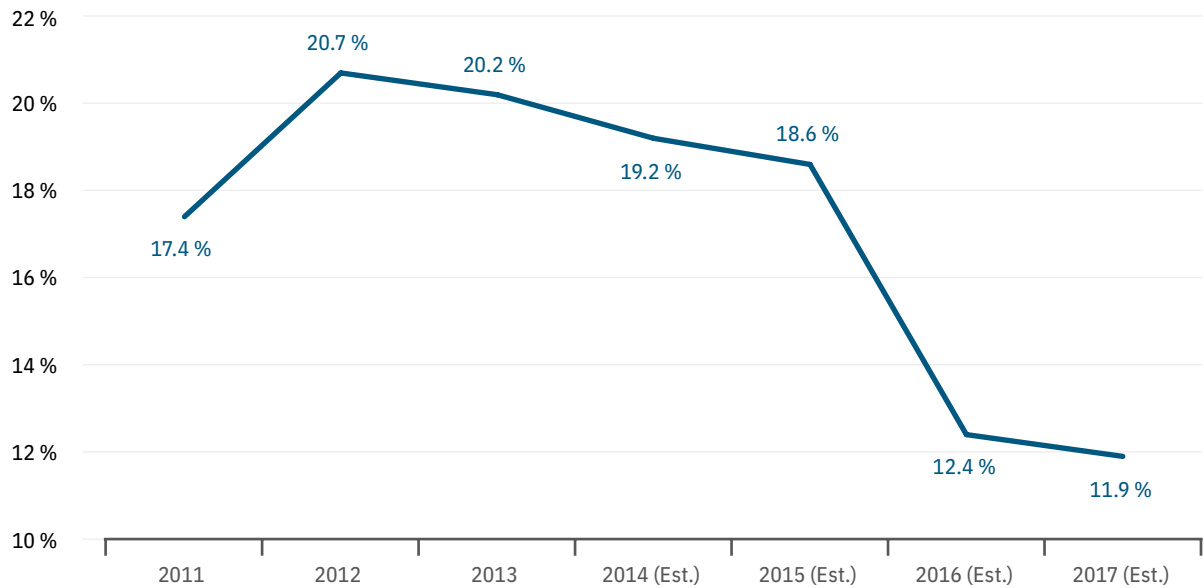




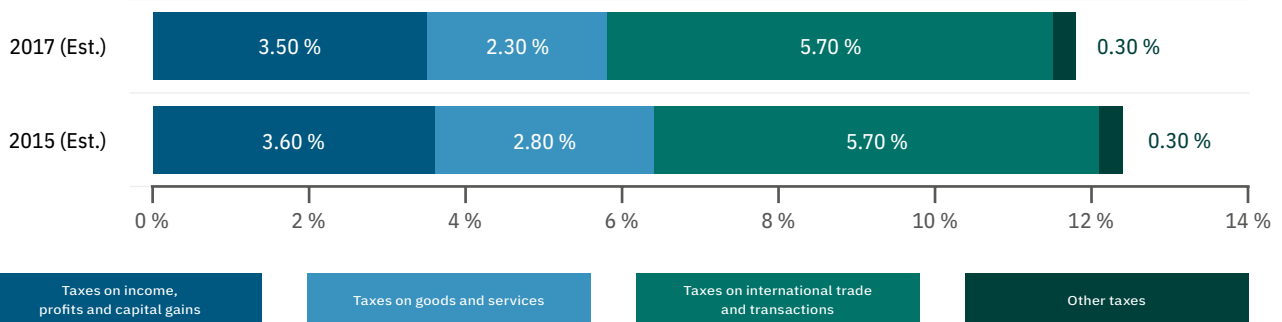
## Liberia

### Stepping up domestic revenue mobilisation



#### Tax revenues (% of GDP) (2011-2017)

Source: Government Finance Statistics (2011-2013), IMF 2016 Article IV Consultation (aggregate values for 2014 and 2015), IMF 2018 Article IV Consultation (2016 and 2017), \*revised GDP since 2016



