



HOUSE OF REPRESENTATIVES FEDERAL REPUBLIC OF NIGERIA VOTES AND PROCEEDINGS

Thursday, 13 March, 2025

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1. The House met at 11.05 a.m. Mr Speaker read the Prayers.
 2. The House sang the National Anthem and recited the National Pledge.
 3. **Votes and Proceedings**
Mr Speaker announced that he had examined and approved the *Second Votes and Proceedings* of Wednesday, 12 March, 2025.

The Second Votes and Proceedings was adopted by unanimous consent.

4. **Announcement**

- (i) **Visitors in the Gallery:**

Mr Speaker announced the presence of the following visitors:

- (i) Staff and Students of Christ Anglican, Nursery/Primary School, Saburi Dei Dei, Abuja;
 - (ii) Members of Nigerian Institution of Surveying and Geo-Informatics Students (NISGS), Federal Polytechnic, Nasarawa Chapter, Nasarawa State.

- (ii) **Bereavement:**

Mr Speaker read a communication from Hon. Chimaobi Sam Atu (*Enugu North/Enugu South Federal Constituency*) announcing the demise of a former Member, Hon. Dubem Onyia (*Enugu North/Enugu South Federal Constituency, 1999*), who died on Monday, 10 March, 2025 at the age of 73.

A minute silence was observed in honour of the deceased.

5. Presentation of Bills

The following Bills were read the *First Time*:

- (1) Criminal Code Act (Amendment) Bill, 2025 (HB.2149).
- (2) Orthopaedic Hospitals Management Board Act (Amendment) Bill, 2025 (HB.2127).
- (3) Penal Code Act (Amendment) Bill, 2025 (HB.2151).
- (4) Federal University Okigwe, Imo State (Establishment) Etc. Bill, 2025 (SB.396).
- (5) Federal Medical Centres Act (Amendment) Bill, 2025 (HB.2186).
- (6) Constitution of the Federal Republic of Nigeria, 1999 (Alteration) Bill, 2025 (HB.2187).
- (7) Body-Worn Cameras by Law Enforcement Officers (Establishment) Bill, 2025 (HB.2188).
- (8) Federal College of Fisheries Technology and Marine Engineering, Ngo, River State (Establishment) Bill, 2025 (HB.2189).
- (9) Paramedical Practitioner's Institute of Nigeria (Establishment) Bill, 2025 (HB.2190).
- (10) Federal College of Nursing, Midwifery and Health Science, Ihebinowerre, Imo State (Establishment) Bill, 2025 (HB.2191).
- (11) Chartered Institute of Business Development of Nigeria (Establishment) Bill, 2025 (HB.2192).
- (12) Orthopaedic Hospitals Management Board Act (Amendment) Bill, 2025 (HB.2193).
- (13) Constitution of the Federal Republic of Nigeria, 1999 (Alteration) Bill, 2025 (HB.2194).
- (14) Chartered Institute of Entrepreneurs and Investors of Nigeria (Establishment) Bill, 2025 (HB.1231).
- (15) Halal Food Processing Council of Nigeria (Establishment) Bill, 2025 (HB.1249).

6. Presentation of Report

Ad-hoc Committee on the Petition by Comrade Igbini Odafe Emmanuel (Engr) against Total Energies E & P Nigeria Limited:

Motion made and Question proposed, “That the House do receive the Report of *Ad-hoc* Committee on the Petition by Comrade Igbini Odafe Emmanuel (Engr) against Total Energies E & P Nigeria Limited on Unethical Conduct perpetuated by the Management of the Company” (*Hon. Kwamoti Bitrus Laori — Demsa/Lamurde/Numan Federal Constituency*).

Agreed to.

Report laid.

7. Order of the Day

Motion made and Question proposed, “That the House do set down items 1 - 5 on the Order Paper

till another legislative day, pursuant to Order Eight, Rule 6 (3)”(*Hon. Julius Ihonvbere — House Leader*).

8. Consideration of Reports

(i) *Committee on Finance:*

Motion made and Question proposed, “That the House do consider the Report of the Committee on Finance on a Bill For an Act to Provide for the Assessment, Collection of, and Accounting for Revenue Accruing to the Federation, Federal, States and Local Governments; Prescribe the Powers and Functions of Tax Authorities, and for Related Matters (HB.1756)” (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Agreed to.

Question that the House do resolve into the Committee of Supply to consider the Report — Agreed to.

(HOUSE IN COMMITTEE)

(Mr Speaker in the Chair)

A BILL FOR AN ACT TO PROVIDE FOR THE ASSESSMENT,
COLLECTION OF, AND ACCOUNTING FOR REVENUE ACCRUING
TO THE FEDERATION, FEDERAL, STATES AND LOCAL
GOVERNMENTS; PRESCRIBE THE POWERS AND FUNCTIONS
OF TAX AUTHORITIES; AND FOR RELATED MATTERS

Committee’s Recommendation:

Clause 1: Objective of the Bill

- (1) The objective of this Bill is to provide uniform procedures for a consistent and efficient administration of tax laws in order to:
 - (a) facilitate tax compliance by taxpayers; and;
 - (b) optimise tax revenue (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 1 stands part of the Bill — Agreed to.

