How Might the National Revenue Authority of Sierra Leone Enhance Revenue Collection by Taxing High Net Worth Individuals?

Jalia Kangave, Giovanni Occhiali & Ishmail Kamara

March 2023

BILL & MELINDA GATES foundation

Norad

UKaid
from the British people

institute of development studies

ICTD Working Paper 156

How Might the National Revenue Authority of Sierra Leone Enhance Revenue Collection by Taxing High Net Worth Individuals?

Jalia Kangave, Giovanni Occhiali and Ishmail Kamara

March 2023

How Might the National Revenue Authority of Sierra Leone Enhance Revenue Collection by Taxing High Net Worth Individuals?

How Might the National Revenue Authority of Sierra Leone Enhance Revenue Collection by Taxing High Net Worth Individuals?

Jalia Kangave, Giovanni Occhiali, Ishmail Kamara

Summary

In the wake of the Covid-19 pandemic, increasing domestic revenue mobilisation has become even more of a priority for low-income countries. One of the commonly untapped sources of revenue across many of these countries are high net worth individuals, who usually manage to avoid contributing their fair share of taxes. This is also the case in Sierra Leone, which signalled its intention to develop a strategy to increase compliance of this taxpayer segment in 2019. In this paper we provide an initial assessment of how fit for purpose the current legal setting is, as well as give a general picture of the most likely characteristics of high net worth individuals in the country. Our analysis is based on semi-structured interviews with stakeholders from both the public and private sector, and currently available administrative data, and provides a series of suggestions for next steps in the development of a dedicated strategy.

Jalia Kangave is an independent consultant and the Lead Research Consultant for the International Centre for Tax and Development (ICTD)'s Gender and Tax Programme. Her work focuses on taxation of high net worth individuals and gender and tax issues. She is also involved in ICTD's teaching and learning activities.

Giovanni Occhiali is a Research Fellow at the International Centre for Tax and Development (ICTD), where he leads the climate and environmental tax programme and co-leads ICTD teaching and learning activities. His work focuses on sub-Saharan Africa.

Ishmail Kamara is an economist in the Monitoring, Research, and Planning Department at the National Revenue Authority of Sierra Leone, where he works on various tax administrative and research projects, as well as assisting in development of the department focus. He holds a Master degree in economic policy and analysis from Addis Ababa University.

Contents

Acknowledgements

Acronyms

ACC	Anti-Corruption Committee
BMS	Block Management System
CAC	Corporate Affairs Commission
CIT	Corporate income tax
ECOWAS	Economic Community of West African States
FCC	Freetown City Council
FIU	Financial Intelligence Unit
GDP	Gross domestic product
GST	Goods and services tax
HNWI	High net worth individual
ICT	Information and communications technology
ITAS	Integrated Tax Administration System
MDAs	Ministries, Departments and Agencies
MoF	Ministry of Finance
MOU	Memorandum of Understanding
NRA	National Revenue Authority
OARG	Office of the Administrator and Registrar General
PEP	Politically exposed person
PIT	Personal income tax
PR	Public relations
TIN	Taxpayer identification number
URA	Uganda Revenue Authority
WHO	World Health Organization

1 Introduction

Revenue authorities around the world face an uphill task taxing high net worth individuals (HNWIs), often defined in high-income countries as those with investible assets worth at least US$1 million excluding their domestic residence (OCED 2009). These individuals often engage in aggressive tax planning schemes (Tanzi 2012; OECD 2009), multiple forms of tax evasion (Alstadsæter et al. 2017; Cooper et. al. 2015; Kangave et.al. 2016), and generate most of their income from non-wage sources that are often hard to identify or value (Dom et. al. 2022). Because HNWIs are normally politically influential in both high- and low-income countries, they have the power to influence how tax laws apply to them (Tanzi 2012; Fairfield 2010, 2013; Kangave et al. 2016).

There have been increasing calls for HNWIs to pay their fair share in taxes worldwide (Dom et. al. 2022; Advani et. al. 2020). A few revenue authorities in Africa have increased their scrutiny of the affairs of HNWIs in recent years, with at least five countries putting systems in place to manage their tax affairs;[1] others have taken steps to investigate their compliance behaviour (ATAF 2018; Kangave et. al. 2020). Even then, reform remains slow. Despite increasing evidence of the paltry revenue collected from wealthy individuals, such as professionals, property owners and politicians, many revenue authorities in Africa have failed – or have been unwilling – to take concrete steps to tax them effectively (Keen 2012; Kangave et. al. 2016; Ogembo 2020; Gallien et. al. 2021; Dom et. al. 2022; Santoro and Waiswa 2022). Meanwhile the same revenue authorities are obsessed with registering and taxing small 'informal' businesses, which already face a significant tax burden (Moore 2022; Gallien et al. forthcoming). In Sierra Leone this is exacerbated by the various formal and informal taxes and fees that are paid by low-income earners (Jibao et. al. 2017; Prichard 2018; van den Boogaard 2018). All this results in gross inequity in the tax system.

The Covid-19 pandemic may have created an opportunity for countries to press the reset button on taxing HNWIs. As governments around the world were forced to increase their expenditure on health and social protection programmes, while simultaneously providing tax breaks to struggling businesses, the taxation of HNWIs took centre stage in tax debates (Advani et. al. 2020; IMF 2020; Trench 2021).[2] In Sierra Leone, in the budget speech for 2021 financial year, the Minister of Finance announced that, to expand the tax base, the National Revenue Authority (NRA) would, among other things, 'Identify high net worth individuals, especially high-income earning professionals, who are currently not paying their tax dues' (Government of Sierra Leone 2020).

One of the questions that revenue authorities seeking to tax HNWIs often ask themselves is whether they need to take any special measures before they start taxing these individuals. Should they push for amendments to tax laws? Do they have the data that is needed to facilitate the taxation of HNWIs? How should they handle the political sensitivity often associated with taxing these individuals? And how might they increase voluntary compliance among this category of taxpayers?

In this paper, we attempt to answer these questions for the specific case of Sierra Leone. To explore these issues, we employed three distinct but connected methods of analysis. First, we undertook in-depth desk reviews of the country's economy, analysed the legal framework

---

[1]   These include South Africa, Uganda, Kenya, Mauritius and some states in Nigeria.

[2]   In Colombia, for example, the government reintroduced a net worth tax on individuals and foreign entities with a net worth of Col$5 billion (approximately US$1,435,000) for tax years 2020 and 2021. Similarly, in Argentina in December 2020 the government introduced a 'solidarity and extraordinary contribution' surcharge on individuals with assets exceeding Arg$200 million (approximately US$2.5 million). In Brazil, in 2020 alone, 24 bills were presented in parliament proposing the introduction of variations of a wealth tax - though these were not passed (see Trench 2021).

governing the taxation of individuals, and more broadly interrogated the literature on taxation in Sierra Leone. Following this, we conducted 28 interviews and 1 focus group discussion with government officials and private practitioners in November 2021. The wealth of information acquired through these interviews guided our third approach – the analysis of available NRA tax administration data.

We find that Sierra Leone has a relatively strong legal framework to facilitate taxation of HNWIs. Nevertheless, tax experts in the country believe that there is a need to further strengthen the law by explicitly designating HNWIs as a taxpayer category, and incorporating stronger provisions for the NRA's access to bank information. We also find insufficient data on domestic tax liabilities, such as income or capital gains taxes, to conduct a comprehensive analysis of HNWIs' compliance behaviour. Despite this, what is available allows us to make some useful reflections. First, if we take into account the current per capita income in Sierra Leone (less than US$2,000) and what we see from rental income data, someone with a net worth of US$100,000 might already be considered a wealthy individual. While this might seem like a relatively low threshold to define someone as an HNWI, we only find 60 landlords in the whole of the capital city who pass it. Second, import data shows that some economic actors who have managed to appear as micro-taxpayers earn amounts that would qualify them as HNWIs using this threshold. Finally, there is a clear need to strengthen data collection and management practices, as the small number of individuals identifiable through tax administrative data as earning 'just' US$100,000 is suspicious, in and of itself.

Given the low number of individuals identified using available data, a question that arises is whether it makes sense to focus on such a small fraction of taxpayers, from whom an uncertain amount of tax will be raised. Since the NRA faces significant resource constraints, it could be argued that the main focus of those concerned with increasing revenue should be taxation of multinational companies. While we appreciate this concern, we believe that it is important to focus on HNWIs for a number of reasons. First and foremost, this is for tax equity. Ensuring that these individuals pay their fair share in taxes not only contributes to a more equitable tax burden, but also has a bearing on the integrity of the tax system as a whole (OECD 2009). If HNWIs are perceived to be compliant, tax morale is likely to increase among other categories of taxpayers. Second, even though HNWIs often constitute only a small percentage of taxpayers in many countries, they have the potential to contribute significantly to total tax revenue (OECD 2009). The potential tax collection from this category of taxpayers is likely to be far more significant than the small amounts often collected from small informal businesses, which often involve huge collection costs. In the United States, for example, the top 1 per cent of taxpayers contribute approximately 37 per cent of total tax revenue (Tanzi 2018). Third, how the NRA defines HNWIs – and indeed if it decides to call them this – should be guided by the local context. This means that someone who is considered an HNWI in Sierra Leone may well be a middle-class person in a high-income country (Tanzi 2012). Again, what is important is that there is adequate scrutiny of the country's wealthiest, who often go untaxed.

The paper proceeds as follows. Section 2 provides a brief overview of current literature on taxation of HNWIs across Africa. Given the importance of reliable data for identifying and taxing HNWIs, in Section 3 we describe the data used in the study and its limitations. To provide more context, Section 4 gives a short background on the economy of Sierra Leone and its tax structure. Section 5 includes our attempts to identify characteristics of HNWIs in the Sierra Leone context. To be able to tax HNWIs, revenue authorities need legal backing – in Section 6 we analyse Sierra Leone's legal framework, to examine the extent to which it enables the taxation of HNWIs. Section 7 presents a potential way forward for the NRA.

2 Taxation of HNWIs in Africa

Much of what we know about taxation of HNWIs is derived from studies that are undertaken in high-income countries, where they constitute a very small percentage of taxpayers but contribute significantly to total tax revenue (Tanzi 2018; OECD 2009). Even so, they often do not pay their fair share in taxes, either because they engage in aggressive tax planning schemes (Auerbach and Slemrod 1997; Goolsbee 2000; OECD 2009; Tanzi 2012; Cooper et. al. 2015; Alstadsæter et. al. 2017), or take advantage of their proximity to political elites to lobby against tax policies that affect them (Tanzi 2012; Giertz and Mortenson 2014). While increases in tax rates may lead to their migrating to lower tax jurisdictions (Cohen et. al. 2015), there is similarly some evidence showing that these increases may not have a huge bearing on migration decisions (Young and Varner 2014).

