

PART I—PRELIMINARY

Interpretation.

1. In this Act, unless the context otherwise requires—

“adjusted cost base” of an asset has the meaning given in section 2 of the Income Tax Act, 2000;

“approved decommissioning plan” means a decommissioning plan approved by the Minister responsible for the management of petroleum matters;

“approved development and operation plan” means a plan approved under section 55 of the Petroleum (Exploration and Production) Act, 2011;

“approved fiscal stability clause” has the meaning given in section 40;

“associate” has the meaning given in section 2 of the Income Tax Act, 2000;

“bonus payment” means a bonus paid on the grant, transfer or assignment of a large-scale mining licence or petroleum licence, but does not include a fee prescribed by the Mines and Minerals Act, 2009 or the Petroleum (Exploration and Production) Act, 2011 or regulations made under those Acts;

“Commissioner-General” means the Commissioner-General appointed under the National Revenue Authority Act, 2002;

“debt claim” has the meaning given in section 2 of the Income Tax Act, 2000;

“debt obligation” has the meaning given in section 2 of the Income Tax Act, 2000;

ARRANGEMENT OF SECTIONS

THE EXTRACTIVE INDUSTRIES REVENUE ACT, 2018

ARRANGEMENT OF SECTIONS

PART I—PRELIMINARY

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(2) In this paragraph, "period of production activities" means a period during which production activities are conducted under a petroleum licence, including the period between the approval of the development and operation plan and the commencement of production activities if that commencement occurs within 60 days of the approval, but excludes any period during which production activities are suspended or unreasonably delayed.

THIRDSCHEDULE-CONSEQUENTIALAMENDMENTS

(Section 50)

The Mines and Minerals Act, 2009 (Act No. 12 of 2009)

Mining and
petroleum
operations

1. The Mines and Minerals Act, 2009 is amended
 - (a) by repealing and replacing of section 148 with the following new section-

“148. A holder of a mineral right shall be subject to the following-

 - (a) royalties and mineral resource rent tax as imposed by the Extractive Industries Revenue Act, 2018;
 - (b) income tax as imposed by the Income Tax Act, 2000 and modified by the Extractive Industries Revenue Act, 2018;
 - (c) annual charges and other amounts payable under this Act; and
 - (d) without limitation or modification, all other applicable taxes, fees and charges, including those listed in the First Schedule of the National Revenue Authority Act, 2002.”
 - (b) by deleting sections 149, 150 and 151;
 - (c) in subsection (1) of section 157 by replacing the words "Royalties, import duty and any annual charge" with the word "Amounts";
 - (d) by deleting subsection (3) of section 157.

The Income Tax Act 2000 (Act No. of 8 2000)

2. The Income Tax Act, 2000 is amended by-
 - (a) repealing and replacing section 21 with the following new section-

21. The manner in which this law applies to mining and petroleum operations shall be modified by the Extractive Industries Revenue Act, 2018."

- (b) deleting paragraph (n) of subsection (2) of section 32;
- (c) deleting section 42;
- (d) deleting the sixth schedule.

The National Revenue Authority Act, 2002 (Act No. 11 of 2002)

- (3) The National Revenue Authority Act, 2002 is amended as follows-
 - (a) in subsection (1) of section 24 by repealing and replacing paragraphs (a) and (b) respectively with the following new paragraphs-
 - (a) 3 per cent of the actual revenue collected annually other than royalties, income tax, resource rent tax (mineral and petroleum) and bonus payments referred to in the Extractive Industries Revenue Act, 2018;
 - (b) a percentage to be specified from time to time by the Minister with the approval of Parliament, of the revenue referred to in paragraph (a) for each year in excess of the estimate of that revenue in the estimates of Sierra Leone for the relevant year";
 - (b) by inserting the following new paragraph immediately after paragraph (f)-

“(g) a dedicated budget allocation for administration of the Extractive Industries Revenue Act, 2018”;
 - (c) in the Schedule, by inserting the following new item immediately after item 10-

"11. Extractive Industries Revenue Act, 2018"

PART III-PETROLEUM

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SIGNED this *day of July, 2018.*

HIS EXCELLENCY JULIUS MAADA BIO,
President.



