



Personal Income Tax

1. What is Personal Income Tax (PIT)?

PIT or Personal Income Tax is defined as taxes paid by ALL persons self-employed or employed by another, on their total gross income (aggregate of all economic benefits of whatever kind that the tax payer derives), using the PIT table reproduced below and found in Sections 800 to 803 of the Revenue Code of Liberia as Amended 2011.

Tax Table for Resident Natural Persons

Step	Taxable Income of (in Liberian dollars)	Tax Rate and Computation (in Liberian Dollars)
1	0 to 70,000	Not Applicable
2	70,001 to 200,000	5% of the excess over 70,000
3	200,001 to 800,000	6,500 + 15% of the excess over 200,000
4	800,001 and above	96,500 + 25% of the excess over 800,000

2. Who Pays Personal Income Tax?

It is paid by all natural persons who exercise employment or work in Liberia no matter the agency or entity or the kind of work being done and citizens working with the Liberian Government in the foreign service.

It is paid by resident natural persons, resident legal persons, and nonresident persons. The gross income of a resident includes all economic benefits regardless of source. The gross income of a nonresident person includes only economic benefits having a source in Liberia. Liberia Revenue Code Section 201(c).





3. Who is a Resident Natural, Resident Legal, and Non-Resident Person?

Liberia Revenue Code Sections 800 defines (1) a natural resident person as resident in Liberia for the entire tax year if he or she has a normal place of abode in Liberia and is present at any time during the tax year; is present on more than 182 days in a 12 month period that ends during the tax year; or is an employee or official of Liberia posted abroad during the tax year.

Liberia Revenue Code Section 801 defines a resident legal person as one who is incorporated and formed under the laws of Liberia and either has its management and control in Liberia or undertakes the majority of its operations in Liberia; or is a registered business entity that undertakes some business activity and has a majority of its direct or indirect shareholders in Liberia; or is a general partnership, joint venture, or trust, and a partner, co-venturer, or trustee is a resident in Liberia.

Liberia Revenue Code Section 802 defines a non-resident as a person who is not a resident during the tax year.

Liberia Revenue Code Section 803 describes a Permanent Establishment as the establishment through which an entity carries out its business in Liberia in full, or in part, for no less than 90 days during the tax year.

4. What is the Legal Basis for Personal Income Tax?

- (a) Every person is obliged to pay the taxes for which the person is liable.
- (b) No one may be required to pay taxes that are not provided for by this Code. Liberia Revenue Code, Section 2.

5. Election to File a Tax Return

Liberia Revenue Code Section 901(d) states if a legal person not otherwise required to file an income tax return desires to claim a net operating loss, loss carryforward, or any other loss, deduction, credit, or allowance under this Code, that person may elect to file an income tax return for the tax period in which the loss, deduction, or credit was generated.

A nonresident subject to tax under Section 806 (i) of the Liberia Revenue Code may elect to file an income tax return by submitting it at the time and in the manner required by Part 1 and Chapter 9 of the Liberia Revenue Code, and is thereby required to pay the amount of income tax





on taxable income specified in Section 200 or 201 of the Liberia Revenue Code. An amount of tax withheld pursuant to Section 806 is creditable against income tax liability and refund of an overpayment may be available as described in Section 72 of the Liberia Revenue Code. A nonresident's election to file an income tax return is effective for the tax period for which the election is made and for the next four succeeding tax periods.

6. Filing of Personal Income Tax Return (Annual Income Tax)

Liberia Revenue Code Section 900 states a resident natural person who has taxable income as computed under Section 201 of the Liberia Revenue Code for a tax period is required to pay income tax for that period.

A resident natural person is not required to file a tax return if:

- He/she derives 90% of gross income from employment income (salary, benefits, and wages) that are subject to withholding
- Is taxable as a small taxpayer (a taxpayer who carries on a business with less than \$3,000,000LD turnover a year).
- A small taxpayer who qualifies as a petty trader and has paid the applicable Petty Traders License Fees (a petty trader is a natural person with annual turnover of less than \$200,000LD).
 - ✓ A small taxpayer who does not qualify as a petty trader must pay presumptive tax on a quarterly basis using the Advanced Payments tax form provided by the LRA.

7. Due Dates for Filing Personal Annual Income Tax Returns:

A taxpayer's income tax return is due by the last day of the third month following the end of the taxpayer's tax year. For calendar year taxpayers, that due date is March 31 of the year following the end of the tax year in question. Payment of income tax is due on or before the due date. Liberia Revenue Code, Section 902.

