

TAX NEWSLETTER

MAY 2023

PML welcome you to May 2023 edition of our Tax Newsletter, and in this edition we bring to you a summary of all the major tax events that occurred during the Month. You can follow us on Social Media – Facebook, Instagram, LinkedIn, and Twitter. You can also reach us by mail on tax@pml.com.ng

* President of the Federal Republic of Nigeria, Muhammadu Buhari, GCFR signed the Finance Bill 2023 into an Act on Sunday, May 28, 2023, and by implication, the Act amended specific provisions of the tax laws **Effective date of the Act is May 1, 2023. Key requirements of Act include:**

* The rate of taxation of digital assets under Capital Gains Tax is now at 10%

* The CIT rate for a gas-flaring company (defined as a company that vents or flares associated or non-associated natural gas unless in the case of an emergency) is increased from the standard 30% to 50%.

* Tertiary Education Tax trust funds Act, has increased the rate from 2.5% to 3% effective from May 1, 2023 TET is payable on assessable profit by Nigeria companies, other than small companies with less than N25million turnover

* Person appointed to deduct VAT at source on invoices received from their vendors are now to remit such VAT to the FIRS on or before the 14th day of the following month

* All services, including but not limited to telecommunication services, provided in Nigeria is liable to excise duty at rates to be specified via a Presidential Order.

* The Act has Introduced general anti-avoidance transfer pricing rules to counteract any artificial arrangement in respect of transactions between connected persons for VAT purposes.

* The Income derived by a company from gaming, gambling, betting, or lottery business is taxable under the Companies Income Tax Act.

* A company engaged in the commercial winning, capture, production and utilization of gas is entitled to a single 50% investment tax credit on its qualifying expenditure for that purpose.

* The Investment allowance of 10% applicable on qualifying expenditure incurred on plant and equipment is repealed. This will however not affect such assets acquired on or before 31 December 2022.



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* Any amount paid as premium by an individual during the preceding year of assessment in respect of own life or the life of a spouse, or contract for a deferred annuity is tax deductible provided that any portion of a deferred annuity withdrawn within 5 years of paying the premium will be taxed at the point of withdrawal.

* Redefinition of building for VAT purposes to exclude any fixtures or structures that can be easily removed from land such as radio and television masts, transmission lines, cell towers, mobile homes etc. This implies that such assets are not eligible for the VAT exemption on building.

2. The FIRS has introduced new changes to TaxPro Max VAT filing procedure

The Federal Inland Revenue Service (FIRS) has announced new updates to the Value Added Tax (VAT) filing procedures on the TaxPro Max system. The aim is to increase the efficiency of the input VAT claim, sales adjustment entries and output VAT filing procedures. The changes took effect from the April 2023 filing period.

The FIRS is seeking to seamlessly match Output VAT collection to the Input VAT claimed by businesses and promote transparency in VAT compliance. To educate the public on the process and the increased data requirements to file a complete VAT return, the FIRS released illustrative videos on YouTube, documented guides and also held a sensitisation event targeted at various stakeholders.

The FIRS mentioned that the changes are in the pilot phase but there is absolute commitment from management towards full implementation and adoption by taxpayers.

3. The Governor of Oyo state Seyi Makinde has imposed heavy tax on agribusiness owner's in the state.

4. The Nigerian Government has implemented new taxes on beer, imported vehicles, and single-use plastics.

5. The Lagos State Internal Revenue Service (LIRS) has issued a Public Notice providing guidelines to taxpayer's resident in Lagos State on the process of generating the new electronic Tax Clearance Certificate (eTCC) through its end-to-end tax administration (eTax) platform. The new eTCC features a unique Certificate Number and QR Code as key security features to prevent fraud and ensure authenticity

6. The CBN has directed that all transactions on Trade Monitoring now required a tax clearance certificate for the last three years of assessment of the tax payer for school fee payment, personal travelling allowance, business travelling allowance among others



JUNE 2023 TAX DEADLINE

Set out below are the major deadlines in the month of June 2023, as relating to the Nigerian Tax space:

CIT & TET Remittance + Filing

Companies whose financial year-end is December are to pay their Companies Income Tax (CIT) and Tertiary Education Tax (TET) to the Federal Inland Revenue Service (FIRS), and thereafter file their CIT, TET and Transfer Pricing (where applicable) returns with the FIRS, via the FIRS TaxPro Max portal, on or before Friday, June 30, 2023.

ECS Contribution Payment

Pay the Employees Contribution Scheme (ECS) contributions due on your employees' May 2023 emoluments to the Nigeria Social Insurance Trust Fund (NSITF), via any of its designated banks, on or before June 30, 2023.

PAYE Remittance

Remit all Pay-As-You-Earn (PAYE) deducted from employees' May 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 Monday, June 10, 2023.

Pension Remittance

Remit all pension deducted (from employees' May 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 May 31, 2023 are to remit pension on or before Monday, June 7, 2023.

NHF Remittance

Remit the NHF deducted from employees' May 2023 emoluments to the Federal Mortgage Bank of Nigeria, via any of its designated banks, on or before Friday, January 30 2023.

VAT Remittance + Filing

Companies who meet the required threshold are to remit all Value Added Tax collected in the month of May 2023 to the FIRS, via any of its designated banks, and file their May 2023 VAT returns with the FIRS, on or before Wednesday, June 21, 2023.

WHT Remittance (FIRS)

Remit the WHT deducted from payments made to all corporate and foreign entities in May 2023, to the FIRS, via any of its designated banks, on or before Wednesday, 21 June 2023.

WHT Remittance (SIRS)

Remit the WHT deducted from payments made to all non-incorporated entities in May 2022, to the IRS of the State(s) where the said entities are resident, via any of the designated banks, on or before Tuesday 31, 2023.



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 (Payable)
- Withholding Tax Management (Receivables)

CONTACT US TODAY ON

+2349062871226

tax@pml.com.ng

www.pml.com.ng