,021,200) |
| Penalty | 3,895,771 | 1,412,636 | (2,483,135) |
| Total (Le) | **19,167,336** | **7,065,419** | **(12,101,917)** |
| No. of Taxpayers Audited (A) | 79 | 79 | 0 |
| No. of Target Audit (B) | 140 | 215 | 75 |
| Difference (A-B) | **(61)** | **(136)** |  |

Table 30: Additional Tax Liability Established through Audits (MTO)

Source: MTO/DTD

### Extractive Industry Revenue Unit

From Table 31, the total number of target audits for the Extractive Industry Revenue Unit (EIRU) in 2022 was 30 compared to 21 for 2021. However, the number of audits completed by the Unit in 2022 was 11 which is less than the target by 19. Similarly, the number of audits completed in 2021 was less than the target by 13. The liability of the mining sector is in both local currency and in U.S. Dollars. Of the audits completed in 2022, the EIRU established a total tax liability of NLe 2,903,802 and $1,463,697 from the mining sector compared to NLe 12,806,300 and $1,241,323 in 2021.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2021 | | 2022 | | Difference | |
| Tax Type | **USD** | **NLe** | **USD** | **NLe** | **USD** | **NLe** |
| PAYE | 20,140 | 4,857,982 | 906,316 | 1,482,162 | 886,176 | (3,375,820) |
| Payroll Tax | 4,500 | 242,900 | 29,304 | 61,500 | 24,804 | (181,400) |
| Withholding Tax | 1,070,213 | 2,132,529 | 315,517 | 744,482 | (754,696) | (1,388,047) |
| Corporation Tax | 6,217 | 879,220 |  | 23,338 | (6,217) | (855,882) |
| Capital Gains Tax | 5,273 | - |  | - | (5,273) | - |
| GST |  | 545,816 |  | 40,898 | - | (504,918) |
| Penalties | 134,980 | - | 212,559 | - | 77,579 | - |
| Penalties | - | 4,147,853 |  | 551,423 | - | (3,596,430) |
| Total | **1,241,323** | **12,806,300** | **1,463,697** | **2,903,803** | **222,374** | **(9,902,497)** |
| No. of Taxpayers Audited (A) | 8 | | 11 | | 3 | |
| No. of Target Audit (B) | 21 | | 30 | | 9 | |
| Difference (A-B) | **(13)** | | **(19)** | |  | |

Table 31: Additional Tax Liability Established through Audits (EIRU)

Source: EIRU/DTD

## DOMESTIC TAXES ENFORCEMENT ACTIVITY

Table 32 shows the amount of revenue recovered by the Enforcement Units of the MTO and LTO respectively in 2022. MTO enforcement activity targeted 20 taxpayers and made a recovery of NLe 2,700,388, while LTO targeted 7 taxpayers and made a recovery of NLe 13,379,837.

|  |  |  |
| --- | --- | --- |
| Tax Office | No. of Taxpayers | Amount Recovered (NLe) |
| Medium Taxpayers Office | 20 | 2,700,388 |
| Large Taxpayers Office | 7 | 13,379,837 |
| Total | **27** | **16,080,225** |

Table 32: Revenue Raised by Enforcement Units (MTO & LTO, 2022)