Committee’s Recommendation:

Clause 2: Application

This Bill applies to any person required to comply with any provision of the tax laws whether personally or on behalf of another person (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 2 stands part of the Bill — Agreed to.

Committee’s Recommendation:

Clause 3: Jurisdiction of tax authorities

- (1) The Nigeria Revenue Service (the Service), established under the Nigeria Revenue Service (Establishment) Act, 2024 shall —
 - (a) have exclusive responsibility to administer taxes:

- (i) on companies;
 - (ii) on persons employed in the Nigerian Army, the Nigerian Navy, the Nigerian Air Force, the Nigeria Police Force, other than in a civilian capacity;
 - (iii) on officers of the Nigerian Foreign Service;
 - (iv) on non-resident persons who derive profit or income from Nigeria or any income derived from employment in Nigeria by a person, not being a resident of any State in Nigeria, and
 - (v) as contained in this Bill being:
 - development levy;
 - tax payable by non-resident persons;
 - tax to be paid by companies carrying out specialised trade or business as contained in this Bill;
 - tax of income from petroleum operations;
 - value added tax;
 - economic development tax incentive;
 - exemption from value added tax;
 - (b) have power to administer the following taxes:
 - (i) income tax;
 - (ii) taxation of income from petroleum operations;
 - (iii) stamp duties;
 - (iv) value added tax; and
 - (v) tax incentives.
 - (c) exercise such other powers and functions conferred on it by this Bill, the Nigeria Revenue Service (Establishment) Bill, and any other law as may be enacted by the National Assembly.
- (2) The relevant tax authority in a State or the Federal Capital Territory, shall pursuant to the First schedule to this Bill, be responsible for-
- (a) the administration of taxes for resident individuals in respect of:
 - (i) imposition of tax on income, profits or gains;
 - (ii) ascertainment of profits and income;
 - (iii) ascertainment of assessable profits and income

(iv) ascertainment of total income;

(v) ascertainment of chargeable gains;

(vi) rates of tax;

subject to subsection 1(a) (ii) - (iv) of this section.

(b) exercising such other powers and functions conferred on it under any tax law enacted by the National Assembly.

(3) A tax authority, with the approval of the relevant government, may authorise another tax authority to administer taxes within its jurisdiction on its behalf, on such terms as they may agree.

(4) For the purpose of subsections (1) and (2) of this section, the relevant tax authority may do such things as it deems necessary and expedient for the assessment and collection of taxes and shall account for all taxes so collected in accordance with the provisions of this Bill, the Nigeria Tax Act and any other law enacted by the National Assembly or a State House of Assembly (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 3 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 4: Taxable Person

A taxable person shall register with the relevant tax authority and obtain a Taxpayer Identification ("Tax ID") for the purpose of compliance with tax obligations (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 4 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 5: Federal, State and Local Government

Every ministry, department or agency of the Federal or a State government, and every Local Government shall register for tax and obtain a Tax ID (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 5 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 6: Non-resident person

(1) A non-resident person that supplies taxable goods or services to any person in Nigeria, or derives income from Nigeria shall register for tax purposes and obtain a Tax ID:

Provided that a non-resident person who derives only passive income from investment in Nigeria may not be required to register for tax but shall provide relevant information as may be prescribed by the Service.

(2) The relevant tax authority may issue guidelines for the purpose of giving effect to the provisions of this section (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 6 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 7: Issuance of taxpayer identification

- (1) The relevant tax authority shall, upon receiving a request, register and issue a Tax ID to every taxable person.
- (2) Where a relevant tax authority refuses to register or issue a Tax ID upon request under subsection (1) of this section, the relevant tax authority shall, within five working days of the decision, notify that person of the refusal with reasons.
- (3) A relevant tax authority may, based on the information available to it, register and issue a Tax ID to a person who should apply for a Tax ID but failed to do so.
- (4) The relevant tax authority shall promptly notify a person registered and issued with a Tax ID under subsection (3) of this section of the registration and Tax ID.
- (5) A taxable person having a valid Tax ID shall not apply for, or be issued with another Tax ID.
- (6) A person who discovers that a taxable person has multiple Tax IDs, shall promptly report to the relevant tax authority for unification.
- (7) A Tax ID issued to one taxable person is not transferable or usable by another taxable person (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 7 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 8: Use of Taxpayer Identification

- (1) A Tax ID shall be -
 - (a) stated on a return, notice, correspondence or documents submitted, lodged, or used for the purposes of tax compliance;
 - (b) stated on a document prepared, produced, issued or submitted in respect of a transaction; and
 - (c) a condition for entering into a contract with any federal or state ministry, department or agency and local government.
- (2) A person engaged in banking, insurance, stock-broking, or other financial services in Nigeria shall make the provision of a Tax ID as a precondition for opening a new account or operating an existing account (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 8 stands part of the Bill — Agreed to.

