

# Liberia

Rank: #46

Liberia is responsible for 0.42% of the world's corporate tax abuse risks.

CTHI Value: 187

Haven Score: 67.7



How much scope for corporate tax abuse the jurisdictions's tax and financial systems allow. 0 means no scope, 100 means unrestrained scope.

Global Scale Weight: 0.022%



How much of the financial activity conducted by multinational corporations around the world is hosted by the jurisdiction.

The jurisdiction's CTHI value (Corporate Tax Haven Index value) is a measure of how intensely the jurisdiction enables multinational corporations to abuse corporate tax. The jurisdiction is ranked on the index by its CTHI value.

A jurisdiction's CTHI Value is calculated by first grading its tax and financial systems with a Haven Score out of 100 where a zero means the jurisdiction's laws allow no scope for corporate tax abuse and a 100 means they allow unrestrained scope. The jurisdiction's Haven Score is then combined with its Global Scale Weight, ie the volume of financial activity conducted in the country by multinational corporations, to calculate how much corporate financial activity the jurisdiction puts at risk of corporate tax abuse.

A higher CTHI value does not mean a jurisdiction has more aggressive tax laws, but rather that the jurisdiction's laws and its position in the global economy combine to create a greater risk of corporate tax abuse by multinational corporations.

## Haven Score breakdown



67.7

### LOWEST AVAILABLE CORPORATE INCOME TAX

Haven Indicator 1: LACIT ▲



100

This indicator identifies the lowest available corporate income tax rate (LACIT) for any large for-profit company that is tax resident in a country. It takes the statutory corporate income tax rate only as a starting point to analyse legal gaps and loopholes that result in lower accessible rates. The scoring of Haven Indicator 1 is computed by scaling that LACIT rate against the spillover risk reference rate of 35% (the highest available corporate income tax rate in a democracy).

ID 505 — Statutory corporate income tax rate ▲

**Question:** Statutory-CIT-Rate: What is the statutory CIT rate reported by the OECD (or alternatively by IBFD or KPMG)?

**Answer:** 25 %

**Sources:**

- [IBFD 2020d](#) ↗
- [https://stats.oecd.org/Index.aspx?DataSetCode=CTS\\_CIT](https://stats.oecd.org/Index.aspx?DataSetCode=CTS_CIT)
- [OECD Stats 2020a](#) ↗

ID 506 — Corporate income tax rate: Correction for size of company ▲

**Question:** CIT-Rate-Correction-Size: What is the deviating CIT rate, if any, applicable to the largest companies in the jurisdiction?

**Answer:** Not applicable

ID 507 — Corporate income tax rate: Correction for sectoral exemptions ▲

**Question:** CIT-Rate-Correction-Sector: What is the lowest deviating CIT rate, if any, applicable to companies in jurisdictions exempting a broad range of sectors (at least four full and/or eight partial exemptions)?

**Answer:** Not applicable

ID 541 — Corporate income tax rate: Correction for subnational regions ▲

**Question:** CIT-Rate-Correction-Regions: What is the lowest deviating CIT rate, if any, applicable in the political subdivision/subnational region with the lowest CIT rate?

**Answer:** Not applicable

ID 542 — Corporate income tax rate: Adjustment for retention or distribution ▲

**Question:** CIT-Rate-Adjustment-Retention: What is the lowest deviating CIT rate, if any, applicable to distributed or retained profits?

**Answer:** Not applicable

ID 543 — Corporate income tax rate: Adjustment for specific type of company ▲

**Question:** CIT-Rate-Adjustment-Type: What is the lowest deviating CIT rate, if any, applicable to specific types of companies?

**Answer:** Not applicable

ID 544 — Corporate income tax rate: Adjustment for territorial tax base ▲

**Question:** CIT-Rate-Adjustment-Territorial: What is the lowest deviating CIT rate, if any, applicable to active business income from foreign sources?

**Answer:** Not applicable

ID 545 — Corporate Income Tax Rate: Adjustment for tax rulings ▲

**Question:** CIT-Rate-Adjustment-Rulings: What is the lowest deviating CIT rate, if any, derived from documented cross-border unilateral tax rulings issued by the authorities in the jurisdiction?

**Answer:** Not applicable

ID 587 — Corporate tax residency scope ▲

**Question:** Corporate tax residency scope: Do the domestic rules for corporate tax residency include as tax resident at least all locally incorporated companies?

**Answer:** NO, not all locally incorporated companies are considered tax resident of the jurisdiction.

**Notes:**

- In Liberia, pursuant to section 801 of the Liberia Revenue Code (as amended), a company is considered a tax resident of Liberia if one of the two following criteria apply: (i) the company incorporated in Liberia and either (i)(a) its management and control is in Liberia, or (i)(b) carrying on the majority of its operations in Liberia; or (ii) if the company has some business activity in Liberia and has a majority of Liberia-resident shareholders (IBFD 2020d: 1.2.1.). Thus, on the contrary, if a Liberia-incorporated company has its management and control in a foreign country, and does not carry on the majority of its business in Liberia; then such locally incorporated company is not considered a tax resident of Liberia. Therefore, we consider that not all locally incorporated companies are considered tax residents in Liberia.
- Companies that are considered "non-residents" in Liberia, and that do not have a permanent establishment therein (under domestic law or relevant tax treaty) are only taxable on income that is "deemed to have a source in Liberia" (IBFD 2020d: 6.2.1.). With regards to Liberian-source income, "non-resident" companies are taxed by way of withholding tax (ibid.: 6.2.). Thus, a Liberian incorporated company deriving its income from foreign sources may be considered "non-resident", and be taxed at an effective rate of 0%.

**Sources:**

- IBFD 2020d [↗](#)

## LOOPHOLES AND GAPS

Haven Indicator 2: Foreign Investment Income ▲

100

This indicator assesses whether a country includes worldwide capital income in its corporate income tax base and if its domestic law grants unilateral tax credits for foreign tax paid on certain foreign capital income.

ID 555 — Double taxation relief, dividends, related parties ▲

**Question:** \*Legal Person, Resident, Related Party: Dividends

**Answer:** Exemption.

**Notes:**

- When foreign-sourced dividends, interests, or royalty income is remitted to a Liberia tax-resident company, such income is taxable, and double taxation relief is provided via tax credit. (IBFD 2020d : 6.1.4.) Such foreign tax credit is limited to the Liberian tax otherwise payable on the received amount. (Id.) However, because dividend income that is not remitted to Liberia is not taxable, we consider that this deferral system results in effective exemption.

