



TAX NEWSLETTER

APRIL 2022 EDITION

We welcome you to the second quarter of year 2022 and also to another 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:



We will finalize the series on **Taking Maximum Advantage of your Payroll Deductions**, by focusing on PAYE deductions.



We have also put together **Withholding Taxes (WHT) In Nigeria – What You Need to Know**, since we all are unpaid agents of the government with respect to WHT.

In other news:



House of Representatives has passed into law, a bill to establish National Youth Service Corps (NYSC) trust fund (the “**Bill**”). The Bill is currently awaiting the concurrence of the Nigerian Senate. This is definitely one tax too many for the Nigerian citizenry. Trust us to keep you updated on this, as events unfold.



The National Inspector General for Tax Crimes Commission, 2022 Bill is currently being deliberated by the National Assembly. You can click [here](#) to download a copy of the said bill.

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.

Till you hear from me again next month, please keep staying safe.

Murewa Agagu

Taking Maximum Advantage of your Payroll Deductions (3) – PAYE

PAYE? As in pay-as-you-earn?? How on earth can I take advantage of my PAYE deductions???

I'm pretty sure these are the questions running through your mind right now. Just relax and read through the subsequent paragraphs to see how you can take maximum advantage of your PAYE deductions.

PAYE is a form of personal income tax that is deducted at source by an employer, from the income of employees and remitted to the relevant tax authorities of the state where the said employees are resident ("RTAs"). At the end of every year, all employees are obligated to file PAYE returns with the RTAs. PAYE returns details the total income paid to each employee, as well as the total PAYE deducted from the income of such employees and remitted to the RTAs.

All things being equal, after your employer must have fulfilled his/her obligations of deducting PAYE, remitting PAYE, and filing PAYE returns, it is your right as an employee to follow up with your employer for your tax clearance certificate ("TCC"), because it is only your TCC that enables you to take full advantage of your PAYE deductions. TCC is an official document issued by the RTA to a taxpayer, certifying that such taxpayer has been tax compliant for the three years immediately preceding the current year. Simply put, TCC is the only evidence you have to show that you have fulfilled your civic obligation of tax payment.

Many a time, employees care less about their taxes and related issues because they have the belief that all of that should be the employer's headache.



It is worthy to note however, that per the provision of the relevant laws, there is no penalty for employers who fail to get TCCs for their employees. Therefore, the onus lies greatly with the employees to ensure that (s)he receives his/her TCC from the employer, so (s)he can enjoy its numerous benefits.

Benefits of TCC in Nigeria include:

1. Application for government loan for industry or business;
2. Registration of motor vehicles;
3. Application for certificate of occupancy;
4. Application for approval of building plans;
5. Application for award of government contracts;
6. Application for pools or gaming license;
7. Application for import or export licenses;
8. Stamping of guarantor's form for Nigerian Passport;
9. Application for registration of a company or business name; and
10. Election into public office.

In summary, TCC is the only way by which an employee gets to maximize his/her PAYE deductions. Therefore, having this knowledge, do everything within your power to ensure that your employer obtains yours from the RTA, on your behalf.

PS: In the event where 'all things aren't equal', that is, where an employer deducts PAYE from the income of employees and fails to remit to the RTA, it is also your right as an employee to make sure that your employer remits all monies deducted as PAYE, from your income to the RTA. Failure to do this will result to you making those tax payments from your pocket, when you need to enjoy any of the benefits of TCC.



Withholding Taxes In Nigeria – What You Need to Know



- Withholding Tax (“WHT”) is a method used to collect income tax in advance which may subsequently be used to offset or reduce income tax liabilities. Please note that WHT is not a separate tax on its own.
- WHT is to be deducted at source when a payment is to be made to the beneficiary and subsequently remitted to the relevant tax authority in the beneficiary’s name.
- WHT is deducted at varying rates ranging from 5% to 10% depending on the transaction, as shown in the table below:

Payment Type	WHT Rate (%) Companies	WHT Rate (%) Individuals
Dividends, interest, and rents	10	10
Director’s fees	N/A	10
Equipment hire	10	10
Royalties	10	5
Commission, consultancy, technical, service fees	10	5
Management fees	10	5
Construction (roads, buildings, and bridges)	5	5
Contracts other than sales in the ordinary course of business	5	5

- WHT deducted from payments made to incorporated entities (companies) are to be remitted to the Federal Inland Revenue Service (“FIRS”), while WHT deducted from payments made to individuals and business names are to be remitted to the relevant State Internal Revenue Services (“SIRS”).
- WHT remittance to the FIRS is to be made on or before the 21st day of the month after that in which the WHT was deducted, while WHT remittance to the relevant SIRS is to be made on or before the 30th day of the month after that in which the WHT was deducted.
- The penalty for failure to deduct or remit tax is 10% of the amount not deducted/remitted. In addition to this, the FIRS/SIRS will add interest at the prevailing monetary rate of the Central Bank of Nigeria.
- WHT is administered by both the FIRS and SIRS.
- When remitting to the FIRS, companies are required to submit (in electronic form) a schedule of all their suppliers for the month showing the tax identification number (TIN), address of the suppliers, the nature of the transaction, WHT deducted, and invoice number.

MAY 2022

TAX DEADLINES



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

CIT & TET Remittance + Filing

Companies whose financial year-end is November 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 Tuesday, May 31, 2022.

ECS Contribution Payment

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

PAYE Remittance

Remit all pay-as-you-earn (PAYE) deducted from employees' April 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 Tuesday, May 10, 2022.

Pension Remittance

Remit all pension deducted (from employees' April 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 April 30, 2022 are to remit pension on or before Friday, May 13, 2022.

NHF Remittance

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

VAT Remittance + Filing

Companies who meet the required threshold are to remit all Value Added Tax collected in the month of April 2022 to the FIRS, via any of its designated banks, and file their April 2022 VAT returns with the FIRS, on or before Friday, May 20, 2022.

WHT Remittance (FIRS)

Remit the WHT deducted from payments made to all corporate and foreign entities in April 2022, to the FIRS, via any of its designated banks, on or before Friday, May 20, 2022.

WHT Remittance (SIRS)

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

Do have a tax-efficient month!

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