

Finance Act 2025

Highlights



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INTRODUCTION

The **Finance Act 2025**, enacted by Parliament on 14 November 2024, is now awaiting Presidential Assent from His Excellency Dr. Julius Maada Bio to become law. To help stakeholders prepare, **Gordon & Associates** has developed a comprehensive summary of the **Act's** provisions, which are set to take effect on **1 January 2025**.

The **Act** introduces **amendments** and new **measures** aimed at **improving tax compliance** and **refining penalty structures** to support the **government's revenue-generation objectives**. Understanding these updates is crucial for businesses and individuals to ensure compliance with the revised legal framework.

This document highlights the **key changes**, providing actionable insights to help stakeholders navigate and adapt to the updated legislation effectively.



Income Tax Updates

- **Taxpayer Classifications Revised:**

New thresholds for **large, medium, small** and **micro taxpayers** based on **annual turnover**:

- ✓ **Large:** Above **NLe6,000,000**.
- ✓ **Medium:** Above **NLe500,000** and below **NLe6,000,000**.
- ✓ **Small:** Above **NLe10,000** and below **NLe500,000**.
- ✓ **Micro:** Below **NLe10,000**.

- **Tax Relief for New Companies:**

Minimum Alternate Tax (MAT): MAT **exemptions extended** to companies under existing investment and bilateral tax agreements until expiration or review.



Penalties for non-compliance

Employers must file a detailed payroll tax return for non-citizen employees alongside tax payments.

Late Filing (within 30 days after the due date):

Large taxpayers: **NLe25,000**

Medium taxpayers: **NLe12,500**

• Small taxpayers: **NLe1,250**

Non-Filing (after 30 days of the due date)

• Large taxpayers: **NLe50,000**

• Medium taxpayers: **NLe25,000**

• Small taxpayers: **NLe2,500**



Payroll Tax Compliance for Non-Citizen Employees



Incorrect Filing Penalty

Employers who incorrectly state employee numbers or citizenships without good cause will face a **penalty of 25%** of the tax due per employee.



Excise Duty Revisions



01

Excise Duty Payment Timelines: Duty must be paid **within 21 days** of goods being delivered for home use or withdrawn by the manufacturer.

02

Excise Duty Filing: Manufacturers and importers of excisable goods must file corresponding returns when paying duties.

03

Penalties :Late Filer

Large Taxpayer: NLe5,000

Medium Taxpayer: NLe2,500

Small Taxpayer: NLe500

Non-Filer

Large Taxpayer: NLe10,000

Medium Taxpayer: NLe5,000

Small taxpayer: NLe1,000

Updated Duty Rates



Tobacco Products

Unmanufactured Tobacco: **NLe65 per kg**

- Cigars, Cheroots, Cigarillos (containing tobacco or substitutes): **NLe25 per packet**
- Cigarettes (20 sticks per packet): **NLe2.0 per packet**



Other Manufactured Tobacco and Substitutes

Homogenous, Reconstituted Tobacco, Extracts, and Essences: **NLe65 per kg**

- Shisha & Alternatives (including herbal molasses):
 - **NLe65 per kg**
 - **NLe175 per litre**



Electronic Smoking Devices

- Electronic Cigarettes (Device): **NLe0.5 per ml**
- Cartridges for Electronic Cigarettes: **NLe0.8 per unit**

Customs Tariff Amendments

- Rates for **Iron Bars and Rods** **remain** at **10%**.
- Rates for **Rice, Cooking Gas** **remain** at **5%**.
- Adjustments made to the tariff classification for better alignment with market conditions.



Harmonised Filing Deadlines and Penalties

The **Finance Act 2025** introduces **streamlined filing deadlines** and a **revised penalty framework** to enhance tax compliance and accountability.

These changes apply to **annual** and **monthly income tax returns**, as well as **Capital Gains Tax**, **Withholding Tax**, and **PAYE**.

The **Act** also establishes **stricter penalties** for **late filing**, **non-filing**, and **incorrect filing**, with penalties tailored to the type of infraction and taxpayer classification.

This initiative aims to promote timely and accurate tax reporting, ensuring **alignment** with the government's revenue collection goals.



INFRACTION TYPE	LARGE TAXPAYER	MEDIUM TAXPAYER	SMALL TAXPAYER	ADDITIONAL DETAILS
LATE FILING OF ANNUAL INCOME TAX RETURNS	NLE 25,000	NLE 12,500	NLE 1,250	Applicable to taxpayers who fail to file annual returns on time without valid justification.
NON-FILING OF ANNUAL INCOME TAX RETURNS	NLE 50,000	NLE 25,000	NLE 2,500	Penalties are higher for complete non-filing of annual income tax returns.
LATE FILING OF MONTHLY INCOME TAX RETURNS	NLE 5,000	NLE 2,500	NLE 500	Applies to taxpayers who fail to submit monthly returns within the prescribed deadlines.
NON-FILING OF MONTHLY INCOME TAX RETURNS	NLE 10,000	NLE 5,000	NLE 1,000	For taxpayers who do not file monthly income tax returns at all.
INCORRECT FILING OF INCOME TAX RETURNS	<p>25% of the difference between the tax payable on the correct chargeable income and the incorrect return.</p> <p style="text-align: center;">This penalty applies across all taxpayer categories.</p>			

