



Finance Act 2025 Summary

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Foreword



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This new Finance Act mostly addresses administrative measures to improve tax compliance

On 31st October 2024, the Honourable Minister of Finance, Sheku Ahmed Fatamadi Bangura, presented the Finance Bill 2025 to Parliament, which was subsequently passed. The Finance Act 2025 received Presidential Assent from His Excellency President Dr. Julius Maada Bio on 8th January 2025, and is effective from 1st January 2025.

The Finance Act 2025 introduces substantial changes to improve compliance and bolster revenue generation. It clarifies tax compliance requirements, including guidelines on tax return filing, payment deadlines, and penalties. It also classifies tax defaulters and stipulates penalties based on these classifications. The Act further redefines taxpayer categories based on annual revenue thresholds and adjusts tax rates and exemptions, providing some relief to certain taxpayers.

For Goods and Services Tax (GST), the GST filing deadline has also been updated to 21 days after the end of the tax period; however, the payment deadline remains unchanged. The Act relieves diplomatic bodies, and companies with ratified Parliamentary agreements from paying GST at the point of purchase—this contrasts with the Finance Act 2020, which required them to pay GST and later claim refunds.

The Import Duty on Rice of 5% is now effective from 1st January 2025, with the duty being increased to 10% in 2026. Excise Duty payments are now due within 21 days of goods being delivered for domestic use or imported, with filing requirements for Excise Duty Returns being introduced.

Significantly, for tax exemptions, the Minister of Finance is restricted from negotiating or granting exemptions on Corporate Income Tax (CIT) and Withholding Tax (WHT) for contractors in new agreements or upon the expiration of existing agreements, ensuring regulatory consistency. Mining and petroleum companies, previously exempt under the Finance Act 2024, are now subject to Minimum Alternate Tax (MAT).

Taxpayer categories have been redefined based on annual turnover and other requirements with new thresholds for Large, Medium, Small and Micro Taxpayers. The Act also includes measures to improve payroll tax compliance. It requires all employers to submit Payroll Tax returns in a format specified by the NRA to improve the accuracy and timeliness of payroll tax filing.

Lastly, the NRA now has the authority to revise processing fees for the ITAS and ASYCUDA systems with the Minister of Finance's approval, enabling necessary administrative updates to enhance the country's tax infrastructure.

Payroll Tax

Filing Payroll Tax Returns for foreign employees is now a regulatory requirement for employers

The Act introduces provisions for late and non-filers, as the previous law did not make provision for penalties - See Penalty section below



Remember: Payroll Tax Returns are due by 31st January yearly or 1 month after the foreign employee starts working in Sierra Leone

Income Tax

Taxpayer categories have been redefined as follows:

| | |
|---|---|
| 1 | Large Taxpayer - Taxpayers with a turnover threshold above SLE 6,000,000 |
| 2 | Medium Taxpayer - Taxpayers with a turnover between SLE 500,000 and SLE 6,000,000 |
| 3 | Small Taxpayer - Businesses with a turnover between SLE 10,000 and SLE 500,000 |
| 4 | Micro Taxpayer - Businesses with a turnover threshold at SLE 10,000 or below |



Remember: Taxpayers should be aware that their tax category determines which tax office handles their tax affairs

Income Tax Contd.

Minimum Alternate Tax (MAT) Adjustments



Mining and Petroleum Companies are now liable to MAT



Remember: MAT at 2% of revenue is applicable to companies that make losses for two consecutive years

Goods & Services Tax

GST-relieved organisations and companies that have ratified Parliamentary agreements are now relieved from paying GST at purchase



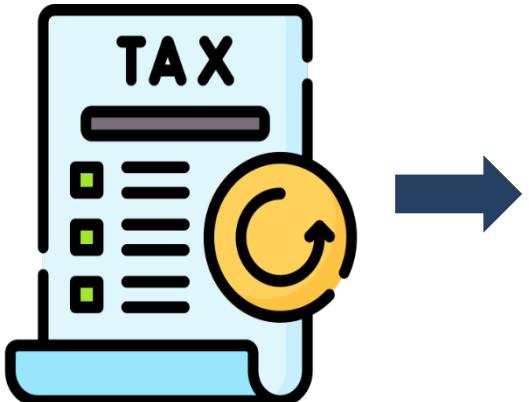
Remember: The organisations and companies will no longer need to pay GST upon purchase and claim refunds later

GST Compliance Responsibility for Taxpayers

Taxpayers must now submit detailed input tax (purchases) and output tax (sales) schedules. Previously, taxpayers only had to declare the total of taxable sales and purchases without detailing each transaction

