



Paymaster Liberia

EMPLOYER EDUCATION SERIES

Employer's guide to PAYE

Payroll income tax withholding, filing and payment for employers
in Liberia.

At a glance

Pay-As-You-Earn (PAYE) is income tax the employer deducts from employees' pay and remits to the Liberia Revenue Authority (LRA). A compliant payroll identifies taxable pay, applies the right tax treatment, deducts the tax, and files and pays on time.

Employer duty	What it means in practice
Register and identify	Hold an employer TIN, activate the filing obligations and collect employee TINs.
Classify and calculate	Establish residency, identify taxable pay and apply the correct rates and relief.
Withhold, file and pay	Deduct at payment, file the monthly return and remit by the 10th of the following month.
Reconcile and retain	Match payroll, return and receipt; keep records for seven years.

10th
of the following month: remit PAYE [C 905(j)]

L\$70,000
annual zero band; no second standard deduction [C 200(a), 205(a)]

20%
non-resident services rate since December 2024 [A24 806(e)]

How to read the references

C is the Liberia Revenue Code as amended, 2020; **A24**, **D24** and **A25** are the three later amendment Acts; **E**, **F**, **S** and **B** are LRA online resources. All are listed in section 13.

ABOUT THIS GUIDE
This is independent employer education from Paymaster Liberia, not an official LRA publication, legal advice or an individual tax ruling. It reflects the Code and the amendments published on the LRA's website, as checked on 15 October 2026. Obtain the LRA's written position on the points listed in section 11. NASSCORP obligations are covered in our separate Employer's Guide to NASSCORP.

Contents

01	Establish your withholding obligations	1
02	Collect TINs and determine residency	2
03	Identify taxable employment income	3
04	Non-cash benefits and medical costs	4
05	Resident tax bands	5
06	Worked examples	6
07	Bonuses, final pay, non-residents and contractors	7
08	File and pay by the 10th	8
09	Records, corrections and year-end	9
10	Penalties and officer liability	10
11	Monthly checklist and points to confirm	11
12	How Paymaster Liberia helps	12
13	Sources and official resources	13

01 Establish your withholding obligations

Employers are withholding agents

Section 905 applies to resident legal and natural persons, non-residents with a branch or business in Liberia, government agencies and, unless an international agreement or treaty expressly exempts them, NGOs and diplomatic missions. A payer of wages or salary must withhold under the resident employee rules where the employee's annual pay exceeds the standard deduction. [C 905(a), (e)]

An employer's own exemption from income tax does not automatically exempt its employees' pay. The Code expressly taxes resident Liberian citizens employed by embassies, diplomatic missions and international organisations. Keep evidence for any exemption you rely on. [C 9, 200(a)(1), 200(d), 905(a)]

Employees and independent contractors

The Code defines an employment contract by the hiring party's right to supervise the work, whether the arrangement is oral or written. Regular employees belong in payroll even if their agreement calls them consultants. Genuine independent services follow the contractor withholding rules in section 7.

[C 10(k), 905(e)–(f)]

At onboarding, record who directs the work, the contract, where the work is done, the pay components, residency evidence and the basis for the tax classification, approved by a payroll reviewer.

Work done in Liberia is taxable wherever it is paid

Income from employment exercised in Liberia is Liberian-source income regardless of where it is received. A foreign bank account, an overseas employer or a contract signed abroad does not remove the tax. Residents are taxed on worldwide income; non-residents on Liberian-source income under Chapter 8.

[C 201(c), 804–805]

CROSS-BORDER BUSINESSES

The Tax Amendment Act of December 2025 (approved 24 March 2026) reduces the permanent-establishment period to 30 days and adds a 30-day test for services furnished through personnel. That business-presence test is separate from an employee's personal residency. [A25 803]

Before the first payroll: confirm the employer's tax registration and LRA office, arrange access to the filing channel, document the payroll method, and assign a preparer, a reviewer and a payment approver.

