

Liberia Revenue Authority (LRA)
Government of Republic of Liberia

<Date>

**CIRCULAR ON MOBILE TAX AND NON-TAX FEE PAYMENT DURING PROOF OF CONCEPT
(PILOT PROJECT)**

Subject : Policies, guidelines, and procedures on the use of Mobile Tax Payment (Mobile Payment) for all taxes and non-tax fees for the duration of Proof of Concept Period (Pilot Project) and allowing Telecom Partners (Orange and Lonestar) to be present in pilot Ministries and Agencies to raise awareness about Mobile Tax Payment

To : Ministry of Internal Affairs, Liberia Business Registry, National Fire Service, Liberia National Police, Ministry of Health, All LRA Officers, LRA Authorized Telecom Partners

To ALL concerned entities, please kindly be informed that LRA has launched on April 12, 2018 the Mobile Tax Payment option for citizens to pay their taxes and pilot non-tax fees. For the successful implementation of the Mobile Tax Payment during the Pilot Project:

- 1) Allow the Telecom Operator agents to have access inside the premises of your entities to raise awareness and help the public to make payment for taxes and pilot non-tax fees (Birth Certificate, Marriage Certificate, Fire Safety Inspection, Travel Clearance, Business Registration Renewal) via the Mobile Tax Payment platform.
- 2) Engage with public on promoting the option of paying via Mobile Tax Payment platform.
- 3) Use the attached Instructions as guidelines for procedures and processes related to payment option via mobile tax payment.

Mrs. Elfrieda Stewart Tamba
Commissioner General
Liberia Revenue Authority

ATTACHMENT

INSTRUCTIONS ON MOBILE TAX PAYMENTS DURING THE PROOF OF CONCEPT

SECTION 1. PURPOSE

1. The purpose of this Mobile Tax Payment Instruction is to outline the policies and procedures to be used for the execution of the Pilot Project. This will help determine the feasibility of the collection of taxes and fees on behalf of the Government of Liberia through the use of existing mobile money platforms with Telecom and Bank Partners.
2. The ultimate purpose of the Mobile Payment is to provide convenience to all concerned citizens in paying for their taxes and non-tax fees that would reduce their cost of compliance.

SECTION 2. DEFINITIONS

1. *“Mobile Payment”* means payment by taxpayer of tax or non-tax fee using mobile money to satisfy a revenue obligation.
2. *“Pilot Project”* means a period during which all partners who signed the Proof of Concept Agreement test the feasibility of the Mobile Payment, detect and correct all shortcomings, before launching the services at full scale to the general public.
3. *“Deposit”* means transferring amounts of revenue collected from Telecom Partner Account with the Bank Partner to the Transitory Account, as defined by the law, at the Bank Partner.
4. *“Payment”* means remitting amounts of revenue collected from the Transitory Account at the Bank Partner to the General Revenue Account at the Central Bank of Liberia.
5. *“Service Fee”* means any payment other than a payment of taxes or non-tax fees paid by a payer or subsidized by the government of Liberia either for a service provided by the Telecom Partner in conjunction with its Bank Partner.
6. *“Government”* means the Government of Republic of Liberia.
7. *“Taxpayer”*¹ legal or natural person that makes a payment of revenue specified Instruction, Section 3. Coverage.
8. *“Bank Partner”* is a bank that has been selected by and has entered into agreement with the Telecom Partner. For the purpose of the POC Agreement it will be treated as a Partner Bank and acts in its capacity as a qualified bank to deposit revenues, specified in Instruction, Section 3. Coverage, which are collected using the telecom mobile money service.
9. *“Telecom Partner”* is a partner that has entered into this POC Agreement with the GOL to provide mobile money services for the purpose of collection of Tax Payments as well as non-tax fees. Telecom Partner will ensure that its Bank Partner is responsible to remit payments as per instruction from Telecom Partner from its account to the transitory revenue account maintained at the Bank Partner.
10. *“Revenue”* means payments made by payers to the government in settlement of tax or non-tax liabilities.
11. *“Taxpayer Identification Number or TIN”* is a Liberia taxpayer identification number issued by the Liberia Revenue Authority.
12. *“Transaction reference number”* is a unique reference number generated by Telecom Partner for each transaction.

¹ In the POC it says Payer. It makes more sense to use Taxpayer.

13. “*Tax and fee type subject to collection*” is a type of taxes and fees, listed in this Instruction, Section 3. Coverage, collected by Telecom Partners through their respective mobile money from a payer in satisfaction of a liability to the government.
14. “*Mobile payment platform (MPP)*” provides access to Telecom Partner’s facility via Unstructured Supplementary Service Data (USSD).