Goods & Services Tax

GST Return Deadline



The GST Return Deadline has been changed from end of the following month to 21 days after the end of the tax period



Remember: The payment deadline remains unchanged and is still the end of the month following the tax period

Excise Duty

Submitting Excise Duty Returns are now Mandatory



Excise Duty Returns with payments are now due within 21 days of goods being delivered for domestic use or imported

Excise Duty Rate Adjustments

| | |
|---|---|
| 1 | Excise Duty rates for unmanufactured tobacco is SLE 65 per kg |
| 2 | Excise Duty rates for cigars, cheroots, cigarillos, containing tobacco or tobacco substitutes is SLE 25 per packet |
| 3 | Excise Duty rates for cigarette containing tobacco of 20 sticks is SLE 2 per packet |
| 4 | Excise Duty rates for other manufactured tobacco and manufactured tobacco substitutes, tobacco extracts and essences is SLE 65 per kg |
| 5 | Shisha (whether containing tobacco and herbal shisha with no tobacco or herbal molasses), hookah tobacco and other vaping and tobacco alternatives is SLE 65 per kg and SLE 175 per litre |
| 6 | Electronic cigarettes (device) (SLE 0.5 per ml), Cartridge for use in electronic cigarettes (SLE 0.8 perunit) |

The Betts Firm Consult (TBF Consult), a business development company is a subsidiary of The Betts Firm (TBF)

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The main services we are offering are:

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- ✓ Support to SMEs

01

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- ✓ Coordination of Private Sector Support to Public Sector

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03

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04



**Binta
Akibo-Betts**

Managing Director

Binta a Private Sector Development Expert, is also a Co-Founder and Director of The Betts Firm.

We aim to serve a wide range of clients in both the private & public sectors, including support to the improvement of the business environment. To enhance our services, we will also collaborate with other stakeholders in implementing activities.

Binta Akibo-betts

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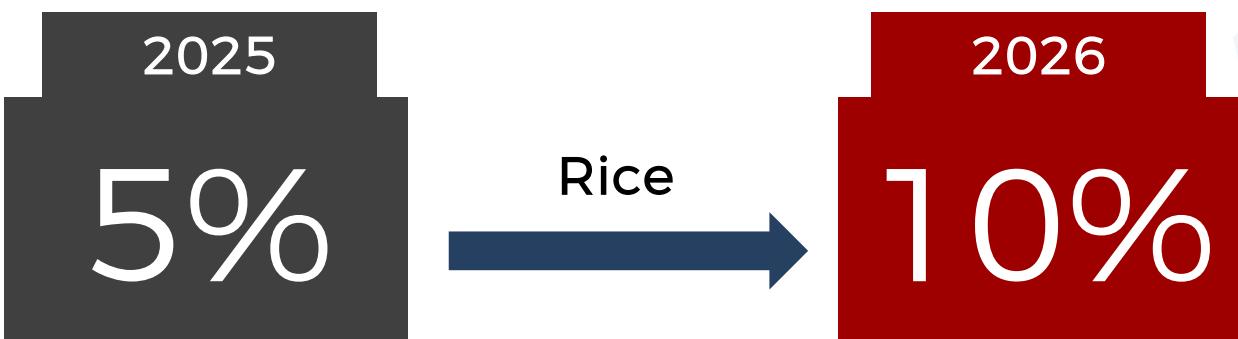
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Import Duties



Tariff Harmonised System (HS) Adjustments

7215 to 7214

Iron Rods

7311 to 2711

Cooking Gas



Remember: The import duty rates for iron rods and cooking gas are still 10% and 5% respectively

Tax and Duty Exemptions

- 1 The Minister of Finance or any individual conferred with such power is no longer authorised to negotiate WHT and CIT exemptions for new or existing investment agreements after their expiration or review date.
- 2 Charitable organisations and donors, such as INGOs and NNGOs, can import vehicles free from import and duty tax. Before this, such organisations paid a 5% duty rate and 15% GST.
- 3 International Non-Governmental Organizations (INGOs) can import ten (10) vehicles free from import and duty tax every five (5) years.
- 4 National Non-Governmental Organizations (NNGOs) can import four (4) vehicles free from import and duty tax every five (5) years.