02 Collect TINs and determine residency

Taxpayer identification numbers

Every resident with a tax obligation must obtain one Tax Identification Number (TIN), free of charge, and must not hold more than one. A resident subject to withholding must give the TIN to the withholding agent. [C 53(a)]

- Keep the employer's legal name, address, TIN and filing obligations correct in LRA records.
- Collect each employee's registered name, address and TIN at onboarding. Resolve mismatches with the LRA rather than creating a second TIN.
- A missing TIN is never a reason to stop deducting or remitting tax. Record your request and follow up promptly.

Where withholding is required on a payment of L\$1,000 or more to someone who has not supplied a TIN, section 53(b)(1) imposes a fine of L\$5,000 or the tax required to be withheld, whichever is less. Deliberate breaches carry separate sanctions. [C 6, 53(b)]

Residency is not nationality

Under section 800(a), a person is resident for the whole tax year if any one of these applies:

- 1 they have a normal place of abode in Liberia and are present at any time during the year;
- 2 they are present in Liberia for more than 182 days in a 12-month period ending during the year; or
- 3 they are a Government of Liberia employee or official posted abroad during the year.

Special rules apply to a person who was non-resident in the previous year and to days that do not count as presence, so "182 days or fewer means non-resident" is not a complete rule. Keep arrival and departure dates, abode information, assignment terms and the approved classification. [C 800(b)–(c)]

UNUSUAL WORDING IN SECTION 800(C)(1)

Days on which a person "enters Liberia for the purpose of performing services as an employee" are not counted as presence. Do not read this as a general expatriate exemption: section 805 still taxes Liberian-source employment. Obtain the LRA's written position where it affects a real case (section 11).

Apply the correct treatment

Resident employees use the progressive table in section 200(a). For non-residents' Liberian-source payments for services, the Tax Amendment Act of 2024 raised the section 806(e) withholding rate from 15% to **20%** (approved 17 December 2024). Some older guidance still shows 15%. Check treaty relief and special-sector rules before applying any other rate. [C 201, 804–806; A24 806(e)]

Review residency whenever an assignment, travel pattern or living arrangement changes, and keep the decision with the payroll records.

03 Identify taxable employment income

Start with the whole pay package

Gross income includes employment earnings received in money or in kind. Taxable income is gross income less only the exclusions, deductions and allowances the Code authorises. A payroll label does not create an exclusion. [C 201]

Pay item	Treatment
Salary, wages, overtime, commissions	Include as employment income unless a specific provision applies.
Bonuses and cash allowances	Include. Calling a payment an “allowance” does not make it exempt.
Food, housing, vehicles and other benefits in kind	Value at fair market value and apply the annual L\$100,000 non-cash exclusion (section 4).
Employer-paid medical costs or insurance	Included in income, with the medical tax credit applied against tax (section 4).
Sickness, injury, disability and death payments	Excluded only where section 202(a) conditions are met; keep the evidence.
Leave pay, arrears, termination payments	Review each component; earned pay remains employment income. Seek a ruling for any special exclusion.

Keep a written register of each pay component: cash or non-cash, tax treatment, valuation evidence and legal basis. Update it whenever employment terms change.

Expenses versus personal benefits

For a genuine business expense, keep the purpose, receipts and approval, and check whether the employee received a personal benefit. A fixed cash travel or transport allowance is not automatically exempt just because it is meant to cover expenses. [C 201, 206(a)]

Statutory exclusions

Section 202(a) covers qualifying sickness, injury, disability and death payments, including specified insurance proceeds and damages. Ordinary salary paid while an employee is sick is not an insurance or injury benefit. Section 202(b) excludes genuine gifts; an employment reward is not a gift because it is called one. [C 15, 201–202]

Deductions from pay are not deductions from tax

Loan repayments, salary advances and staff purchases reduce cash paid but not taxable pay. A NASSCORP deduction does not by itself reduce taxable pay either: the Code's PAYE provisions contain no general deduction for employee social-security contributions. Confirm any claimed relief with the LRA before configuring payroll. [C 201, 205–206]

04 Non-cash benefits and medical costs

Non-cash benefits: value, then apply the annual limit

Section 202(c) values employer-provided non-cash benefits at 100% of fair market value. Their combined value is excluded up to **L\$100,000 per employee per tax year**; anything above that is taxable. Benefits excluded elsewhere in section 202, and medical payments under section 219, follow their own rules.