No.

2018

LS

Sierra Leone

The Extractive Industries Revenue Act, 2018

Short title.

Being an Act to provide for and coordinate various taxes and charges on extractive industries, the regulation of fiscal aspects of extractive industry agreements and for other related matters.

[] Date of commencement.

ENACTED by the President and Members of Parliament in this present Parliament assembled.

Passed in Parliament this day of , in the year of our Lord two thousand and Eighteen.

MOHAMED LEBBIE,
Ag. Clerk of Parliament.

THIS PRINTED IMPRESSION has been carefully compared by me with the Bill which has passed Parliament and found by me to be a true and correct printed copy of the said Bill.

MOHAMED LEBBIE,
Ag. Clerk of Parliament.

"capital allowance expenditure" means expenditure for which capital allowances are available, either under section 25 of this Act or section 39 of the Income Tax Act, 2000; and

"written down value" of an asset means the adjusted cost base of the asset less all capital allowances granted with respect to expenditure included in that cost.

Part III: Petroleum Resource Rent Tax (Sections 29 and 30)

Petroleum Resource Rent Tax Rate

6. (1) The rate of petroleum resource rent tax for a year of assessment shall be calculated by using the following formula: Royalties,
taxes and
other charges

58 - Income Tax Rate

100 - Income Tax Rate

(2) For the purposes of subparagraph (1), the income tax rate shall be the rate specified in paragraph 4 for the year expressed as a whole number.

Uplift for Accumulated Net Expenditure

7. (1) The uplift referred to in section 31 shall be applied to accumulated net expenditure for a previous year of assessment in the following manner-

- (a) in the case of a period of production activities during the current year of assessment - 15% per annum applied to the period; and
- (b) in any other case - nil.

“mining operations” has the meaning given in section 1 of the Mines and Minerals Act, 2009, but excludes processing of minerals;

“National Revenue Authority ” means the National Revenue Authority established under the National Revenue Authority Act, 2002 (Act No 11 of 2002);

“overriding royalty” means a periodic payment made by a person (other than a dividend) to the extent to which it is directly or indirectly calculated by reference to the profitability, output or natural resources extracted by the person or an associate of the person;

“petroleum” has the meaning given in section 1 of the Petroleum (Exploration and Production) Act, 2011;

“petroleum operations” has the meaning given in section 1 of the Petroleum (Exploration and Production) Act, 2011 and includes “reconnaissance” as defined in that section, but excludes processing of petroleum;

“petroleum licence” has the meaning given in section 1 of the Petroleum (Exploration and Production) Act, 2011;

“petroleum right” has the meaning given in section 1 of the Petroleum (Exploration and Production) Act, 2011;

“precious stones” has the meaning given in paragraph (b) of the definition of “precious mineral” in section 1 of the Mines and Minerals Act, 2009;

“processing” has the meaning prescribed by regulations but excludes activities of a processing nature that are ancillary to mineral operations or petroleum operations;

“decommissioning fund” means a fund established under section 78 of the Petroleum (Exploration and Production) Act, 2011;

“derivative instrument” has the meaning prescribed by regulations and, in the absence of regulations, takes its meaning from generally accepted accounting principles;

“development and operation area” means the area covered by an approved development and operation plan;

“excluded expenditure” means-

- (a) income tax, mineral resource rent tax and petroleum resource rent tax;
- (b) bribes and expenditure incurred in corrupt practices;
- (c) interest, penalties and fines payable to a government for breach of any law or a political subdivision of a government of any country; and
- (d) expenditure incurred-
 - (i) as a consequence of non-fulfilment of contractual obligations under an extractive industry agreement or other agreement with a government or a political subdivision of a government of any country; or
 - (ii) on insurance, indemnity, guarantee or other security against such non-fulfilment;