**Sources:**

- IBFD 2020d. [↗](#)

ID 554 — Double taxation relief, royalties ▲

**Question:** Legal Person, Resident: Royalties

**Answer:** Exemption.

**Notes:**

- When foreign-sourced dividends, interests, or royalty income is remitted to a Liberia tax-resident company, such income is taxable, and double taxation relief is provided via tax credit. (IBFD 2020d : 6.1.4.) However, because royalty income that is not remitted to Liberia is not taxable, we consider that this deferral system results in effective exemption.

**Sources:**

- IBFD 2020d [↗](#)

ID 553 — Double taxation relief, interest ▲

**Question:** \*Legal Person, Resident: Interest

**Answer:** Exemption.

**Notes:**

- When foreign-sourced dividends, interests, or royalty income is remitted to a Liberia tax-resident company, such income is taxable, and double taxation relief is provided via tax credit. (IBFD 2020d: 6.1.4.) Such foreign tax credit is limited to the Liberian tax otherwise payable on the received amount. (Id.) However, because interest income that is not remitted to Liberia is not taxable, we consider that this deferral system results in effective exemption.

**Sources:**

- IBFD 2020d [↗](#)

ID 552 — Double taxation relief, dividends, independent parties ▲

**Question:** \*Legal Person, Resident, Independent Party: Dividends

**Answer:** Exemption.

**Notes:**

- When foreign-sourced dividends, interests, or royalty income is remitted to a Liberia tax-resident company, such income is taxable, and double taxation relief is provided via tax credit (IBFD 2020d: 6.1.4.) Such foreign tax credit is limited to the Liberian tax otherwise payable on the

received amount (Id.). However, because dividend income that is not remitted to Liberia is not taxable, we consider that this deferral system results in effective exemption.

**Sources:**

- [IBFD 2020d](#)

Haven Indicator 3: Loss Utilisation ▲

38

This indicator measures whether a jurisdiction provides loss carry backward and/or unrestricted loss carry forward for ordinary and trading losses. Capital losses fall outside the scope of this indicator.

ID 509 — Loss carry backward ▲

**Question:** Loss Carry Backward: Does the jurisdiction allow loss carry backward?

**Answer:** No

**Notes:**

- In Liberia, loss carry-backward is not allowed (IBFD 2020d: 1.5.1.).

**Sources:**

- [IBFD 2020d](#)

ID 510 — Loss carry forward ▲

**Question:** Loss Carry Forward: Does the jurisdiction restrict loss carry forward independent of change of ownership?

**Answer:** Yes, loss carry forward is available with a time limit of more than 5 years but there is no annual ceiling.

**Notes:**

- In Liberia, loss carry forward is available for subsequent 5 years in general, and 7 years for agricultural, renewable resource, petroleum and mining sectors. There is no annual ceiling (IBFD 2020d: 1.5.1.).

**Sources:**

- [IBFD 2020d](#)

Haven Indicator 4: Capital Gains Taxation ▲

64

This indicator measures the extent to which a jurisdiction taxes corporate capital gains arising from the disposal of domestic and/or foreign securities (i.e. shares and bonds). As such, it assesses the lowest available tax levied on corporate capital gains, applicable for large for-profit corporations which are tax resident in the jurisdiction, irrespective of whether the capital gains are taxed as part of corporate income tax or as part of another type of tax, such as wealth tax or an independent capital gains tax.

ID 513 — Domestic securities capital gains taxation ▲

**Question:** Domestic Securities Capital Gains Taxation: What is the lowest available capital gains tax rate arising from disposal of domestic securities applicable for large "for profit" companies which are tax resident in the jurisdiction?

**Answer:** 25 %

**Notes:**

- There is no special tax regime for capital gains in Liberia, and capital gains are included in the gross income and are taxed at the standard corporate rate of 25% (IBFD 2020d: 1.4. and 1.6.1.).

**Sources:**

- [IBFD 2020d](#)

ID 514 — Foreign securities capital gains taxation ▲

**Question:** Foreign Securities Capital Gains Taxation: What is the lowest available capital gains tax rate arising from disposal of foreign securities applicable for large "for profit" companies which are tax resident in the jurisdiction?

**Answer:** 0 %

**Notes:**

- Any income that does not have its source or deemed source in Liberia is considered foreign-source income (section 805(c) of the Liberia Revenue Code 200) and therefore is not subject to the income tax rate, but rather is taxable in Liberia only on a remittance basis (IBFD 2020d: 6.1.1.).

**Sources:**

- [IBFD 2020d](#)

Haven Indicator 5: Broad Exemptions ▲

56

This indicator measures the availability of broad exemptions from corporate income tax (CIT). It covers exemptions applicable to companies engaged in specific activities or sectors.

ID 524 — Real estate investment sector tax exemption (passive) ▲

**Question:** Real Estate Investment (passive): Are there any (partial) tax exemptions applicable to collective investment companies investing in real estate?

**Answer:** None: No, there are no specific exemptions.

**Sources:**

- [IBFD 2020d](#)

ID 525 — Financial investment sector tax exemption (passive) ▲

**Question:** Other Investment (passive): Are there any (partial) tax exemptions applicable to collective investment companies investing in assets other than real estate?

**Answer:** Full: Yes, there are full tax exemptions.

**Notes:**

- Although no specific exemptions are available for investment funds (IBFD 2020d), three out of three main income flows of investment funds (dividends, interests and capital gains) are partially exempt in Liberia. Indeed, while the statutory corporate income tax rate is at 25% (see ID 505), capital gains upon disposal of foreign securities, and foreign-source dividends and interests are taxed at 0% (see IDs 514). Thus, because (provided the funds come from foreign sources), all three of the main income sources of investment funds are fully tax exempt, we consider that companies engaged in investment activities are fully exempt.

**Sources:**

- [IBFD 2020d](#)

ID 526 — Extractive sector tax exemption ▲

**Question:** Extractives (active): Are there any (partial) tax exemptions applicable to companies active in the extractives sector (oil, gas, mining)?

