

EXECUTIVE ORDER N^o 26

ESTABLISHMENT OF A TEMPORARY AMNESTY ON GOVERNMENT COLLECTION OF PENALTIES & INTEREST RELATING TO ARREARS OF TAX PAYMENT

WHEREAS, the Government of Liberia is aware of significant tax and fee payment arrears from individuals and businesses as a result of unpaid Income Taxes, Goods and Service Tax, Real Estate Tax, and Annual Vehicle and Business Registration Fees;

WHEREAS, the Bureau of Internal Revenue (BIR) has assessed penalties and interest upon some individuals and businesses in relation to these unpaid taxes, and such taxes, penalties and interest remain unpaid;

WHEREAS, the objective of the BIR is to also encourage domestic tax compliance by taxpayers, and to ensure the Government of Liberia receives its legitimate revenue as and when due;

WHEREAS, in the exercise of Executive Power vested in the President by the Constitution, the President may issue executive orders in the public interest, either to meet emergencies or to correct particular situations which cannot await the lengthy legislative process;

NOW THEREFORE, the Government of Liberia establishes a Temporary Amnesty Scheme on the collection of specified penalties and interest assessed as being due on Income Tax, Goods and Service Tax, Real Estate Tax, as well as Vehicle and Business Registration fee payment arrears. The scheme will be known as the Tax Arrears Payment Incentive Scheme (TAPIS), and will operate under the following procedure:

1. Objective of the Amnesty

- (a) The primary objective of TAPIS is to encourage non compliant taxpayers to pay their tax arrears by providing a time limited amnesty period whereby assessed penalties and interest shall be reduced or extinguished.

- (b) TAPIS shall apply to individual resident and non-resident taxpayers, as well as corporate taxpayers.
- (c) A secondary objective of the TAPIS is to encourage vehicle owners, small businesses and petty traders that are in arrears with vehicle registration payments and/or business registration payments to become compliant.

2. **Taxes Covered under the Amnesty**

TAPIS shall cover:

- (a) Outstanding assessed penalties and interest due in relation to Income Taxes including Personal Income Tax, Corporate Income Tax, Rental Income Tax and all Withholding covered under PIT/CIT/Real Estate, Goods Tax and Service Tax, Failure to File and Real Estate Taxes calculated by BIR as of June 30, 2010.
- (b) Assessed penalties and interest on tax assessments subject to official objection or appeal by the taxpayer.
- (c) Un-assessed penalties and interest which shall come from voluntary self declaration or blowing “own whistle”
- (d) Arrears of Motor Vehicle Registration Fees - Outstanding vehicle registration fees for year 2008 and earlier, subject to specific conditions to be published by the Minister. Motor vehicle registration fee payments that have been issued in 2008 or earlier years, and are currently in arrears and outstanding, shall be waived, if and only if the motor vehicle registration fee is fully paid for years 2009 and 2010. The Ministry of Transport shall monitor and recommend waivers under this provision to the Ministry of Finance
- (e) Outstanding small business registration fees for year 2008 and earlier – Business registration fees for small businesses that are currently in arrears and outstanding shall be waived if and only if the business registration fees are fully paid for years 2009 and 2010.
- (f) Petty Trader Registration – Petty traders will be required to register for 2010 only. The Ministry of Commerce and Industry shall monitor and recommend waivers under this provision to the Ministry of Finance
- (g) Penalties and interest as a result of audit assessments made on or before March 31, 2011.

3. **Taxes Not Covered under the Amnesty**

- (a) TAPIS does not cover the actual tax amount due and outstanding.
- (b) TAPIS does not cover the penalty and interest for overdue taxes after March 31, 2011.

4. **Waiver Tables**

INDIVIDUAL TAXPAYERS

No.	A	B
	FULL & FINAL TAX PAYMENT MADE	PENALTY & INTEREST WAIVER ENTITLEMENT
1	July 2010	100%
2	August 2010	100%
3	September 2010	100%
4	October 2010	100%
5	November 2010	100%
6	December 2010	90%
7	January 2011	80%
8	February 2011	80%
9	March 2011	70%

PETTY TRADERS

No.	A	B
	FULL & FINAL TAX PAYMENT MADE	PENALTY & INTEREST WAIVER ENTITLEMENT
1	July 2010	100%
2	August 2010	100%
3	September 2010	100%
4	October 2010	100%
5	November 2010	100%
6	December 2010	90%
7	January 2011	80%
8	February 2011	80%
9	March 2011	70%

MEDIUM AND SMALL TAXPAYERS

No.	A	B
	FULL & FINAL TAX PAYMENT MADE	PENALTY & INTEREST WAIVER ENTITLEMENT
1	July 2010	100%
2	August 2010	100%
3	September 2010	100%
4	October 2010	100%
5	November 2010	100%
6	December 2010	90%
7	January 2011	80%
8	February 2011	80%
9	March 2011	70%

LARGE TAXPAYERS

No	A	B
	FULL & FINAL TAX PAYMENT MADE	PENALTY & INTEREST WAIVER ENTITLEMENT
1	July 2010	50%
2	August 2010	40%
3	September 2010	30%

CUSTOMS FINES AND PENALTIES

No	A	B
	FULL & FINAL TAX PAYMENT MADE	PENALTY & INTEREST WAIVER ENTITLEMENT
1	July 2010	40%
2	August 2010	40%
3	September 2010	30%

PENALTIES AND INTEREST FROM AUDIT ASSESSMENT

No	A	B
	FULL & FINAL TAX PAYMENT MADE	PENALTY & INTEREST WAIVER ENTITLEMENT
1	July 2010	50%
2	August 2010	40%
3	September 2010	30%

The waiver is strategically designed to facilitate compliance in the small and individual taxpayer group.

