



DTBB/012/2016

**Domestic Taxes Business
Brief 12 (2016): Avoiding
Enforcement Action**

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Purpose

The purpose of this brief is to guide taxpayers and their representatives on how to generally avoid enforcement action resulting from non-compliance with legal provisions of the Income Tax Act 2000 as amended and the GST Act 2009 as amended relating to the obligations of taxpayers.

Who should read this?

- Sole Traders and Partnerships
- Companies, Trusts, Permanent Establishments
- Resident or Non-Resident Taxpayers
- Tax Consultants and Tax Advisers
- Nominated Officers and Business Representatives
- Withholding Tax Agents including Non-Governmental Organizations
- Any other Organisation or Institution that is obligated by law to pay tax or submit returns to the National Revenue Authority (NRA)

Background

The legal obligations of taxpayers are ***registration, filing of returns, payment of taxes and accurate declaration of their tax affairs.*** Over time, the NRA has noticed that taxpayers do not meet their obligations which results in enforcement action by the NRA.

The NRAs Debt Management function (administered by its Collection and Compliance Monitoring Unit) has increased its capacity to deal more effectively with those who fail to meet their tax obligations.

Current Position

A. Main Obligations of Taxpayers

1. Registration for various Tax Types

Individuals, Partnerships, Companies, Trusts and other organisations such as Non-Governmental Organisations (NGOs) should register for the various Income Taxes (Personal Income Tax, Corporation Tax, All Withholding Taxes); Goods and

Services Tax; Excise Duty; and Foreign Travel Tax (FTT); depending on their status and category. The NRA will compulsorily register you for the various taxes and charge penalties for failure to register if you should register and have not done so.

2. Filing of Return Forms

For all taxes i.e. Corporation Tax, Personal Income Tax (normal or the Small and Micro Enterprise Tax Regime), Pay As You Earn (PAYE) Tax, GST, FTT and Excise Duty; taxpayers are obligated to file returns to the NRA before the deadline dates stated in the various tax legislations. Filing of returns can be done at the various tax offices where the taxpayer is registered. Penalties will accrue if returns are not filed on time.

3. Payment of your taxes

For all taxes i.e. Corporation Tax, Personal Income Tax (normal or the Small and Micro Enterprise Tax Regime), Pay As You Earn (PAYE) Tax, GST, FTT and Excise Duty; taxpayers are obligated to make payments to the NRA before the deadline dates stated in the various tax legislations. Payment of taxes can be made to a commercial bank and taxpayers will obtain a NRA receipt from their respective tax offices. Penalties and interest will accrue if payment of taxes is not made on time.

4. Accurate Declaration of Tax Affairs

For all taxes i.e. Corporation Tax, Personal Income Tax (normal or the Small and Micro Enterprise Tax Regime), Pay As You Earn (PAYE) Tax, Goods and Services Tax, FTT and Excise Duty; taxpayers are obligated to make full and accurate disclosure of their tax affairs to the NRA as stated in the various tax legislations. Accurate declarations are usually made in tax returns. If taxpayers do not make accurate declarations, the NRA will levy penalties and interest; and in some cases this will lead to prosecution for tax evasion and fraud.

B. Other Obligations of Taxpayers

- 1. Submission of an Estimate of Chargeable Income and Turnover:** Taxpayers registered to pay Corporation Tax and Personal Income Tax (normal and the SME Tax Regime) are required to submit by the deadline dates an estimate of chargeable income and turnover.
- 2. Record Keeping:** All taxpayers are required to keep proper records relating for all their business activities and transactions. Since all the taxes administered by the NRA are self assessed taxes, the NRA to ascertain the correctness and accuracy of tax declarations will use these records. All records relating to taxes should be retained for at least six (6) years.

For more information on obligations of taxpayers, see ***DTDBB/008/2006 – An Introduction to Sierra Leone’s Major Taxes and Taxpayer Obligations.***

What if you don't pay your taxes on time?

Interest and penalties will accrue on any tax payment made beyond the deadline date. However, it is advisable to inform the tax office that you are not in the position to pay the tax on time; and also ensure you file the required tax return on time to avoid penalty for late filing. In exceptional cases, the NRA will grant a taxpayer a payment plan, but a taxpayer only qualifies for a payment plan when there is a good compliance history.

Remember: *the obligations to pay tax and file a return are separate, therefore the NRA always advise taxpayers to submit their tax return even if they are not in the position to pay the tax before the due date.*

What if you believe your tax payments are up to date?

There are few circumstances wherein the NRA will contact taxpayers even when they have made their tax payments. In such cases, we advise taxpayers to immediately contact the NRA so that we can reconcile your payments.

Taking Enforcement Action

Taxpayers are reminded to do the right thing when it comes to their tax affairs. The “right thing” is to meet all the obligations highlighted in **Parts A and B** of this Business Brief.

However, even when taxpayers do not meet their tax obligations, the NRA will always listen and try to resolve issues of compliance if the taxpayer cooperates.

In the situation where there is little or no cooperation from the taxpayer and the taxpayer continuously defaults their tax obligations, the following enforcement actions will be taken in accordance with the relevant tax legislations

- Seizure, Prohibition and Sale of Assets
- Suspension of bank account(s)
- Civil recovery through the Courts
- Naming and Shaming in the media
- Third Party Recovery
- Imposition of Penalty and Interest
- Prevention from travelling (in and out of Sierra Leone)
- Prevention from clearing of goods through the port of Sierra Leone
- Sealing of business premises
- Garnishment

Where can I get further information?

For further information please contact the Domestic Taxes Helpline on Telephone Numbers: [078/025/030/044 - 970844](tel:078025030044).

The Domestic Taxes Helpline is available Monday to Friday, 8am to 5pm.

We can also be contacted through dtd@nra.gov.sl.

Information on Domestic Taxes and other taxes can be found on the NRA website www.nra.gov.sl.