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PRESS RELEASE
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FINANCE ACT OF 2016 HAS BEEN PASSED INTO LAW

The Parliament of Sierra Leone has on the 10th March, 2016 passed into law the Finance Act 2016 with some amendments. The Act aims to provide for the imposition and alteration of taxes, duties and excise, and for other related matters.

In presenting the Bill, prior to enactment, the Minister of Finance and Economic Development, Dr. Kaifala Marah told MPs among other things that the purport of the Bill aims at the interpretation of new words; 5% addition to the existing 30% PAYE tax (now 35%); to promote and support the Free Health Care Initiative; to improve and increase domestic revenue mobilization that will enhance GDP; to also attract and improve female promotion and employment in managerial positions in institutions through tax concession; and to also amend certain sections in the Income Tax Act, 2000; the Excise Act 1982; and the Finance Act of 2006 and 2011 respectively. He furthered that all of these are geared towards stimulating the economy and improving domestic revenue mobilization to feed the national budget; hence the development of the country by financing key programmes and policies contained in the Agenda for Prosperity (AfP).

In responding to MPs, he explained that those at the top should sacrifice for the wellbeing of the vulnerable, whilst saying that the PAYE tax would not affect over 5000 teachers; but few consultants and high paid workers in MDAs. He also said that the pump price of petroleum will remain as it is at Le 3,750.00. To this end, he averred that the price could not be reduced because of the “depreciation” of the Leone as against the Dollar (concept of equalization), whilst noting that last year the GoSL spent Le 150 Billion Leones on petroleum subsidy alone. On a comparative scale, he opined that our petroleum product is being smuggled to neighboring countries because it is cheaper in Sierra Leone than Guinea and Liberia. He also said that GoSL had spent over 300 Billion Leones on total subsidies last year on defense, education, health, petroleum pump price etc. He praised President Ernest Bai Koroma for having appointed a lot of female “Generals” to sensitive

positions in governance, citing the Commissioner General of NRA, Auditor General, and the Registrar General. He also informed MPs that 60% of domestic revenue is spent on salaries and wages; whilst revealing the new NGO registration and administrative fees, which now stand at \$2000 and Le1, 000,000.00 respectively.

In contributing to the debate, Hon. Hassan B. Sheriff, Chairman for the Finance Committee in Parliament did say, among other things that it is only Parliament that is constitutionally responsible for the imposition and alteration of taxes. He also appealed to MPs for the Finance Act 2016 to be passed with retroactive effect starting January 2016. He considered the tax concession for women in managerial positions as discriminatory but said he was satisfied with the 5% increase on PAYE tax and that the petroleum pump price should remain as it is. The Finance Chair advised MoFED to come with the Finance Bill latest December each year, based on projections and realities of revenue generation and finally described the Bill as improving the revenue intake of the country for development.

On his part, Hon. Alhaji Alhaji Seray Dumbuya said that the Government of Sierra Leone is trying to improve the standard of living of its people through robust taxation, whilst describing the Bill as the right one in the right direction. He also said that President Koroma is asking Sierra Leoneans to pay tax for development in order to stimulate and “jump-start” the economy, citing UK, USA and other countries that have developed through a robust tax regime. He called on MoFED to regularly update Parliament on revenue mobilization and expenditure.

Hon. Alhassan Kamara said that the Finance Act 2016 is in line with both the Budget Profile and Presidential Speech that were delivered by Dr. Kaifala Marah and President Ernest Bai Koroma separately in the Well of Parliament in 2015, whilst noting that 60% of our GDP is on salaries. He lauded the initiative of tax concession for Sierra Leonean women in managerial positions as affirmative action aimed at women’s empowerment.

Hon. Dr. Bernadette Lahai, Minority Leader of Parliament said that the Budget which was presented to Parliament deals with estimates, and the Finance Act 2016 is dealing with revenue mobilization to support the Budget and handle both recurrent and capital expenditure as proposed. In speaking on PAYE tax, she averred that the Bill seeks to rob Peter and pay Paul based on earnings, cognizant of their constituents for whose survival; MPs are expected to die if the need arises. She also lauded the energy

saving concession aimed at clean and sustainable energy in the country. She furthered that the Bill seeks to see that women are employed in managerial positions in many institutions across the country, noting that each Sierra Leoneans have historic differences relating to access to jobs and other opportunities.

Majority Leader of Parliament, Hon. Ibrahim Bundu thanked the Minority Leader for edifying the populace about the purpose of the Bill. He said that Government has no other means to generate revenue, other than taxation, which he described as the nerve centre of revenue mobilization. He also said that the transport sector is not being properly taxed; that the workforces, including MPs are paying so much PAYE tax without tax returns. He called on the Finance Committee to engage tenants with full payment of rent receipts for which withholding taxes have not been deducted. Most international staff working for NGOs are not paying their PAYE tax he observes. He later praised the NRA for exceeding their revenue targets, and encouraged them to do more as the Government wants more because human wants are insatiable.