5. Implementation

- (a) TAPIS shall have a maximum duration of 9 months for individual, petty, small and medium taxpayers during which taxpayers may apply for penalty and interest relief.
- (b) There shall be 2 options for said categories of taxpayers to select from:
 - i. Payment of their tax liability in full, or
 - ii. Installment arrangement with a maximum period of March 31th, 2011. Large Taxpayers, Custom Fines and Penalties and Penalties and Interest from Audit Assessment will have a maximum of 90 days to benefit from the Amnesty.

Option 1 – Payment in full

- (a) The taxpayer shall pay all outstanding tax in full and in return receive a penalty & interest waiver in accordance with the **WAIVER TABLE**. The earlier the payment of assessed tax is made, the higher the waiver granted.

- (b) Where outstanding assessed tax is paid **IN FULL** during the month indicated in the applicable waiver table, the corresponding penalty and interest waiver shall be granted to the taxpayer.

Option 2 – Installment Arrangement

The taxpayer enters into a binding payment installment schedule and based upon the date of the final tax installment payment as depicted in the WAIVER TABLE above, the taxpayer receives a penalty and interest waiver of a flat rate subject to the following specified conditions:

- (a) Any taxpayer wishing to enter a payment arrangement shall officially apply for TAPIS relief to the BIR anytime prior to March 1, 2011. Note that for any month in which the application is made, the taxpayer shall have only the remaining months up to March 2011 in order to benefit from the waiver. That is if a taxpayer applies in the month of January 2011, the maximum allowable installment period shall be three months, January 2011 to March 2011.
- (b) The latest date for full and final tax payment shall be March 31, 2011.
- (c) Payment arrangement shall be approved where the amount of outstanding tax excluding penalty and interest has been assessed at US\$200 or less (excluding penalties and interest) for petty traders and individuals only.
- (d) Payment arrangements shall stipulate the due dates of each installment. A taxpayer may pay a higher amount than the minimum amount agreed, and, if this results in the total tax liability being extinguished in an earlier month than originally planned and agreed to, the taxpayer shall become eligible for the revised applicable waiver rate on the Waiver Table.
- (e) Signed payment arrangements may be varied only by formal mutual consent and formal agreement between the BIR and the taxpayer but shall remain with the maximum payment period.
- (f) The taxpayer acknowledges that any payment default without prior notification in writing being received by the BIR and revised payment arrangement being determined shall render the payment arrangement null and void, and 100% of unpaid taxes, penalties and interest shall become immediately due.

6. General Procedure

- (a) The taxpayer shall self declare their tax evasion or avoidance which shall not be subject to the imposition of penalty or interest.
- (b) The BIR shall wherever possible prepare a Statement of Claim detailing the taxpayer/debtor obligation in terms of outstanding assessed tax, penalty, and interest, which shall be sent to the last known registered address of the taxpayer. The Statement of Claim shall make an offer of waiver of penalties and interest if the taxpayer elects to avail him/her/itself of the TAPIS provisions. Taxpayers are not to wait to receive a statement of claim.
- (c) Taxpayers wishing to pay outstanding tax under the TAPIS shall be entitled to penalty and interest relief of up to 100%, dependent upon the date the outstanding tax is paid in full and on the taxpayer category.
- (d) Taxpayer shall present his/her/its Self Declaration or Statement of Claim to the BIR indicating their desire to avail of the amnesty provisions, and indicating their preferred payment method, using Option 1 (payment in full) or Option 2 (payment arrangement) as applicable.
- (e) If payment Option 2 is selected, the tax debtor and the BIR shall agree and sign a Standardize Tax Amnesty Contract containing standardized terms and conditions including the schedule of payments.
- (f) Upon successful and complete payment of the tax debt, plus the payment of the appropriate percentage of penalty and interest waiver granted, the tax debt shall be written off the books of the BIR, and penalties and interest recorded as waived. Thereafter, a tax clearance will be sent to the taxpayer by the BIR duly verified by internal auditor confirming the settlement of the tax obligation.
- (g) The Deputy Minister for Revenue shall, in consultation with the Minister of Finance issue detailed procedure regulating the tax amnesty scheme.

7. Commencement and Termination

- (a) The TAPIS amnesty shall come into force on July 1, 2010 and shall end on March 31, 2011 (9 months).

- (b) As of the expiration of the TAPIS Amnesty, enforcement and compliance actions for penalties and interest covered will resume in accordance with the provisions enshrined in the Law to ensure that all outstanding taxes due to the people of Liberia are recovered without any form of concession on the amount of accrued interest.

This Executive Order shall take immediate effect on the 1st day of July, A.D., 2010.

**GIVEN UNDER MY HAND AND SEAL OF
THE REPUBLIC OF LIBERIA, THIS _____
DAY OF JUNE, A.D. 2010**

**Ellen Johnson Sirleaf
PRESIDENT
REPUBLIC OF LIBERIA**