[C 202(c)]

This is a single annual limit, not L\$100,000 per benefit or per month. Cash housing or transport allowances do not become non-cash benefits because of their names.

EXAMPLE

Company housing valued at L\$90,000 for the year plus private use of a vehicle valued at L\$60,000 gives non-cash benefits of L\$150,000. L\$100,000 is excluded and L\$50,000 is taxable. The exclusion is not deducted again from cash salary.

Keep a benefit ledger per employee: description, dates, valuation method, monthly value, year-to-date total, exclusion used and taxable balance. Confirm with the LRA how to spread the taxable part when values change during the year. [C 55, 202(c), 905(e)]

Medical costs: included in income, then a credit

Employer-paid medical costs or insurance premiums are **included in the employee's income**, and the medical tax credit is then applied against the tax. Section 202(a) directs these payments to section 219; they are not simply tax-free. [C 202(a), 219(e)]

The credit is 50% of approved medical expenses, subject to the limit in section 219(c) (50% of the reasonable medical insurance premium, or L\$120,000, whichever is lower), with any excess carried forward. An employee claims it through withholding by giving the employer substantiation in a format approved by the Commissioner General. [C 219(a)–(e)]

EXAMPLE

An employer pays a L\$12,000 medical insurance premium for an employee. The L\$12,000 is added to income. If it fully qualifies and is within the limits, the credit is L\$6,000 off the tax, not a L\$12,000 reduction of income.

Keep premium invoices, proof of payment, the eligible persons, the employee's approved submission and the credit calculation. A credit larger than the month's tax is carried forward, not paid out as a cash refund.

[C 219(c)–(e)]

05 Resident tax bands

Annual resident income tax table

The resident bands are the same in the 2011 and 2020 editions of the Code and in the LRA's tax education material. Amounts are in Liberian dollars; A is annual taxable income before any credits. [C 200(a); E]

Annual taxable income (L\$)	Annual tax
0 – 70,000	Nil
Over 70,000 – 200,000	$5\% \times (A - 70,000)$
Over 200,000 – 800,000	$6,500 + 15\% \times (A - 200,000)$
Over 800,000	$96,500 + 25\% \times (A - 800,000)$

DO NOT DEDUCT L\$70,000 TWICE

Section 205(a) says the standard deduction of L\$70,000 is already reflected in the zero band. Subtracting it before applying the table gives an unauthorised extra deduction.

Monthly equivalent for a regular salary

Annualise the monthly taxable pay, apply the table, then divide by 12: monthly PAYE = $T(12 \times M) \div 12$, where M is monthly taxable pay and T is the annual table.

Monthly taxable pay (L\$)	Monthly tax before credits
Up to 5,833.33	Nil
Over 5,833.33 – 16,666.67	$5\% \times (M - 5,833.33)$
Over 16,666.67 – 66,666.67	$541.67 + 15\% \times (M - 16,666.67)$
Over 66,666.67	$8,041.67 + 25\% \times (M - 66,666.67)$

Use unrounded values internally and round the resulting tax. This is the arithmetic equivalent for regular monthly pay; for bonuses, weekly pay or part-year employees, use the LRA's approved method and track year-to-date pay and tax. [C 200(a), 205(a), 905(e)]

06 Worked examples

Resident employee on a regular LRD salary

Assuming twelve equal payments, no other taxable benefits, no other deduction and no credits:

Monthly taxable pay	Annual tax	Monthly PAYE
L\$5,000	L\$0	L\$0.00
L\$15,000	L\$5,500	L\$458.33
L\$50,000	L\$66,500	L\$5,541.67
L\$100,000	L\$196,500	L\$16,375.00

For L\$50,000 a month: annual income is L\$600,000; annual tax is $6,500 + 15\% \times 400,000 = L\$66,500$; monthly PAYE is L\$5,541.67, leaving L\$44,458.33 after PAYE. NASSCORP and other deductions are separate. [C 200(a)]

Cash and non-cash together

Cash salary of L\$600,000 for the year plus non-cash benefits of L\$150,000: after the L\$100,000 exclusion, taxable income is L\$650,000 and annual tax is $6,500 + 15\% \times 450,000 = L\$74,000$, or L\$6,166.67 a month if spread evenly. The benefit value is part of the tax base, not extra cash paid. [C 200(a), 202(c)]

USD payroll

Monthly taxable pay of US\$1,000 at an illustrative rate of L\$150 per US\$1 is L\$150,000 a month, or L\$1,800,000 a year. Annual tax is $96,500 + 25\% \times 1,000,000 = L\$346,500$; monthly tax is L\$28,875, or US\$192.50 at that rate.

