

PML Tax Newsletter



Happy belated Valentine, my dear friend. I sincerely hope that you also received your 'special package' on the 14th lol.

I welcome you to the 2nd edition of the PML Tax Newsletter, your *one-stop shop* for all the latest happenings and information around the tax space.

Highlights of this edition:

- I am sure you know that maximizing your payroll deductions is your right – I mean, it's your hard-earned money. Due to this, we have begun a series on **Taking Maximum Advantage of your Payroll Deductions**, and we are starting off with the National Housing Fund in this edition.
- Also, we are in the personal income tax (“PIT”) returns filing season – PIT returns for year 2021 are to be filed on or before March 31, 2022. We have therefore put together an educative piece: **2021 PIT Returns – All You Need to Know**.

In other news:

- The Federal High Court has declared payments to Nigeria Police Trust Fund (“NPTF”) as unconstitutional. Recall that the 2021 Finance Act had empowered the FIRS to assess and collect NPTF levy at a rate of 0.005% on net profit of all companies. We will definitely keep you updated as events unfold.
- Following the expiration of the Exemption Order on bonds and short-term securities effective from 2 January 2022, the Federal Inland Revenue Service (FIRS) has issued a Circular on the taxation of Government Securities and Corporate Bonds. You can download a copy of the circular [here](#)

You can follow us on Social Media – **Facebook, Instagram, LinkedIn, and Twitter**. You can also reach us by mail on tax@pml.com.ng or by telephone on **+234 906 228 8809**. Continue to observe all covid protocols till you hear from me again, next month.

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TAKING MAXIMUM ADVANTAGE OF YOUR PAYROLL DEDUCTIONS (1) – NATIONAL HOUSING FUND



FEDERAL MORTGAGE
Federal Mortgage Bank of Nigeria

NATIONAL HOUSING FUND (NHF)
... Making Homeownership Possible for Nigerians

Register and Contribute to the National Housing Fund (NHF) and you can get a housing loan of up to **N15M** to pay back over a **30-year** period at an interest rate of **6%**

Target Beneficiaries

- Civil servants
- Private Sector Employees
- Self-employed persons
- Etc

OVERVIEW

National Housing Fund (“NHF” or the “Fund”) is a scheme created by the Federal Government, in order to cater for the housing needs of the Nigerian citizenry. Per the NHF Act, all self-employed persons and employees in both the private and public sectors in Nigeria, who earn a minimum annual income of ₦3,000 (Three Thousand Naira Only), are expected to contribute to the Fund. The rate of NHF contribution is 2.5% of monthly basic salary and should be remitted to the Fund through the Federal Mortgage Bank of Nigeria (“FMBN”). Expatriates are exempted from this scheme.

Failure to contribute to the Fund may lead to monetary and, or imprisonment penalties, as the NHF is a mandatory contribution. On the flip side, there are benefits to be enjoyed by contributors to the Fund, such as:

- All contributions, as well as any refund of any contribution made to the Fund, shall be exempted from payment of income tax;
- Refund of any amount contributed plus accrued interest at the age of 60 or after 35 years in service, whichever is earlier; and
- Accessibility to housing loans of up to ₦15,000,000 at an interest rate of 6% per annum, with a repayment period of up to 30 years.

It is expected that all contributors to the Fund should enjoy income tax relief, as a result of contributions made. This implies that you should already be taking advantage of benefit (i) above. Also, it is a given that upon attaining the age of 60 years or after spending 35 years in service, all NHF contributions plus accrued interest will be refunded to each contributor. Again, this implies that you will definitely take advantage of benefit (ii) above, when the time is right. The only benefit that has a high likelihood for you not to take advantage of, is benefit (iii), which then brings us to the crux of this article – how to access cheap and convenient NHF loans.

The requirements for accessing the NHF loan as well as other key points to be noted are detailed in the subsequent paragraph.

REQUIREMENTS FOR ACCESSING NHF LOANS

- i. A prospective borrower must be 21 years old and above.
- ii. Evidence of NHF participation. (S)he must have contributed to the Fund for a minimum of six months.
- iii. (S)he must have a savings account with a registered Primary Mortgage Institution (“PMI”), and must have operated that account for a minimum of six months (depending on the PMI).
- iv. Duly filled mortgage loan application form.
- v. Copy of pay-slips for the previous three months.
- vi. Photocopies of valid title documents (e.g., C of O), approved survey/site plans, approved building plans, priced Bill of Quantities (where applicable).
- vii. Valuation report prepared by a firm of registered surveyors and valuers on the proposed house to buy (where applicable);
- viii. Letter of consent to mortgage to your chosen PMI;
- ix. Tax clearance certificate for the last three (3) years;
- x. Offer letter/acceptance and allocation letter (In case of government projects);
- xi. Equity contribution/personal stake depending on the loan amount applied for.

A contributor interested in obtaining NHF loan, having met all the above listed requirements, should apply through any registered and duly accredited PMI of his/her choice, who will in turn package and forward the application to FMBN.