Source: MTO/LTO/DTD

# CHAPTER FIVE: PROSPECTS AND CHALLENGES LOOKING FORWARD TO 2023

## EVENUE TARGETS FOR 2023

In 2023, domestic revenue was originally projected to reach Le9.346 trillion representing a 33% increase from actual collection in 2022 (Table 33), the highest annual increase in target historically despite 2023 being an elections year and the global crises contouring to linger.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 2022 Act | 2023 New Forecast | Increase | % Growth |
| Domestic Revenue | 7,182,686 | 9,345,667 | 2,162,981 | 30% |
| Income Tax Revenue | 2,904,694 | 3,690,035 | 785,341 | 27% |
| Corporate Tax | 1,113,569 | 1,335,308 | 221,739 | 20% |
| Personal Income Tax | 1,791,124 | 2,354,726 | 563,602 | 31% |
| Goods and Services Tax | 1,420,358 | 1,839,347 | 418,989 | 29% |
| Import GST | 834,417 | 1,091,934 | 257,517 | 31% |
| Domestic GST | 585,941 | 747,413 | 161,472 | 28% |
| Customs and Excise Revenue | 1,238,079 | 1,667,458 | 429,379 | 35% |
| Import Duties | 848,543 | 1,092,238 | 243,695 | 29% |
| Excise Duties on Petroleum Products | 310,696 | 470,112 | 159,415 | 51% |
| Other Excise Duties | 78,840 | 105,109 | 26,269 | 33% |
| Mines Revenue | 414,292 | 576,805 | 162,512 | 39% |
| Royalty on Rutile | 7,657 | 14,726 | 7,069 | 92% |
| Royalty on Bauxite | - | 27,323 | 27,323 |  |
| Royalties on Diamond and Gold | 157,883 | 208,847 | 50,963 | 32% |
| Royalty on Iron Ore | 86,089 | 147,633 | 61,544 | 71% |
| Licenses | 162,663 | 178,277 | 15,614 | 10% |
| Other Departments | 1,033,031 | 1,374,084 | 341,053 | 33% |
| Royalties etc. on Fisheries | 100,762 | 178,837 | 78,075 | 77% |
| Parastatals (Cargo Tracking) | 176,332 | 196,032 | 19,700 | 11% |
| Other Revenues | 755,937 | 999,215 | 243,278 | 32% |
| Other MDAs | 83,835 | 197,700 | 113,865 | 136% |
| Timber | 58,830 | - | (58,830) | -100% |
| TSA | 613,272 | 801,515 | 188,243 | 31% |
| Road User Charges & Vehicle Licenses | 172,231 | 197,938 | 25,707 | 15% |

Table 33: Original Domestic Revenue Projections for 2023

Further, the 2022 macro-fiscal framework of the country’s ECF programme with the IMF was seriously challenged as the output of domestic revenue collection and government spending have significantly varied from the target set for 2022, thus affecting the credibility of the programme. Whilst revenue collection was short of its 2022 target, the deviation of government spending was substantially higher, partly due to revenue shortfalls, but more so because of higher prices of goods and services, and increased costs for servicing the external debt due to the deterioration of the Leone relative to the US dollar.

As the expenditure pressures continued on to 2023, the IMF made it a condition for continuation of the country’s ECF programme that domestic revenue collection be enhanced in the medium term starting from 2023. Consequently, the IMF and the country’s fiscal authorities agreed a list of measures from both tax policy and revenue administration that will raise approximately 2% of GDP in additional revenues in 2023. These measures according to the Fund must be implemented pre-June 2023, even though their revenue yield will be realised through the year.

The revenue administration measures were all accepted, while those tax policy measures that were likely to directly affect the poor were advised to be deferred post-June 2023. Hence, additional measures were identified to replace those deferred due to their sensitive nature. For the tax policy measures, a Finance Act 2023 has been enacted by Parliament, with the NRA required to implement this Act and the other revenue administration measures agreed with the Fund for enhanced revenue mobilisation in 2023 and beyond.

### Revised 2023 Domestic Revenue Target

From Table 7, about 1.6% of GDP has been added to the original Le9.345 trillion target for 2023 on account of pre-June revenue measures, with some coming as tax policy measures enacted in the Finance Act 2023, and others as Revenue Administration measures to be implemented by the NRA. Resetting of Sierra Rutile agreement yielding as estimated USD10 million also forms part of this addition.