We know a lot less about the taxation of HNWIs in Africa because these individuals – for a variety of reasons – remain largely untaxed. Most revenue authorities in Africa do not recognise HNWIs as a separate category of taxpayers. There are a few exceptions. In South Africa, a new High Wealth Individual Unit was established in 2021, which focuses on the tax affairs of the top 1,500 wealthy individuals and the entities they are associated with (South Africa Revenue Authority 2021). Prior to this, HNWIs were defined as individuals with a gross income of at least R7 million (US$474,000) and/or gross wealth of at least R75 million (US$5 million) (South African Revenue Service 2012; Kangave et. al. 2018). Meanwhile, the Uganda Revenue Authority (URA), which established an HNWI unit in 2015, uses various criteria to identify these individuals on the basis of their shareholding in companies, land ownership, the value of their bank transactions, rental income earnings and other tangible assets (Kangave et. al. 2018). In Nigeria the definition of HNWIs varies across states, with some revenue authorities defining them as individuals who pay at least ₦100,000 (US$300) in taxes, others as individuals with income of at least ₦6 million (US$18,000), and others as professionals or entrepreneurs who own or manage substantial amounts of investment assets (Nigeria Governors Forum 2017; Deloitte 2017; Lagos State, Internal Revenue Service n.d.). In Rwanda, even the use of the phrase HNWIs is considered culturally repulsive and politically sensitive (Kangave et. al. 2020).

Three main categories of wealthy individuals in Africa have been identified as being difficult to tax – professionals, politicians and property owners. Historically, professionals in African countries have paid very little personal income tax (PIT) (Keen 2012; Kangave et. al. 2016; Ogembo 2020). For example, in the 3-year period between 2011 and 2014, only a quarter of the top 60 lawyers in Uganda paid their PIT for each year. Meanwhile, in Kenya lawyers were reported as engaging in income tax evasion by opting for cash payments for their services, '(hiding) their fees in their clients' accounts' and giving their clients substantial discounts by waiving value added tax (VAT) (Ogembo 2020: 13). Similarly, in Uganda there was strong evidence of a connection between wealth, political tenure and non-compliance (Kangave et. al. 2016). Researchers found that in a three-year period, of seventy-one top government officials who were engaged in lucrative businesses, only one person paid PIT (and in only one of the three years), and the majority of companies they were associated with did not pay corporate income tax (CIT). In both Rwanda and Uganda, even though property was identified as an important store of wealth, researchers found that very few individuals were paying rental income taxes (Kangave et. al. 2016; Kangave et. al. 2020).

Effectively taxing HNWIs requires a combination of a strong legal framework, effective tax administration structures and political support. As far as legal frameworks are concerned, there are hardly any countries (including high-income countries) that have explicit tax provisions in their laws that are dedicated to HNWIs. Most common are implicit provisions

that target income commonly earned by these individuals, including provisions on the taxation of capital gains, interest, dividends, royalties and rental income.[3] The limited research undertaken so far on taxing HNWIs in Africa reveals that legal frameworks in these countries are strong enough to facilitate taxation of these individuals (Kangave et. al. 2016; Kangave et. al. 2020). While there are some weaknesses in tax administration,[4] the greatest challenge appears to be lack of political support.

Taxation is political. Taxation of HNWIs is rendered even more so because of their political influence (Fairfield 2010, 2013). In Uganda, a third of the individuals initially identified on the URA's HNWI register were either politicians, former politicians or individuals with political influence (Kangave et. al. 2016). While Rwanda does not formally designate these individuals, parliamentarians, politicians and military officers have previously been implicated in resistance against property taxes (Goodfellow 2014, 2015).

Lastly, even where some revenue authorities in African countries have gone ahead with establishing HNWI units, the success of these units has been partial and not always sustainable. In South Africa, for example, the HNWI unit that was established in 2009 was closed in 2014. The affairs of these individuals were subsequently managed along functional lines until 2021, when a new unit was opened (Kangave et. al. 2016). While Uganda's HNWI unit registered initial success with increased revenue collection and increased probability of filing tax returns among a category of these individuals, more recently increases in tax payments have been minimal, with a likelihood that targeted taxpayers are now exploring tax planning schemes (Santoro and Waiswa 2022).

3   Data and limitations

Our paper relies on two main sources of data – information obtained from 28 semi-structured interviews carried out in November 2021, and data from different tax administration databases of the NRA. For the interviews, the study team spoke with 11 senior officials from various departments of the NRA, and held 1 focus group discussion with members of the Monitoring, Research and Planning Department. Further interviews were conducted with four senior officials in the Ministry of Finance (MoF), three senior officials in the Financial Intelligence Unit (FIU) and one senior official each in the Office of the Administrator and Registrar General (OARG), Corporate Affairs Commission (CAC), Anti-Corruption Commission (ACC) and Freetown City Council (FCC). In the private sector, we interviewed five senior practitioners in audit and tax consultancy firms, and seven staff members at two commercial banks. All the interviews were carried out in person and lasted about an hour.

Having obtained a series of initial insights through these conversations, we then analysed all available and pertinent NRA data to establish whether there was any empirical support for the various claims made by interviewees, as well as to identify other potentially relevant trends. All the data used for the study covers years 2017 to 2020, and comes from three main sources. First, we analysed all information available on liabilities from income taxes, goods and services tax (GST) and customs-related charges from the three information and communication technology (ICT) systems used by the NRA to manage these revenue streams. Second, we investigated a recently compiled dataset on all commercial landlords in

---

[3]   The exception is wealth taxes, where a few countries impose a tax on the net value of an individual's aggregate wealth as either a one-off tax or annual tax (Advani et al. 2020).

[4]   In Uganda, for example, administrative challenges included little sharing of information between different departments in the URA, inaccurate and/or incomplete taxpayer data, constraints in capacity of staff to utilise data, and weak enforcement of against individuals compared to companies (Kangave et. al. 2016).

the capital city, Freetown. Third, we examined all assessments for income tax liability of so-called 'traders' from the various district offices of Freetown and other major urban centres in the country.[5]

A few explanations are warranted. First, we understand that including traders as a category worth investigating in a study on HNWIs might seem peculiar. However, several interviewees[6] mentioned that many economic actors operating in the informal sector[7] might possess enough assets to make them qualify as HNWIs, and traders are the taxpayers most likely to move in informal spaces.[8] Second, it is important to address the quality of available data, as, with the exception of trade data, other sources of information showed a patchy and significantly incomplete coverage. Three examples of this incompleteness are:

1. Only 533 PIT returns were lodged in the ICT system for the period 2017 to 2020, from 74,000 individuals estimated to be in formal non-agricultural self-employment (ILO 2015);
2. Approximately a quarter (27.49 per cent) of all traders assessed over the period do not appear to have a taxpayer identification number (TIN) – this would normally make it impossible to assess them;
3. A TIN is available for only 160 (15.95 per cent) of the 1,003 landlords newly-identified in the registration drive.

These data issues were not surprising, as different officials at the NRA stated that their current data coverage is insufficient to exhaustively identify HNWIs, especially when it comes to income and withholding tax data.[9] In fact, the substantial incompleteness of data on PIT currently available makes it virtually impossible to determine income distribution in the country, on which a definition of HNWIs would ideally be based.[10]

It is, however, important to start analysing what is currently available – both to identify what gaps exist, and to reinforce the notion that, when the political will is present, starting from rudimentary information matching is a better option than postponing any action (Dom et al. 2022). We analysed the data in this spirit, using two starting points that were informed by the interviews. First, we analysed all newly collected data on rental properties, both on its own merit and in relation to the identifiable tax liabilities of landlords with a TIN in all other datasets. Second, we assessed how many of the traders appear in other datasets, and the average characteristics of those who do, to understand if there is any reason to keep including this category in future work on the topic in Sierra Leone.

---

5   The term 'traders' is used here with the same meaning attributed by the different tax district offices in Sierra Leone. It indicates all taxpayers to whom the micro and small taxpayers' regime applies, regardless of their incorporation status. Over the period under analysis, these were all taxpayers whose yearly turnover was below Le350 million (approximately US$42,500).

6   Interviews with NRA (November 2021) and MoF (November 2021) officials, as well as private practitioners (November 2021).

7   We subscribe to the idea that participation in the informal sector represents a continuum, rather than a dichotomous situation - registration with the tax authority only represents one step on the road to formalisation, with regular compliance with tax obligations over a prolonged period of time seen as equally important to qualify as formal. Individual taxpayers on the tax registry could still be operating with different degrees of informality, regardless of the fact that they possess a TIN.

8   More information about these data sources can be found in Appendix.1.

9   Interviews with NRA officials (November 2021).

10 Interviews with NRA (November 2021) and MoF (November 2021) officials.

4 Sierra Leone economy and tax structure

Sierra Leone is a small open economy with a population of approximately 7.54 million people in 2021 (Stat SL 2022), and a gross domestic product (GDP) of US$4.08 billion in 2019 (World Bank 2022).[11] As shown in Figure 1, the agricultural, forestry and fishery sectors accounted for 60.97 per cent of GDP in 2019, followed by wholesale and retail (9.41 per cent), finance, insurance and real estate (5.26 per cent), and mining (2.77 per cent).

Figure 1 Sectoral composition of Sierra Leone GDP, 2019
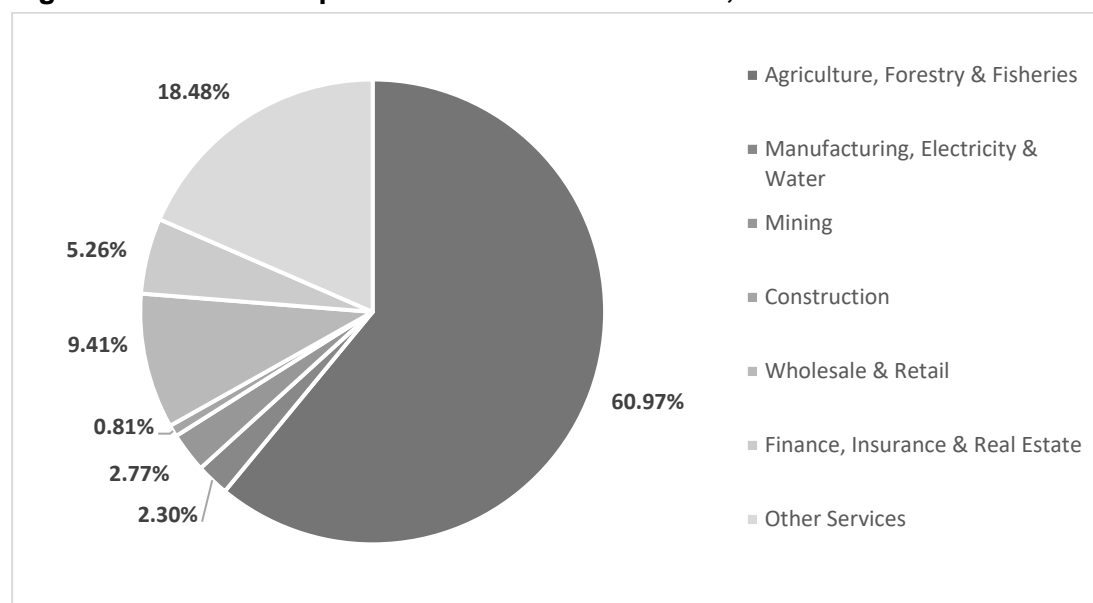
Source: Authors' elaboration from Stat SL (2020)

The primary sector is still dominated by small-scale subsistence production, although recent years have seen an increased relevance of commercial production, especially of rice (Herbert Smith Freehills LLP 2019). Although only fifth in terms of contribution to GDP, the mining sector is particularly important for foreign exchange earnings, as the various minerals extracted – diamonds, iron ore, bauxite and rutile – account for the majority of the country's exports, together with raw primary products (Herbert Smith Freehills LLP 2019). Table 1, which shows yearly GDP growth between 2016 and 2019,[12] shows mining growth is particularly important in determining the trend of the whole industrial sector. While mining growth in the country is particularly volatile, and mostly driven by the international price of iron ore, both agriculture and communications have experienced positive and sustained growth rate over the period, and both are promoted as key sectors for foreign investors (Herbert Smith Freehills LLP 2019). Another characteristic of the Sierra Leonean economy is its reliance on imports, especially of rice (the main staple food), transport machinery and merchandise (Herbert Smith Freehills LLP 2019). This can also be seen in Table 2, which shows that imports as a share of GDP in Sierra Leone are consistently higher than that of both sub-Saharan Africa and the Economic Community of West African States (ECOWAS) group.