*Committee's Recommendation:***Clause 9: Notification of Change in Particulars**

- (1) Every taxable person shall, within 30 days of the occurrence of a change in its particulars, notify the relevant tax authority of the change.
- (2) The change referred to in subsection (1) of this section includes:
 - (a) name, including trading name, location of business, telephone numbers or e-mail address, and registered address;
 - (b) in the case of:
 - (i) an incorporated person, persons holding 5% or more of its share capital, or the beneficial owner of the shares held by nominees;
 - (ii) a trust, the full identity, address and other contact details of the trustees and beneficiaries of the trust;
 - (iii) a partnership, the full identity, address and other contact details of all the partners; or
 - (iv) sale, liquidation, acquisition, take-over or merger of a business, all relevant information regarding the sale, liquidation or merger, and full details of the new owners (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 9 stands part of the Bill — Agreed to.

*Committee's Recommendation:***Clause 10: Suspension, deregistration and cancellation of tax Identification**

- (1) Where a taxable person temporarily ceases to carry on a trade or business in Nigeria, the taxable person shall notify the relevant tax authority of its intention to suspend its registration for tax purposes within 30 days of such temporary cessation of trade or business.
- (2) The relevant tax authority shall classify the Tax ID as dormant and place it on suspension.
- (3) Where a taxable person permanently ceases to carry on a trade or business in Nigeria, the taxable person shall notify the relevant tax authority of its intention to deregister for tax purposes within 30 days of such cessation of trade or business.
- (4) Where a taxable person permanently ceases to carry on a trade or business, the relevant tax authority shall deregister the Tax ID.
- (5) The relevant tax authority shall deregister or cancel a Tax ID where it is satisfied that:
 - (a) the taxable person is deceased, or, in the case of a body corporate, including a government ministry, department or agency is wound up or dissolved; and
 - (b) the person to whom the Tax ID was issued has another one.

- (6) A taxable person whose Tax ID has been suspended, shall, upon reapplication, be re-issued with the same Tax ID (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 10 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 11: Income Tax Returns for Companies

- (1) Every company, including a company granted exemption from incorporation, whether or not it is liable to pay tax under the Nigeria tax Act or any other tax law, for a year of assessment, with or without notice from the Service, shall file a self assessment return with the Service in the prescribed form at least once a year and such return shall contain:
- (a) a duly completed self-assessment form as may be prescribed by the Service;
 - (b) the audited financial statements, tax and capital allowances computation for the year of assessment in respect of the profit from each and every source computed, provided that the return of a small company may contain a statement of accounts attested to by the taxpayer in place of audited financial statements;
 - (c) evidence of payment of the tax due;
 - (d) computation of the effective tax rate and additional tax payable, where applicable; and
 - (e) an attestation of the information contained in the tax returns signed by a Principal Officer of the company.
- (2) Where a non-resident company derives profit from or is taxable in Nigeria under chapter two of the Nigeria Tax Act, such company shall be required to submit a return for the relevant year of assessment containing:
- (a) the company's full audited financial statements and the financial statement of the Nigerian operations, attested to by an independent, qualified or certified accountant in Nigeria;
 - (b) tax computation schedules based on the profits attributable to its Nigerian operations;
 - (c) a true and correct statement, in writing, containing the profits from each and every source in Nigeria;
 - (d) duly completed Income Tax Self-Assessment Forms;
 - (e) evidence of payment of the tax due; and
 - (f) a computation of the effective tax rate and additional tax payable, where applicable.
- (3) The provisions of subsection (2) of this section shall not apply in a year of assessment where a non-resident company only earns income on which the amount deducted at source is the final tax under the Nigeria Tax Bill.

- (4) Where a company permanently ceases operation in Nigeria, the company shall file the returns for the year of cessation and any outstanding return within six months of cessation.
- (5) Subject to this Bill, any tax law or regulation, the time of filing returns shall be:
 - (a) in the case of a company that has been in business for more than 18 months, not more than six months after the end of its accounting year;
 - (b) in the case of a newly incorporated company, within 18 months from the date of its incorporation or not later than six months after the end of its first accounting period, whichever is earlier; or
 - (c) in the case of a company that permanently ceases to carry on trade or business in Nigeria, not later than three months from the date the company permanently ceases to carry on the trade or business in Nigeria.
- (6) For the purpose of this section:
 - (a) every company shall designate a representative or representatives who shall attend to its tax matters; and
 - (b) where a person designated by a company pursuant to paragraph (a) of this subsection is a paid agent, such person shall be an accredited tax agent as provided in this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 11 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 12: Estimated income tax returns for companies engaged in liquefied natural gas