**Answer:** Partial: Yes, there are partial tax exemptions.

**Notes:**

- [Disregarded] Although forestry companies are subject to a different tax regime, we consider that the following regime is a surtax instead of an alternative regime, because forestry activities (taxed pursuant to concessions for "Renewable resource contracts") are also subject to the general tax regime at 25% CIT (see IBFD 2020d: 1.6.1. and 3.2.3.1.). Indeed, forestry income is also subject to the Log stumpage fee, with a tax rate that goes from 10% to 2,5% of the market price of the harvested log, f.o.b. Monrovia, depending on the species extracted (IBFD: 2020d; 9.6.1.).

**Sources:**

- [IBFD 2020d](#)
- <https://www.imf.org/external/pubs/ft/wp/2005/wp05156.pdf>
- [https://www.moci.gov.lr/doc/Liberia-Revenue-Code-2011-As-Amended\(2\).pdf](https://www.moci.gov.lr/doc/Liberia-Revenue-Code-2011-As-Amended(2).pdf)

ID 527 — Agriculture and farming sector tax exemption ▲

**Question:** Agriculture and farming (active): Are there any (partial) tax exemptions applicable to companies active in the agricultural and farming sector?

**Answer:** Partial: Yes, there are partial tax exemptions.

**Notes:**

- Agricultural and renewable resource projects under a concession agreement regarding rice production are taxed at a 15% tax rate (IBFD 2020d; 3.2.3.1.). Since statutory CIT tax rate is 25%, we consider this a partial exemption.

**Sources:**

- [IBFD 2020d](#)

ID 528 — Manufacturing sector tax exemption ▲

**Question:** Manufacturing (active): Are there any (partial) tax exemptions applicable to companies active in the manufacturing sector?

**Answer:** None: No, there are no specific exemptions.

**Sources:**

- [IBFD 2020d](#)

ID 529 — Construction sector tax exemption ▲

**Question:** Construction (active): Are there any (partial) tax exemptions applicable to companies active in the construction sector?

**Answer:** None: No, there are no specific exemptions.

**Sources:**

- [IBFD 2020d](#)

ID 530 — Infrastructure sector tax exemption ▲

**Question:** Infrastructures (active): Are there any (partial) tax exemptions applicable to companies active in the infrastructures sector?

**Answer:** None: No, there are no specific exemptions.

**Sources:**

- [IBFD 2020d](#)

ID 531 — Transportation and storage sector tax exemption ▲

**Question:** Transportation and storage (active): Are there any (partial) tax exemptions applicable to companies active in the transportation and storage sector?

**Answer:** Partial: Yes, there are partial tax exemptions.

**Notes:**

- In Liberia, companies engaged in shipping or chartering activities can be considered non-resident (even if the companies' effective place of management is in Liberia) and be exempt from corporate income taxation. However, those companies engaged in CIT-exempt shipping/chartering activities are subject to a tonnage regime. Liberia has a preferential shipping regime applicable to vessels registered by non-resident companies (PWC 2015). Indeed, even if a corporation falls within the general definition of tax resident ((i) company incorporated in Liberia and either (ii)(a) with management and control in Liberia, or (ii)(b) carrying on the majority of its operations in Liberia, or (iii) if it has a majority of Liberia-resident shareholders), a corporation is not considered resident if its Liberian activities are restricted to ownership of Liberian-flagged vessels, maintaining its registry, or operating, chartering or disposing of ships for purposes other than transport services within Liberia (IBFD 2020d: 1.2.1.). However, according to PWC (2015) and Lowtax (lowtax.net), both resident and non-resident companies are subject to tonnage tax with respect to Liberian-flagged ships (ships registered in Liberia). The laws and regulations available through the website of the

Liberian Maritime Authority (liscr.com) confirm that registration of ships is coupled with the payment of an annual tonnage tax (Marine Notice ADM-003, dated 09/19: 1.2; Liberian Maritime Law, Title 21, RLM-107, 07/2018: section 54). Companies engaged in the transport (shipping) business, as well as those engaged in chartering are required to be registered, and trigger the annual tonnage tax (Liberian Maritime Law, Title 21, RLM-107, 07/2018: Chapter 2). Therefore, locally incorporated companies engaged in the shipping ("transportation and storage") and ship chartering ("business services sector"), may be considered non-resident, and be exempt from CIT while subject to tonnage tax. The exemptions stemming from this regime applicable maritime transport are thus considered partial exemptions in the "transportation and storage" and "business services" sectors. For further analysis of corporate tax residency, see ID 578 (in Haven Indicator 1 LACIT).

**Sources:**

- IBFD 2020d [↗](#)
- <https://www.liscr.com/liberian-maritime-law>
- <https://www.lowtax.net/information/liberia/liberia-registration-fees-and-charges.html>
- <https://www.pwc.com/kr/ko/publications/industry/pwc-choosing-your-course.pdf>
- [http://www.moci.gov.lr/doc/Liberia-Revenue-Code-2011-As-Amended\(2\).pdf](http://www.moci.gov.lr/doc/Liberia-Revenue-Code-2011-As-Amended(2).pdf)

ID 532 — Distribution sector tax exemption ▲

**Question:** Distribution (active): Are there any (partial) tax exemptions applicable to companies active in the distribution sector?

**Answer:** None: No, there are no specific exemptions.

**Sources:**

- IBFD 2020d [↗](#)

ID 533 — Accommodation, food and recreation sector tax exemption ▲

**Question:** Accommodation, food and recreation (active): Are there any (partial) tax exemptions applicable to companies active in the accommodation, food and recreation sector?

**Answer:** None: No, there are no specific exemptions.

**Sources:**

- IBFD 2020d [↗](#)

ID 534 — Information and telecom sector tax exemption ▲

**Question:** Information and telecom (active): Are there any (partial) tax exemptions applicable to companies active in the information and telecom sector?

**Answer:** None: No, there are no specific exemptions.

**Sources:**

- IBFD 2020d [↗](#)

ID 535 — IT services sector tax exemption ▲

**Question:** IT services (active): Are there any (partial) tax exemptions applicable to companies active in the IT services sector?

