

BACK OF FORM
TAX AWARENESS

Withholding tax from employee is due on or before the 10th day of the following month.

Section 200. Tax imposed

(a) *Resident Natural Persons.* There is hereby imposed on the taxable income of every natural person resident in Liberia for a tax year an annual personal income tax determined in accordance with the following rate schedule:

If the Taxable Income is					
1.		Up to but not over	12,000	2%	
2.	12,001	Up to but not over	50,000	240 + 5%	Of excess over 12,000
3.	50,001	Up to but not over	100,000	2,140 + 10%	Of excess over 50,000
4.	100,001	Up to but not over	200,000	7,140 + 15%	Of excess over 100,000
5.	200,001	Up to but not over	400,000	22,140 + 20%	Of excess over 200,000
6.	400,001	Up to but not over	800,000	62,140 + 25%	Of excess over 400,000
7.	800,001	Up to but not over	1,200,000	162,140 + 30%	Of excess over 800,000
8.	Over 1,200,000			282,140 + 35%	Of excess over 1,200,000

If a natural person files an income tax return under Section 900, or a turnover tax return under Section 904, and that person is a partner in a partnership or a beneficiary of a trust that pays tax under this Part, the amount of tax paid by the partnership or trust is creditable against tax owed by the partners or the beneficiaries and is apportioned among them in accordance with their interests in the partnership or their interest in the trust.

(b) *Other Resident Persons.* There is hereby imposed on the annual taxable income of every other person resident in Liberia for a tax year an annual income tax of 35 percent of taxable income, except that life insurance companies or mixed-type insurance companies with 30 percent or more of their business from life insurance are taxed under subsection (c).

Section 201 Taxable Income

(a) *Taxable Income.* The taxable income of a person for a tax year is that person's gross income less

- (1) items of income specifically excluded under this Part;
- (2) the amount of deductions allowed by this Part; and
- (3) the amount of personal allowances granted to the taxpayer and dependents under this Part.

(b) *Gross Income.* Gross income means the aggregate of economic benefits of whatever kind that the taxpayer derives during a tax year. Examples of items included in gross income are:

- (1) earnings from employment, including benefits received in the form of noncash property;
- (2) receipts from the operation of a Business, profession, vocation, trade or proprietorship;
- (3) interest, rents, royalties, and dividends;
- (4) payments received under a pension, retirement, or annuity arrangement;
- (5) distributions from a trust or an estate, except as limited by Chapter 6; and
- (6) gains on the disposition of property (whether real or personal, tangible or intangible) used in a business or held for investment, but not gains from the sale of property held for personal use unless the amount derived from the sale is \$1,600,000 or more.

(c) *Residents And Nonresidents.* The gross income of a resident includes all economic benefits regardless of source. The gross income of a nonresident includes only those economic benefits having a source in Liberia, and is subject to Liberian tax only as provided in Chapter 8, Income Taxation of Nonresidents

Section 202. Exclusions

- (a) *Sickness, Disability, Or Death Benefits.* Payments received on account of illness, injury, or death of a natural person are excluded from income of the recipient, if the recipient is ill, injured, disabled or deceased, or related to that person within the meaning of Section 208(h)(1). Payments qualifying for this exclusion include amounts paid as proceeds of health insurance or disability insurance or benefits; as damages for or in settlement of a claim of damages for injury to a natural person; or as proceeds of a life insurance policy or as a death benefit. This exclusion applies regardless of whether the payments are made in a lump sum or as a series of annuity payments. Amounts used to purchase medical insurance for a person or to pay medical expenses of a person are not excludable under this Subsection, but instead are subject to Section 219.
- (b) *Gifts And Transfers By Death.* Property received in a donative transfer or transfer by death is excluded from the income of the recipient.
- (c) *Noncash Benefits Provided By An Employer.* Noncash benefits provided by an employer to an employee (other than those benefits excluded elsewhere in this Section or benefits subject to Section 219) are valued at 100 percent of fair market value and are excludable from the income of the employee, except for the value that, in the aggregate, is in excess \$100,000 per tax year.
- (d) *Tax-Exempt Government Obligations.* Interest on an obligation issued by the Republic of Liberia and declared by the government to be a tax-exempt obligation is excluded from the income of the holder of the obligation.
- (e) *Personal-Use Property.* Gains on the sale of personal-use property are excludable from income unless the amount derived from the sale is equal to \$1,600,000 or more.
- (f) *Exclusion Of Interest For Small Savers.* Interest of less than \$200 per year is excluded from income and is not subject to tax withholding under Section 905.

How To Calculate Monthly Income Tax

Let's say your Salary is **L\$5,000**

L\$5,000 X 12 months = L\$60,000 (Annual Salary)

Less	60,000	
	50,000 tax on	= 2,140
	10,000 X 10% = 1,000	
		3,140 (Annual Tax)
		3,140/12months = 261.67 (Monthly Tax)

NOTE: Failure to pay by the due date will result to imposition of late payment penalty, late filing pursuant to Sections 51 & 52 as applicable.