SECTION 3. COVERAGE

1. This Instruction directs that all taxes and non-tax fees listed below may be paid through the use of Mobile Payment.

Taxes:

- a. Corporate Income Tax
- b. Withholding Tax
- c. Personal Income Tax
- d. Real Estate Tax
- e. Business Income Tax - 2%
- f. Business Income Tax - 4%
- g. GST
- h. Excise Tax

Non-Tax Fees:

- a. Birth Certificates (MOH)
- b. Business Registration Renewal Fee (LBR)
- c. Fire Safety Inspection Fee (NFS)
- d. Marriage Certificate (MIA)
- e. Travel Clearance (LNP)

SECTION 4. POLICIES AND GUIDELINES

1. Rules governing mobile wallets and related transactions:
 - a. Rules and policies governing the use LRA of mobile payment are defined by the Telecom Partners, under regulation by the Central Bank of Liberia (CBL) under the Anti-Money Laundering Regulation (2014). The limitations are a key feature of the regulations in that they provide risk-based Anti-Money Laundering (AML) and Countering Financing of Terrorism (CFT) requirements, categorized in three tiers as follows:

Table 1 – Liberia Mobile Money KYC Tiers & Associated Balance / Transaction Limits

Limits or equivalent for Liberian Dollars	Level 1	Level 2	Level 3	Over the Counter (OTC)
Maximum Balance	US\$1,000	US\$4,000	US\$10,000	Single Transaction Limit of US\$100
Aggregate Daily Transaction	US\$250	US\$1,000	US\$2,000	
Aggregate Monthly transaction	US\$2,000	US\$8,000	US\$20,000	
Means of Identification	Flexible, to be established by providers	Driver’s license, passport or voter identification	Level 2 identification + utility bill, income tax certificate or bank statement	

- b. The rules on daily limitations may change at the discretion of the Central Bank of Liberia (hereinafter referred to as CBL).
 - c. Taxpayers must comply with the rules, policies and procedures set by their mobile payment provider. This includes procedures on how to obtain or register for the use of a mobile wallet; limits for mobile payment transactions, maximum and minimums allowed.
 - d. Mobile payment transactions used to pay for tax and fee type subject to collection must comply with defined rules.
- 2. Availability of mobile payment methods through partnership with Telecom Partners
 - a. Mobile payment is provided to the taxpaying public in partnership with two Telecom Partners: Orange – “O” Orange Money and MTN Lonestar “MoMo” Money Wallet”.
 - b. Bank Partner for the duration of this Pilot Project is United Bank of Africa (Liberia) Ltd., a financial institution registered and operating under the laws of the Republic of Liberia, with Head Offices located on Broad & Nelson Streets, Monrovia, Liberia. It will ensure remittance of tax and non-tax fee payments as per instruction from telecom partner to the General Revenue Account maintained at CBL as per the terms of reference defined in Annex A. The remittance should take place within the prescribed timeline.
 - c. Partnerships with other Bank Partners may be introduced in the future.
- 3. Filing
 - a. Mobile payments can be made for all taxes and non-tax fees and is separate from the process of filing tax returns. You need to file either through e-filing or in person at LRA offices.

SECTION 5. PROCEDURES

- 1. Setting up a mobile wallet to use for mobile payments
 - a. Registering or setting up a mobile wallet is dependent on the Telecom Partners’ enrolment procedures. For more details please visit/call your Telecom Partner of your choice.
 - b. Registration must be completed prior to an attempt to make payment.
 - c. The mobile wallet must contain sufficient funds necessary to make tax and non-tax fee payments.
- 2. Using your mobile wallet to pay for taxes and non-tax fees

For Taxpayers/Citizens

Taxes:

- a. The taxes due may be paid through the Mobile Payment Platforms (MPP) provided by Telecom Partners that are effective via Unstructured Supplementary Service Data (USSD). The USSD does not required internet connection. The taxpayer may dial *148# for Orange and *156# for MTN Lonestar on the mobile phone to access the USSD menu. The payment details maybe then encoded and sent to the Telecom Partner. The MPP can be reached by the taxpayer using a smart or a basic mobile phone.
- b. The tax obligation can be settled in the MPP through multiple transactions. For example, the tax due in the tax return is USD 500 or the equivalent in LRD and the Aggregate Daily Transaction ceiling is USD 250. The taxpayer can make the payment of USD 250 in the first day. The next day another transaction for USD 250 can be made to offset the balance.