**Answer:** None: No, there are no specific exemptions.

**Sources:**

- IBFD 2020d [↗](#)

ID 536 — Banking and insurance sector tax exemption ▲

**Question:** Banking and insurance (active): Are there any (partial) tax exemptions applicable to companies active in the banking and insurance sector?

**Answer:** Partial: Yes, there are partial tax exemptions.

**Notes:**

- Corporations that derive at least 30% of their income from life insurance business are liable to presumptive tax in lieu of CIT with a 4% tax rate charged on the annual turnover. (IBFD 2020d: 3.1.) This alternative regime is considered a partial exemption from CIT.

**Sources:**

- IBFD 2020d [↗](#)

ID 537 — Professional and technical services sector tax exemption ▲

**Question:** Professional and technical services (active): Are there any (partial) tax exemptions applicable to companies active in the professional and technical services sector?

**Answer:** None: No, there are no specific exemptions.

**Sources:**

- IBFD 2020d [↗](#)

ID 538 — Business services sector tax exemption ▲

**Question:** Business services (active): Are there any (partial) tax exemptions applicable to companies active in the business services sector?

**Answer:** Partial: Yes, there are partial tax exemptions.

**Notes:**

- Liberia has a preferential shipping regime applicable to vessels registered by non-resident companies (PWC 2015). Moreover, even if a corporation falls within the general definition of tax resident ((i) company incorporated in Liberia and either (ii)(a) with management and control in Liberia, or (ii)(b) carrying on the majority of its operations in Liberia), a corporation is not considered resident if its Liberian activities are restricted to ownership of Liberian-flagged vessels, maintaining its registry, or operating chartering or disposing of ships for purposes other than transport services within Liberia (IBFD 2020d: 1.2.1.). However, according to PWC (2015) and Lowtax (lowtax.net), both resident and non-resident companies are subject to tonnage tax with respect to Liberian-flagged ships (ships registered in Liberia). The laws and regulations available through the website of the Liberian Maritime Authority (liscr.com) confirm that registration of ships is coupled with the payment of an annual tonnage tax (Marine Notice ADM-003, dated 09/19: 1.2; Liberian Maritime Law, Title 21, RLM-107, 07/2018: section 54). Companies engaged in the transport (shipping) business, as well as those engaged in chartering are required to be registered, and trigger the annual tonnage tax (Liberian Maritime Law, Title 21, RLM-107, 07/2018: Chapter 2). Therefore, locally incorporated companies engaged in the shipping

("transportation and storage") and ship chartering ("business services sector"), may be considered non-resident, and be exempt from CIT while subject to tonnage tax. The exemptions stemming from this regime applicable maritime transport are thus considered partial exemptions in the "transportation and storage" and "business services" sectors.

**Sources:**

- [IBFD 2020d](#)
- <https://www.pwc.com/kr/ko/publications/industry/pwc-choosing-your-course.pdf>
- <https://www.liscr.com/liberian-maritime-law>
- <https://www.lowtax.net/information/liberia/liberia-registration-fees-and-charges.html>

Haven Indicator 6: Economic Zones and Tax Holidays ▲

25

This indicator measures whether and to what extent time-bound or geographically confined tax incentives are available in a country. It measures if these incentives offer partial or full exemptions from corporate income tax (CIT) and/or capital gains tax (CGT). This includes temporary tax holidays and special tax incentives (temporary or permanent) given to companies located in designated economic zones.

ID 540 — Tax holidays, non-economic zones, full exemption ▲

**Question:** NonEZ-Temporary-Full: How many temporary (tax holidays) and full tax exemptions are offered to companies established anywhere in the jurisdiction (except in economic zones or non-autonomous regions)?

**Answer:** 0

**Sources:**

- [IBFD 2020d](#)

ID 539 — Tax holidays, non-economic zones, partial exemption ▲

**Question:** NonEZ-Temporary-Partial: How many temporary (tax holidays) and partial tax exemptions are offered to companies established anywhere in the jurisdiction (except in economic zones or non-autonomous regions)?

**Answer:** 0

**Sources:**

- [IBFD 2020d](#)

ID 504 — Permanent, economic zones, full exemption ▲

**Question:** EZ-Permanent-Full: How many permanent and full tax exemptions are offered by the jurisdiction to companies established in economic zones or non-autonomous regions?

**Answer:** 1

**Notes:**

- According to the new SEZ legislation, there is a full exemption from all taxes in the SEZs ("National tax and incentive regimes designated by applicable law shall not apply in the SEZs.") (LSEZA Act 2017, Section 27).

**Sources:**

- [IBFD 2020d](#)
- [IBFD 2020f](#)
- [http://www.investliberia.gov.lr/page\\_info.php?&7d5f44532cbfc489b8db9e12e44eb820=Mzk3](http://www.investliberia.gov.lr/page_info.php?&7d5f44532cbfc489b8db9e12e44eb820=Mzk3)
- <http://www.lra.gov.lr/>
- <https://spark.ngo/special-economic-zone-legislation-passes-in-liberia/>

ID 503 — Permanent, economic zones, partial exemption ▲

**Question:** EZ-Permanent-Partial: How many permanent and partial tax exemptions are offered by the jurisdiction to companies established in economic zones or non-autonomous regions?

**Answer:** 0

**Notes:**

- The jurisdiction provides for full exemption from tax on income derived by companies established in its economic zone(s). (See note above [ID504])

**Sources:**

- [IBFD 2020d](#)

ID 502 — Tax holidays, economic zones, full exemption ▲

**Question:** EZ-Temporary-Full: How many temporary (tax holidays) and full tax exemptions are offered by the jurisdiction to companies established in economic zones or non-autonomous regions?

**Answer:** 0

**Notes:**

- The jurisdiction provides for full exemption from tax on income derived by companies established in its economic zone(s). (See note above [ID504])

**Sources:**

- [IBFD 2020d](#)

ID 501 — Tax holidays, economic zones, partial exemption ▲

**Question:** EZ-Temporary-Partial: How many temporary (tax holidays) and partial tax exemptions are offered by the jurisdiction to companies established in economic zones or non-autonomous regions?

**Answer:** 0

**Notes:**

- The jurisdiction provides for full exemption from tax on income derived by companies established in its economic zone(s). (See note above [ID504])

**Sources:**

- [IBFD 2020d](#)

Haven Indicator 7: Patent Boxes  100

This indicator measures whether a jurisdiction offers preferential tax treatment for income related to intellectual property rights (e.g. patent boxes) and whether the Organisation for Economic Co-operation and Development (OECD) nexus approach constraints are applicable to the patent box.