Export Royalties Amendments

- **Dimension Stones and Other Stones (Granite):** Exporters are required to pay royalties before exporting:
 - ✓ **Stones other than dimension stones and marble:** USD25 per metric ton or USD 500 for every 20-ft (33.2 cubic meters) container.
 - ✓ **Dimension stones and marble:** USD 50 per metric ton or USD 1,000 for every 20-ft (33.2 cubic meters) container.

Goods and Services Tax (GST) Updates

REVISED FILING OBLIGATIONS

Taxable persons must submit GST returns with detailed input/output claims within **21 days** after each tax period.

Late Filing of Monthly GST Returns (Without Good Cause):

- ✓ Large taxpayers: NLe 5,000
- ✓ Medium taxpayers: NLe 2,500
- ✓ Small taxpayers: NLe 500

Non-Filing of Monthly GST Returns:

- ✓ Large taxpayers: NLe 10,000
- ✓ Medium taxpayers: NLe 5,000
- ✓ Small taxpayers: NLe 1,000

Tax and Duty Exemption Revisions



NEGOTIATIONS OF EXEMPTIONS

- Exemptions on **Corporate Income Tax (CIT)** and **Withholding Tax (WHT)** for payments to contractors **cannot be negotiated** in the following cases:
 - ✓ For **new investment agreements**.
 - ✓ For **existing investment agreements** once their CIT and WHT exemptions or review periods expire.

DUTY-FREE VEHICLE IMPORTS FOR CHARITABLE ORGANISATIONS

- Registered charitable institutions, philanthropists, or non-profit organisations are permitted to import duty and tax-free vehicles every **five years**:
 - ✓ **International NGOs (INGOs)**: Up to **10 vehicles**.
 - ✓ **National NGOs (NNGOs)**: Up to **4 vehicles**.
- Additional Provisions:
 - ✓ **Excess vehicles** beyond these limits will incur applicable taxes and duties.
 - ✓ **Used vehicles** may qualify for exemption only if:
 - **Directly donated** to a charitable organisation.
 - **Strong need** is demonstrated.
 - Vehicles are **not older than 5 years**.

Petroleum Regulatory Agency (PRA)

Registration Fees and Licensing Fees

REGISTRATION FEES (New Entrants)

- Import, refinery, offshore bunkering, bulk depot storage, tank farms: **NLe 150,000**
- Gas stations: **NLe 15,000**
- Storage tank fabrication companies: **NLe 15,000**

OTHER FEES:

- Bulk Storage Depot (Mining Companies):
USD10,000 (Registration and Renewal)
- Bulk Storage Depot (Oil Marketing Companies):
NLe 100,000 (Registration and Renewal)

ANNUAL LICENSING FEES (Existing Entities)

- Storage tank fabrication companies: **NLe 30,000**
- Tank farm (bulk storage depot): **NLe 30,000**
- Refiners: **USD100,000**
- Bunkering Companies: **NLe6,500**
- Pipeline License (Per kilometre) **NLe10,000**
- Import (Mining Companies): **NLe300,000**
- Import (Other Companies): **NLe20,000**

Administrative and Miscellaneous Provisions

- Introduction of a **processing fee** for each transaction relating to system maintenance, upgrade, and management, including ITAS, subject to ministerial approval.
- Simplification of GST exemptions for specified persons and organisations to reduce administrative bottlenecks.



CONCLUSION



Navigating the complexities of the **Finance Act, 2025**, can be challenging. At **Gordon & Associates**, we are equipped to help businesses and organisations adapt seamlessly to these changes and achieve compliance. Contact us today for expert advice.



About Gordon & Associates

Gordon & Associates is an advisory and consulting firm with a proven track record of delivering exceptional services to clients across diverse sectors. Our team specialises in providing tailored solutions that drive operational efficiency, compliance, and strategic growth. Our expertise spans industries including the private sector, NGOs, and public institutions. With a commitment to excellence and innovation, we aim to empower organisations to achieve their goals in a dynamic and challenging business environment.

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Leslie is a visionary leader with over 20 years of experience in West Africa's emerging markets, specialising in strategic planning, HR, tax advisory, policy development, and regulatory compliance. Renowned for his insight and ability to manage complex projects, he designs initiatives that drive strategic and operational success, consistently delivering exceptional results.

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Zyna, a Chartered Certified Accountant, brings over 20 years of experience in finance, banking, and mining, including senior management roles. She specializes in finance, operations, governance, risk management, and internal audit. Known for her strategic insight and problem-solving expertise, Zyna helps clients achieve their business objectives and enhance operational efficiency.