This translates to Le1.214 trillion. Thus, revised 2023 Revenue target is now Le10.559 trillion. This also implies an increase of Le3.377 trillion or 47% compared to 2022 Collection. The implication is that the NRA needs to collect much higher in the remaining quarters than we did in the Q1 despite it emerging to be impressive. In Q2, the NRA will be required to collect Le2.453 trillion, in Q3 required to collect Le2.698 trillion and in Q4 should collect Le3.131 trillion as we continue to see the impact of implementation of the tax policy measures in the FA 2023 and the revenue administration reforms to be directly implemented by the NRA in the course of the year.

This target was however set on several assumptions (EDSA being compliant with payment of their arrears, elections being peaceful and not prolonged, 2022 revenue target being met as the base, tax policy measures being implemented in full, and revenue administration measures being implemented in full), which need to hold if the target is to be met in 2023.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Q1 Actual | Q2 Target | Q3 Target | Q4 Target | 2023 Target | 2022 Actual | Increase | % Increase |
| Total NRA Revenues | 2,279 | 2,453 | 2,698 | 3,131 | 10,560 | 7,183 | 3,378 | 47% |
| Total NRA Revenues (Excl. RUC) | 2,230 | 2,416 | 2,642 | 3,074 | 10,363 | 7,010 | 3,352 | 48% |
|  |  |  |  |  |  |  |  |  |
| Domestic Tax Department (DTD) | 1,310 | 1,515 | 1,581 | 1,842 | 6,248 | 4,325 | 1,923 | 44% |
| Income Tax | 861 | 1,016 | 1,015 | 1,203 | 4,095 | 2,905 | 1,190 | 41% |
| Goods and Services Tax (GST) | 449 | 499 | 567 | 638 | 2,153 | 1,420 | 733 | 52% |
|  |  |  |  |  |  |  |  |  |
| Customs Service Department (CSD) | 315 | 383 | 513 | 614 | 1,825 | 1,238 | 587 | 47% |
| Import Duties | 240 | 293 | 299 | 341 | 1,174 | 849 | 325 | 38% |
| Excise on Petroleum | 57 | 63 | 181 | 216 | 516 | 311 | 206 | 66% |
| Other Excise | 18 | 26 | 34 | 57 | 135 | 79 | 56 | 71% |
|  |  |  |  |  |  |  |  |  |
| Non-Tax Revenue Department (NTRD) | 605 | 518 | 547 | 618 | 2,289 | 1,447 | 841 | 58% |
| Mines Revenue | 170 | 167 | 168 | 194 | 699 | 414 | 284 | 69% |
| Other Departments | 435 | 351 | 380 | 424 | 1,590 | 1,033 | 557 | 54% |
| Royalty On Fisheries, etc. | 15 | 73 | 41 | 51 | 179 | 101 | 78 | 77% |
| Parastatals (Cargo Trk&Bollore) | 123 | 41 | 41 | 45 | 250 | 176 | 74 | 42% |
| Other Revenues | 297 | 238 | 298 | 328 | 1,161 | 756 | 405 | 54% |
| TSA | 240 | 207 | 254 | 275 | 975 | 613 | 362 | 59% |
| Timber | - | - | - | - | - | 59 | - 59 | -100% |
| Other MDAs | 56 | 31 | 45 | 53 | 186 | 84 | 102 | 122% |
| RUC | 49 | 37 | 55 | 57 | 198 | 172 | 26 | 15% |

Table 34: Quarterly Profile Target Breakdown of Revised 2023 Revenue Target

## 

## REVENUE ADMINISTRATION REFORMS AND OUTLOOK IN THE MEDIUM TERM

Building on the achievement of the last five years, and being cognizant of the challenges outlined above, the NRA is poised to raise revenue administration to levels that provide government with adequate revenues to finance its development projects and effectively run its public service, and ensure the institution is seen as a national and international reference for excellent public and revenue administration. In this section, we outline the revenue administration reforms to be implemented in the short term (2023) and the outlook for revenue administration in the medium term (on to 2027).