ID 515 — Patent box 

**Question:** Patent Box: Does the jurisdiction offer preferential tax treatment for income related to intellectual property?

**Answer:** Yes, an exemption or a lower CIT for IP-income is available without OECD nexus constraints.

**Notes:**

- Even though the OECD or IBFD may consider that the jurisdiction doesn't have an IP tax regime in this country or that the IP tax regime in this country is compliant with nexus approach, the exemption of foreign royalties from the corporate tax base (see HI2, ID554) is functionally equivalent to a patent box and thus is considered for the purpose of this indicator to amount to a patent box which is non-compliant with the modified nexus approach.

**Sources:**

- [OECD HTP 2020](#)
- [IBFD 2020d](#)

Haven Indicator 8: Fictional Interest Deduction  0

This indicator measures whether a jurisdiction offers fictional interest deduction to lower the corporate income tax. Because the deduction is given even though no actual interest was paid, the interest deduction is referred to as "fictional" or "nominal". Fictional interest deduction allows a company with a capital structure with high equity (i.e. mostly financed by issuing shares instead of borrowing money) to deduct a certain sum of fictitious financial costs from its tax base.

ID 516 — Fictional interest deduction 

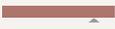
**Question:** Fictional Interest Deduction: Does the jurisdiction offer a scheme that allows deducting from the corporate income tax base a notional return on equity?

**Answer:** No

**Sources:**

- [IBFD 2020d](#)

## TRANSPARENCY

Haven Indicator 9: Public Company Accounts  100

This indicator considers whether a country requires all available types of company with limited liability (except for small companies) to keep accounts according to the international standard and to file their accounts with a government authority and to make them accessible online for free or at a low cost.

ID 188 — Compliance with international standard on keeping accounting records 

**Question:** \*Is there an obligation to keep accounting data?

**Answer:** No

**Notes:**

- Although requirements for keeping accounting records and underlying documentation are in place for all relevant entities and arrangements, the Global Forum reported issues regarding the supervision of these obligations by non-resident domestic companies: "in relation to the supervision and monitoring of non-resident domestic entities' obligations under the Liberian law regarding maintenance of accounting records and underlying documentation, it was noted that supervision was inadequate. [...] the greater concern lies with the fact that non-resident domestic entities are not obliged to maintain their accounting records and underlying documentation in Liberia (unlike resident entities). Further, the law does not require at least one director or a managerial person of the non-resident domestic entities to be in Liberia who has either possession of or control of, or has the ability to obtain, such information" (GF 2020: 70-71).

**Sources:**

- [GF 2012: 45](#); [GF 2016: 23](#); [GF 2020: 68-72](#)

ID 189 — Submission of annual accounts to a government authority 

**Question:** \*Are annual accounts submitted to a public authority?

**Answer:** Not applicable

**Notes:**

- There is no requirement to file financial statements (offshorecompany.com). In 2020, the Global Forum reported: "The Liberian authorities have informed that at the time of filing tax returns, all large and medium resident taxpayers must submit audited financial accounts to support their income declarations (GF 2020: 69). However, the Global Forum further adds: "The Revenue Code provisions for keeping reliable accounting records applies only to resident domestic entities and foreign entities with Liberia sourced income and a tax liability in Liberia. [...] non-resident domestic entities would not be covered by these provisions of accounting records keeping under the Revenue Code (Id.). Moreover, in the absence of sufficient requirements regarding accounting records and underlying documentation (see note on ID [188]), submission of financial statements cannot be ensured.

**Sources:**

- [GF 2016: 20-24](#); [GF 2020: 68-69](#)
- <http://web.archive.org/web/20190416071931/https://gws-offshore.com/liberia-offshore-company/>

- <http://www.lowtax.net/lowtax/html/liberia/jlacos.html#pform>
- <https://www.offshorecompany.com/company/liberia-corporation/>

#### ID 201 — Online availability of annual accounts / financial statements ▲

**Question:** \*Are annual accounts available on a public online record (up to 10 €/US\$/GBP)?

**Answer:** Not applicable

**Notes:**

- There is no requirement to file financial statements (see note on [ID189]). There is no indication that any information is available online. There seems to be a possibility to require a certificate by writing an email or an e-platform for corporate service providers.

**Sources:**

- <http://liberiancorporations.com/>

#### Haven Indicator 10: Public Country By Country Reporting (CBCR) ▲

100

This indicator measures whether the companies listed on the stock exchanges or involved in certain sectors (eg extractives) or incorporated in a given jurisdiction are required to publish publicly worldwide financial reporting data on a country-by-country reporting basis.

#### ID 318 — Public country-by-country reporting standard ▲

**Question:** \*CBCR: Are companies listed on the national stock exchange or incorporated in the jurisdiction required to comply with a worldwide country-by-country reporting standard?

**Answer:** No public country-by-country reporting at all.

**Sources:**

- Email communication with PWYP International, 19.02.2019 & 05.08.2019 [↗](#)
- Meinzer & Trautvetter 2018 [↗](#)
- Freymeyer 2019 [↗](#)
- Email communication with Eurodad, 09.09.2020 [↗](#)

#### Haven Indicator 11: Robust Local Filing of Country By Country Reporting (CBCR) ▲

100

This indicator assesses whether a jurisdiction, going beyond the OECD standard, ensures its own access to the country-by-country reports of any relevant foreign multinational enterprises with domestic operations. Access is ensured if the jurisdiction requires country-by-country reports to be filed locally by the local subsidiary or branch of a foreign multinational enterprise whenever the jurisdiction does not obtain these reports through the automatic exchange of information for whatever reason.

#### ID 419 — Robust local filing of country-by-country reporting ▲

**Question:** \*CBCR: Is there a local filing requirement of a global country-by-country reporting file (according to OECD's BEPS Action 13) by large corporate groups (with a worldwide turnover higher than 750 million Euro) and local subsidiaries of foreign groups?

**Answer:** No.

**Notes:**

- "Liberia does not yet have legislation in place for implementing the BEPS Action 13 minimum standard" (OECD CBCR 2019: 305). This was confirmed in 2020 (OECD CBCR 2020: 239).