Another example is when the taxpayer has to pay USD 2000 or the equivalent in LRD and the Aggregate Daily Transaction ceiling is USD 1000. The taxpayer can make the payment in installments to satisfy the needs of the daily transaction ceiling.

- c. The above is possible under the condition that the mobile wallet of the taxpayer has sufficient balance to also cover the associated fees charged by the Telecom Partners.
- d. In case when the concerned taxpayer who uses the MPP erroneously encoded an amount that is more than the total tax due, the MPP has no facility to detect the error. The erroneous amount will be automatically deducted from the available balance of the taxpayer's mobile wallet with either of Telecom Partners. In case of overpayment, that is, if the amount of tax paid by or on behalf of a taxpayer for a particular tax period exceeds the amount of tax assessed for such tax period, then:
 - 1) The tax authorities shall apply the excess (or so much thereof as necessary) against the taxpayer's outstanding tax liability, if any, for other taxes then due and payable; and
 - 2) Any remaining balance over the amount applied under paragraph (1) shall, at the written election of the taxpayer, be:
 - A. Applied against the taxpayer's liabilities with respect to future payments; or
 - B. Refunded to the taxpayer within 90 days of the taxpayer's filing.
- e. In addition to the taxes due to the LRA, the Telecom Partner may require the payment of service fees that are directly charged to the Mobile Wallet account of the taxpayer, pursuant to the Telecom Partner's policies. The service fee paid shall be indicated as separate item in the confirmation message sent by the Telecom Partner.
- f. In order to avoid the incurrence of additional service fees by encoding the amount lesser than the total amount of tax due, unless done so erroneously, the taxpayer should ensure that the encoded tax due is correct before the confirmation over the USSD menu.
- g. The taxpayer will initiate the tax payment process by completing the following steps:
 - 1) Taxpayer prepares or file tax return in consultation with all relevant documentations to ascertain the tax liability.
 - 2) Once the return is file, the taxpayer initiates the payment via mobile tax payment platform (MPP) by selecting tax payment from the relevant menu and will be asked to provide the following information:
 - a. Currency
 - b. Tax Type
 - c. Taxpayer Identification Number (TIN)
 - d. Tax Period
 - e. Tax Payment Amount
 - 3) Once the taxpayer enters this information, the TIN will be validated.
 - 4) If the TIN is not valid, the user will be asked to enter the information again
 - 5) If the TIN is validated against the algorithm, the user will be shown the tax amount + tax type + tax period and asked to provide unique PIN of mobile wallet used by taxpayer for confirmation of transaction.
 - 6) Once the taxpayer selects the confirm option, the relevant debit entries will be processed and tax payment transaction will be captured.
 - 7) The Telecom Partner will generate SMS message with name from "MM-LRA"

confirming the payment made by taxpayer containing the following details:

1. Currency
2. Tax Type
3. Taxpayer Identification Number (TIN)
4. Tax Period
5. Tax Payment Amount
6. Transaction Time Stamp (hours, minutes, and seconds)
7. Transaction Reference Number

Another message will be generated by the Telecom Partner to taxpayer on:

- a. Transaction service fee
 - b. Mobile Wallet balance
- 8) For the purposes of confirmation the taxpayer may use the SMS message from “MM-LRA” as proof of payment. The official time stamp provided on the SMS will be used for the purposes of recording compliance with timely compliance. The LRA will be able to confirm the payment via web-based portal provided by the Telecom Partner. For payment confirmation, the taxpayer needs to provide the following details: TIN and Transaction Reference Number. Once the confirmation is made this completes the payment transaction and the taxpayer may proceed with filing or other necessary procedures.
- 9) The taxpayer can make the tax payment due via the MPP on a 24/7 basis. However, in order to avoid the penalties caused by late tax payment, the taxpayer should ensure that the payment transaction has been successfully completed on or before 11:59 P.M. (before midnight) of the tax due date.
- 10) All tax payments made between 12:00 A.M. (midnight) and 11:59 PM in the MPP facility by the taxpayers will be recognized as tax collections for that day and will be reported in the system.