---

[11]   While more recent figures are available, we decided to report those prior to the emergence of the COVID pandemic as they provide a more representative figure of the longstanding structure of the economy.

[12]   The Sierra Leone economy suffered from the twin shock of the Ebola epidemic and a sharp decline in iron ore prices between 2014 and 2016 (Herbert Smith Freehills LLP 2019; IMF 2020), which led amongst other things to a drop in domestic revenue of nearly 2% of non-iron ore GDP by the end of 2015 (IMF 2020). Hence, we decided to use 2016 – the year in which the World Health Organization (WHO) declared the epidemic concluded – as the starting point for GDP growth figures.

Table 1 Sierra Leone sectoral GDP growth, 2016-2019

	2016	2017	2018	2019
Agriculture	3.9%	4.5%	3.9%	5.4%
of which crops	4.5%	5.3%	4.1%	6.6%
of which fisheries	2.7%	1.3%	2.8%	1.2%
Industry	27.4%	-5.3%	-2.5%	10.9%
of which mining	52.4%	-13.6%	-4.0%	17.1%
of which manufacturing	4.8%	4.9%	3.2%	4.5%
of which construction	6.7%	5.1%	-6.5%	4.7%
Services	5.0%	5.3%	4.1%	3.7%
of which retail & wholesale	4.9%	4.9%	1.9%	0.0%
of which hotel & restaurants	2.6%	3.7%	2.9%	2.6%
of which transport	4.7%	4.1%	4.0%	6.6%
of which communications	5.8%	6.4%	4.1%	6.9%
of which finance & Insurance	3.7%	4.6%	4.0%	3.0%
of which real estate	3.3%	3.6%	2.8%	3.0%

Source: Authors' elaboration from Stat SL (2020)

Table 2 Imports as share of GDP, 2016-2019

	2016	2017	2018	2019
Sierra Leone	54.5%	48.3%	39.2%	37.9%
ECOWAS	37.9%	36.7%	36.0%	35.5%
Sub-Saharan Africa	24.2%	23.8%	26.9%	26.3%

Source: Authors' elaboration from World Bank (2022)

In 2018 the tax-to-GDP ratio of Sierra Leone was 13.67 per cent, slightly below the ECOWAS average of 14.42 per cent and further from the sub-Saharan Africa average of 18.02 per cent.[13] However, Sierra Leone has an interesting difference in the composition of its tax revenue compared to many other countries in the region and continent. As Table 3 shows, income taxes account for a significantly higher proportion of tax revenue in Sierra Leone than on average in ECOWAS countries or sub-Saharan Africa, while the opposite is true for GST/VAT and trade taxes. The relatively lower significance of the latter is especially noteworthy when we consider that imports as a share of GDP are higher in Sierra Leone than in both ECOWAS and sub-Saharan Africa (Table 2). Furthermore, taxes on individuals – a subset of income taxes that excludes those levied on corporations – are also comparatively higher in Sierra Leone than either ECOWAS or sub-Saharan Africa.

Table 3 Share of different tax categories in total revenue collection, 2016-2019 average

	Sierra Leone	ECOWAS	Sub-Saharan Africa
Income taxes	37.59%	25.26%	29.47%
Taxes on individuals	28.93%	15.75%	18.42%
GST/VAT	30.13%	37.23%	34.96%
Trade taxes	13.92%	18.96%	17.31%

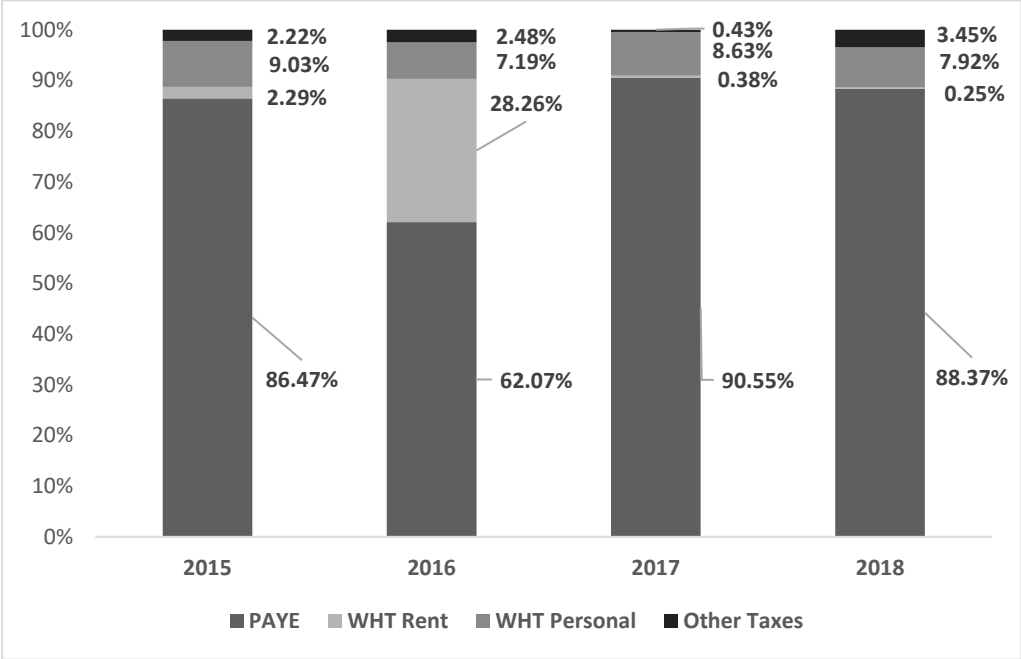Source: Authors' elaboration from GRD dataset (ICTD/UNU-WIDER 2022)

---

[13]   All data comes from the Government Revenue Dataset from ICTD/UNU-WIDER (2022). 2018 is the most recent year for which the majority of countries in ECOWAS and sub-Saharan Africa have an entry for the variable 'Revenue Excluding Social Contribution and Grants', the closest to the general concept of tax-to-GDP ratio.

Taken at face value this is a positive fact. Income taxes – and PIT specifically – are generally more progressive than both GST/VAT and trade taxes, indicating that the Sierra Leone tax system is more progressive than that of the wider region. However, a closer look at the composition of PIT revenue shown in Figure 2 reveals a different picture. The vast majority (81.86 per cent) of revenue from PIT between 2015 and 2018 is obtained from Pay-As-You-Earn (PAYE), a tax withheld at source from individuals in formal employment, less than 10 per cent of the labour force (ILO 2015)[14] Conversely, withholding tax on personal income – tax withheld on the income of those in non-agricultural self-employment – only accounts for an average of 9.84 per cent of total PIT collection between 2015 and 2018. Withholding tax on rental income – levied on all rental contracts above Le3.6 million (US$345.27) – was on average even lower, only accounting for 6.27 per cent of total PIT collection between 2015 and 2018.

Hence, while a high prevalence of income tax collection in general, and PIT specifically, is generally a good sign, in this case it appears that the majority of this collection originates from individuals in formal wage employment – employees. This raises concern about the equitability of the tax system, as individuals in formal employment often earn modest incomes compared to high-income professionals and wealthy self-employed individuals, who normally go untaxed and operate informally (Keen 2012; Kangave et. al. 2020).[15]

Figure 2 Breakdown of PIT collection by major tax handles, 2015-2018

Source: Authors' elaboration from NRA data.

---

[14]   Although by now likely outdated, the last available figure indicates that less than 65% of wage employment in Sierra Leone is formal (ILO 2015).

[15]   Although likely as outdates as the previous figure, only 12% of individuals in non-agricultural self-employment are considered formal (ILO 2015).

5 Identifying HNWIs in the context of Sierra Leone

A commonly used characterisation for an HNWI in a high-income country is someone whose personal wealth exceeds US$1 million (OECD 2009). By this definition, it would be unlikely for Sierra Leone to be hosting enough HNWIs to warrant the attention to the topic implied by its inclusion in the 2021 budget speech (Government of Sierra Leone 2020). However, the expression can also be used to simply refer to someone at the top of the wealth or income scale (OECD 2009), so who qualifies as an HNWI varies widely across different contexts (Tanzi 2012; Widhartanto and Braithwaite 2016; Buchanan and McLaughlin 2017; Kangave et al. 2020).[16] When the expression is used with this latter interpretation, the focus shifts from considering if HNWIs are even present in Sierra Leone, to determining which characteristics amongst the wealthiest Sierra Leoneans can contribute to a definition of HNWIs appropriate for the country. Obtaining this definition is often one of the first steps required when considering how to improve compliance among this category of taxpayers.

We followed a two-pronged strategy to provide an initial answer to this question. First, we asked all our interviewees directly what are the main sources of income and storage of wealth for HNWIs in Sierra Leone. This allowed us to use existing expert knowledge to obtain a first picture of who could qualify. Second, we verified across the different NRA databases (described in Section 3) how much empirical support we could find for the opinions expressed in the interviews. As we shall see, despite the data limitations previously mentioned, we did find empirical support for some of the opinions expressed in the interviews, suggesting that it will be useful to repeat this exercise as more data becomes available following recent ICT reforms at the NRA (Occhiali et al. 2022).

5.1 Who are the wealthiest individuals in Sierra Leone according to our interviewees?

All interviewees who participated in the study were asked to provide their opinion on HNWIs' sources of income and stores of wealth in the country. Notwithstanding some obvious differences in specific framing, four main categories of individuals emerged as those more likely to host a significant share of HNWIs.

The first, and least surprising one, is that of politically exposed persons (PEPs),[17] a category that often overlaps with that of HNWIs in different countries (Fairfield 2013; Kangave et al. 2016, 2018; Dom et al. 2022). As in other jurisdictions, the power of PEPs derives from their ability to influence allocation of funds and government contracts.[18] As a consequence of this, even politicians coming from a modest background do at times leave office with significant

---

[16]   It might be worth adding that there are also contexts, such as Rwanda, where the terminology itself has been considered problematic due to a general dislike of flaunting wealth across the country, and a cultural tendency to associate success with societal rather than individual effort - see Kangave et al. (2020).

[17]   With the term PEPs, we refer to individuals who, due to their prominent public office, present a potentially significant risk of involvement in bribery and corruption.

