



Liberia

Overview

- Liberia is located on the West Coast of Africa and was the first democratic republic in Africa. The country's last elected government has been in power since 2006.
- Two currencies are accepted in the country: the Liberian Dollar and the US Dollar.
- The UN lifted the bans on diamond exports in 2007 and on timber exports in 2006.
- Liberia's economy relies on foreign assistance for revenue and the country is rich in mineral and natural resources, exporting products such as iron ore, raw timber and rubber.
- Liberia lacks basic infrastructure, including electricity and running water and is still suffering from the results of the civil war, with major problems such as corruption, unemployment and illiteracy.
- Liberia was one of the countries most affected by the Ebola outbreak in 2014.
- The country administers one of the world's best Ship and Corporate Registries.

Membership of regional and international treaties and organisations

- Observer of the World Trade Organization (WTO) negotiating accession since 2007.
- The World Bank
- The Lomé Convention
- United Nations (UN)
- International Monetary Fund (IMF)
- African Union (AU)
- ACP-EU Partnership Agreement
- Economic Community of West African States (ECOWAS)
- Mano River Organisation (MRO)

Legal Environment

- Liberia has a dual legal system, therefore statutory law, based on Anglo American Common Law and a customary law. The former applies to the modern sector; the latter applies to native indigenous population.
- Liberian corporate law is based on the corporate law of Delaware, USA.

National Investment Commission

- The Liberian National Investment Commission (NIC) was established in 1979 by an Act of Legislature on September 1979.
- NIC major role is to promote investment opportunities and foreign direct investments. Among the incentives provided by the NIC, it can be highlighted several exemptions from tax duties in approved sectors.
- Such tax incentives are conditional upon investment of at least \$1 million and the employment of Liberian resources and employees.

Business Entities

- Companies must be registered at the Liberian Registry, which will make an official request on behalf of the new company for its Tax Identification Number and Bank Payment Slip from the Ministry of Finance.
- Liberian companies may be formed on the same day of the application from offices of the Liberian Registry abroad (there is currently no office in the United Kingdom). There is no need for a person or an office to be located in the country.
- More than 75% of the shares must be held abroad in order to benefit from a non-resident status.
- Since 2010 the website of the Liberian Corporate Registry has been in place, providing easy access to company's information and facilitating the issue of certificates.
- The different forms of companies available include limited liability companies, corporations, foreign corporations, limited partnership and sole proprietorships.

Taxation

- Corporate income tax – 25%. Capital gains are treated as income. Some industries are differently regulated: 30% tax rate for mining and petroleum companies.
- Tax on dividends – 5% (for non-resident companies).
- Tax on interests – 15%.
- Goods and service taxes (GST) – 7%.
- Royalties and license fees – 15%.

- Stamp and transfer duty – from 1% to 12.5%.
- Property tax – 1.5%.
- Thin capitalisation rules do not apply in Liberia.
- Transfer pricing rules are not applicable.
- Liberia has entered into Double-taxation treaties with Germany and Sweden.

Exchange controls

- Exchange controls are carried out by the country's central bank.
- The country's Prevention of Money Laundering Law 2002 follows international requirements on the matter, such as international cooperation and due diligence requests.
- Authorised Dealers have authority to review and approve transfers abroad and transactions with no interference of the central bank.
- No restrictions apply to loan, interest and profits.
- Exports are administered by an Export Form for each shipment and its proceeds must be repatriated to Liberia (the requirement to surrender foreign exchange to the central bank is not in place anymore).

Taking security

- According to Section 6.11 of the Liberian Commercial Code of 2010, security must be probated and registered with the Registry for Mortgages and Security and must be recorded by it, kept in chronological order of registration.
- Priority is determined by seniority, following the chronological order of registration.

Land ownership

- Acquisition of land by foreigners is only available via leasehold. Such leases usually last between 25 and 50 years.
- Deficiencies in the system of land registration, together with the confusion over the formal and customary legal regimes lead market participants to a significant degree of legal uncertainty.

Choice of law and dispute resolution

- Signatory to the Multilateral Investment Guarantee Agency (MIGA).
- Signatory to the International Centre for the Settlement of Investment Disputes (ICSID).
- Signatory of the New York Convention on the recognition and Enforcement of Arbitration Awards.

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