

TAXES/LEVIES COLLECTED BY FIRS

- Petroleum Profits Tax (PPT)
- Companies Income Tax (CIT)
- Value Added Tax (VAT)
- Personal Income Tax (PIT): for non-residents, members of Armed Forces, Police and Officers of Nigerian Foreign Service
- Withholding Tax (WHT)
- Tertiary Education Tax (EDT)
- Capital Gains Tax (CGT)
- National Information Technology Development Levy (NITDL)
- Stamp Duties(SD)
- Pre-operation Levy(POL)

HIGHLIGHTS OF PETROLEUM PROFITS TAX (PPT)

- Petroleum Profits Tax is imposed on income of companies in petroleum operations (Upstream)
- The tax is governed by the Petroleum Profits Tax Act, Cap P13 LFN 2004 (as amended)
- Companies liable to PPT are not liable to Companies Income Tax(CIT) on the same income
- Rates of the Tax
 - ✓ For Joint Venture and Sole Risk Companies in their first five years of operation, the rate of tax is 65.75% of chargeable profit
 - ✓ For Joint Venture and Sole Risk Companies in operation for more than five years, the rate of tax is 85% of chargeable profit
 - ✓ For a Company under Production Sharing Contract, the rate of the tax is 50% of chargeable profit
- Education Tax is a deductible expense in computation of assessable profits of petroleum companies
- Returns of estimated tax for each accounting period are to be submitted not later than two months after the commencement of the accounting period
- Final returns for each accounting period shall be filed within five months after the expiration of the accounting period
- The penalty for late submission of a return is a penalty of N10,000 and a further sum of N2,000 for each and every day the failure continues
- Any instalment of tax not paid on the due date shall attract a penalty of ten percent (10%) and interest at prevailing minimum rediscount rate of the CBN and if payment is not made within one month, enforcement shall take place

HIGHLIGHTS OF COMPANIES INCOME TAX (CIT)

- CIT is governed by Companies Income Tax Act (CITA), Cap C21, LFN 2004 (as amended)
- CIT is a tax imposed on profit of a company from all sources
- The rate of tax is 30% of total profit of a company
- Some profits are exempted from CIT provided they are not derived from trade or business activities carried out by the company e.g. Cooperative society
- Every company shall pay provisional tax not later than three (3) months from the beginning of each year of assessment which is an amount equal to the tax paid in the previous year of assessment. This is a payment on account of the year's income tax assessment
- The due date for filing returns:
 - ✓ For newly incorporated companies, within eighteen (18) months from the date of incorporation or not later than six (6) months after the end of its accounting period, whichever is earlier
 - ✓ For existing companies, within six (6) months from the end of the accounting year.
- A self- assessment filer may (by application) commence payment of instalment before due date but such instalment cannot extend beyond two months after the due date
- Companies in operation for more than four (4) years are liable to minimum tax except those specifically exempted by the tax law
- Minimum Tax under CITA arises where:
 - ✓ A company makes a loss
 - ✓ A company has no tax payable
 - ✓ Tax payable is less than minimum tax
- Withholding Tax (WHT) is a method used to collect Income Tax in advance
- WHT is deducted at varying rates ranging from 5% to 10% depending on the transaction
- The due date for filing WHT returns is 21st day of every succeeding month
- Penalty for late filing of returns is ₦25, 000 for the first month it occurs and ₦5, 000 for each subsequent month the failure continues

HIGHLIGHTS OF PERSONAL INCOME TAX (PIT)

- Personal Income Tax is guided by the Personal Income Tax Act Cap P8 LFN 2004 (as amended)
- The tax is imposed on income of Individuals, Corporate sole or body of individuals, Communities, Families and Trustees or Executors of any settlement
- An individual is entitled to a Consolidated Relief Allowance of N200,000 or 1% of gross income whichever is higher plus 20% of gross income
- The rate of the tax ranges from 7% to 24%, depending on the amount of chargeable income
- Individuals are subject to minimum tax of 1% of gross income where the income is less than ₦300,000 per annum
- The tax is administered by FCT/States Internal Revenue Service(IRS) in respect of their residents
- The tax is also administered by FIRS on non-residents, members of the Armed Forces, Police, Officers of Nigerian Foreign Service

- The due date for filing returns of the tax is 31st March of every year
- The due date for remittance of PAYE is 10th day of every succeeding month
- An employer shall file return of emoluments and tax deducted from the employees in the preceding year not later than 31st January of every year
- A person who fails to file a return shall be liable on conviction to a fine of N5,000 and a further sum of N100 for every day during which the failure continues or imprisonment of six (6) months or both
- Any employer who fails to file a return, shall be liable on conviction to a penalty of N500,000 for body corporate and N50,000 in the case of individual

HIGHLIGHTS OF VALUE ADDED TAX (VAT)