Extractives Industry

Several tax provisions have been implemented to improve revenue collection in the Extractive Sector

Marble



Granite



Dimension Stone



Royalty rates for marble and granite have been introduced, and the Royalty Rate for dimension stones has been increased

Petroleum Regulatory Agency Fees

Businesses regulated by the Petroleum Regulatory Agency (PRA) now have a revised fee structure

1

The registration fee for new entrants in categories such as import, refinery, offshore, bunkering, bulk depot storage, oil marketing company is SLE 150,000

2

The regulatory fee per litre for petroleum businesses has been increased from SLE 0.25 to SLE 0.40

3

The site inspection fee for businesses regulated by PRA in the Western Area has increased from SLE 10,000 to SLE 25,000

4

The site inspection fee for Mining Companies' Bulk depot construction has been introduced at SLE 25,000

Immigration Fees

Residential Permit Fees are revised

Mining Sector

| Description | Non-ECOWAS | ECOWAS |
|--|------------|------------|
| Miner, Dealer, Industrial, Agent & Administrator | SLE 20,000 | SLE 10,000 |
| Artisanal & Explorer | SLE 15,000 | |
| Exporter | SLE 25,000 | |

Energy (Oil, Petroleum, Gas, Solar etc.) Sector

| Description | Non-ECOWAS | ECOWAS |
|-------------|------------|-----------|
| Employer | SLE 15,000 | SLE 5,000 |
| Employee | SLE 10,000 | |

Petroleum/Gas Mining Sector

| Description | Non-ECOWAS | ECOWAS |
|-------------|------------|-----------|
| Employer | SLE 25,000 | SLE 8,000 |
| Employee | SLE 20,000 | |

Aviation (Airlines, Travelling Agencies, Sea Transport Sector

| Description | Non-ECOWAS | ECOWAS |
|-------------|------------|-----------|
| Employer | SLE 15,000 | SLE 5,000 |
| Employee | SLE 10,000 | |
| Profiler | SLE 10,000 | |

Marine (Shipping, Clearing & Forwarding, Fishing Company Sector

| Description | Non-ECOWAS | ECOWAS |
|-------------|------------|-----------|
| Employer | SLE 13,000 | SLE 5,000 |
| Employee | SLE 8,000 | |
| Drivers | SLE 8,000 | |

General Merchandise (Business, Self-Owner/Employee Sector)

| Description | Non-ECOWAS | ECOWAS |
|-----------------------|------------|-----------|
| Self-Owner/Proprietor | SLE 10,000 | SLE 5,000 |
| Employee | SLE 8,000 | |

Banking / Finance / Insurance / Microfinance / Bureau

| Description | Non-ECOWAS | ECOWAS |
|-------------|------------|-----------|
| Employer | SLE 15,000 | SLE 5,000 |
| Employee | SLE 10,000 | |

Hotel/Catering/Restaurant/Entertainment Sector

| Description | Non-ECOWAS | ECOWAS |
|-------------|------------|-----------|
| Employer | SLE 15,000 | SLE 5,000 |
| Employee | SLE 8,000 | |

Casino

| Description | Non-ECOWAS | ECOWAS |
|-------------|------------|-----------|
| Employer | SLE 15,000 | SLE 5,000 |
| Employee | SLE 10,000 | |

Lottery, Betting Company Sector

| Description | Non-ECOWAS | ECOWAS |
|-------------|------------|-----------|
| Employer | SLE 15,000 | SLE 5,000 |
| Employee | SLE 10,000 | |

Education Institutions (Government) Sector

| Description | Non-ECOWAS | ECOWAS |
|------------------|------------|---------|
| Lecturer/Teacher | SLE 2,000 | SLE 500 |
| Student | SLE 500 | SLE 250 |

Education Institution (Private) Sector

| Description | Non-ECOWAS | ECOWAS |
|------------------|------------|-----------|
| Lecturer/Teacher | SLE 5,000 | SLE 2,000 |
| Student | SLE 2,000 | SLE 1,000 |

GSM (Telecoms/Internet/IT Service/Satellite/TV) Sector

| Description | Non-ECOWAS | ECOWAS |
|-------------|------------|-----------|
| Employer | SLE 25,000 | SLE 8,000 |
| Employee | SLE 20,000 | |

Manufacturing Sector

| Description | Non-ECOWAS | ECOWAS |
|-------------|------------|-----------|
| Employer | SLE 12,000 | SLE 5,000 |
| Employee | SLE 10,000 | |

Fishing Company Sector

| Description | Non-ECOWAS | ECOWAS |
|-------------|------------|-----------|
| Employer | SLE 15,000 | SLE 5,000 |
| Employee | SLE 10,000 | |