- (1) Not later than two months after the commencement of each accounting period of any midstream company engaged in liquefied natural gas, the company shall submit to the Service an estimated returns of its profits or losses for that accounting period for the purpose of income tax.
- (2) The estimated tax returns shall contain:
 - (a) a computation of its estimated revenue, adjusted profit or loss and estimated assessable profits of that period;
 - (b) a computation of its estimated revenue from all sources including plants condensates, natural gas liquids, liquefied natural gas, liquefied petroleum gas and any other incidental income;
 - (c) a statement of an estimate of amounts to be repaid, refunded, waived or released to it, referred to in section 68 (2) of the Nigeria Tax Act, during that period;
 - (d) in connection with part I of the First Schedule to the Nigeria Tax Act, a schedule showing:-
 - (i) the estimated residues at the end of that period in respect of

- its assets, all estimated qualifying capital expenditure incurred by it in that period;
- (ii) the values of its assets, estimated by references to the provisions of that schedule, to be disposed of in that period;
 - (iii) the allowances due to it under that schedule for that period; and
 - (iv) a computation of estimated capital allowances for the period;
- (e) a computation of its estimated total profits of that period;
 - (f) a computation of its estimated tax payable for that period; and
 - (g) a declaration, that the estimate was made to the best of the ability of the person signing the declaration.
- (3) Where, at any time during the accounting period, there is a material change in any of the parameters, the company shall submit a revised return to reflect the change for such period.
 - (4) Every return made by a company engaged in liquefied natural gas operations in fulfilment of the provisions of this section shall be subject to review and validation by the Service.
 - (5) Where a company does not provide the estimates required under subsection (1), (2) and (3), of this section, the Service may determine the estimates payable by the company on the best of judgement basis (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 12 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 13: Income Tax Returns for Individuals

- (1) A return of income shall be filed, in the prescribed form, with the relevant tax authority in each year of assessment and without notice or demand, by
 - (a) every taxable person whether or not liable to pay tax; and
 - (b) non-resident persons liable to pay tax in Nigeria under chapter two of the Nigeria Tax Act.
- (2) The return required to be filed under this section shall contain:
 - (a) a duly completed self-assessment form;
 - (b) the amount of income from every source for the year preceding the year of assessment computed in accordance with the provisions of the Nigeria Tax Act or any regulation made pursuant to the Bill;
 - (c) personal relief and tax computation;

- (d) in the case of income earned from trade, business, profession or vocation, an audited financial statement or a statement of accounts attested to by the taxpayer; and
- (e) evidence of payment of the tax due. (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 14 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 14: Pay As You Earn

- (1) An employer shall file a return with the relevant tax authority for all emoluments paid to its employees, not later than 31st January of each year in respect of all employees in its employment in the preceding year.
- (2) The returns shall disclose for each employee gross emoluments, including allowances and benefits in kind, total deductions, net emoluments and tax deducted.
- (3) Notwithstanding the provisions of subsection (1) of this section, an employee shall file an annual return of income from all sources, including employment income, in accordance with section 13 of this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 14 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 15: Simplified Annual Income Tax Return

Notwithstanding the provisions of section 14, a relevant tax authority may issue guidelines for the filing of a simplified income tax return by low-income earners or persons operating in the informal sector (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 15 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 16: Estimated returns for upstream petroleum operations

- (1) Not later than two months after the commencement of each accounting period of any company engaged in petroleum operations, the company shall submit to the Service an estimated returns of its profits or losses for that accounting period for the purpose of Hydrocarbon tax, Petroleum Profit Tax and Income tax, as applicable.
- (2) Any company involved in upstream petroleum operations and subject to Hydrocarbon Tax or Petroleum Profits Tax, shall apply the accounting periods specific to such companies as contained in this Bill.
- (3) The estimated tax returns shall in addition to the particulars requested for the purpose of determining estimated tax payable under parts I and II of chapter three of the Nigeria Tax Bill, contain:
 - (a) a computation of its estimated revenue, adjusted profit or loss and estimated assessable profits of that period;