A contributor can access up to ₦15million from the Fund, for a maximum tenor of 30 years, at an annual interest rate of 6%, as a mortgage loan. The property for which the loan is sought shall serve as the only security for the loan.

It is worthy to note that a prospective borrower cannot be given a loan in excess of 90% of the cost or value of the property to be mortgaged. Equity contribution/personal stake based on the loan amount is as follows:

- ₦6,000,000.00 to ₦15,000,000.00 - 10% equity
- ₦5,000,000.00 or less - 0% equity

Loan repayment can only be made through the PMI by which the loan was obtained, and not directly to FMBN. Finally, the NHF loan can only be obtained by a contributor only once, notwithstanding whether or not the previous loan obtained has been fully defrayed.

For more enquiries on any of the foregoing, contact us at PML on tax@pml.com.ng or **+234 906 228 8809**. We are always here to serve you.

2021 PERSONAL INCOME TAX (PIT) RETURNS – All You Need to Know



Personal Income Tax (“PIT”) returns is a report which is to be filed by an individual, stating the total income derived from all sources¹ by such individual, in any year (“**Relevant Year**”). PIT returns is to be filed on or before March 31st of every year, with the relevant tax authority of the state in which an individual was resident during the Relevant Year (“**RTA**”).

Ideally, every individual is required to file PIT returns with his/her respective RTA. However, in practice, the RTAs have limited the focus for PIT returns to High Net-worth Individuals (HNIs) such as business owners, company Directors and expatriates who were resident in Nigeria for more than 183 days in the Relevant Year.

It is worthy to note that most RTAs have adopted the e-filing system that allows the concerned individuals to file their PIT returns online, from the comfort of their homes/offices, by uploading the duly filled prescribed forms on their portal. Highlighted below is a summary of a typical PIT returns process:

- Taxpayer declares his income from all sources as well as deductions and reliefs that can impact his tax liability, and files same with his/her RTA.
- RTA reviews the taxpayer’s returns and, where satisfied with the income declared, issues such taxpayer an assessment of tax liability. Where the RTA is not satisfied with the income declared, the RTA will revise the income as it deems fit and issue an assessment to the taxpayer on the basis of the revised income.
- Where the taxpayer is not satisfied with the revised income, (s)he will exchange correspondences with the RTA until both parties agree on an income. Afterwards, taxpayer will proceed to remit his/her tax liability and forward evidence of remittance to RTA.
- Upon remittance of tax liability, taxpayer will follow up with RTA for his/her tax clearance certificate for the Relevant Year.

Any individual who files his/her PIT returns before the due date shall be granted a bonus of one percent of his/her total tax payable. However, failure of an individual to file PIT returns on or before the due date empowers the RTA to, according to its discretion, determine such individual’s gross income and make assessment accordingly. This is not advisable because the determined income is, in most cases, higher than the actual income earned and the process involved in proving the latter is quite rigorous.

At PML, we have a dedicated tax team that can assist with your PIT returns filing and save you all the stress. Contact us today on tax@pml.com.ng or [+234 906 228 8809](tel:+2349062288809). We are always here to serve you.

¹income earned from all sources includes profits, salaries, gains, income, benefits-in-kind, pension, dividends, interest, and rent

MARCH 2021 TAX DEADLINES

Set out below are the major deadlines in the month of March 2022, as relating to the Nigerian Tax space:

CIT & TET REMITTANCE + FILING

Companies whose financial year-end is September are to pay their Companies Income Tax (CIT) and Tertiary Education Tax (TET) to the Federal Inland Revenue Service (FIRS), via any of its designated banks, and thereafter file their CIT, TET and Transfer Pricing (where applicable) returns with the FIRS on or before Thursday, March 31, 2022.