- VAT is governed by Value Added Tax Act Cap V1, LFN 2004 (as amended)
- VAT is a consumption tax paid when goods are purchased and services rendered
- It is a multi-stage tax
- VAT is borne by the final consumer
- All goods and services (produced within or imported into the country) are taxable **except** those specifically **exempted** by the VAT Act
- VAT is charged at a rate of 5%
- Some goods and services such as non-oil exports are zero rated
- All taxable persons are required to file VAT monthly returns not later than 21st day following the month of transaction
- All MDAs and Oil & Gas Companies serve dual roles as taxpayers and agents of VAT collection and are also required to file monthly returns not later than 21st day following the month of transaction
- Offences include:
 - ✓ Failure to register
 - ✓ Failure to charge VAT
 - ✓ Failure to issue tax invoice
 - ✓ Failure to remit VAT charged
 - ✓ Failure to file returns

HIGHLIGHTS OF TERTIARY EDUCATION TAX (EDT)

- It is now governed by Tertiary Education Trust Fund (Establishment, Etc) Act 2011
- Imposed on all companies registered in Nigeria
- The rate of the tax is 2% of assessable profit
- The due date for filing returns is the same as that of CIT and PPT
- The tax is an allowable deduction in computing the assessable profits of companies engaged in petroleum operations(Upstream)
- Funds derived from the tax are used for rehabilitation, restoration and consolidation of tertiary education in Nigeria by the Tertiary Education Trust Fund (TETFUND)
- The amount in the Fund is distributed between Universities, Polytechnics and Colleges of Education in the ratio 2:1:1 respectively
- First offence against the Act is liable on conviction to a fine of ₦1, 000,000 or a term of 6 months imprisonment or both. Second and subsequent offences attract a fine of ₦2, 000,000 or a term of 12 months or both

HIGHLIGHTS OF STAMP DUTIES (SD)

- It is governed by Stamp Duties Act, CAP S8, LFN 2004 (as amended)
- It is administered on written documents only
- It is administered by both FIRS, FCT and respective States Internal Revenue Service(IRS)
- FIRS assesses and collects duties on documents executed between a company and an individual, group or body of individuals
- FCT and States Internal Revenue Service(IRS) assess and collect duties on documents executed between persons or individuals
- A Commissioner of Stamp Duties adjudicates on the amount of duty payable on instrument (Adjudication is the process of determining the correct amount of duty payable on an instrument)
- Forms of Stamp Duties
 - ✓ Fixed Duties- duties that do not vary with consideration, e.g. duties on payment receipt, proxy forms, guarantor forms, etc.
 - ✓ Ad-valorem- Duties that vary with consideration, e.g. duties on Share Capital, Deed of Assignment, Debenture, Bills of Exchange, etc.
- Methods of stamping: Embossing with die, Affixing adhesive stamp and Affixing postage stamp in lieu of adhesive stamp
- Duties are paid before documents are executed

HIGHLIGHTS OF CAPITAL GAINS TAX (CGT)

- It is governed by Capital Gains Tax Act, Cap C1 LFN 2004 (as amended)
- Capital Gains Tax is charged at a flat rate of 10% of chargeable gains
- All chargeable assets are subject to Capital Gains Tax when disposed at a gain, except those specifically exempted by the Act
- Chargeable assets include all forms of property whether or not situated in Nigeria
- The due date for filing return and payment of the tax is the same as in Companies Income Tax
- Allowable expenditure for the purpose of CGT includes fees, commissions or remunerations paid for professional services and cost of transfer
- Gains exempted from CGT include those arising from disposal of decorations awarded for valour and gallant conduct, life insurance policy, Nigerian government securities, stock and shares etc.
- Gains shall not be chargeable if it accrues to some organizations provided the gain is not derived from any disposal of any asset acquired in connection with any trade carried on by the organization, e.g.
 - ✓ An ecclesiastical, charitable or educational institution of a public character
 - ✓ Statutory registered friendly society
 - ✓ Cooperative society registered under Cooperative Societies Law of any State
 - ✓ Trade union registered under the Trade Unions Act

HIGHLIGHTS NATIONAL INFORMATION TECHNOLOGY DEVELOPMENT LEVY (NITDL)

- The Levy is governed by National Information Technology Development Agency Act, CAP N156 LFN 2004 (as amended)
- The Levy is charged at the rate of 1% of Profit before tax
- The Levy is charged on specified companies with turnover of ₦100 million and above
- Companies liable to pay the Levy are:
 - ✓ GSM Service Providers and all Telecommunication Companies
 - ✓ Cyber Companies and Internet Providers
 - ✓ Pension Managers and Pension Related Companies
 - ✓ Banks and other Financial Institutions and
 - ✓ Insurance Companies
- The due date for filing return and payment of the Levy is the same as in Companies Income Tax
- Failure to pay the Levy at due date shall attract a penalty of ten per cent (10%) and interest at prevailing minimum rediscount rate of the CBN and if payment is not made within one month, enforcement shall take place