### Reforms to be Completed by December 2023

**Development and Implementation of the Medium-Term Revenue Strategy (MTRS)**. The NRA together with the Ministry of Finance, with the support of development partners, have developed a Medium-Term Revenue Strategy that outlines the tax policy and tax administration measures for sustainable revenue collection in the medium term. The document was endorsed by Cabinet in April 2023 to commence implementation on to 2027.

**Operationalization of a Revenue Court to speedily try tax cases**. Arrangements are almost concluded between the NRA and the Judiciary for establishment and commencement of the Revenue Court. A Compendium of offences, penalties and fines was completed in 2022 to guide the judges on tax matters brought before them. A study tour to Rwanda was carried out in 2022 to understand how a similar court operates and is set up, to better guide Sierra Leone’s preparation. Space has been provided for the said court and judges allocated. We are hoping to commence court sittings before the close of 2023.

**Expansion of Mobile Payment App to SMEs to capture the swift payment of domestic taxes by this set of taxpayers**. Following the development and operationalisation of the Mobile Payment App for NTR payers in 2022, the Authority has begun working with the vendors to expand the use of the App to SMEs in their payments of domestic taxes and customs duties at the borders particularly. Implementation is set to commence with income tax payment by owners of vehicles, Kekes and motorbikes before rolling out to other sectors.

**Make use of the National Switch system to ensure all tax payments are done electronically**. With support from World Bank, the Bank of Sierra Leone is rolling out the National Switch system that will ensure swift interbank transactions but also the swift transfer of revenue payments to the Consolidated Revenue Fund, without the usual deliberate delays through, and by, the transit banks. By close of 2023, all revenue payments made via POS or through the transit banks will be swiftly relayed to the central bank thus ensuring transparent payment of taxes and easier monitoring of payment compliance.

**Completion of the Data Warehouse system**. Following the progress made in the creation of the Data Warehouse system in recent months, the NRA with the support of the FCDO expert is hoping to complete the system by September 2023 to serve as a central repository of tax administration data and support compliance enhancement through productive data analytics. Staff of the ICT Department and Data Analytics Project Team are being trained to ensure they are able to independently manage the system after completion of the first phase of the project involving the centralisation of data from the internal revenue systems. This will enable the NRA to independently maintain and continue to build out the databases for other internal systems on the verge of being rolled out as well as drawing data from databases of external stakeholders in the near future. The NRA is also working on ensuring that the current Data Analytics Project Team is escalated to a Unit under the Research and Planning Department.

### Outlook of Revenue Administration for the Medium Term

In the medium term, the outlook for revenue administration is bright as the government, through the NRA, will implement the ambitious 5-year Medium Term Revenue Strategy (MTRS) that will bring in estimated additional revenues of 6% of GDP on to 2027. The NRA is mandated to implement the tax policy proposals in that strategy which will be legislated in subsequent Finance Acts. Within this period, the NRA will also be implementing its Strategic Plan 2023-27, whose revenue measures are aligned with the MTRS, but with further reforms on revenue administration that will ensure the Authority is seen as a modern institution of excellence and a reference for public and revenue administration. Service excellence to our valued taxpayers and integrity improvement while pursuing adequacy in revenue mobilization will be the critical goals of revenue administration.

Specifically, the MTRS and NRA Strategic Plan over the medium term will pursue the following key reforms:

**Integration of NRA Systems, and with External Stakeholders.** Given that the implemented revenue systems are all operating in silos, there is a need to integrate them for the purpose of having a single view of the taxpayer. Further integration will be explored with systems of external stakeholders to enhance data availability for matching and compliance improvement. Integration would also ensure a single payment point that will make reconciliation easier. This would also feed into enterprise-wide risk management profiling.