For LRA- Taxes:

- a) All tax types, as mentioned in this Instruction, Section 3. Coverage will be accepted via MPP provided by the Telecom Partner and agreed upon for this Mobile Pilot.
- b) The taxpayers will have a choice to make payments for taxes due via MPP, CBL window, and direct transfer at commercial bank.
- c) In case if, taxpayer pays via MPP, there will not be any restrictions in terms of amounts to be paid, unless those are prescribed by Aggregate Daily Transaction ceilings mentioned in Table 1 under this Instruction, Section 4. Policies and Guidelines.
- d) The LRA will accept as proof of payment the SMS message, generated by Telecom Partners, confirming the payment made by taxpayer containing the following details:
 - a. Currency
 - b. Tax Type
 - c. Taxpayer Identification Number (TIN)
 - d. Tax Period
 - e. Tax Payment Amount

- f. Transaction Time Stamp (hours, minutes, and seconds)
 - g. Payment Reference Number
- e) During the Pilot Project, all transactions captured by Telecom Partners and Bank Partner will be uploaded to a central cloud location for LRA in form of batch files. These files, separate from each Partner then can be accessed by LRA. At the end of each day after 12:00 P.M. (past midnight) and up to 5:00 A.M. (morning) the Telecom Partner will upload the batch file to the cloud and simultaneously to the Bank Partner instructions to upload the Bank Partner's batch file to the cloud as well. The batch file will contain the following fields:
 - 1. Batch Control Number (To uniquely identify each batch)
 - 2. Payment Identifier
 - 3. Payment Date
 - 4. TIN for taxpayer and ID for non-tax fee payer or Recipient Name
 - 5. BPS/Bill Reference Number for non-tax fee payer
 - 6. Tax Period
 - 7. Tax/Fee Type / Code
 - 8. Currency
 - 9. Amount
 - 10. Mobile Number
- f) Bank Partner will deposit/transfer all amounts of revenue collected from the Transitory Account at Bank Partner into the Central Bank of Liberia General Revenue Account no later than two (2) business days after the transaction (day+1 rule). Once that is done, the batch file for success transactions along with batch control number will also be transmitted to the same central cloud location.
- g) Once both files are transmitted, they will be imported into a transition/reconciliation database. The transition/reconciliation database (TRDB) will download and store the batch files. The files will then be transferred to the Data Processing Center Database (DPCD). The DPCD will also act as repository for all archived files. The DPCD will generate a daily Reconciliation Report. The Reconciliation Report will contain the totals of the two files, one from Telecom and another from Bank Partners. Other details will also include: list of taxpayers and non-tax fee payers; totals (dates and amounts); discrepancy, etc. The Reconciliation Report will then be transferred on daily basis to the LRA National Revenue Accounts and Reconciliation Section (NRARS).
- h) Initially, the LRA NRARS staff will perform a simple comparison of total amounts of payments made by Telecom and amount transferred from Bank Partner. In case the transactions and amounts are an exact match the reconciliation will be considered complete. In case there is a difference, the exceptions will be highlighted and can be fixed by contacting the Bank and Telecom Partner for any further exception details. The Reconciliation Report data will be then manually transferred to the TAS database. Once all transactions have been uploaded into TAS, the LRA reconciliation team will generate a report from TAS and match it with the bank statement on LRA general revenue account received from the CBL. At this stage since reconciliation has already been done at a prior step, it should be a simple comparison of sum totals of the 2 files. This final reconciliation step will be kept the same as it is today.

For Taxpayers/Citizens:
Non-Tax Fees

- A. The non-tax fees due may be paid through the mobile payment platforms (MPP) provided by Telecom Partners that are effective via Unstructured Supplementary Service Data (USSD).

The USSD does not require internet connection. The taxpayer may dial *144# for Orange and *156# for MTN Lonestar on the mobile phone to access the USSD menu. The payment details may then be encoded and sent to the Telecom Partner. The MPP can be reached by the taxpayer using a smart or a basic mobile phone.

- B. The non-tax payments, initially for the five (5) fees, can be settled in the MPP through a single or multiple transactions. For example, the non-tax fee due for Traditional Marriage Certificate (MIA) is USD 50 or the equivalent in LRD and the Aggregate Daily Transaction ceiling for the mobile wallet user is USD 250. The taxpayer can make the payment at once. Another example is when the taxpayer has to pay for the Business Registration Certificate/Renewal fee USD 250 or the equivalent in LRD and the Aggregate Daily Transaction ceiling is USD 1000. The taxpayer can make the payment in one single installment.

