



TAX NEWSLETTER

JUNE 2022 EDITION

We welcome you to the latest edition of the PML Tax Newsletter; your one-stop shop for all the happenings and information around the tax space.

In this edition, we will focus on **What You Need to Know About Capital Gains Tax (CGT)**. Also, we will further examine the proposed NYSC Trust Fund Bill, as well as its impact on the us all, with a piece titled **NYSC Trust Fund Bill – One Tax Too Many**.

In other news, the Federal Inland Revenue Service (FIRS) has extended the deadline for filing CIT returns, for companies whose 2022 YoA returns fall due between June 30 and August 31, to August 31, 2022. We therefore implore taxpayers to take advantage of this extension.

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

What You Need to Know About Capital Gains Tax

Overview

Capital gains is the profit earned on the sale or disposal of certain assets that have increased in value over the period such assets are owned (also known as chargeable assets). Chargeable assets include all forms of property whether or not situated in Nigeria.

Capital Gains Tax ("**CGT**") is therefore the tax levied on capital gains after deducting allowable expenses incurred to make such gains. CGT is charged at a rate of 10% and it is legally backed up by the Capital Gains Tax Act, 2004, as amended ("**CGTA**").

CGTA is administered by both the Federal Inland Revenue Services ("**FIRS**") and the various State Internal Revenue Services ("**SIRS**"). FIRS deals with the taxation of capital gains arising from the disposal by both resident corporate bodies and non-resident persons (corporate and individuals) while SIRS deal with gains on disposal by individuals resident in Nigeria.

Chargeable Gains

CGT shall be chargeable if gains arise from disposal or sale of the following assets and the nexus to tax falls in Nigeria:

- options, debts, and incorporeal property;
- foreign currencies;
- corporate shares;
- any form of property created by the person disposing of it, or otherwise coming to be owned without being acquired; and
- all qualifying capital expenditure under CITA, PITA and PPTA.



- gains from disposal of shares in any Nigerian company above N100million, except where such proceeds are reinvested in a Nigerian company within the same fiscal year

Non-Chargeable Gains

Not all gains are chargeable. Some examples of gains which are not chargeable are gains that accrues to:

- any ecclesiastical, charitable or educational institution of public character;
- any statutory or registered friendly society;
- any cooperative registered under the Co-operative Societies Law of any state;
- any local government council;
- Sums obtained as compensation or damages for any wrong or injury suffered. This includes compensation for loss of office except the amount exceeds N10million (an employer is responsible for withholding and remitting such to the relevant tax authority); and
- Gifts

Returns

CGT returns are to be filed twice annually; CGT withheld between 1st December and 31st May each year should be filed on or before 30th June, while CGT withheld between 1st June and 30th November each year is to be filed on or before 31st December.

The returns shall be attached with Capital Gain Tax liability computation schedule and payment evidence.

We hope that this article provides you with answers to any question you may have with respect to CGT. Do not hesitate to contact us at PML on tax@pml.com.ng or +234 906 228 8809, to assist you with your CGT obligations.



National Youth Service Corps Trust Fund Bill – One Tax Too Many



Overview

The National Youth Service Corps Trust Fund Bill (the “Bill” or “NYSC Trust Fund Bill”) is currently being considered at the House of Representatives and it has scaled through the third reading. The Bill was established for the purpose of providing a sustainable source of funds for the National Youth Service Corps (NYSC).

Specifically, the Bill is aimed at:

- helping to address infrastructure deficits in the scheme;
- providing start-up capital for interested corps members to drive their business initiatives;
- training and retraining NYSC personnel; and
- developing camps and NYSC formations with the requisite facilities.

The trust fund is to be financed by:

- a levy of 1% of net profit of companies and organized private sector operating business in Nigeria;
- 0.2% of total revenue accruing to the federation account; and
- any take off grant and special intervention fund as may be provided by the federal, state and local

Our Thoughts

In as much as the aims and objectives of the Bill are quite laudable, an additional tax burden on Nigerian taxpayers is a far cry from what the Nigerian citizenry needs.

Currently, an average corporate taxpayer in Nigeria is burdened with Companies Income Tax, Petroleum Profits Tax, Tertiary Education Tax, Nigeria Police Trust Fund (NPTF) levy, National Information Technology Development Agency (NITDA) levy, and National Agency for Science and Engineering Infrastructure (NASENI) levy. Just last year, the Tertiary Hospitals Development Fund Bill was passed by the Senate, to cater for the rehabilitation, restoration and consolidation of tertiary healthcare in Nigeria and now the NYSC Trust Fund Bill is also being considered.

It is therefore an open secret that the tax burden on Nigerian taxpayers is very cumbersome. Trying to add another burden to it is definitely not the right step. It will be expedient for the Federal Government to put the necessary measures in place and ensure that tax net is widened, rather than suffocate the existing taxpayers with multiple taxes.

At the end of the day, if a tax burden is to be added to cater for specific individual needs of the government, it then forces us to ask “what exactly are the other taxes collected used for?”



JULY 2022

TAX DEADLINES



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

CIT & TET Remittance + Filing

Companies whose financial year-end is January 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 Friday, July 29, 2022.

ECS Contribution Payment

Pay the Employees Contribution Scheme (ECS) contributions due on your employees' July 2022 emoluments to the Nigeria Social Insurance Trust Fund (NSITF), via any of its designated banks, on or before Friday, July 29, 2022.

PAYE Remittance

Remit all pay-as-you-earn (PAYE) deducted from employees' June 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 Friday, July 8, 2022.

Pension Remittance

Remit all pension deducted (from employees' June 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 June 30, 2022 are to remit pension on or before Wednesday, July 13, 2022.

NHF Remittance

Remit the NHF deducted from employees' June 2022 emoluments, to the Federal Mortgage Bank of Nigeria, via any of its designated banks, on or before Friday, July 29, 2022.

VAT Remittance + Filing

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

WHT Remittance (FIRS)

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

WHT Remittance (SIRS)

Remit the WHT deducted from payments made to all non-incorporated entities in June 2022, to the IRS of the State(s) where the said entities are resident, via any of the designated banks, on or before Friday, July 29, 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