**Strengthen functionality of existing systems.** An essential element of the implementation of the ITAS will be the capability to provide the management of Domestic Taxes with accurate and timely data about operational performance. Taxpayer Services Module of the ITAS, including its suite of management information will comprise comprehensive data about taxpayer service across all channels. This will enable NRA to track its performance against key performance indicators for customer service. Similarly, ITAS will provide managers with real-time information about the progress and results of compliance activities. Further, there are key modules within ASYCUDA that are yet to be operationalized including the Debt Management Module, the Valuation Module. This is also true of the ECR system, which currently does not have a stock management function. Hence, expanding on the functionality of these systems to ensure they deliver what they were designed to do will be a key reform to be pursued by the NRA in the medium term.

**Establishment of Taxpayer Service Centres and conduct of Regional Block Registration.** Following the conduct of block registration exercise in the Western Area of Sierra Leone in 2021, a good number of registered businesses were identified, and many more existing taxpayers had their information verified and updated for registration into the new ITAS. In the medium term, the NRA will extend the block registration exercise to the regional cities of Bo, Kenema, Makeni and Koidu starting in 2023. Additionally, the Authority, with support from development partners, will establish taxpayer service centres in the newly created blocks to help complete the registration of new taxpayers into the ITAS and serve as centres for taxpayer services. Tax administration services including filing of tax returns, handling complaints, tax education and taxpayer services will be catered for at these centres, which will be also closer to the premises of the taxpayers.

Relatedly, the NRA will also strengthen taxpayer engagements for better tax compliance through working with taxpayer agents/audit firms.

**Increased online interaction with taxpayers.** The importance of taxpayer education for revenue collection cannot be over-emphasized, as it helps to improve the compliance of taxpayers. Whilst the traditional methods of taxpayer education may still be relevant given the high illiteracy rate among small taxpayers, the expansion of technological innovations calls for a focus on modern forms of taxpayer education, particularly online and digital. In the medium term therefore, the NRA will invest resources in the use of digital or online interactive platforms for communicating with taxpayers and engaging with their tax administration inquiries. In particular, the Authority will develop and operationalize an e-portal platform as a centralised online source for communicating with taxpayers and providing them with vital tax related information to enhance compliance. Further, the Authority will build on the existing call centre to expand its use by the public as well as serving as an important source for reaching out to taxpayers. Also, the NRA will in the medium-term digitise the tax guide for easier use and understanding by the taxpayers.

**Automation of real-time access to gambling and betting and telecoms transaction data for revenue assessments**. In early 2023, government contracted the services of an international reputable firm to provide automated real-time access to transaction data relating to telecoms, and gambling and betting for more accurate assessment of revenues due. It is no secret that digital information is hard to get for revenue administrations with less sophisticated tax administration systems. Therefore, partnering with private sector specialized firms in getting real time access to such digital transactions data is crucial for enhanced revenue mobilization. This is what the Government and NRA will pursue in the medium term starting in 2023.

**Operationalizing the excise stamp and fuel marking scheme to control technical and physical smuggling**. In 2023, the NRA will commence operationalisation of excise stamps and a fuel marking scheme, whose implementation started with the legislation of the scheme in the 2019 Finance Act, the approval and signing of the contract with the reputable international firm in 2022, the ratification of the Excise Stamp Regulations in early 2023, the establishment of a local office in Freetown and setting up of the project team for operationalisation of the scheme in 2023. Once the machines and equipment are imported in mid-2023, the NRA is hopeful that it will be put into operation before the close of 2023.

Further enhance the capacity of the internal affairs unit of the NRA to fight any corrupt practices within the institution. In 2019, the NRA established the Internal Affairs Unit reporting directly to the Commissioner General with the mandate to prevent and track integrity issues and any corrupt practices at the NRA. In the medium term, the Authority will further enhance the capacity of this unit with more staff, budgetary resources, and seek development partner funding for implementation of a project relating to integrity improvement at the NRA. Engagements have already been made with the Swedish Tax Agency and a project will be hopefully approved before the close of 2023 with support from the Swedish International Development Agency.