- C. To make the payment for non-tax fee the following steps must be made:

- 1) Taxpayer visits relevant Ministry/Agency for required service (E.g. Birth Certificate)
- 2) Ministry / Agency processes relevant documentation/form and gives taxpayer bill slip/form to make payment
- 3) The fee payer takes the bill and initiates the transaction from Telecom Partner's USSD menu by selecting fees payment from the relevant menu and will be asked to provide the following information:

A) If, paying for oneself:

- a. Currency
- b. Fee Type
- c. Amount

B) If, paying for another person:

- i. Currency
- ii. Fee Type
- iii. Amount
- iv. Recipient Name or ID/Reference No.

C) If, paying for Business Registration Renewal:

- a. Currency
- b. Fee Type
- c. Amount
- d. TIN

- 4) Once validated, the taxpayer will be shown the non-tax fee amount+ non-tax fee type and asked to provide unique PIN of mobile wallet used by taxpayer for confirmation of transaction.
- 5) Once the taxpayer selects the confirm option, the relevant debit entries will be processed and tax payment transaction will be captured.
- 6) The Telecom Partner will generate SMS message confirming the payment made by taxpayer containing the following details:
 - a. Currency
 - b. Fee Type

- c. Taxpayer Identification Number (TIN) for Business Registration Renewal ONLY
- d. Fee Payment Amount
- e. Transaction Time Stamp (hours, minutes, and seconds)
- f. Payment Reference Number

Another message will be generated by the Telecom Partner to taxpayer on:

- g. Transaction service fee
- h. Mobile Wallet balance

- 7) For the purposes of confirmation the taxpayer may use the SMS message as proof of payment.
- 8) Once the fee payer selects the confirm option, the relevant debit entries will be processed and fee payment transaction will be captured.
- 9) The telecom provider will generate any reports required for transaction reporting and reconciliation process.
- 10) The fee payer can then visit the relevant Ministry/Agency once the transactions have been reported and get the required service.
- 11) The Ministry takes the receipt (SMS message) and validates against the Telecom Partner provided website the actual payment in order to provide the required service.

For Ministries and Agencies: Non-Tax Fees

- 1) All five non-tax fees, as mentioned in this Instruction, Section 3. Coverage will be accepted via MPP provided by the Telecom Partner and agreed upon for this Mobile Pilot.
- 2) The taxpayers will have a choice to make payments for taxes due via MPP, CBL window, commercial bank windows or direct transfers via commercial banks.
- 3) In case a taxpayer pays via MPP, there will not be any restrictions in terms of amounts to be paid, unless those are prescribed by Aggregate Daily Transaction ceilings mentioned in Table 1 under this Instruction, Section 4. Policies and Guidelines.
- 4) The Ministry or Agency will accept as proof of payment the SMS message, generated by Telecom Partners, confirming the payment made by taxpayer containing the following details:
 - a. Currency
 - b. Fee Type
 - c. Taxpayer Identification Number (TIN) for Business Registration/Renewal
 - d. Recipient Name or ID/Reference No.
 - e. Fee Amount
 - f. Transaction Time Stamp (hours, minutes, and seconds)
 - g. Payment Reference Number
- 5) The Ministry takes the receipt (SMS message) and validates against the Telecom Partner provided website the actual payment in order to provide the required service.
- 6) During the Pilot Project, all transactions captured by Telecom Partners and Bank Partner will be uploaded to a central cloud location for LRA, as main entity in charge of revenue collection, in form of batch files. These files, separate from each Partner then can be accessed by LRA. At the end of each day after 12:00 P.M. (past midnight) and up to 5:00 A.M. (morning) the Telecom

Partner will upload the batch file to the cloud and simultaneously to the Bank Partner instructions to upload the Bank Partner's batch file to the cloud as well. The batch file will contain the following fields:

1. Batch Control Number (To uniquely identify each batch)
 2. Payment Identifier
 3. Payment Date
 4. TIN for taxpayer and ID for non-tax fee payer or Recipient Name
 5. BPS/Bill Reference Number for non-tax fee payer
 6. Tax Period
 7. Tax/Fee Type / Code
 8. Currency
 9. Amount
 10. Mobile Number
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- 7) Bank Partner will deposit/transfer all amounts of revenue collected as per instruction of Telecom Partner from the Transitory Account at Bank Partner into the Central Bank of Liberia General Revenue Account no later than two (2) business days after the transaction. Once that is done, the batch file for success transactions along with batch control number will also be transmitted to the same central cloud location. Once both files are transmitted, they will be imported into a transition/reconciliation database where a simple comparison will be done between the two files.
 - 8) In case the transactions and amounts are an exact match the reconciliation will be considered complete. In case there is a difference, the exceptions will be highlighted and can be fixed by contacting the banking partner for any further exception details.

This Instruction shall take effect immediately.