[18]   It is important here to note that they may possess this capacity even when not directly elected - when their connection with politicians is strong enough (interviews with official from the NRA (November 2021) and ACC (November 2021)).

wealth.[19] Regardless of their official roles,[20] PEPs concentrate a significant amount of their investment outside the country, both because their families often live abroad,[21] and because this makes it harder for the ACC to track their wealth.[22] This is a category that appears particularly hard to tax both at the central and local government levels. They often actively resist efforts to ensure their compliance, even when their obligations are clear,[23] at times even threatening elected public officials trying to enforce the law.[24]

The second category, real estate owners, also falls within the usual suspects. Indeed, real estate ownership has long been identified as one of the main investment outlets for HNWIs in different African countries (Goodfellow 2014, 2017; Kangave et al. 2016, 2018, 2020), making effective property taxation crucial for ensuring equity within the tax system (Moore and Prichard 2020; Dom et al. 2022). In Sierra Leone, the most valuable properties are those located in the Western Province in general, and Freetown specifically, where some are potentially worth millions of dollars.[25] Nevertheless, there are likely to be wealthy land-owning families in all provinces of Sierra Leone, as can be gauged by the concentration of property tax liabilities amongst a limited number of taxpayers in all major urban areas (Jibao and Prichard 2015). It is also important to mention that real estate investments are both a store of wealth and a source of income, given that many of the buildings constructed are subsequently put on the rental market.[26]

There are two main obstacles to fully exploiting property ownership as an indication of wealth. The first is establishing the correct value of the property, a common hurdle in many low- and lower-middle-income countries (Dom et al. 2022). The FCC has recently moved to a points-based evaluation system in which property values are assessed according to a series of easily observable characteristics (Prichard et al. 2020).[27] While the reform is still underway, and there has been both resistance from different groups of stakeholders and practical issues regarding value estimation that will need to be solved,[28] an up-to-date registry of property values should soon become available. This, combined with recent data on rental value collected by the NRA, could lead to the creation of gross rental yield estimates for different building categories in the capital. This could help the NRA to determine the correct liability for withholding taxes on rent. In fact, improving the performance of withholding tax on rent is seen as a necessary step in increasing compliance from HNWIs.[29] Amongst other things, this will require increased efforts to incentivise contractualisation of rental agreements, as only 30.2 per cent of tenants identified in the recent registration drive, whose data we analyse in the next section, possessed a formal rental agreement. The second obstacle is individuating the actual owners of properties. They have many ways of making themselves hard to identify, such as registering property in the name of their spouses or offspring, or administering it through lawyers and trusts.[30]

---

[19]   Interviews with official from the NRA (November 2021). It is worth noting that where this wealth is obtained illegally, for example through bribes, it will naturally fall outside the boundaries of any form of income taxation. Furthermore, even if a wealth tax is introduced, which is not currently under consideration, it would not be immediately obvious how to individuate the most appropriate tax treatment of potentially illicitly acquired wealth.

[20]   The undue influence of PEPs on government fund allocation was identified by our interviewees as a cross-party issue rather than specific to one party or government - interview with NRA official (November 2021).

[21]   Interview with official from the NRA (November 2021).

[22]   Interview with official from the ACC (November 2021).

[23]   Interviews with official from the NRA (November 2021) and the FCC (November 2021).

[24]   Interview with official from the FCC (November 2021).

[25]   Interview with private sector auditors (November 2021).

[26]   Interviews with with official from the NRA (November 2021).

[27]   See Zebong et al. (2017) for a description of points-based property evaluation.

[28]   Interview with official from the FCC (November 2021).

[29]   Collection from withholding taxes on rent has been low in Sierra Leone for a long time. Improving their performance through an increase in the amount of available information was one of the key factors behind a recent registration drive (Gallien et al. forthcoming).

[30]   Interviews with officials at the NRA (November 2021) and the MoF (November 2021).

As expected, the third category is that of high-earning professionals, such as lawyers, doctors, accountants, engineers and company directors.[31] Most of these professionals operate out of registered firms that often pay taxes on their business income, but tend not to declare and pay taxes on their individual income.[32] This includes government contracts implemented by private engineers,[33] payments in kind received by lawyers,[34] and income from private clinics for doctors.[35] As a consequence, a significant share of the (many) commercial buildings in Freetown owned by professionals has probably been acquired through income that was never subject to any taxation. Not all professionals are in theory equally hard to tax. For example, many lawyers should at least be present on the NRA registry, as payment of capital gains tax is required to register conveyances, which were individuated as a relevant source of their wealth.[36] However, data available to the NRA is not maintained in a way that makes it conducive to in-depth analysis.[37]

The final category identified by multiple interviewees are owners of lucrative businesses, such as import and export, construction, foreign exchange, transport and trade in general merchandise.[38] One of the reasons why owners are identified as potential HNWIs is the thin boundary existing between companies and sole proprietorships – even when businesses have been incorporated, they often do not possess boards of directors or separate books of account, and are run as sole proprietorships. In this way most of the business income flows directly to the owner, who generally does not pay any PIT – even when the company is compliant with its own CIT obligations.[39] The situation for foreign exchange businesses is different, as the vast majority of them are run informally from the streets of Freetown, and they are controlled by individuals who are trying to hide the source of their wealth.[40]

During the interviews, we also asked which type of assets were considered the best indicators of wealth. While most of our interviewees focused on real estate ownership, it is worth noting that a few other assets were mentioned various times as stores – or indications – of wealth. Amongst investment outlets, gold – which is locally and artisanally mined in the country – is thought to be more appealing to HNWIs than bank deposits, as it is both harder to track and not subject to inflationary pressure.[41] Regarding indications of wealth, ownership of several luxury vehicles, which has already been used as a potential identifying criteria for HNWIs in other contexts (Kangave et al. 2018), was also mentioned several times.[42]

5.2 What does the data tell us?

In this sub-section we present the results of analysis of the data described in Section 3, starting with that on landlords obtained through recent registration drives, and moving on to that of traders. We have already mentioned that there are significant limitations in the

---

[31] Interviews with NRA officials (November 2021), MoF (November 2021), FIU (November 2021), private sector auditors (November 2021) and private tax practitioners (November 2021).

[32] Interviews with NRA officials (November 2021) and MoF (November 2021). It is worth noting that the there are likely to be many reasons for this and they will vary across individuals - including both awareness on the professionals' side of the limited enforcement capacity of the NRA, and a genuine confusion on their tax obligations.

[33] Interviews with NRA officials (November 2021) and MoF (November 2021).

[34] Many of the arguments made in Sierra Leone with regard to lawyers closely resemble those made for Kenya by Ogembo (2020).

[35] Interview with official from the MoF (November 2021).

[36] Interviews with NRA officials (November 2021).

[37] And, even if it were, evidence from Uganda suggests that information would probably be present only for a subset of registered lawyers (Kangave et al. 2016).

[38] Interviews with NRA officials (November 2021), MoF (November 2021) and private sector practitioners (November 2021).

[39] Interview with private tax practitioner (November 2021).

[40] Interview with NRA officials (November 2021) and FIU (November 2021).

[41] Interviews with officials at the NRA (November 2021) and private sector auditors (November 2021).

[42] Interviews with NRA officials (November 2021).

availability and quality of data we could access, but further consideration needs to be given to rental income data. While all other information on economic activities giving rise to tax liabilities in this section was potentially subjected to verification from a tax officer, this is not the case for rent received by landlords. This was self-reported by the latter during a registration exercise, and generally not backed up by a written rental agreement. As a consequence, all reported figures are best seen as being at the lower end of the actual rental income received by landlords – at least some of whom are likely to have under-reported their real earnings.

After cleaning the data on rent received from the 862 (85.9 per cent) landlords who provided this information, it emerges that the average yearly rent in Freetown is Le188 million (US$18,000), with a median value of Le15 million (US$1,439) and a maximum value of Le14 billion (US$1.4 million). The average yearly rental value is significantly lower amongst unregistered landlords – Le130 million (US$12,471) against Le509 million (US$48,833) – suggesting that owners of less valuable properties are less likely to register with the NRA. Nevertheless, unregistered landlords are a relevant proportion of those in the top quartile (31.78 per cent), quintile (35.12 per cent) and decile (41.86 per cent) of self-reported rental income distribution (see Table 4). As there is no statistically significant difference in reported rental income between landlords with or without a TIN in any of these groups, there is clearly a significant amount of undeclared tax liability in these categories, which are more likely to include HNWIs.

Table 4 Rental income, summary statistics, selected quintiles

Top	Quartile	Quintile	Decile
Number of landlords	214	168	86
of whom with TIN	68	59	36
Average income (Le)	721,000,000	908,000,000	1,720,000,000
Average income (US$)	69,150	87,084	164,962
Median income (Le)	64,300,000	74,500,000	145,000,000
Median income (US$)	6,167	7,145	13,907

Note: Authors' elaboration on NRA data.

Given that rental income has already been used as a core parameter to identify HNWIs in at least one other African country (Kangave et al. 2018), it would be interesting to explore how many individuals would qualify as an HNWI using different thresholds, shown in Table 5. The first is US$17,000 per year – roughly 10 times the per capita income in Sierra Leone at purchasing power parity in 2020;[43] followed by US$30,000, US$50,000 and US$100,000. The last two rows show an estimation of property values from rental income using the gross rental yield method – calculating property value from the average return on a property investment obtained through its rent. As data about rental yields in Africa from academic sources or grey literature is virtually non-existant, we relied on information on rental yield for prime office location in West Africa from Statista, which gave us an average rental yield of 9.3 per cent.[44] As demonstrated, while a few landlords qualify as HNWIs under each hypothetical threshold, the numbers appear quite small, especially when compared to those obtained with a comparable threshold in Uganda (Kangave et al. 2018). However, it should once again be kept in mind that these figures are self-reported and have not been subject to

---

[43]   US$1,727 according to World Bank (2022).

[44]   These are Accra, Abidjan, Lagos, Abuja, Bamako and Dakar, with rental yields ranging from 8.3% to 10%. Data available from https://www.statista.com/statistics/695765/rental-yields-for-prime-office-real-estate-africa-by-city. As previously mentioned, it would in theory be possible to obtain some estimates of gross rental yield for Freetown by collating information on rent paid/received possessed by the NRA with information on property values possessed by the FCC, but this has never been attempted.

any verification, making underreporting a likely possibility – these should be considered minimum estimates.

Table 5 Number of landlords above given threshold

Rental income above	Landlords	*With TIN*
US$17,000	30	15
US$30,000	21	10
US$50,000	16	8
US$100,000	12	6
Property value above		
US$100,000	64	28
US$300,000	25	12

Note: Authors' elaboration from Block Management System (BMS) data.

