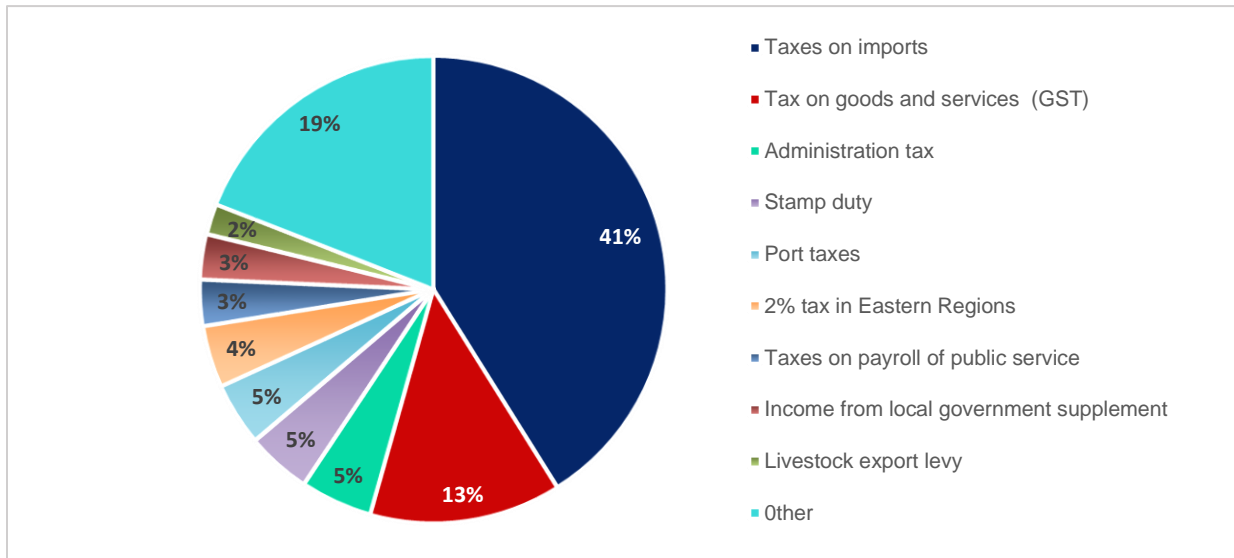


1. 2020 Domestic Revenue collection recap

Across 2020, the Government of Somaliland collected a total of 2.010 billion SLSH (excl. World bank Project funding), equivalent to 287 million USD. key revenue items for 2020 included taxes on imports and sales taxes, making up over 54% of total revenue between them. In spite of the global pandemic, total revenue collection was 12.4% or 221.5 billion SLSH higher than 2019 collections, primarily due to strong performance on import tax revenues (collecting an additional 86 billion SLSH in 2020) and tax on business income, which grew by 190% (or an additional 24 billion SLSH).

Monthly revenue collections were lowest in the first part of the year, in line with previous trends but accentuated by the global downturn following the COVID-19 pandemic and the associated restrictions. Revenue collection patterns were otherwise similar to previous years, with Customs and IRD performance peaking in the fourth quarter of the year. In relation to meeting revenue targets, domestic revenue collection in 2020 was 30 billion SLSH (-1.5%) lower than the budget target. Inland Revenue collections were 10% higher than targeted, while Customs collections were 5% lower than the target largely due to their greater exposure to the effects of the pandemic (e.g. trade restrictions).

Figure 1: Composition of actual revenue collected in Somaliland by tax category in 2020

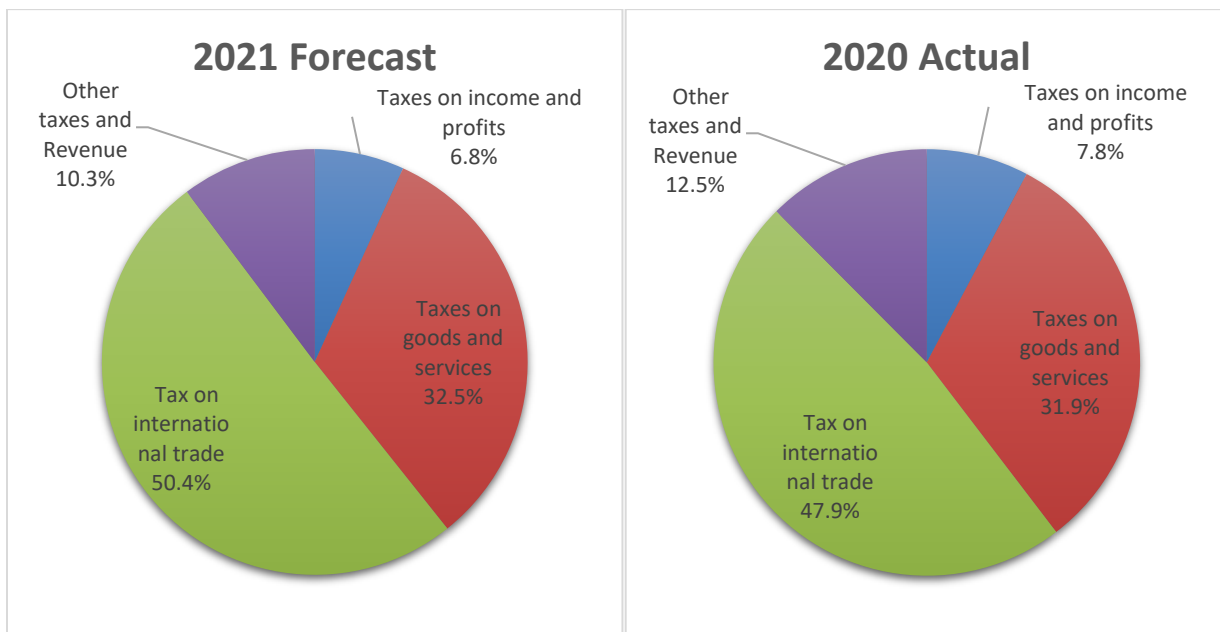


2. 2021 Budget—Domestic Revenue Forecast

2.1. 2021 Revenue forecast compared to 2020 actual collections

The 2021 resource envelop is forecast to be 2.101 trillion SLSH, representing a 2.7% increase from the 2020 forecast but a 4.5% increase from the actual revenue collected in 2020. Figure 2 shows the composition of the 2021 forecast and that of the actual collections in 2020. As can be seen, tax on international trade accounted for 50.4% of the forecast in 2021, representing a slight increase from the 47.9% actual collections in 2020. The second highest source of revenue is Taxes on goods and Services which in 2020 accounted for 31.9% of the collections but in 2021 are expected to account for 32.5%. The remaining collections are from Taxes on incomes & profits and on Other taxes and Revenue.

Figure 2: 2021 Revenue forecast (Right) compared to 2020 actual collections (Left), % of Total



2.2. Customs and Inland Revenue Departments' revenue forecasts for 2021 compared to actual collections in 2020

Most of the government revenue is collected by the customs and inland revenue department as shown in figure 3 below. The Customs department is by far the biggest revenue collection with actual collections by the agency in 2020 accounting for 75% of the total. This is not expected to change in 2021, with the agency expected to collect 78% of the total. IRD collections in 2020 accounted for 19% of the collections and is expected to contribute 18% in 2021. Other government agencies with the rights and responsibility to collect revenue contributed 6% to the total collections in 2021 but are expected to contribute only 4% in 2021.

Figure 3: 2021 Revenue forecast compared to 2020 forecast and actual by responsible agency, Billions SLSh