**Sources:**

- OECD CBCR 2019 [↗](#)
- OECD CBCR 2020 [↗](#)

#### Haven Indicator 12: Unilateral Cross-Border Tax Rulings ▲

20

This indicator measures whether and to what extent a country publishes online unilateral cross-border tax rulings; and for countries with extractive industries, whether extractive industries contracts are published.

#### ID 363 — Tax rulings availability ▲

**Question:** \*Tax Rulings: Are unilateral cross-border tax rulings (e.g. advance tax rulings, advance tax decisions) available in laws or regulation, or in administrative practice?

**Answer:** No

**Notes:**

- In Liberia, the OECD points out that "Theoretically, there is no impediment for Liberia to issue rulings, but in practice Liberia does not issue any rulings. In the event that Liberia put in place the administrative process or develop the administrative capacity to issue rulings, Liberia notes that it would implement the transparency framework obligations" (OECD UTR 2019: 251). The IBFD writes there is no advance ruling system in Liberia (IBFD 2020d).

**Sources:**

- OECD UTR 2018: 275 [↗](#)
- IBFD 2020d [↗](#)
- OECD UTR 2019: 251 [↗](#)

#### ID 421 — Tax rulings disclosure ▲

**Question:** \*Tax Rulings: Are all unilateral crossborder tax rulings (e.g. advance tax rulings, advance tax decisions) published online for free, either anonymised or not?

**Answer:** Not applicable

**Notes:**

- Liberia does not issue unilateral cross-border tax rulings (see note above).

**Sources:**

- OECD UTR 2018: 275 [↗](#)
- IBFD 2020d [↗](#)
- OECD UTR 2019: 251 [↗](#)

#### ID 561 — Mining contracts disclosure in law [▲](#)

**Question:** \*Mining contracts in law: Are all extractive industries mining contracts required by law to be disclosed?

**Answer:** Yes

**Notes:**

- According to the Act Establishing the Liberia Extractive Industries Transparency Initiative (LEITI) (2009), 3(2) "Without limiting the generality of the provisions of Section 3.1, the specific objectives of the LEITI shall include, but not be limited, to the following:...(f) To promote the public disclosure of contracts and concessions bearing relationship with the extraction of forest and mineral resources." Further, 4(1) "In pursuing its objectives, as set forth in Section 3.0 herein, the LEITI shall perform the following functions: [...] (f) To serve as one of the national depositories of all concessions, contracts, and licenses and similar agreements and rights granted by the Government of Liberia to individuals and companies, grant members of the public access to such concessions and agreements in keeping with their status as public documents." The Act defines contract transparency as, 5(3) "(1) public accessibility of material concessions/licenses and agreements related to the sectors within the scope of the LEITI as per Section 5.4 hereof; and (2) the post-award review and/or audit of the process by and through which concessions, contracts, and licenses are awarded for exploration and/or exploitation of minerals, forests and other resources in order to ascertain that each award was made in compliance with applicable laws. 5(4) The sectors of extractive and other natural resources covered by and with- in the scope of the LEITI are: (1) The Mining Sector; (2) the Oil and Natural Gas Sector; (3) the Agriculture and Forestry Sectors; and (4) such other sectors as the MSG may subsequently determine with the consent of the Government".

**Sources:**

- Liberia Extractive Industries Transparency Initiative (2009) [↗](#)
- Contract Disclosure Policy and Practice Tracker, Natural Resource Governance Institute 28.07.2020 [↗](#)
- <https://docs.google.com/spreadsheets/d/1FXEeD43jw6VYHV8yS-8KJ5-rR5l0XtKxVQZBWzr-ohY/edit#gid=4>

#### ID 562 — Mining contracts disclosure in practice [▲](#)

**Question:** \*Mining contracts in practice: Are all extractive industries mining contracts published online in practice?

**Answer:** Yes, but only some contracts are available online.

**Notes:**

- According to the Extractive Industries Transparency Initiative validation notes mentioned in the Natural Resource Governance Institute Tracker, the list of contracts disclosed do not appear to be comprehensive (NRGI Policy Tracker 2020).
- Liberia's second validation is scheduled for 24 November 2018. On 28 June 2018, Liberia submitted a request for an extension of the commencement of the second Validation. The Board decided on 4 September 2018 that Liberia is ineligible for a Validation deadline extension. Liberia's progress by requirement can be found in the scorecard below. Liberia's next Validation is schedule to commence on 1 July 2020. (EITI Liberia)

**Sources:**

- EITI Liberia 2018 [↗](#)
- <https://eiti.org/liberia>
- Liberia Extractive Industries Transparency Initiative mining contracts available on Scribd.com [↗](#)
- <https://www.scribd.com/lists/4297677/Mining>
- Contract Disclosure Policy and Practice Tracker, Natural Resource Governance Institute 28.07.2020 [↗](#)
- <https://docs.google.com/spreadsheets/d/1FXEeD43jw6VYHV8yS-8KJ5-rR5l0XtKxVQZBWzr-ohY/edit#gid=41>
- Liberia Extractive Industries Transparency Initiative Website: Concessions, Contracts and Agreements [↗](#)

#### ID 563 — Petroleum contracts disclosure in law [▲](#)

**Question:** \*Petroleum contracts in law: Are all extractive industries petroleum contracts required by law to be disclosed?

**Answer:** Yes

**Notes:**

- According to the Act Establishing the Liberia Extractive Industries Transparency Initiative (LEITI) (2009), 3(2) "Without limiting the generality of the provisions of Section 3.1, the specific objectives of the LEITI shall include, but not be limited, to the following: [...] (f) To promote the public disclosure of contracts and concessions bearing relationship with the extraction of forest and mineral resources." Further, 4(1) "In pursuing its objectives, as set forth in Section 3.0 herein, the LEITI shall perform the following functions: [...] (f) To serve as one of the national depositories of all concessions, contracts, and licenses and similar agreements and rights granted by the Government of Liberia to individuals and companies, grant members of the public access to such concessions and agreements in keeping with their status as public documents." The Act defines contract transparency as, 5(3) "(1) public accessibility of material concessions/licenses and agreements related to the sectors within the scope of the LEITI as per Section 5.4 hereof; and (2) the post-award review and/or audit of the process by and through which concessions, contracts, and licenses are awarded for exploration and/or exploitation of minerals, forests and other resources in order to ascertain that each award was made in compliance with applicable laws. 5(4) The sectors of extractive and other natural resources covered by and with- in the scope of the LEITI are: (1) The Mining Sector; (2) the Oil and Natural Gas Sector; (3) the Agriculture and Forestry Sectors; and (4) such other sectors as the MSG may subsequently determine with the consent of the Government."