The matching of landlords' information with that of other datasets could only be performed for the 160 landlords for whom a TIN was available, but given that they earned on average more than those unregistered, it should still be informative. To start with, it appears that most landlords either solely derive their income from rental activities, or have managed not to declare any other tax liability – only 10-17.5 per cent of them pay any trade tax, 11.3 per cent-12.5 per cent pay GST, and 0.1-0.5 per cent pay PIT or withholding tax.[45] Secondly, the median rental income for landlords who appear in the trade tax dataset ranges from US$2,494 to US$4,316, while their median import value ranges from US$47,715 to US$114,332. Furthermore, landlords who do not earn significant income from rent (i.e. less than US$17,000 per year) always have significantly higher average import values than those who do. From these two facts, we can speculate that renting of properties is probably not a privileged source of earnings for landlords involved in trading, but possibly mainly a side income from an investment made as storage of value, and especially so for those who appear to be big importers. On the other hand, it is also possible that landlords who already pay a significant amount of tax through their trading activities face a higher incentive to under-report their rental income in order to evade taxes whose enforcement is currently weaker. Regardless of which of these two considerations prevails, it once again becomes clear that to ensure an equitable enforcement of the tax system, all taxable activities should receive the same attention. Finally, we assessed the type of goods most frequently imported[46] by the 28 landlords with a TIN who own a property with an estimated value of at least US$100,000, reported in Table A1 in Appendix 2. The majority of imports from this category of landlords is represented by either merchandising, machinery, transport vehicles, pharmaceutical and medical goods or construction material, all goods connected with sectors individuated as a source of income for HNWIs during the interviews.

The analysis of data on traders covered instead the 3,720 unique TINs obtained from the different tax district offices of Freetown and the other urban centre. It is worth mentioning that, as the majority (62.26 per cent) of these traders were only assessed once by the tax district offices themselves, it is not surprising to find that only 12.7-13.8 per cent appear in the trade tax dataset and 7.6-9.6 per cent in the GST dataset.[47] Therefore, the analysis can at best be seen as indicative of potential trends to be explored further in future. The results

---

[45] The ranges presented are equal to the minimum and maximum number of landlords appearing in each dataset between 2017 and 2020. Due to the very low number of landlords for whom information about PIT or withholding tax is available, these tax handles have been ignored in the analysis.

[46] This is defined as HS 4 commodities having a share of more than 1% in the overall import value of this category of landlords.

[47] Only between 6 and 11 traders appear in the PIT dataset over the period, and 2 in that for withholding taxes. As with the case of analysis starting from rental income, there are not enough individuals to carry out meaningful analysis of these tax handles, which are therefore ignored.

are generally in line with what one would expect from this category of taxpayers. The assessed liabilities from the district offices fall squarely within the boundaries of the small and micro taxpayers' regime, and the median values of imported goods hover between 42.6 per cent and 58.6 per cent of the turnover threshold required to qualify as medium taxpayers (Le350 million or US$33,567.8). However, there are also some traders that have clearly been misclassified, given that the maximum value of imported goods over the period ranges from Le29 billion (US$3.6 million) to Le222 billion (US$29.7 million), well above the threshold to qualify as a trader.[48] A similar picture emerges from analysis of matches in the GST dataset – median values of GST liability are always in line with what is expected, but both minimum and maximum values are well outside the expected range, with the latter as high as US$4.99 million in 2019. Furthermore, there are a few traders owning properties with an estimated value of at least US$100,000, or multiple buildings. An analysis of their import behaviour reveals that some of them are importing transportation vehicles, pharmaceutical goods, construction materials and general merchandising, hence being involved in sectors identified by our interviewees as relevant sources of income for HNWIs. Taken together, this evidence seems to support the suspicions of various interviewees that some HNWIs might be found amongst economic actors who have managed to 'appear small'.

Notwithstanding the limitations in both data availability and quality, the analysis of accessible information still offered some useful reflections. First, as seen through analysis of import data, many of the economic sectors individuated by interviewees seem to be a relevant source of income for individuals who might qualify as HNWIs, some of whom have managed to appear as micro-taxpayers. Second, the idea of using the international threshold of a net worth of US$1 million to qualify as an HNWI seems unfounded in the Sierra Leonean context. Given a current per capita income of less than US$2,000, someone with a net worth of US$100,000 might be considered an HNWI. Finally, the analysis seems to suggest that even if this lower threshold were to be considered, there could be hundreds rather than thousands of them – only 60 landlords across the whole of Freetown, the economic heart of the country, would qualify. Hence, one might conclude that a focus on taxation of HNWIs might be misplaced due to a limited revenue potential, and that the NRA should concentrate on other categories of taxpayers. However, in addition to the previous considerations on non-revenue benefits of taxing HNWIs, current data limitations must be kept in mind before reaching this conclusion. With available information, it is simply impossible to reliably estimate the number of HNWIs, regardless of the threshold used. Hence, the focus should now lie on both improving data availability, particularly with regard to domestic taxes, and using the data currently at hand, especially from customs, to start constructing hypothetical HNWIs profiles.

6 To what extent does Sierra Leone's legal framework facilitate taxation of HNWIs?

Having identified the data issues, the other consideration is whether the existing legal framework is sufficiently robust to facilitate taxation of HNWIs. With the exception of wealth taxes, there are hardly any countries that designate HNWIs as a specific taxpayer category. As already noted, instead countries have general provisions targeting income that is commonly earned by these individuals. Similarly, Sierra Leone's Income Tax Act does not explicitly provide for taxation of HNWIs. It does, however, contain provisions on the taxation of capital gains (Section 51-61), professionals' income (Section 116A), dividends (Section

---

[48] As per the Income Tax Act, the threshold is currently Le350 million.

118), interest (Section 119) and rental income (Section 120), all of which have been identified as important sources of income for HNWIs in other countries (OECD 2009; Kangave et. al. 2018). In addition, persons whose income is above the taxable threshold are required to file income tax returns[49] This provision does not, in and of itself, necessarily result in increased voluntary compliance, but at least places the responsibility for complying with tax laws onto taxpayers.

There are other provisions in Sierra Leone's Income Tax Act that are not found in the laws of the few African countries where studies on taxation of HNWIs have been undertaken. For example, there is a requirement that those who pay out interest, dividends, royalties, management fees and rent, and those who register disposal of business or investment assets, should file information returns (Section 99). Information returns, as the name suggests, are returns filed by a third party to provide the NRA with information relating to transactions that the third party enters into with taxable persons. These returns may be used, for example, by a tenant to report details of their rental agreement with a landlord. Or they may be used by professionals, such as lawyers, to provide details of transactions that they conclude on behalf of their clients for the disposal or transfer of assets. Information returns can be useful for gathering information relating to rental income – an important source of income for wealthy individuals in Sierra Leone.[50] Individuals and businesses that are renting properties are required to fill out a Rent Information Form, stating the name and contact details of the landlord, terms of the tenancy agreement, yearly rent and personal details of the tenant.[51]

Following observations by NRA officials that most returns filed by tenants had missing information because the tenants did not have direct contact with their landlords, the latter were required to file self-declarations of rental income containing information on the yearly rental income that they receive, the name, TIN and contact details of the tenant, and period of the tenancy.[52] These declarations should be filed within 30 days of the landlord receiving the rent. The NRA has also pushed for various amendments to the Income Tax Act to strengthen the provisions relating to taxation of rental income.[53] In 2018, for example, the Finance Act introduced a requirement for landlords to file their tenancy agreements with NRA within 30 days of signing the agreements. However, the NRA soon discovered that many landlords were manufacturing receipts and under-declaring their income.[54] Consequently, in 2019 the law was amended to also require tenants to submit copies of tenancy agreements. In 2020 there was an amendment to the effect that landlords seeking to claim the 10 per cent deductible allowance for wear and tear of property needed to provide evidence of repairs and maintenance undertaken (Section 14 of 2020 Finance Act).[55] In addition, landlords should provide proof that the rental agreement has a provision for repairs.

Another unique provision in Sierra Leone's law is the introduction, in the 2020 Finance Act, of a requirement that income of resident and non-resident professionals should be subject to a withholding tax of 10 per cent per transaction.[56] While similar provisions may be found in the

---

[49]   There are two exceptions: (a) those who receive employment income from a single employer who has withheld tax at source, and (b) those receiving pensions from which taxes have been withheld.

[50]   Interviews with NRA officials (November 2021).

[51]   See Section 11 of the 2018 Finance Act, https://www.nra.gov.sl/sites/default/files/Individual_Personal_Residential_Premises_Rent_Information_Form.pdf and https://www.nra.gov.sl/sites/default/files/Business_Rent_Information_Form.pdf

[52]   Interview with NRA official (November 2021); Section 11 of the 2018 Finance Act and https://www.nra.gov.sl/sites/default/files/Self_Declaration_of_Rental_Income_Information_Form.pdf

[53]   Interview with NRA official (November 2021).

[54]   Interview with NRA official (November 2021).

[55]   Interview with NRA officials (November 2021).

[56]   Professionals are defined to include accountants, economists, lawyers, doctors, engineers, management and tax consultants and other consultants in the Act.

laws of other African countries, what makes Sierra Leone's provision unique is the requirement that before professionals can renew their practicing licences or seek other authorisations, they need to produce evidence of having paid withholding tax. Resident professionals are also required to file income tax returns.

All the individuals interviewed identified high-earning professionals to be among the wealthiest individuals in Sierra Leone, with the lowest compliance with their tax obligations. Specifically, many commercial buildings in Freetown – including buildings that house banks, offices and residential properties – are owned by lawyers and doctors who remit very little in taxes. Similarly, most big construction projects undertaken by government are contracted out to private engineers who are normally paid 10 per cent of the contract price, but who rarely pay taxes on their professional fees.[57] While doctors may pay taxes on their salaries in the public sector, some of them run lucrative private clinics for which they do not pay taxes.[58] The fact that there was hardly any administrative data to assess compliance levels of high-income professionals confirms observations made by interviewees.

The provisions in the law – on withholding taxes, submission of information returns, conditional renewal of professional licences and filing of individual tax returns – create a trail that could be used by the NRA to gather more information necessary for increasing compliance. For example, if government agencies withhold and remit the 10 per cent tax on large construction contracts, this would both lead to increased revenue and create a trail that the NRA could use to glean more information on private engineers. Similarly, if professional associations of doctors, lawyers, accountants and engineers insisted on seeing tax clearance certificates before renewing practicing licences – in a similar manner to how they require proof of continuous professional development – this would likely result in increased compliance.

Yet the law is not a silver bullet. One of the challenges posed by self-employed professionals in various African countries is their engagement in informal activities – hence their categorisation among the hard-to-tax (Keen 2012).[59] In Sierra Leone lawyers pose various risks, including receiving payments in cash and in kind (such as receiving land in exchange for their services), not issuing receipts to their clients, engaging in undeclared enterprises outside their professional work – with a few even being implicated in money laundering activities.[60] This is not unique to Sierra Leone. Similar observations have been made in Uganda and Kenya (Kangave et. al. 2016; Ogembo 2020).

Despite the challenges posed by these informal activities within the formal sector, there is a relatively strong legal framework to support taxation of HNWIs in Sierra Leone. What appears to be lacking is a combination of administrative capacity, necessary data and political backing required to implement the law. For example, while the law requires professionals to file income tax returns, in practice many of them simply stop at paying withholding taxes – particularly on transactions that are difficult to evade, such as their fees on the execution of land transfers.[61] Similarly, while the law requires directors to file income tax returns very few of them do so, as the NRA has so far focused mainly on compliance of (large) companies.[62] Even government agencies that are required to enforce legal provisions

---

[57]   Interviews with officials in NRA and MoF (November 2021).

[58]   Interview with MoF official (November 2021).