#### Tax revenues, by sources (% of GDP) (2016 & 2017)

Source: IMF 2018 Article IV Consultation (disaggregated data for 2015 not available)

**Public Expenditure and Financial Accounting (PEFA)**

2016 (2011 framework)

- B** Transparency of taxpayer obligations and liabilities
- B** Effectiveness of measures for taxpayer registration and tax assessment
- D+** Effectiveness in collection of tax payments

*A = internationally-recognised level of good performance  
D = performance is below the basic level*

**Doing Business, Ease of Paying Taxes 2017 (DB 2018), values from 2016 (DB 2017) in parentheses**

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
33 (33)	139.5 (139.5)	45.5 (45.9)	98.62 (96.79)

**Overall ranking**  
69 / 190 (72 / 190)

**Global Competitiveness Report (2017-2018), values from 2016-2017 in parentheses**

Effect of taxation on incentive to work  
**3.6/7; Rank 92/137** (3.7/7; Rank 86/138)

Effect of taxation on incentive to invest  
**3.9/7; Rank 52/137** (4.2/7; Rank 31/138)

**Recent reform steps**

Some of Liberia’s major reforms include:

- The introduction of direct bank transfer, i.e. from corporate accounts of individual tax payers to the government general revenue account;
- The gazetting of Liberia’s **Transfer Pricing Regulation**;
- The **signing** of the Multilateral Convention on **Mutual Administrative Assistance in Tax Matters** as well as the Multilateral Competent Authority Agreement for the **Automatic Exchange of Financial Information (AEOI)**.

In 2019, Liberia finalised a DRM strategy that aims at expanding the revenue base, increasing voluntary compliance and minimising revenue loss, among others. In 2018, a Tax Expenditure Framework Report identified major challenges in Liberia’s incentive regimes. In the same year, a new excise law was legislated, which provides greater revenue protection through the introduction of excise stamp (process underway).

## Progress achieved

Liberia introduced the use of e-filing and mobile money platforms to ease payment. Technical support received thanks to networking at the ATI annual events eventually translated into a **long-term technical assistant** for training through the Dutch Ministry of Foreign Affairs. The Dutch International Bureau for Fiscal Documentation (IBFD) supported the Liberia Revenue Authority (LRA) in developing a training curriculum and already conducted trainings in **transfer pricing, taxation of natural resources and audit**. Several trained staff are now very effective auditors.

Through the engagements of the Addis Tax Initiative and many references to domestic revenue mobilisation, the LRA has completed the drafting of a strategy and is currently rolling out implementations, particularly in the areas of e-filing.



## Outlook: DRM priorities in 2019

<i>Priority activities</i>	<i>Expected outcomes</i>
<ul style="list-style-type: none"><li>• Transfer pricing audit in telecommunication, finance and insurance sectors</li><li>• Training of staff in understanding compliance risk, its likelihood and consequence on the tax base</li><li>• Training of staff in understanding fiscal regimes and fiscal instruments in double taxation avoidance agreements</li><li>• Training of staff in understanding the impact of tax incentives on the base of the revenue</li><li>• Training of staff in tax laws, tax policies and other emerging issues and policy reforms</li></ul>	<ul style="list-style-type: none"><li>▶ Increase knowledge and expertise in transfer pricing audit techniques, including methodology, functional analysis and adjustments using arm's length principle</li><li>▶ Development of a compliance management programme for risk mitigation</li><li>▶ Further development of transfer pricing risk assessment tool kit</li><li>▶ Enhancement of the tax expenditure framework</li><li>▶ Understanding the impact of favourable tax regimes on the local tax base</li><li>▶ Developing strategies to minimise the impact of tax incentives</li><li>▶ Staff trained in tax laws and policies</li></ul>

## Ensuring policy coherence for development

Liberia ensures policy coherence by collaborating with local and international partners in fighting tax crimes and other vices with the OECD, the UN International Tax Committee etc., as well as by establishing Memorandums of Understanding between agencies. Collaborative stakeholder meetings, joint tax enforcement exercises and a joint task force underline Liberia's commitment to work towards policy coherence.