- (b) a computation of its estimated revenue from all sources including crude oil, field condensates and liquid natural gas liquids derived from associated and non-associated gas produced upstream of the measurement points;
 - (c) a statement of an estimate of amounts to be repaid, refunded, waived or released to it, referred to in sections 68 (2) and 91(2) of the Nigeria Tax Bill during that period;
 - (d) in connection with parts II and III of the First Schedule to the Nigeria Tax Bill a schedule showing:
 - (i) the estimated residues at the end of that period in respect of its assets;
 - (ii) all estimated qualifying petroleum expenditure incurred by it in that period;
 - (iii) the values of its assets, estimated by references to the provisions of that schedule, to be disposed of in that period; and
 - (iv) the allowances due to it under that schedule for that period;
 - (e) in connection with the Sixth Schedule of the Nigeria Tax Bill a schedule showing estimated total production allowance and cost price ratio limits from all its upstream petroleum operations related to crude oil on the two classes of the chargeable profits;
 - (f) a computation of its estimated chargeable profits of that period identified in accordance with the Nigeria Tax Bill;
 - (g) a computation of its estimated tax payable for that period; and
 - (h) a declaration, that the estimate was made to the best of the ability of the person signing the declaration.
- (4) Where, at any time during the accounting period, there is a change in price, cost or volume, the company shall submit further returns on a monthly basis containing its revised estimated tax for such period.
- (5) Every return made by a company engaged in upstream petroleum operations related to crude oil and gas in fulfilment of the provisions of this section shall be subject to review and validation by the Service.
- (6) Where a company does not provide the estimates required under subsections (1), (2) and (3), of this section, the Service may use its power to determine the estimates on the best of judgement basis and impose such judgement on the company.
- (7) Notwithstanding the provisions of this section, production allowances under the Sixth Schedule to the Nigeria Tax Act shall apply only to hydrocarbon

tax under part I of chapter three of the Nigeria Tax Act (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 16 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 17: Actual returns for upstream petroleum operations

- (1) Every company engaged in upstream petroleum operations including companies yet to commence bulk sales or disposal of chargeable oil, shall file with the Service its audited accounts and returns within -
 - (a) 18 months from the date of its incorporation, in the case of a newly incorporated company; and
 - (b) five months after any period ending on 31st December, in the case of any other company.
- (2) Every company under subsection (1) of this section shall for each accounting period of the company make up accounts of its revenue and profits or losses and prepare the following particulars for the purpose of determining its hydrocarbon tax, petroleum profits tax and income tax under parts I and II of chapter three of the Nigeria Tax Act —
 - (a) a statement of its revenues from all sources including lifting details of crude oil, field condensates and liquid natural gas liquids derived from associated gas and produced upstream of the measurement points;
 - (b) computations of its actual revenue adjusted profit or loss and actual assessable profits of that period;
 - (c) a statement of amounts repaid, refunded, waived or released to it, referred to in sections 68 (2) and 91(2) of the Nigeria Tax Act during that period;
 - (d) in connection with the parts II and III of the First Schedule to the Nigeria Tax Act a schedule showing —
 - (i) the residue at the end of that period in respect of its assets;
 - (ii) all qualifying petroleum expenditure incurred by it in that period;
 - (iii) the values of any of its assets disposed of in that period; and
 - (iv) the allowances due to it under that schedule for that period.
 - (e) in connection with the Sixth Schedule to the Nigeria Tax Act; a schedule showing total production allowance and cost price ratio limit from all its upstream petroleum operations related to crude oil on the two classes of chargeable profits where applicable;
 - (f) a computation of its actual chargeable profits for that period for the two classes of chargeable profits where applicable identified in accordance with Nigeria tax Act;

- (g) a computation of its chargeable tax payable for that period;
 - (h) duly completed self-assessment forms attested to by the principal officer of the company; and
 - (i) evidence of payment of the final instalment.
- (3) Every company engaged in upstream petroleum operations related to crude oil after the expiration of that period, shall deliver to the Service -
- (a) a copy of its audited accounts of that period, in accordance with subsection (1) of this section;
 - (b) copies of the particulars referred to in subsection (2) of this section relating to that period with the copy of the delivered company accounts; and
 - (c) a declaration signed by an authorised officer of the company or by its liquidator, receiver or the agent of the liquidator or receiver, that the information provided is true and complete (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 17 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 18: Monthly returns of petroleum royalty

- (1) Every licensee or lessee engaged in petroleum operations upon the coming into effect of this law, or upon commencement of production, whichever is earlier, shall file a self-assessment return of royalty with the Service in the prescribed form.
- (2) The returns of royalty for each month shall be filed on or before the 14th day of the following month, whether or not production has taken place, and shall be accompanied by the following —
 - (a) the respective total volumes of crude oil, condensates, natural gas and natural gas liquids produced on a field-by-field basis and where different types of petroleum are produced, the total volumes of each type;
 - (b) the fiscal prices for crude oil, condensates, natural gas and separately produced natural gas liquids;
 - (c) computation of royalty based on production;
 - (d) computation of royalty by price;
 - (e) duly completed royalty self-assessment form;
 - (f) evidence of payment of royalty due; and
 - (g) such other information as may be required by the Service.