[59]   Even though most professionals are formally registered with their professional bodies – and even with revenue authorities – they often engage in cash transactions that they do not declare. While they may declare their professional income, many do not declare income derived from private businesses, such as letting out properties.

[60]   Interviews with officials in the MoF, NRA and FIU (November 2021).

[61]   Interview with private tax practitioner (November 2021).

[62]   Interview with auditor in the private sector (November 2021).

requiring directors to have TINs do not always insist on these conditions for registration.[63] Non-compliance among professionals may be partly due to low levels of tax literacy.[64] However, for the most part, high-earning professionals have the resources to engage tax advisors, meaning that it is most likely a case of evasion.

Even though Sierra Leone's legal framework is relatively strong, a number of senior officials that we interviewed at the NRA and MoF, as well as two private tax practitioners, felt that the law will remain impotent as long as it does not explicitly provide for taxation of HNWIs. One high-ranking NRA official said:

> The law is reasonably adequate but not sufficient. There are multiple sources of income that can be taxed using the current law. However, there is a lack of specific provisions that create these individuals into a taxable entity. There is need for specificity around the definition of high net worth individuals, their obligations and penalties for non-compliance. It might not need introduction of a new law. … Having a standout section in the law would make enforcement easier.

Another interviewee proposed that the law should have a provision defining HNWIs, similarly to how it defines large taxpayers, as well as a section detailing criteria for who qualifies as an HNWI.[65] There were also proposals that HNWIs should be required to file statements declaring their assets and sources of income.[66]

Although the creation of HNWIs as an explicit taxpayer category in the law seemed appealing to many interviewees, there are at least two general considerations that suggest this might be ineffective. First, there are a number of provisions in the existing law that already mandate for taxation of all HNWIs' likely sources of income. Similarly, an obligation for individuals to file tax returns also already exists. Hence, in this case, the issue is one of lack of enforcement of existing laws, rather than a lack of legal backing. Second, there are various examples of countries around the world that have been relatively successful in taxing HNWIs without any dedicated provisions being enshrined in law. We asked what difference would including HNWIs in the law make, when many of the existing provisions are not being enforced?

From the various responses to this question, it became apparent that inclusion of such a provision would mainly serve a symbolic purpose – it would signal to the NRA and the public that the government is committed to taxing these individuals, which in turn would give the NRA the political backing it needs to pursue them. As one NRA official stated: 'There should be a specific provision on the taxation of HNWIs. If this law is able to be passed through both cabinet and parliament, then it will show that it is being supported [by top government officials]'.

Similarly, interviewees felt that the law needs to be further strengthened to give the NRA more access to bank information. There are two provisions in the Income Tax Act that, at least in theory, give the NRA access to bank information. First, Section 134 is a general provision giving the NRA access to any premises (other than a dwelling house), books, records or computers for purposes of obtaining information that is useful in enforcing the law. Second, and more specifically, the Finance Act 2022 provides that the Commissioner

---

[63]   Interview with official in the CAC (November 2021).

[64]   In Uganda, for example, the law exempts judicial official officers from paying taxes on their salaries, allowances and benefits (Article 128 (7) of the Constitution). Some judicial officers interpret this to mean that all their income is exempt from tax (Kangave et. al. 2016). Similarly, in Kenya, Ogembo (2020) finds that tax literacy among professionals – particularly in the early stages of their careers or those running small firms – is not as high as is normally assumed.

[65]   Interview with private tax practitioner (November 2021).

[66]   Interviews with MoF and NRA officials and an auditor in the private sector (November 2021).

General of the NRA may write to a bank or other financial institution requesting information on the value of deposits held by a defaulting taxpayer. This includes requesting information relating to their bank statements, investments and other holdings. Failure to provide this information is an offence punishable by a fine of up to Le 1 billion (US$95,908.99), imprisonment for a period not exceeding five years, or both.

Most NRA officials said that while, theoretically, the NRA has the power to request information from banks, in practice access is extremely difficult. Other than the power to garnishee bank accounts when a person defaults on paying taxes, the NRA is barely able to access other bank information. Indeed, despite this explicit provision in the law there are individuals whose bank accounts cannot be garnisheed because of their political power.[67] Once again, the implication here is that amendments to the law would not necessarily change the outcome – at least as far as politicians and politically connected persons are concerned. The amendments may, however, help with access to bank information relating to other individuals.

Sierra Leone's situation is not unique. While access to bank information can provide revenue authorities with valuable data, it continues to be restricted in many low- and middle-income countries (Dom et. al. 2022). In Chile and Argentina bank secrecy laws restricted access to information throughout the 1970s and 1980s, with banks arguing that it would discourage foreign investment and result in customers withdrawing their money (Fairfield 2010). It was not until the early 2000s, when the economic crisis resulted in a decline in bank deposits, that the revenue authority in Argentina was able to get the political support it needed to amend the law so that it could routinely access information on deposits and transfers. However, resistance continued to be strong in Chile, where the revenue authority could only access information when there was a court order, or where fraud was detected.

More recently in Uganda, following the establishment of the HNWI unit, the URA tried to access bank information. However, the president, through cabinet, blocked this access (Mumbere 2018), with the Minister of Information and Technology reporting that: 'The Minister of Finance has been directed to advise the URA to drop its intentions of demanding for omnibus disclosure of people's accounts from banks as this will cause unnecessary turbulence in the banking sector and thus affect the economy'.

There are some exceptions. In Nigeria, the law requires banks to submit monthly returns indicating the names and addresses of their new customers (Personal Income Tax Act, Section 49). Where a tax authority requires additional information relating to a taxpayer, they may submit a notice signed by its chairman to the relevant bank(s). South Africa has even more extensive powers, with banks being required to submit bi-annual returns of investments and interest of their clients to the South African Revenue Service (South African Revenue Service, Public Notice No. 173). Returns relating to individuals should state the name, address and date of birth of the individual, the number of a valid identification document, tax reference number, account number, monthly totals of credits and debits, interest received or accrued, and closing balance on the account at the end of the return period.

---

[67]   Interviews with NRA officials (November 2021).

7 How might the NRA approach taxation of HNWIs in Sierra Leone?

Given the discussion presented in the paper, we would like to conclude by circling back to the questions that we posed in the introduction. Specifically, we asked whether any amendment to tax laws was needed, if the data necessary to produce a context-specific definition of HNWIs and measure their current compliance was available, how the political sensitivity of taxing this category of taxpayers might be tackled, and if anything could be done to increase voluntary compliance amongst them.

As far as the first question is concerned, we do not think that any change in the law is actually necessary. As demonstrated in the previous section, the legal framework is already strong enough to facilitate the taxation of HNWIs. Yet these individuals remain largely untaxed, with the bulk of PIT being generated from PAYE. We believe that there are at least two reasons for this, neither of which has to do with tax laws. The first is that these individuals are politically influential, and their influence cannot be diluted or cured by amending the law to explicitly designate them as a taxpayer category. If this were the case, the various amendments relating specifically to taxation of rental income and taxing professionals, for example, would have already increased the revenue collected from these activities and individuals. The second reason is that the NRA currently lack most of the data required to start profiling HNWIs, which makes targeting them rather complex. While we discuss both of these issues in more detail below, it appears clear that neither of these issues could be solved by new legislation.

7.1 The data

In order to effectively tax HNWIs, the NRA needs to ensure that it has sufficient data to identify them, evaluate their compliance levels, and assess the risk that they pose (Buchanan and McLaughlin 2017). To a great extent, much of this data is not currently available across the various NRA departments and ICT systems. The one exception is data on importers available through ASYCUDA, which could be used first to identify individuals who move substantial amounts of goods into the country, and then to check if they declare any tax liability outside of customs. On the other hand, information on income tax liabilities is currently extremely scarce. While some of it might lie in spreadsheets kept by different departments of district offices, such as the one for traders used in the study, as the data analysis section shows this is unlikely to prove useful for in-depth analysis, as matching across sources is complex when each office captures information differently. Hence, ending the long-standing practice of recording information on spreadsheets and mandating each office to capture all data in the newly introduced integrated tax administration system (ITAS) could go a long way towards ensuring that more and better quality data will soon becomes available (Occhiali et al. 2022). As can be imagined from the previous discussion, this will be especially important for PIT, all withholding taxes – and especially those on rent and professional income, and capital gains taxes, as virtually no information on any of these is available for the purpose of in-depth analysis. Only when these are readily available and accessible will the NRA really be in a position to proceed with identifying HNWIs.

A further issue that the NRA needs to look into is whether it is optimising the data available to it – something that could still be attributed to the manner in which data is captured. For example, before the OARG registers land, it ensures that taxes have been paid on the

conveyance.[68] The conveyance instrument that is registered with the OARG has information relating to the name of the purchaser, seller and roots of the title (i.e. how the seller acquired the land). This conveyance instrument is lodged with the NRA and forms the basis for tax assessment. Given that the transfer cannot be registered with the OARG without proof of payment of taxes, one would imagine that the NRA would have significant data relating to land ownership in the country. Yet this information has not historically been used by the NRA to build a comprehensive register of land ownership. This information, combined with the data brought from the FCC and data collected through the BMS exercise, would be useful in building a comprehensive database of property ownership.

Some further considerations can be made on access to third party data from other government agencies. Currently, the NRA has memorandums of understanding (MOUs) with most government bodies whose officials we interviewed for this study,[69] which in theory should facilitate data exchange between them. However, much of the useful data possessed by some of these agencies is not digitised, making it difficult to aggregate, share and match with what is available to the NRA. Fortunately, different World Bank projects that are being undertaken through the MoF are working on digitalising OARG and CAC business processes, which should make this less of an issue in the foreseeable future.[70] It will, however, be important to ensure that information in these systems is captured in a manner that is relevant for tax administration, which is not guaranteed by the existence of MOUs. Given that different agencies have different mandates, appropriate care must be directed to ensuring that data collection requirements across other ministries, departments and agencies (MDAs) are established with a holistic view of their use by other government institutions. Further, these requirements must in turn somehow be reflected in each MDA's mandate, or risk remaining a dead letter.[71]

7.2 The politics

Whether it is in high-income countries or low-income countries, taxing HNWIs is political. Be it in the form of lobbying, resistance or even outright evasion, wealthy individuals normally possess economic and/or political power that enables them to influence the manner in which tax laws apply to them. There are a few examples of this in Sierra Leone. An attempt to collect a 10 per cent withholding tax on professionals in 2009 failed because it was resisted, particularly by lawyers (Kohonen et. al. n.d.). Meanwhile, in Kamara District, a paramount chief refused to pay property taxes and declined to support the district authorities in collecting these taxes within his chiefdom (Jibao et. al. 2017). Similarly, when property tax reforms were introduced in various city councils in 2006, Freetown City Council did not collect as much tax as it could have because of resistance from powerful political elites (Jibao and Prichard 2015).

It would thus be fair to assume that there will be some resistance to the taxation of HNWIs in Sierra Leone. How should the NRA go about handling the politics of taxing these individuals, and what does it need to do to ensure that the provisions that already exist in the law are implemented fairly and consistently? These are both relevant questions that do not have straightforward answers.

---

[68]   Interview with OARG official (November 2021).

[69]   These include the FIU, OARG, FCC and CAC.

[70]   Interviews with OARG and CAC officials (November 2021).