L\$150 is only an example. Use the applicable official rate and keep its date and source. Section 6 allows books, assessment and payment in LRD or USD; USD books must show the LRD equivalents of taxable income and tax, and LRD tax is translated into USD at the Central Bank rate in effect on the day of payment. [C 6]

07 Bonuses, final pay, non-residents and contractors

Irregular payments need an approved method

Include taxable bonuses, commissions, arrears and extra payroll runs in withholding. A bonus is not exempt and does not take a contractor rate. For an unusual payment, keep year-to-date pay and tax, identify the period it covers and use the LRA-approved method for spreading it. Do not give the same employee a fresh tax-free band on each extra run in a month. [C 201, 905(e)]

New hires, leavers and second jobs

Record start and end dates, final salary, leave pay, bonus and any termination settlement separately. Confirm part-year withholding and any adjustment with the LRA, and do not grant the full annual tax-free amount again at each employer. Employees with more than one income may need to file a return.

[C 200–201, 900, 905(k)]

Non-residents: 20% on services

The Tax Amendment Act of 2024 changed the section 806(e) withholding rate on payments to non-residents for services from 15% to **20%**. A covered gross payment of L\$100,000 therefore bears L\$20,000 withholding. Treaty relief, the special project rule in section 806(f) and an election to file under section 806(i) can change the result, so confirm the classification with the LRA where needed. [A24 806(e); C 804–806]

Contractors belong in a separate workflow

For resident services outside an employment contract, section 905(f) requires 10% withholding where a payment is L\$100,000 or more, or total payments to the provider are, or are expected to be, L\$1,000,000 or more in the payer's tax year. Check the special-sector rules and use the correct return schedule for each payment type. [C 905(f), (h)]

The Tax Amendment Act of December 2024 repealed section 905(l), the former separate information-reporting rule for payments to legal persons. [D24 905]

NET-PAY AGREEMENTS

Where an employer promises a net salary or pays the employee's tax, work out the taxable gross pay and any gross-up with the LRA or your adviser. Tax paid on the employee's behalf is itself a benefit, so a simple deduction from the promised net amount gives the wrong result. [C 201]

08 File and pay by the 10th

10th

of the following month: remit the tax withheld, with the required statement [C 905(j)]

11:59 p.m.

cut-off on the due date for electronic channels; 5:00 p.m. for others [D24 50]

7 years

record retention after the end of the tax period [C 55]

Section 905(j) requires tax withheld from resident payments to be remitted **within 10 days after the last day of the month**, with a statement of each payee, the payment and the tax withheld. Payments to non-residents follow the same 10-day rule under section 806(h). October withholding is therefore due by 10 November. Paying employees without deducting enough tax does not remove the employer's duty to remit what should have been withheld. [C 806(h), 905(j), (m)]

The Tax Amendment Act of December 2024 sets the due-date cut-off at 11:59 p.m. for electronic channels and 5:00 p.m. otherwise. An extension of time to file does not extend the time to pay. [D24 50; C 50(c)]

Monthly filing and payment

- 1 Close payroll and reconcile salary, cash allowances, taxable benefit values, exclusions, credits and PAYE by employee.
- 2 Prepare the Monthly Withholding Return and the salary (and any non-resident) schedule in the LRA-approved format, with the correct employer TIN, period and currency. [F]
- 3 Include each employee's identity, payment type, amount, tax withheld and TIN. The published salary schedule covers salary, cash benefits, non-cash benefits, monthly and yearly income and tax. [C 53, 905(j); S]
- 4 File through the LRA's current channel; the LRA website links to the LITAS e-filing system. [F]
- 5 Pay the full amount using the approved payment reference. Filing a return does not prove the payment succeeded.
- 6 Save the accepted return, schedule, acknowledgement, payment confirmation and official receipt, and check the payment is credited to the right TIN, tax and month.