Construction Industries/ Quarrying/ Engineering Sector

| Description | Non-ECOWAS | ECOWAS |
|-------------|------------|-----------|
| Employer | SLE 12,000 | SLE 5,000 |
| Employee | SLE 10,000 | |

Consultancy/Research

| Description | Non-ECOWAS | ECOWAS |
|----------------------------------|------------|-----------|
| Employer (Self) | SLE 10,000 | SLE 5,000 |
| Employee | SLE 8,000 | |
| Consultant/Researcher Student | SLE 4,000 | SLE 3,000 |

Garages/Automobiles/Car Dealer

| Description | Non-ECOWAS | ECOWAS |
|-------------|------------|-----------|
| Employer | SLE 15,000 | SLE 5,000 |
| Employee | SLE 10,000 | |

Sports Sector

| Description | Non-ECOWAS | ECOWAS |
|--|------------|-----------|
| Scout/Footballer/Referees /Coach/Athlete | SLE 10,000 | SLE 5,000 |

Health Services (Hospitals / Clinics/Medical Practitioners) Sector

| Description | Non-ECOWAS | ECOWAS |
|-------------|------------|-----------|
| Employer | SLE 15,000 | SLE 5,000 |
| Employee | SLE 10,000 | |

Private Security Companies

| Description | Non-ECOWAS | ECOWAS |
|-------------|------------|-----------|
| Employer | SLE 15,000 | SLE 5,000 |
| Employee | SLE 10,000 | |

Legal Practitioners

| Description | Non-ECOWAS | ECOWAS |
|-------------------------------|------------|-----------|
| Legal Practitioner/Consultant | SLE 10,000 | SLE 5,000 |

Journalism Sector

| Description | Non-ECOWAS | ECOWAS |
|-------------|------------|-----------|
| Employer | SLE 10,000 | SLE 6,000 |
| Employee | SLE 8,000 | SLE 5,000 |

Water Drilling Sector

| Description | Non-ECOWAS | ECOWAS |
|-------------|------------|------------|
| Employer | SLE 15,000 | SLE 10,000 |
| Employee | SLE 10,000 | SLE 5,000 |

Wildlife Zoo Sector

| Description | Non-ECOWAS | ECOWAS |
|-------------|------------|-----------|
| Employer | SLE 5,000 | SLE 3,000 |
| Employee | SLE 3,000 | SLE 3,000 |

Penalty

The Finance Act 2025 introduces a structured penalty system to enforce compliance across various tax types

There is a clear distinction between Late filers and Non-Filers:

- **Late filers - A taxpayer who file a tax return within 30 days after the due date**
- **Non-filers - A taxpayer who files a tax return after 30 days of the due date**

Filing Penalties for Multiple Taxes

Payroll Tax Penalties

Late Filing

Large Taxpayers: SLE 25,000

Medium Taxpayers: SLE 12,500

Small Taxpayers: SLE 1,250

Non-Filing

Large Taxpayers: SLE 50,000

Medium Taxpayers: SLE 25,000

Small Taxpayers: SLE 2,500

Incorrect Filing

25% penalty on annual payroll tax per misreported employee

Excise Duty Penalties

Late Filing

Large Taxpayers: SLE 5,000

Medium Taxpayers: SLE 2,500

Small Taxpayers: SLE 1,500

Non-Filing

Large Taxpayers: SLE 10,000

Medium Taxpayers: SLE 5,000

Small Taxpayers: SLE 1,000

Penalty Contd.

Income Tax Penalties

Annual Income Tax Return

Late Filing

Large Taxpayers: NLe 25,000
Medium Taxpayers: NLe 12,500
Small Taxpayers: NLe 1,250

Non-Filing

Large Taxpayers: NLe 50,000
Medium Taxpayers: NLe 25,000
Small Taxpayers: NLe 2,500

Monthly Income Tax Return

Late Filing

Large Taxpayers: NLe 5,000
Medium Taxpayers: NLe 2,500
Small Taxpayers: NLe 500

Non-Filing

Large Taxpayers: NLe 10,000
Medium Taxpayers: NLe 5,000
Small Taxpayers: NLe 1,000

Incorrect Income Tax Filing

25% penalty on the tax difference
due to underreporting

GST Penalties

Late Filing

Large Taxpayers: SLE 5,000
Medium Taxpayers: SLE 2,500
Small Taxpayers: SLE 500

Non-Filing

Large Taxpayers: SLE 10,000
Medium Taxpayers: SLE 5,000
Small Taxpayers: SLE 1,000