- (3) The returns referred to in subsection (2) of this section shall be signed by an authorised officer of the company, stating that the returns, schedules, statements, and other information given is correct and complete to the best of the person's knowledge.
- (4) Where marketable natural gas is produced and utilised in-country, the lessee or licensee shall, in addition to subsection (2) of this section, provide the following information -
 - (a) the volume of domestic gas delivered;
 - (b) the volume of gas destined for export project;
 - (c) destination certificates based on the related purchase and sales agreements or other relevant information; and
 - (d) destination certificates where the lessee sells natural gas to a supplier or wholesale customer.
- (5) The Service shall review the royalty returns filed and may reassess where necessary the royalty payable and any additional royalty shall be paid within 30 days of service of a notice of assessment of such additional royalty.
- (6) The provisions of this Bill as to notice of assessment, additional assessment, appeals and other proceedings, shall apply to an assessment or additional assessment made under this section (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 18 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 19: Annual returns of petroleum royalty

Every licensee or lessee shall file an annual return of actual royalty paid in an accounting period not later than five months from the end of the accounting period in the form prescribed by the Service (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 19 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 20: Monthly Returns of Mineral Royalty

- (1) Every person engaged in the trade or business of mining, shall upon the coming into effect of this Bill or upon commencement of operations, file a monthly self-assessment return of minerals royalty with the Service in the prescribed form.
- (2) Pay the correct royalty due to the government on the minerals sold or used at the prescribed rate in the Ninth schedule to the Nigeria Tax Act.
- (3) The returns of royalty for each month shall be filed on or before the 21st day of the following month, and shall be accompanied by the following -
 - (a) registered number of quarrying or mining licences;
 - (b) type of mineral and weight;

- (c) location and labour used;
 - (d) quarriable minerals in metric tons or cubic metres;
 - (e) quantity of mineral won, sold, used and left on hand;
 - (f) buyers of minerals;
 - (g) computation of royalty payable on the mineral won, used or sold;
 - (h) duly completed royalty self-assessment form;
 - (i) evidence of payment of royalty due;
 - (j) a declaration signed by an authorised officer of the company, stating that the returns, schedules, statements, and other information given is correct and complete to the best of the person's knowledge; and
 - (k) such other information as may be required from time to time by the Service.
- (4) The Service shall review the royalty returns filed and may reassess where necessary the royalty payable and any additional royalty shall be paid within 30 days of service of a notice of assessment of such additional royalty.

The provisions of this Bill as to notice of assessment, additional assessment, appeals and other proceedings, shall apply to an assessment or additional assessment made under this section (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 20 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 21: Monthly Returns by Non-Residents Shipping and Airline Companies

- (1) A non-resident person engaged in the operation of transport by sea or air, into Nigeria, shall file monthly returns with evidence of payment of the tax as specified under section 18 of the Nigeria Tax Act to the Service in respect of the carriage of passengers, mail, livestock or goods shipped or loaded into an aircraft in Nigeria.
- (2) The monthly return shall be filed not later than the 21st day of the following month.
- (3) The returns shall contain a detailed gross revenue statement of the Nigerian operations for that month, showing the amount of total sums receivable during the period, and supported with all invoices issued to the relevant customers.
- (4) Nothing in this section shall be construed to exempt the company from filing its annual returns or filing returns in respect of its non-freight operations or any other incidental income and payment of tax in respect of its non-freight or incidental income (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 21 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 22: Returns for Value Added Tax

- (1) A taxable person shall, in respect of Value Added Tax (VAT), with or without a notice and whether or not an economic activity has taken place, submit a return to the Service in the prescribed form, on or before the 21st day of the following month.
- (2) Where the Service grants an extension of the period for filing the returns under this section, such extension shall not imply the extension of time to pay the tax.
- (3) The returns shall contain the input tax paid, output tax collected and Value Added Tax payable in respect of all taxable supplies in the preceding month.
- (4) The provision of subsection (1) of this section above shall not apply to a small business.
- (5) A small business may, subject to a written notice addressed to the Service, choose to opt out of the exemption granted to small businesses under this part including registration, charging of tax on its taxable supplies and filing of returns.
- (6) A business, upon ceasing to be a small business, shall file monthly VAT returns.
- (7) In determining whether a person meets the threshold of being a small company, the value of the following taxable supplies shall be excluded:
 - (a) supply of a capital asset of the person; and
 - (b) supply made solely as a consequence of the person selling the whole or a part of its business or permanently ceasing to carry on business.
- (8) A taxable person granted exemption in subsection (5) of this section is exempt from the provisions of sections 100 and 102 of this Bill and section 151 of the Nigeria Tax Bill.
- (9) The provisions of subsection (5) of this section shall not apply to companies engaged in petroleum operations as defined in the Nigeria Tax Bill.
- (10) Where technology is deployed by the Service, a taxable person shall render returns in real time or at such other time as the Service may prescribe.
- (11) For the purpose of attribution, any return under this section shall provide details of consumption of taxable supplies, irrespective of where the return is filed (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 22 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 23: Value Added Tax Fiscalisation System

- (1) Where the Service deploys an Electronic Fiscal System (EFS), any person

making a taxable supply shall use the EFS for recording and reporting all supplies.