**Sources:**

- Liberia Extractive Industries Transparency Initiative (2009) [↗](#)
- <http://www.leiti.org.lr/uploads/2/1/5/6/21569928/act.pdf>
- Contract Disclosure Policy and Practice Tracker, Natural Resource Governance Institute 28.07.2020 [↗](#)
- <https://docs.google.com/spreadsheets/d/1FXEeD43jw6VYHV8yS-8KJ5-rR5l0XtKxVQZBWzr-ohY/edit#gid=0>

#### ID 564 — Petroleum contracts disclosure in practice [▲](#)

**Question:** \*Petroleum contracts in practice: Are all extractive industries petroleum contracts published online in practice?

**Answer:** Yes, but only some contracts are available online.

**Notes:**

- According to the Natural Resource Governance Institute, "Contracts for 9 non-active blocks have been published on the national EITI website. Though there are currently no active contracts in Liberia, some non-active contracts are not included on the EITI website" (NRGI Policy Tracker 2020).
- Liberia's second validation is scheduled for 24 November 2018. On 28 June 2018, Liberia submitted a request for an extension of the commencement of the second Validation. The Board decided on 4 September 2018 that Liberia is ineligible for a validation deadline extension. Liberia's progress by requirement can be found in the scorecard below. Liberia's next Validation is schedule to commence on 1 July 2020.

## Sources:

- Contract Disclosure Policy and Practice Tracker, Natural Resource Governance Institute 28.07.2020 [↗](#)
- <https://docs.google.com/spreadsheets/d/1FXEeD43jw6VYHV8yS-8KJ5-rR5l0XtKxVQZBWzr-ohY/edit#gid=9>
- EITI Website [↗](#)
- <https://eiti.org/iberia>
- <http://www.leiti.org.lr/contracts-and-concessions.html>
- Liberia Extractive Industries Transparency Initiative Website: Concessions, Contracts and Agreements [↗](#)
- <https://eiti.org/scorecard-pdf?filter%5Bcountry%5D=25&filter%5Byear%5D=2016>

## Haven Indicator 13: Reporting of Tax Avoidance Schemes ▲

100

This indicator assesses two components of mandatory reporting to tackle tax avoidance schemes: (i) the reporting of tax avoidance schemes, in which we assess whether a country requires both taxpayers and tax advisers to report tax avoidance schemes they have used; and (ii) the reporting of uncertain tax positions, in which we assess whether a country requires taxpayers and tax advisers to report uncertain tax positions for which reserves have been created in annual corporate accounts.

### ID 403 — Taxpayers' mandatory reporting of tax avoidance schemes ▲

**Question:** \*Taxpayers reporting schemes: Are taxpayers required to report at least annually on certain tax avoidance schemes they have used?

**Answer:** No.

#### Sources:

- IBFD 2020d [↗](#)

### ID 404 — Tax advisers' mandatory reporting of tax avoidance schemes ▲

**Question:** \*Tax advisers reporting schemes: Are tax advisers (who help companies and individuals to prepare tax returns) required to report at least annually on certain tax avoidance schemes they have sold/marketted (if applicable)?

**Answer:** No.

#### Sources:

- IBFD 2020d [↗](#)

### ID 405 — Taxpayers' mandatory reporting of uncertain tax positions ▲

**Question:** \*Taxpayers reporting uncertain tax positions: Are taxpayers required to report at least annually on details of uncertain tax positions for which reserves have been created in the annual accounts?

**Answer:** No.

#### Sources:

- IBFD 2020d [↗](#)

### ID 406 — Tax advisers' mandatory reporting of uncertain tax positions ▲

**Question:** \*Tax advisers reporting uncertain tax positions: Are tax advisers required to report at least annually on details of uncertain tax positions for which reserves have been created in the annual accounts of the companies they advised?

**Answer:** No.

#### Sources:

- IBFD 2020d [↗](#)

## Haven Indicator 14: Tax Court Transparency ▲

100

This indicator assesses the openness of a jurisdiction's judicial system in tax matters by analysing the public online availability of verdicts, judgements, and sentences.

### ID 409 — Criminal tax courts' publication of decisions ▲

**Question:** \*Is the full text of judgements / verdicts issued by criminal tax courts published online for free, or for a cost of up to 10 €/US\$/GBP??

**Answer:** No, full text of verdicts is not always online (up to 10€/US\$/GBP)?

#### Notes:

- Selected Supreme Court decisions are published at Liberia's judiciary website (<http://judiciary.gov.lr/opinions/>). Rulings from lower courts are not available. The Liberia Legal Information Institute (LiberLII), a not-for-profit organization, was established to offer free online access to legal information to the public. However, it publishes mainly Supreme Court decisions.

#### Sources:

- <http://www.liberlii.org/iberlii/brochure.html>
- <http://judiciary.gov.lr/opinions/>

### ID 410 — Civil tax courts' publication of decisions ▲

**Question:** \*Is the full text of judgements / verdicts issued by civil tax courts published online for free, or for a cost of up to 10 €/US\$/GBP??

**Answer:** No, full text of verdicts is not always online (up to 10€/US\$/GBP)?

#### Notes:

- Selected Supreme Court decisions are published at Liberia's judiciary website (<http://judiciary.gov.lr/opinions/>). Rulings from lower courts are not available. The Liberia Legal Information Institute (LiberLII), a not-for-profit organization, was established to offer free online access to legal information to the public. However, it publishes mainly Supreme Court decisions.

#### Sources:

- <http://www.liberlii.org/iberlii/brochure.html>
- <http://judiciary.gov.lr/opinions/>

## ANTI-AVOIDANCE

### Haven Indicator 15: Deduction Limitation of Interest Payments ▲

100

This indicator assesses a country's limitations on the deduction of interest expenses from the corporate income tax base. It focuses on limits placed on interest paid to non-resident group affiliates ("intra-group interest payments"), including by means of a fixed ratio rule.