Months with no payroll or no tax

LRA guidance provides for a non-tax-due return where there is no tax to pay. Check the employer's active obligations and file a nil return where required; confirm with the LRA when payroll stops permanently. [B]

Keep PAYE funds aside until remitted. Using a payroll service does not transfer the employer's legal duty.

09 Records, corrections and year-end

Keep records for seven years

Section 55 requires adequate books and records kept in Liberia, in English, for seven years after the end of the tax period, and produced when lawfully requested. Keep them longer while an assessment, investigation or dispute is open. [C 55(a)–(d)]

Keep employment agreements, residency evidence, employee TINs, payroll registers, the pay-component register, benefit valuations, credit substantiation, exchange-rate evidence, returns, receipts and correspondence. Link each correction to the original return.

Reconcile every month

- Employee PAYE totals to the monthly return and employee schedule.
- The return liability to the payment and to the LRA account.
- Year-to-date pay, benefits and tax to the accounts and to employee payslips.

Correct mistakes promptly

For an underpayment or a missed deduction, identify the employees and months affected, notify the LRA, use its amendment and payment process, and pay the tax, interest and penalties assessed. Do not offset one employee's overpayment against another's shortfall. [C 14, 51–52, 72, 905(m)]

For over-withholding, establish whether a payroll correction or an employee return and refund is needed. Section 905(k) allows withholding credits and elective returns, and section 72 governs overpayments. Do not deduct an unapproved credit from a later remittance.

Annual returns are separate from monthly PAYE

An income tax return is generally due by the last day of the third month after the tax year: 31 March for a calendar year. But section 900(b) excuses a resident individual from filing where 90% or more of their gross income is employment income subject to withholding; such a person may still file to claim relief. Ask the LRA about any annual employer schedule or certificate, and give employees accurate pay and tax statements. [C 900, 902, 905(k)]

10 Penalties and officer liability

Late filing and late payment are separate failures

Failure	Main consequence
Late filing	5% of the tax shown, then 5% for each further month or part on the tax plus earlier penalty, up to 50%. [C 51(a)(1)]
Extended failure to file	An additional failure-to-file penalty after the statutory period. [C 51(a)(2)]
Late payment of tax shown	5%, then 5% for each further month or part, up to 25% of the tax shown. [C 52(a)]
Underpayment of the correct tax	0.5%, then 0.5% for each further month or part, up to 50%, in addition to 52(a). [C 52(b)]
Interest	Compounded monthly from the due date until payment. [C 11, 14]
Inadequate records	150% of any resulting underpayment; imprisonment of up to 4 years in serious repeated cases. [D24 55(e)]

Section 52(c) coordinates overlapping penalties, and section 905(m) applies section 52 to failures to withhold or remit, from the remittance due date. Ask the LRA for the assessed balance rather than adding up headline rates. [C 51–52, 905(m)]

Officers can be personally liable

Under section 66, a company's offence can extend to its officers, and liability for unpaid tax can be joint and several for current officers and those in office within the previous six months, unless the officer shows the offence happened without their knowledge or consent and they exercised due care, diligence and skill. [C 66]

Criminal sanctions as amended

The Tax Amendment Act of December 2025 (approved 24 March 2026) revises the security and recovery powers in section 63. Tax evasion carries a fine of up to 100% of the evaded tax, up to 5 years' imprisonment, or both. A knowing failure to meet a withholding obligation carries a fine of up to 50% of the tax for a first offence and up to 100% for later offences, up to one year's imprisonment, or both.

[A25 63, 90–91]

11 Monthly checklist and points to confirm

Before approving payroll

- ☐ Employer and employee TINs are correct; missing TINs are being followed up.
- ☐ Employee or contractor, and resident or non-resident, classifications have evidence.
- ☐ Salary, overtime, bonuses, allowances and final-pay items have been reviewed.
- ☐ Non-cash benefits are valued and the annual L\$100,000 exclusion is tracked.
- ☐ Medical payments are included in income and any approved credit is handled separately.
- ☐ Residents use the tax bands with no second standard deduction; non-residents use the amended 20% rule.
- ☐ Currency conversion, unusual payments, extra runs and year-to-date balances are reviewed.