# APPENDICES

## Appendix A: Abridged Version of the 2020-2022 Audited Financial Statement of the NRA

**STATEMENT OF COMPREHENSIVE INCOME**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2022** | **2021** | **2020** |
|  | **Le.'000** | **Le.'000** | **Le.'000** |
| **INCOME** |  |  |  |
| Revenue | 191,130,000 | 207,171,235 | 148,810,250 |
| Other Operating Income | 5,394,119 | 7,259,575 | 11,180,956 |
| **TOTAL INCOME** | **196,524,119** | 214**,430,810** | **159,991,206** |
|  |  |  |  |
| **EXPENDITURE:** |  |  |  |
| Governance Costs | 6,468,860 | 9,262,118 | 4,692,267 |
| Staff Costs | 144,416,424 | 128,554,442 | 125,299,141 |
| Communication Costs | 5,846,930 | 6,841,728 | 7,920,047 |
| Promotion Costs | 2,087,319 | 1,495,949 | 1,982,612 |
| Establishment Costs | 15,169,875 | 17,237,847 | 14,364,683 |
| ICT Maintenance Costs | 7,690,274 | 11,274,060 | 5,134,048 |
| Repairs & Renewals Cost | 10,114,063 | 9,095,986 | 6,704,946 |
| Legal & Professional Cost | 3,536,165 | 2,272,319 | 2,035,440 |
| Taxpayer Costs | 10,018,479 | 16,021,171 | 1,213,338 |
| Other Costs | 3,522,643 | 2,220,749 | 1,429,015 |
| Finance Cost | 3,486,119 | 3,456,741 | 3,378,923 |
| Depreciation & Amortisation | 5,352,680 | 5,183,571 | 3,998,477 |
| **Total Expenditure** | **217,709,831** | **212,916,681** | **178,152,937** |
|  |  |  |  |
| **Result for the Year** | **(21,185,712)** | **1,514,129** | **(18,161,731)** |

**STATEMENT OF FINANCIAL POSITION**

|  |  |  |  |
| --- | --- | --- | --- |
| **Assets** | **2022** | **2021** | **2020** |
| **Tangible- Non- Current Assets:** |  |  |  |
| Property Plant and Equipment | 90,810,073 | 81,765,666 | 56,394,718 |
| **Intangible Non-Current Assets:** |  |  |  |
| Intangibles- Software | 498,313 | 986,474 | 1,299,475 |
| **Total Non-Current Assets** | **91,308,386** | **82,752,140** | **57,694,194** |
|  |  |  |  |
| **Current Assets:** |  |  |  |
| Inventory | 2,021,274 | 2,258,585 | 2,232,392 |
| Receivables | 12,514,957 |  |  |
| Prepayment | 5,445,754 |  |  |
| Cash and Cash Equivalent | (2,634,113) | 16,127,259 | 22,772,342 |
| **Total Current Assets** | **17,347,872** | **35,833,960** | **56,404,148** |
|  |  |  |  |
| **Total Assets** | **108,656,258** | **118,586,100** | **114,098,341** |
|  |  |  |  |
| **Funding and Liabilities:** |  |  |  |
| Accumulated Fund | (22,152,826) | (967,114) | (2,481,243) |
|  |  |  |  |
| **Non- Current Liabilities:** |  |  |  |
| Capital Fund | 1,212,709 | 1,212,709 | 1,212,709 |
| Provision for terminal Benefit | 60,502,561 |  |  |
| **Total Non-Current Liabilities** | **61,715,270** | **58,294,761** | **54,477,007** |
|  |  |  |  |
| **Current Liabilities:** |  |  |  |
| Income Tax Liabilities | 1,304,637 | 1,304,637 | 1,304,637 |
| Other Payables | 67,789,177 | 59,953,816 | 60,797,940 |
|  | **69,093,814** | **61,258,453** | **54,322,587** |
|  |  |  |  |
| **Total Funding and Liabilities** | **108,656,258** | **118,586,100** | **114,098,341** |

## Appendix B: Detailed Reconciled NRA 2022 Revenue Statistics

TBD – MRP to attach detail table