#### ID 517 — Outbound intra-group interest deduction limitation ▲

**Question:** Outbound intra-group interest deduction limitation: Does the jurisdiction restrict or disallow deducting from the corporate income tax base interest paid to non-resident group affiliates?

**Answer:** NO: No deduction limitation for intra-group interest payments.

**Notes:**

- In Liberia, there is no EBITDA-based limitation rule or thin capitalisation rule. However, interest payments are limited to 50 per cent of taxable income (IBFD 2020d: 7.3). Thus, Liberia disallows a percentage of interest expense of an entity in respect of the nature of the payment or to who it is made. The OECD finds this method to be more effective in reducing the general tax preference for debt over equity, than in targeting base erosion and profit shifting involving interest (OECD IntD 2015: 20).

**Sources:**

- IBFD 2020d [↗](#)
- OECD IntD 2015 [↗](#)

#### ID 518 — Group ratio rule (as part of fixed ratio interest deduction limitation) ▲

**Question:** Group ratio rule: Does the jurisdiction apply a group ratio rule opt-in alongside fixed ratio limitations on interest deduction?

**Answer:** Not applicable

**Notes:**

- Since there are no fixed-ratio rules in force in Liberia (IBFD 2020d: 7.3), a group ratio or a worldwide debt-to-equity ratio carve-out is not applicable.

**Sources:**

- IBFD 2020d [↗](#)

#### ID 519 — Financial undertaking exclusion (as part of fixed ratio interest deduction limitation) ▲

**Question:** Financial undertaking exclusion: Does the jurisdiction apply a financial undertaking exclusion alongside fixed ratio limitations on interest deduction?

**Answer:** Not applicable

**Notes:**

- Since there are no fixed-ratio rules in force in Liberia (IBFD 2020d: 7.3), a financial undertaking exclusion is not applicable.

**Sources:**

- IBFD 2020d [↗](#)

### Haven Indicator 16: Deduction Limitation of Royalty Payments ▲

100

This indicator measures whether or to what extent a jurisdiction disallows or restricts the deduction of royalties paid to non-resident group affiliates ("intra-group royalty payments") from the corporate income tax base.

#### ID 520 — Outbound intra-group royalty deduction limitation ▲

**Question:** Outbound intra-group royalty deduction limitation: Does the jurisdiction restrict or disallow deducting from the corporate income tax base royalties paid to non-resident group affiliates?

**Answer:** NO: No deduction limitation for intra-group royalty payments.

**Notes:**

- In Liberia, there is no deduction limitation for intra-group royalty payments beyond the arm's length principle (IBFD 2020d: 1.3.3.1; 7.2).

**Sources:**

- IBFD 2020d [↗](#)

### Haven Indicator 17: Deduction Limitation of Service Payments ▲

100

This indicator measures whether or to what extent a jurisdiction restricts or disallows the deduction of intra-group services payments (management fees, technical fees, consulting services fees) paid to non-resident group affiliates from the corporate income tax base.

#### ID 521 — Outbound intra-group services deduction limitation ▲

**Question:** Outbound intra-group services deduction limitation: Does the jurisdiction restrict or disallow deducting from the corporate income tax base payments for management, technical, legal or accounting services paid to non-resident group affiliates?

**Answer:** No, there is no deduction restriction beyond transfer pricing rules, the arm's length principle or other generic rules.

**Notes:**

- In Liberia, there is no deduction limitation for intra-group service payments beyond the arm's length principle (IBFD 2020d: 1.3.3.1; 7.2).

**Sources:**

- IBFD 2020d [↗](#)

This indicator measures the extent to which a jurisdiction levies withholding taxes on outbound dividends. It assesses the lowest available unilateral withholding tax rate on outbound dividend payments.

ID 508 — Dividend-related party payment ▲

**Question:** Dividend-Related Party Payment: What is the (lowest) applicable unilateral cross-border withholding tax rate for outgoing dividend payments to a related party?

**Answer:** 5 %

**Notes:**

- In principle, Liberia levies a 15 per cent withholding tax on dividend payments by Liberian resident subsidiaries to non-resident parent companies. However, a 5 per cent withholding tax rate is implemented when the resident subsidiary is a mining, petroleum or renewable resource company (IBFD 2020d: 6.3.1).

**Sources:**

- [IBFD 2020d](#)

Haven Indicator 19: Controlled Foreign Company Rules ▲

100

This indicator assesses whether countries apply robust non-transactional controlled foreign company (CFC) rules. CFC rules are a type of specific anti-avoidance rules that target particular taxpayers or transactions. Like other types of specific anti-avoidance rules, CFC rules are more effective than general anti-avoidance rules in capturing the specific type of tax avoidance on which they focus.

ID 522 — Controlled Foreign Company (CFC) rules ▲

**Question:** CFC-Rules: Does the jurisdiction apply robust non-transactional CFC rules?

**Answer:** NONE: No, there are no CFC rules whatsoever.

**Notes:**

- There are no CFC rules in Liberia (IBFD 2020d: 7.4).

**Sources:**

- [IBFD 2020d](#)

## DOUBLE TAX TREATY AGGRESSIVENESS

Haven Indicator 20: Treaty Aggressiveness ▲

0

This indicator analyses the aggressiveness of a jurisdiction in their double tax agreements with other countries, as revealed by the withholding tax rates that apply to the payment of dividends, interests and royalties.

ID 571 — Aggregate tax treaty aggressiveness ▲

**Question:** Aggregate-Aggressiveness: What is the scaled value of all negative differentials between the assessed jurisdiction's treaty withholding rates on all three payment types (dividend, interest and royalty) and those of its treaty partner jurisdiction.

**Answer:** 0

## Global Scale Weight breakdown

 0.022%

### Inward foreign direct investment (US\$)

\$ 9,125,057,724

### Outward foreign direct investment (US\$)

\$ 11,564,963,498

### Sum of inward and outward foreign direct investment (US\$)

\$ 20,690,021,222

### Global total of sum of inward and outward foreign direct investment (US\$)

\$ 94,690,323,833,261

### Global scale weight (share of jurisdiction's inward and outward foreign direct investment on the global total)

0.0219%