By the 10th of the following month

- ☐ The monthly return and employee schedules are complete and accepted.
- ☐ The full amount withheld has been paid through the approved channel.
- ☐ Filing and payment confirmations are saved and the tax-account allocation is checked.
- ☐ Any nil return is filed; rejected entries and failed payments are resolved.

After filing and at year end

- ☐ Payroll, return, receipt and accounting totals reconcile, and each correction has an owner.
- ☐ Employee information and benefit and credit records are current.
- ☐ Records are kept for seven years, or longer during a dispute.

Ask the LRA in writing

- **Residency:** how section 800(c)(1)'s employment-entry wording applies to the worker, alongside the abode and day tests and the section 805 source rules.
- **Non-routine pay:** the approved method for bonuses, arrears, weekly or bi-weekly pay, part-year employees and second jobs.
- **Benefits and relief:** the accepted valuation and timing of non-cash benefits, the approved medical credit process, and any claimed deduction for employee pension contributions.

12 How Paymaster Liberia helps

Paymaster Liberia applies these rules in your monthly payroll. Your company remains responsible for registering, filing and paying the LRA.

Requirement	In Paymaster Liberia
Resident tax bands	Annualised calculation $T(12 \times M) \div 12$ in LRD, with no second standard deduction, converted at the month's saved exchange rate for USD payrolls.
Pay item treatment	Each allowance has a type and its own PAYE and NASSCORP setting, saved with each payroll.
Non-cash benefits	Tracked in LRD per employee for the calendar year; only the amount above L\$100,000 is taxed, with opening balances for companies that join mid-year.
Monthly return	LRA withholding report and salary schedule for each finalised payroll; filing and payment recorded with date, receipt and amount.
Controls	Second-person approval, an audit log and records kept with each finalised payroll.

See the Paymaster Liberia User Manual and the companion Employer's Guide to NASSCORP at paymasterliberia.com.

13 Sources and official resources

Laws

[C] Liberia Revenue Code	Consolidated Revenue Code as amended, 2020. References are to section numbers, read with the amendments below. [H] is the 2011 edition, used to compare the resident bands.
[A24] Tax Amendment Act of 2024	Amending certain portions of Chapters 8 and 10. Approved 17 December 2024, printed 20 December 2024. Includes the 20% rate in section 806(e).
[D24] Tax Amendment Act of December 2024	Approved 17 December 2024, printed 20 December 2024. Includes sections 50, 55 and 905 (repeal of 905(l); wage withholding under 905(e) is unchanged).
[A25] Tax Amendment Act of December 2025	Approved 24 March 2026, printed 1 April 2026. Includes sections 63, 90–91 and 803.

The amendment Acts are published on the LRA's Tax Laws and Amendments page: revenue.lra.gov.lr/tax-laws-and-amendments/

LRA online resources (checked 15 October 2026)

[E] Tax education	revenue.lra.gov.lr/domestic-tax/tax-education/ — resident tax table. Some other rates shown there predate the amendments.
[F] Forms and schedules	revenue.lra.gov.lr/forms-and-schedules/ — Monthly Withholding Return and schedules; e-filing through LITAS at elitas.lra.gov.lr
[S] Salary schedule	revenue.lra.gov.lr/wp-content/uploads/2020/08/schedulewithholdingws.pdf
[B] Business tax kinds	revenue.lra.gov.lr/domestic-tax-profile/businessstaxkinds/ — filing and payment guidance, including nil returns

Topic index

Topic	Main provisions
Currency, TINs, records	C 6, 53, 55; D24 55
Income, exclusions, zero band, medical credit	C 200–202, 205–206, 219
Residency and source	C 800, 804–806; A24 806(e)
Resident withholding and remittance	C 905(e), (j), (k), (m); D24 905
Annual returns and refunds	C 72, 900, 902
Penalties, recovery and officers	C 11, 14, 51–52, 55, 66; A25 63, 90–91

This guide will be reviewed when tax laws, LRA notices, forms, rates or payment procedures change. It is a practical summary, not a reproduction of the Revenue Code.