- (2) Taxable persons shall be responsible for maintaining accurate records of all transactions passing through the EFS.
- (3) The Service shall specify the fiscalisation system to be adopted and a transition arrangement for its implementation.
- (4) The Service shall issue a regulation to give effect to the provisions of this section (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 23 stands part of the Bill — Agreed to.

Clause 24: Section 24 NTAB.

- (1) A taxable person engaged in the provision of excisable services shall, in respect of excise duty imposed under chapter seven of the Nigeria Tax Act submit a return to the Service in the prescribed form specified by the Service.
- (2) The return shall be rendered on or before the 21st day of the following month or such other time as may be determined by the Service except in the case of foreign exchange transactions which shall be within 7 days of the transaction.
- (3) The return shall contain the following information —
 - (a) description of the excisable services provided during the month;
 - (b) value of the excisable services on which duty is payable;
 - (c) amount of excise duty payable; and
 - (d) such other particulars as may be prescribed by the Service.

Committee's Recommendation:

Leave out Clause 24 (Hon. James Abiodun Faleke — Ikeja Federal Constituency).

Agreed to.

Committee's Recommendation:

Clause 25: Returns by priority companies

A company granted priority status shall, in accordance with section 11 of this Bill, in each year of assessment, file income tax returns in the manner specified for both priority and non-priority products or services of the company (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 25 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 26: Tax Incentive Returns

- (1) All taxable persons enjoying incentives administered by the relevant tax authorities, including incentives provided under chapter eight and section 60 of Nigeria Tax Act, shall, in addition to annual tax returns, submit Annual Tax Incentives returns to the relevant tax authority in the form prescribed by

the Service covering income tax and any incentive other than those which are generally available to all taxpayers.

- (2) In the case of annual tax incentives returns filed by individuals, the tax authority in each State shall, within 60 days from the end of the due date for filing of the annual tax returns, transmit to the Service the annual tax incentives returns filed.
- (3) The Service shall, while submitting its annual report to the Minister under section 23 of Nigerian Revenue Service Act, include the summary of the returns received under subsections (1) and (2) of this section.
- (4) The Minister may issue a regulation for further administration of this section (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 26 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 27: Returns for deduction of tax at source

Every person who has an obligation to deduct and remit tax under this Bill or any other tax legislation shall render monthly returns to the appropriate tax authority, as specified in the regulation issued for that purpose (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 27 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 28: Information to be delivered by bankers and others

- (1) For the purpose of tax and without prejudice to section 138 of this Bill, every bank, insurance company, stock-broking firm, or any other financial institution, shall prepare, with or without demand by the Service, annual returns specifying the names, customer location and transactions of new and existing customers in the case of:
 - (i) an individual, where the cumulative transactions in a month amount to ₦50,000,000.00 or more; or
 - (ii) a body corporate, where the cumulative transactions in a month amount to ₦250,000,000.00 or more.
- (2) Every bank, insurance company, stock-broking firm, other financial institution, or any other legal arrangement shall, as may be prescribed by way of notice, rules, regulations, guidelines, or circulars issued by the relevant tax authority prepare and submit returns of :
 - (a) transactions involving the specified sum;
 - (b) names, addresses, including foreign addresses, or any other information of its customers connected with those transactions; or
 - (c) names, addresses, or any other information of new or existing customers.

- (3) Without prejudice to subsections (1) and (2) of this section, for the purpose of obtaining information relative to taxation, the relevant tax authority may give notice to any person including a person engaged in banking business in Nigeria to provide within the time stipulated in the notice, information including the name and address of any person specified in the notice.
- (4) Notwithstanding the provision of subsection (3) of this section a person engaged in banking business in Nigeria, shall not be required to disclose any additional information about his customer or his bank under this section unless such additional disclosure is required by a notice signed by the Chief Executive Officer of the relevant tax authority (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 28 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 29: Disclosure of Tax Planning

- (1) Any person who enters or intends to enter into any transaction or agreement, referred to as a discloseable transaction or agreement, whose principal purpose is a benefit which enables, or might be expected to enable, such a person to obtain a tax advantage, shall without notice or request, provide to the relevant tax authority, information relating to that disclosable transaction or agreement.
- (2) The relevant tax authority may make regulations specifying -
 - (a) the information to be provided by a person in relation to a discloseable transaction or agreement;
 - (b) the form and manner of delivery of that information to the relevant tax authority;
 - (c) the period of time within which the information referred to in subsection (1) of this section shall be provided to the relevant tax authority; and
 - (d) administrative penalties for non-disclosure, false disclosure, incomplete disclosure or late disclosure.