[71]   For example, one of the reasons why the CAC does not insist in collecting TIN information on company directors is their government mandated objective of providing company registration within 24 hours, which will simply become impossible were it to wait for the NRA to issue a TIN (interview with CAC officials, November 2021). Hence, something in either the mandate or data requirement has to change for this directive to be implemented.

To some extent, Sierra Leone's situation is unique. As a post-conflict state with a small economy and population, it is difficult to find comparable tax systems with functioning approaches to HNWI taxation from which to draw lessons. Yet there are some similarities, particularly with other African countries, from which some inspiration may be drawn. Uganda is one example. Like Sierra Leone it has a fairly strong legal framework to enable taxation of HNWIs, but relies heavily on PAYE for the bulk of its PIT (Kangave et. al. 2016). Also, similar to Sierra Leone, HNWIs in Uganda are politically influential, with at least one third of individuals initially identified as HNWIs being high-ranking government officials and non-government officials who occupy positions of influence in society (Kangave et. al. 2018).[72] Taxing these individuals thus called for putting politics at the centre of the URA's strategy.

Three main approaches were employed (Kangave et. al. 2018). The first was to move the newly established HNWI unit from the Large Taxpayer Office to the Public Sector Office, which already had experience in dealing with politicians. The second was to ensure that officials in the HNWI unit were good communicators. Specifically, it was important that officials would be able to communicate tax matters in simple language, and that they were both assertive and respectful. The goal, as the head of the HNWI unit at the time put it, was for that office to act as a sort of public relations (PR) office, which would inform taxpayers of their rights and obligations and assist them in meeting their tax obligations, before it moved onto enforcement (Kangave et. al. 2018). Third, URA's senior management at the time – particularly the Commissioner General and Commissioner for Domestic Taxes – showed their commitment to taxing these individuals by personally attending some initial meetings that tax officials set up with identified individuals.

Strong leadership is important. An important step in the URA's process was to get senior management buy-in for the project, with various Commissioners and Assistant Commissioners participating in developing criteria for identifying HNWIs (Kangave et. al. 2018). Some examples of the importance of public leadership in tackling elite privilege is also available from Sierra Leone, such as the positive achievement with regard to the property tax reform of 2006 in Bo city council (Jibao and Prichard 2015, 2016). In addition to strong leadership within the NRA, it will be important for political leadership in the country to publicly express its support by, for example, having the president include taxation of HNWIs in his keynote speech, and anchoring it in the National Development Plan.[73] However, leadership alone is not enough, as it is important for any reform to be institutionalised so that its success or sustainability is not excessively reliant on leadership of a few individuals. In Indonesia, for example, the HNWI unit established in 2009 was closed in 2012, partly because of a change in leadership and a lack of operational guidelines (Widhartanto and Braithwaite 2016).

Even though revenue collected by URA's HNWI unit plateaued after the first couple of years, there is still something to learn from this PR approach. Most interviewees proposed that even before any HNWI strategy is implemented, the NRA should hold consultative meetings with various stakeholders, including caucus groups, professional bodies, trade associations and civil society organisations. In the past, engagements with key stakeholders on new tax policies have been effective in influencing positive attitudes towards these reforms. For example, before GST was introduced in 2009, the NRA held wide consultations with a number of stakeholders in government, workshops with business groups and one-on-one consultations with all taxpayers registered for the tax.[74] These interactions prepared the groundwork for introducing the tax, and proved to be quite useful for its subsequent implementation.

Specifically on this, one group of stakeholders that the NRA hardly engages with, which will be particularly important as far as HNWIs are concerned, are caucus groups.[75] These groups – which are normally formed by prominent individuals from certain ethnic backgrounds – are close-knit communities, which are often stronger than formal organisations such as the Chamber of Commerce.[76] Caucus groups house various wealthy individuals, some of whom are often not aware of all their taxpaying obligations, as education and wealth are not always correlated.[77] Hence, the NRA should approach them, with the intention of educating them on their rights and obligations, while also informing them of plans to intensify its efforts to tax HNWIs.

With regard to incentivising voluntary compliance, there were some suggestions that revenue raised from taxing HNWIs should be earmarked to provide specific services, instead of consolidating it with other revenue.[78] Some interviewees felt that wealthy Sierra Leoneans would like to be associated with development projects, and to know that they are positively contributing to their economy.[79] Others thought that the earmarked revenue should be spent on services which are more likely to be of interest to HNWIs, such as improving the country's internet connectivity.[80] Even though there are some examples of instances when governments have earmarked revenue collected from wealthy individuals for the provision of specific services,[81] the government of Sierra Leone needs to be cautious about adopting this. The purpose of income taxes is to redistribute resources, so the government should not give the impression that the wealthy are paying taxes specifically for services that benefit them (Dom et. al. 2022). Earmarking revenue collected from HNWIs for services that primarily benefit the wealthy will result in inequity, and likely reduce trust in government.

7.3 Final remark

The intention to develop an HNWI strategy in Sierra Leone is commendable, and could definitely contribute to increasing the equity of the tax system and to mobilise additional revenue. The analysis presented in this paper, based on both interviews and investigation of the currently available data, represents a useful starting point to map where the focus should lie in the coming years. While some interviewees focused on necessary changes in legislation, ultimately the reality is that amending the law is less politically contentious than actually attempting to tax these individuals. In other words, any change in the law is only likely to have a meaningful and long-lasting impact if the underlying issue of political support is addressed. The 2006 property tax reforms undertaken in four city councils in Sierra Leone serve as a good example of the layered nature of the politics surrounding tax reforms (Jibao and Prichard 2015, 2016). In that case, reforms, such as modifying the assessment process, introducing basic computerisation and providing initial taxpayer education, were all relatively easy because they did not pose a major threat to vested interests. However, it proved to be more politically contentious when the councils tried to introduce transparent IT software, and even harder to use more aggressive enforcement against those individuals who failed to comply with their tax obligations voluntarily. We are thus convinced that it is essential to deal firmly with the politics associated with both taxing these individuals and collecting the data necessary to identify them. If this is not done it will be difficult – if not impossible – to generate any meaningful change through this reform.

---

[75]   Interview with private tax practitioner (November 2021).
[76]   Interview with private tax practitioner (November 2021).
[77]   Interview with private tax practitioner (November 2021).
[78]   Interviews with officials in the MoF and NRA (November 2021).
[79]   Interviews with officials in the MoF and NRA (November 2021).
[80]   Interviews with official in the MoF (November 2021).
[81]   In Colombia, for example, between 2002 and 2010 the government introduced a surtax on income of wealthy individuals and companies with large liquid assets, and earmarked the revenue for providing defence and security (Flores-Macias 2012).

Appendices

Appendix 1

List of data sources used for the quantitative analysis.

The study team relied on six different data sources for the quantitative analysis presented in Section 4, namely:

1. Data to identify active individual taxpayers from assessments made by the three district offices of Freetown – Central (2018), West (2018, 2019 and 2020) and East (2019 and 2020) – as well as from the other four biggest urban areas - Bo (2018, 2019 and 2020), Makeni (2019 and 2020), Kenema (partially for 2019 and 2020) and Kono (2020 and 2021). Only taxpayers individuated as traders – those to whom the micro and small taxpayers' regime applies – were kept for analysis, as it was not possible to determine if those classified as businesses were incorporated or trading as sole proprietor or partnerships;
2. Data on the sector of activity of aforementioned taxpayers was obtained from the registry of the Office of the Administrator and Registrar General, and from the pilot of Electronic Cash Registers adoption, both from March 2021.
3. Data on existing Freetown landlords and on the value of rent they received was obtained from the results of the Block Management System (BMS) registration stage, which took place over the summer of 2021;
4. Data on value and type of import and export came from ASYCUDA for the period 2017 to 2020;[82]
5. Data on income tax liabilities was extracted from the Domestic Tax Information System (DTIS) for the period 2017 to 2020, as well as from the assessment made by the previously mentioned district offices;
6. Data on Goods and Service Tax (GST) liabilities came from the Value-Added Information Processing System (VIPS), covering the period 2017 to 2020.

Appendix 2

Table A1 Main imports from landlords owning property with estimated value of US$100,000

HS 4 code	HS 2 code	HS 2 description
1901	19	Preparations of cereals, flour, starch or milk; pastrycooks' products
2009	20	Preparations of vegetables, fruit, nuts or other parts of plants
2520	25	Salt; sulphur; earths, stone; plastering materials, lime and cement
2522		
2710	27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes
2836	28	Inorganic chemicals; organic and inorganic compounds of precious metals; of rare earth metals, of radio-active elements and of isotopes
3004	30	Pharmaceutical products

---

[82] Due to a problem with data corruption, the analysis for import and export behaviour for 2020 is limited to the first 5 months of the year. However, as analysis was mostly geared to individuate the type of goods imported by specific stakeholders, this should not be a significant issue.

3214	32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints, varnishes; putty, other mastics; inks
3925	39	Plastics and articles thereof
4011 / 4015	40	Rubber and articles thereof
4411	44	Wood and articles of wood; wood charcoal
6309	63	Textiles, made up articles; sets; worn clothing and worn textile articles; rags
6808	68	Stone, plaster, cement, asbestos, mica or similar materials; articles thereof
6905 / 6908	69	Ceramic products
7208 / 7210 / 7215	72	Iron and steel
7314 / 7323	73	Iron or steel articles
7604	76	Aluminium and articles thereof
8413 / 8418 / 8421 / 8459 / 8462 / 8479	84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof
8507 / 8541	85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers; television image and sound recorders and reproducers, parts and accessories of such articles
8702 / 8703 / 8704 / 8708	87	Vehicles, other than railway or tramway rolling stock, and parts and accessories thereof
9018	90	Optical, photographic, cinematographic, measuring, checking, medical or surgical instruments and apparatus; parts and accessories
9403	94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, n.e.c.; illuminated signs, illuminated nameplates and the like; prefabricated buildings

Notes: Authors' elaboration from BMS and ASYCUDA data.

