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Liberia Tax Survey

A. Income Tax

1. What types of organizations or entities are partially or wholly exempt from the income tax? "Charitable, religious, or educational organizations" are exempt from tax under section 2.5 of the Revenue and Finance Law of 1956, which appears to have been reenacted in 1977, although the exact book is not contained in the collection of laws. The exemption applies only to the income tax.
2. What types of income are wholly or partially exempt (e.g., membership dues, passive (investment) income)? Exempt from taxation "in respect of contributions received and income earned from and property used in connection with activities which are substantially and directly related to the exercise or performance by such organization of its exempt purposes."
3. Must an organization receive an advance ruling from an agency of the government in order to enjoy tax benefits? Organizations must be registered by the Ministry and approved by the Minister, although the procedure for making the determination is not stated.
4. Is investment income subject to taxation? Presumably only interest earned on property used for exempt purposes is exempt.
5. May an organization engage in economic or business activities? Presumably an organization may engage in economic activities, but the income from such activities will be subject to tax as long as it is not from activities "substantially and directly related to the organization's exempt purposes."
6. Are there minimum distribution rules? No.
7. Are tax benefits for charitable contributions allowed? Yes, under §11.32 a charitable contribution deduction is allowed if the gift is "for public purposes" and made to a charitable, religious or educational organization accredited by the Minister. The amount of an in-kind gift is its fair market value or the adjusted basis to the donor, whichever is lower. The limit on the charitable contribution deduction is 15% of taxable income. This is available to both individuals and companies and it is available "whether or not paid or incurred in connection with an activity carried on for gain or profit."

B.