

Sierra Leone Supplementary 2023 Budget Highlights

Economic Indicators & Expenditure Highlights



- On 31st July 2023, the Minister of Finance presented the **2023 Supplementary Government Budget and Statement of Economic and Financial Policies** to the House of Parliament.
- Growth** in 2023 is projected to reduce to 2.7 per cent from a 3.6 per cent growth in 2022 caused by uncertainty of the global market, higher food and fuel prices, and rapid depreciation of the Leone.
- Inflation** rose from 37.1 per cent in December 2022 to 44.8 per cent in the first half of 2023.
- The country's **trade deficit widened** to US\$170.6 million between January – April 2023 due to higher imports of fuel, food, machinery, and transport equipment.
- Gross international reserves** of the BSL **declined** by US\$86.62 million. There was US\$523.80 million as at the end of June 2023, from US\$610.42 million as at end December 2022, due to increase in payments for debt service and goods and services.
- The **main risks** to the outlook of the Sierra Leone economy in the first half of 2023 include multiple crises brought on by the spillover of the Ukraine crisis, weak domestic economic activity, rising inflation, exchange rate depreciation and higher debts levels.
- Total expenditure and net lending** are revised upwards by SLE 3.5 billion to SLE18.6 billion (24.8 per cent of GDP) for FY 2023.

Tax Policy & Administrative Measures



- New tax policy** measures are introduced in the **Finance Act 2023** as part of the Medium-term Revenue Strategy (MTRS), which has also been approved by Cabinet in April 2023. The measures include the introduction of a **Minimum Alternate Tax (MAT)** to tackle the widespread evasion and avoidance of corporate income tax.
- Multiple GST Exemptions were removed**, including the re-introduction of GST on fee-based financial services, and introduction of GST on equipment for mining, agriculture, and manufacturing.
- A Vehicle Circulation Tax** at SLE200 and a **Tourism Levy** of 2 per cent were also introduced in The Finance Act 2023. These tax policy measures will yield additional tax revenues in 2023 and 2024 estimated at 1.8 percent of GDP.
- The Finance Act 2023 also includes tax administration measures including the **introduction of excise tax stamps** on the importation and domestic manufacturing of excisable goods.
- The NRA will pursue the integration of Electronic Cash Registers** with the systems of at least nineteen (19) large companies and strengthen tax compliance of large taxpayers in the extractive, telecommunications, and financial sectors.

Selected Recovery Measures



- To ensure a fixed, predictable, and stable excise duty on **petroleum products to finance Government priority programmes** such as the Free Quality Education Programme, FEED Salone, Free Health Care Initiative, and Social Safety Nets for the poor on a sustainable basis and without excessive borrowing, Government will gradually restore the **full pass-through petroleum pricing formula** starting on August 1, 2023.
- Following the establishment of the **MUNafa Fund (a revolving micro credit scheme)** and the provision of resources for on-lending to MSMEs, the Fund has reached **10,889 beneficiaries, 72 per cent, of which, are women**. Government remains committed to providing additional resources to expand the programme and reinforce its role in employment, wealth creation and poverty alleviation.

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Alfred Akibo-Betts
Chief Executive Officer
a.akibobetts@thebettsfirmsl.com