References

Advani, A., Chamberlain, E. and Summers, A. (2020) *A wealth tax for the UK*, Wealth Tax Commission Final Report

African Tax Administration Forum (2018) *African Tax Outlook: Third Edition* ATAF Secretariat, South Africa

Akibo-Betts, A. (2020) 'Goods and Services Tax in Sierra Leone, a Decade On: Going Down Memory Lane', https://www.linkedin.com/pulse/goods-services-tax-sierra-leone-decade-going-down-akibo-betts-fcca/

Alstadsæter, A., Johannesen, N. and Zucman, G. (2017) *Tax Evasion and Inequality*, NBER Working Paper No. 23772, Cambridge, MA: National Bureau of Economic Research

Auerbach, A. and Slemrod, J. (1997) 'The Economic Effects of the Tax Reform Act of 1986', *Journal of Economic Literature*, 35(2): 589-632

Buchanan, J. and McLaughlin, L. (2017) 'Revenue Administration: Implementing a High-Wealth Individual Compliance Program', *IMF Technical Notes and Manuals* 17/07

Cohen, R., Lai, A. and Steindel, C. (2015) 'A Replication of 'Millionaire Migration and State Taxation of Top Income: Evidence from a Natural Experiment' (National Tax Journal 2011), *Public Finance Review* 43(2): 206-225

Cooper, M., McClelland, J., Pearce, J., Prisinzano, R., Sullivan, J., Yagan, D., Zidar, O and Zwick, E. (2015) *Business In The United States: Who Owns It And How Much Tax Do They Pay*, NBER Working Paper No. 21651, Cambridge, MA: National Bureau of Economic Research

Deloitte (2017) 'Taxation of high net-worth individuals: Is this a chase after shadows?', online: *The Guardian*, Nigeria, https://guardian.ng/features/tax-discourse/taxation-of-high-net-worth-individuals-is-this-a-chase-after-shadows/

Dom, R., Custers, A., Davenport, S. and Prichard, W. (2022) *Innovations in Tax Compliance: Building Trust, Navigating Politics, and Tailoring Reform*, Washington DC: World Bank

Fairfield, T. (2013) 'Going Where the Money Is: Strategies for Taxing Economic Elites in Unequal Democracies', *World Development* 47: 42-57

—— (2010) 'Business Power and Tax Reform: Taxing Income and Profits in Chile and Argentina', *Latin American Politics and Society* 52(2): 37-71

Flores-Macías, G. (2012) *Financing Security through Elite Taxation: The Case of Colombia's "Democratic Security Taxes"*, ICTD Working Paper 3, Brighton: Institute of Development Studies

Gallien, M., Occhiali, G. and van den Boogaard, V. (forthcoming) *Catch Them If You Can: The Politics and Practice of a Taxpayer Registration Exercise*, ICTD Working Paper, Brighton: Institute of Development Studies

──── van den Boogaard, V. and Moore, M. (2021) *Taxing the Informal Economy is not a Silver Bullet for Financing Development – or the Covid-19 Recovery*, ICTD Summary Brief 24, Brighton: Institute of Development Studies

Giertz S. and Mortenson, J. (2014) 'Policy Uncertainty and Rent Seeking by Firms and CEOs: Implications for Efficiency and Optimal Tax Rates', *Proceedings. Annual Conference on Taxation and Minutes of the Annual Meeting of the National Tax Association* 107:1-15

Goodfellow, T. (2017) 'Taxing property in a neo-developmental state: the politics of urban land value capture in Rwanda and Ethiopia', *African Affairs* 116(465): 549-572

──── (2015) *Taxing the Urban Boom: Property Taxation and Land Leasing in Kigali and Addis Ababa*, ICTD Working Paper 38, Brighton: Institute for Development Studies

──── (2014) 'Rwanda's political settlement and the urban transition: expropriation, construction and taxation in Kigali', *Journal of East African Studies* 8(2): 311-329

Goolsbee, A. (2000) 'What Happens When You Tax the Rich? Evidence from Executive Compensation', *Journal of Political Economy* 108(2): 352-378

Government of Sierra Leone (2020) *Government Budget and Statement of Economic and Financial Policies for the Financial Year 2021 – Economic Recovery for Job Creation and Human Capital Development*, *Government of Sierra Leone*, available at https://mof.gov.sl/wp-content/uploads/2020/11/Budget-Speech-and-Profile_2021.pdf

Herbert Smith Freehills LLP (2019) 'Sierra Leone: An Investor's Guide. A Private Sector Perspective on the Investment Landscape', *Sierra Leone Investment and Promotion Agency*, available at https://www.sliepa.gov.sl/invest-in-sierra-leone/investors-guide/p/item/14594/sierra-leone-investors-guide

ICTD/UNU-WIDER (2022) *Government Revenue Dataset*, https://www.wider.unu.edu/project/grd-%E2%80%93-government-revenue-dataset

ILO (2015) *Sierra Leone 2014 Labor Force Survey Report*, International Labour Organisation, available at https://www.statistics.sl/images/StatisticsSL/Documents/sierra_leone_labour_force_survey_report_2014.pdf

IMF (2020) *Staff Report for The 2019 Article Iv Consultation, Second Review Under The Extended Credit Facility Arrangement, Request For A Waiver Of Nonobservance Of Performance Criterion, And Financing Assurances Review*, IMF Country Report No. 20/116

Jibao, S. and Prichard, W. (2016) 'Rebuilding Local Government Finances After Conflict: Lessons from a Property Tax Reform Programme in Post-Conflict Sierra Leone', *The Journal of Development Studies* 52(12): 1759-1775

──── ──── (2015) 'The Political Economy Of Property Tax In Africa: Explaining Reform Outcomes In Sierra Leone', *African Affairs* 114(456): 404-431

──── ──── and van den Boogaard, V. (2017) *Informal Taxation in Post-Conflict Sierra Leone: Taxpayers' Experiences and Perceptions*, ICTD Working Paper 66, Brighton: Institute of Development Studies

Kangave, J., Byrne, K. and Karangwa, J. (2020) *Tax Compliance of Wealthy Individuals in Rwanda*, ICTD Working Paper 109, Brighton: Institute of Development Studies

—— Nakato, S., Waiswa, R., Nalukwago M. and Zzimbe, P. (2018) *What Can We Learn from the Uganda Revenue Authority's Approach to Taxing High Net Worth Individuals?*, ICTD Working Paper 72, Brighton: Institute of Development Studies

—— —— —— and Zzimbe, P. (2016) *Boosting Revenue Collection through Taxing High Net Worth Individuals: The Case of Uganda*, ICTD Working Paper 45, Brighton: Institute of Development Studies

Keen, M. (2012) *Taxation and Development – Again*, IMF Working Paper WP/12/220

Kohonen, M., Bah, A., Mosioma, A. and McNair, D. (n.d) *Building a Fair, Transparent and Inclusive Tax System in Sierra Leone: Sierra Leone Report*, Tax Justice Country Report Series, Tax Justice Network, https://www.taxjustice.net/cms/upload/pdf/The_Sierra_Leone_report_final_version-1.pdf

Lagos State, Internal Revenue Service (n.d.) *Frequently Asked Questions: Am I a High Net worth Individual?*, https://lirs.gov.ng/faq#high-net-worth-individuals

Moore, M. (2022) 'Tax obsessions: Taxpayer registration and the informal sector in sub-Saharan Africa', *Development Policy Review*, https://doi.org/10.1111/dpr.12649

—— and Prichard, W. (2020) 'How Can Governments of Low-Income Countries Collect More Tax Revenue?', in K. Hujo, (eds) *The Politics of Domestic Resource Mobilization for Social Development*, Palgrave Macmillan, https://doi.org/10.1007/978-3-030-37595-9_4

Mumbere, D. (2018) 'Museveni blocks tax body from accessing Ugandans' bank details', 10 April 2018, online: *Africa News*, https://www.africanews.com/2018/04/10/museveni-blocks-tax-body-from-accessing-ugandans-bank-details//

Nigeria Governors Forum (2017) *2017 National Peer Learning Event,* Abuja, Event Report [Unpublished]

Occhiali, G., Akol, D. and Kargbo, P. (2022) *ICT and Tax Administration in Sub-Saharan Africa: Adopting ITAS in Uganda and Sierra Leone*, ICTD Working Paper 148, Brighton: Institute of Development Studies

OECD (2009) *Engaging with High Net Worth Individuals on Tax Compliance*, Organisation for Economic Cooperation and Development

Ogembo, D. (2020) *Taxation of Self-Employed Professionals in Africa: Three lessons from a Kenyan Case Study*, ICTD African Tax Administration Paper 17, Brighton: Institute of Development Studies

Prichard, W. (2018) 'Improving Tax and Development Outcomes: What Next for Civil Society Engagement?', *Transparency and Accountability Initiative*, http://www.transparency-initiative.org/wp-content/uploads/2018/10/tais-improving-tax-and-development-outcomes-brief.pdf

—— Kamara, A. and Meriggi, N. (2020) 'Freetown just implemented a new tax system that could quintuple revenue', *African Arguments*, https://africanarguments.org/2020/05/freetown-just-implemented-a-new-tax-system-that-could-quintuple-revenue/

Santoro, F. and Waiswa, R. (2022) *Small Nets for Big Fish? Tax Enforcement on the Richest – Evidence from Uganda*, ICTD Working Paper 143, Brighton: Institute of Development Studies

South Africa Revenue Authority (2021) 'New Director of Unit for High Wealth Individuals', 18 October 2021, https://www.sars.gov.za/media-release/new-director-of-unit-for-high-wealth-individuals/

—— (2012) *Briefing Note: Update on SARS Compliance Programme*, https://www.sars.gov.za/wp-content/uploads/Docs/MediaReleases/2013/UpdateonSARSComplianceProgramme201213.pdf

Stat SL (2022) *2021 Mid-Term Population and Housing Census Provisional Results*, Statistics Sierra Leone, available at https://www.statistics.sl/images/StatisticsSL/Documents/Census/MTPHC_Provisional_Results/2021_MTPHC_Provisional_Results.pdf

—— (2020) *Report on the 2019 and 2020 Real Gross Domestic Product (RGDP) Figures at 2006 Prices*, Statistics Sierra Leone, available at https://www.statistics.sl/images/StatisticsSL/Documents/gdp/gdp_2019/GDPreport_2019_to_2020.pdf

Tanzi A. (2018) 'Top 3% of U.S. Taxpayers Paid Majority of Income Tax in 2016', 16 October 2018, *Bloomberg UK*, https://www.bloomberg.com/news/articles/2018-10-14/top-3-of-u-s-taxpayers-paid-majority-of-income-taxes-in-2016?leadSource=uverify%20wall

Tanzi, V. (2012) 'Equity, Transparency, Cooperation and the Taxation of High Net Worth Individuals', *Asia-Pacific Tax Bulletin* 18(4): 299-307

Trench Rossi Watanabe (2021) Latin America: Updates on Wealth Tax in Latin America, March 2021, https://insightplus.bakermckenzie.com/bm/attachment_dw.action?attkey=FRbANEucS95NMLRN47z%2BeeOgEFCt8EGQJsWJiCH2WAXW59W9rh3JQWW%2FMDF90XD2&nav=FRbANEucS95NMLRN47z%2BeeOgEFCt8EGQbuwypnpZjc4%3D&attdocparam=pB7HEsg%2FZ312Bk8OIuOIH1c%2BY4beLEAeosV6FLELE40%3D&fromContentView=1

van den Boogaard, V. (2018) *Gender and the Formal and Informal Systems of Local Public Finance in Sierra Leone*, ICTD Working Paper 87, Brighton: Institute for Development Studies

Widhartanto, S. and Braithwaite, V. (2016) *Hunting Animals in a Zoo? Regulating Indonesia's High Wealth individual Taxpayers*, RegNet Research Paper No. 2016/101, available at SSRN: https://ssrn.com/abstract=2736617

World Bank (2022) *World Development Indicators*, World Bank, available at https://databank.worldbank.org/source/world-development-indicators/preview/on

Young, C. and Varner, C. (2014) 'Do millionaires migrate when tax rates are raised?', *Pathways Summer 2014*, https://inequality.stanford.edu/sites/default/files/media/_media/pdf/pathways/summer_2014/Pathways_Summer_2014_YoungVarner.pdf

Zebong, N., Prichard, W. and Fish, P. (2017) *Valuation for Property Tax Purposes*, ICTD Summary Brief No. 10, Brighton: Institute of Development Studies