ECS CONTRIBUTION PAYMENT

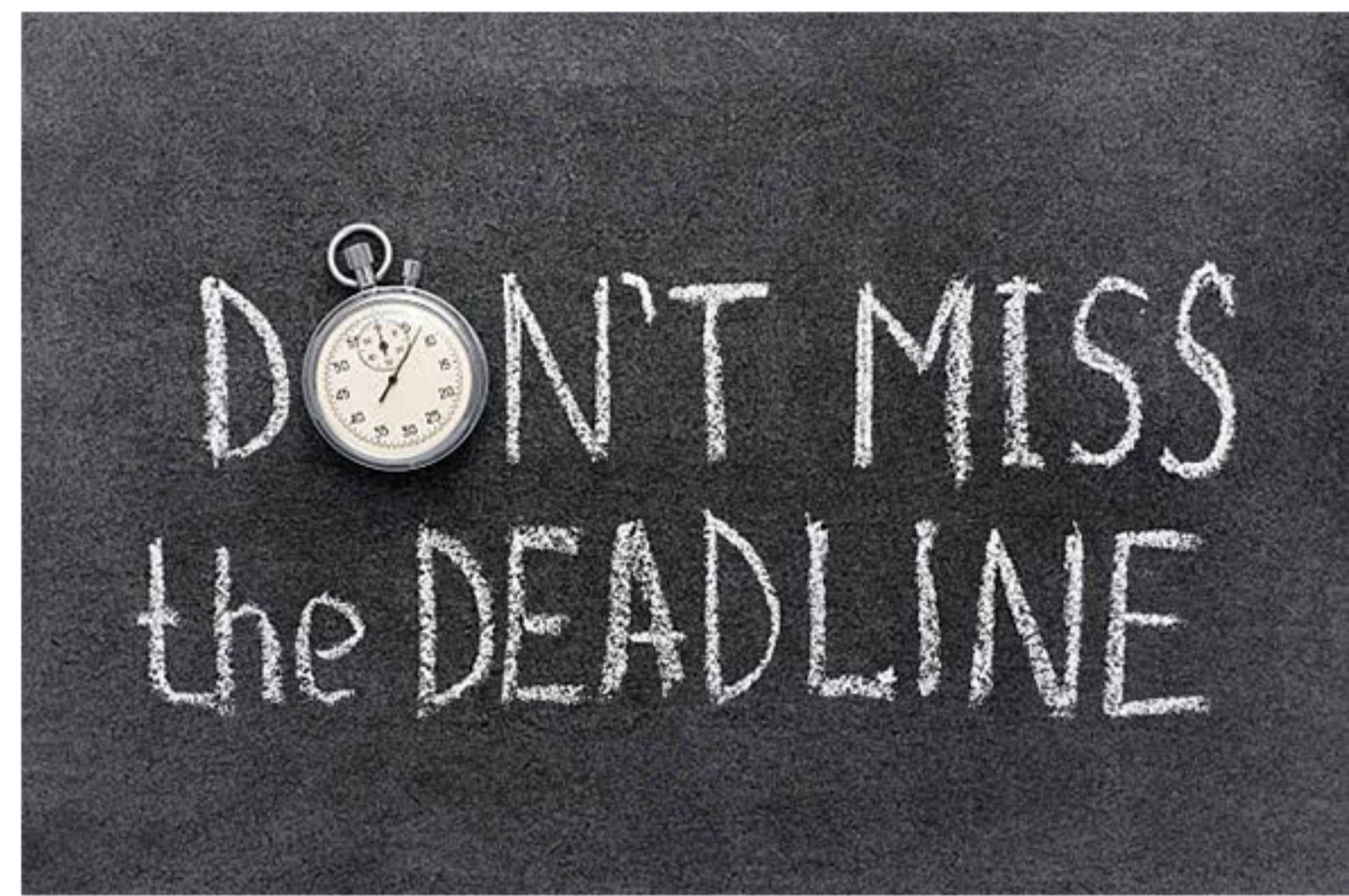
Pay the Employees Contribution Scheme (ECS) contributions due on your employees' March 2022 emoluments to the Nigeria Social Insurance Trust Fund (NSITF), via any of its designated banks, on or before Thursday, March 31, 2022.

PAYE REMITTANCE

Remit all pay-as-you-earn (PAYE) deducted from employees' February 2022 emoluments to the Internal Revenue Service (IRS) of the State(s) where the said employees are resident, via any of the designated banks, on or before Thursday, March 10, 2022.

PENSION REMITTANCE

Remit all pension deducted (from employees' February 2022 emoluments) and contributed (by the employer) to the Pension Fund Custodian of the relevant employees. Remittance should be made within seven (7) business days of salary payment, i.e., companies that paid salaries on February 28, 2022 are to remit pension on or before Wednesday, March 9, 2022.



NHF REMITTANCE

Remit the NHF deducted from employees' February 2022 emoluments, to the Federal Mortgage Bank of Nigeria, via any of its designated banks, on or before Wednesday, March 30, 2022.

VAT REMITTANCE + FILING

Companies who meet the required threshold are to remit all Value Added Tax collected in the month of February 2022 to the FIRS, via any of its designated banks, and file their February 2022 VAT returns with the FIRS, on or before Monday, March 21, 2022.

WHT REMITTANCE (FIRS)

Remit the WHT deducted from payments made to all corporate and foreign entities in February 2022, to the FIRS, via any of its designated banks, on or before Monday, March 21, 2022.

WHT REMITTANCE (SIRS)

Remit the WHT deducted from payments made to all non-incorporated entities in February 2022, to the IRS of the State(s) where the said entities are resident, via any of the designated banks, on or before Wednesday, March 30, 2022.

Wishing you a tax-efficient month, from us all at PML.

SERVICE OFFERINGS

- ▶ Companies Income Tax Management
- ▶ PAYE Returns Management
- ▶ Payroll Tax Management
- ▶ Personal Income Tax Management
- ▶ Micro Business Package
- ▶ Small and Medium Enterprises Business Package
- ▶ Tax Audits and Investigations Management
- ▶ Transfer Pricing Management
- ▶ Value Added Tax Management
- ▶ Withholding Tax Management (Payables)
- ▶ Withholding Tax Management (Receivables)

Contact us today on +234 906 228 8809