In this section —

"tax advantage" means:

- (a) a relief or increased relief from tax;
- (b) repayment or increased repayment of tax;
- (c) avoidance or reduction of a charge to tax or an assessment to tax;
- (d) avoidance of a possible assessment to tax;
- (e) deferral of a payment of tax or advancement of a repayment of tax; or
- (f) avoidance of an obligation to deduct or account for tax;

"transaction" includes course of action, agreement, scheme or arrangement. (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 29 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 30: Books of Account

- (1) Every person, including a company granted exemption from incorporation, shall, whether or not the person is liable to pay tax, maintain books or records of accounts.
- (2) The books or records of accounts shall contain sufficient information or data of all relevant transactions for the ascertainment of the person's tax liability.
- (3) The books and records required to be maintained under subsection (1) of this section shall be in English language and shall, for the purpose of tax, be consistent with the format that may be prescribed by the relevant tax authority.
- (4) Where the record is maintained in a language other than the English language, the person shall, on demand by the tax authority, produce, at its own expense, a translation in English language, which shall be certified by a sworn translator.
- (5) Any book or record required to be kept under this section shall be kept for a period not less than six years after the year of assessment in which the income related (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 30 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 31: Return Deemed to be Furnished by an Authorized Person

A return, statement or form furnished under this Bill by or on behalf of any person shall for all purposes be deemed to have been furnished by that person or by the representative of the person, unless the contrary is proved, and any person signing such return, statement or form shall be deemed to be duly authorised and cognizant of all matters contained in the return, statement or form (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 31 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 32: Accreditation of Tax Agents

- (1) For the purpose of compliance with this Bill or any other law, a taxpayer may either represent itself or be represented by a tax agent accredited by the relevant tax authority.
- (2) The requirements for accreditation shall be set out by the relevant tax authority.
- (3) No return shall be deemed as duly filed except filed by the taxpayer or an accredited tax agent on behalf of the taxpayer.

- (4) Tax returns shall be accompanied by a declaration or attestation:
 - (a) in the case of a taxpayer, that the information supplied is true and complete; and
 - (b) in the case of a tax agent, that he has exercised appropriate technical competence, and applied the highest standard of ethics and professional conduct (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 32 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 33: Self-assessment of Tax Payable

- (1) Every taxable person shall, on or before the due date, submit a self-assessment tax return with the relevant tax authority in accordance with the relevant provisions of this Bill.
- (2) A taxable person who has submitted a self-assessment return in the prescribed form for a reporting period is deemed to have made an assessment of the amount of tax payable, including a negative or nil amount, for the reporting period to which the return relates.
- (3) A tax return in the approved form completed and submitted electronically by a taxable person is a self-assessment notwithstanding that:
 - (a) the form contains pre-entered information supplied by the tax authority; and
 - (b) an estimate of the tax payable is computed electronically as information is being entered into the form.
- (4) Where a taxable person has delivered a tax return, under subsection (1) of this section, the relevant tax authority may:
 - (a) accept the tax return without making an additional assessment;
 - (b) accept the tax return and make additional assessment; or
 - (c) reject the tax return and, to the best of its judgement, determine the amount of the tax due from the taxable person, and make an assessment accordingly.
- (5) Where the taxable person fails to declare the true and correct amount of income or tax payable in its self-assessed tax returns, the taxable person is liable to pay any outstanding tax from the due date of the returns.
- (6) The outstanding tax shall be subject to penalty and interest, in accordance with the provisions of this Bill or other relevant tax law from the date the return becomes due (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 33 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 34: Administrative Assessments**

- (1) Where a taxable person has not delivered a tax return as provided under this Bill, and the relevant tax authority is of the opinion that such taxable person is liable to pay tax, it may, to the best of its judgement, determine the amount of the tax due from the taxable person and make an assessment accordingly.
- (2) The assessment issued under subsection (1) of this section shall not affect the imposition of any other liability specified in this Bill or any other law, incurred by the taxable person by reason of its failure or neglect to deliver a return.
- (3) The relevant tax authority may prescribe the rules, guidelines and procedures for the issuance of administrative assessment under this section.
- (4) The relevant tax authority may make an assessment upon a taxable person for any year before the expiration of the time within which it is required to deliver a return or to give notice under the provisions of this Bill, if the relevant tax authority considers such assessment to be in jeopardy (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 34 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 35: Additional Assessments**

- (1) Where the relevant tax authority discovers or is of the opinion, at any time, that any taxable person liable to tax has not been assessed or has been assessed at an amount less than that which ought to have been charged, the relevant tax authority may, within six years of an assessment, assess the taxable person at such amount or additional amount, as ought to have been charged.
- (2) The six-year limitation period stipulated in subsection (1) of this section shall not preclude the relevant tax authority from continuing with a tax audit and for raising additional assessment where the tax audit commenced before the expiration of the six-year limit.
- (3) The provisions of this Bill as to the notice of assessment, appeal and other proceedings shall apply to such assessment or additional assessment and to the tax charged.
- (4) Notwithstanding the time limit specified in subsection (1) of this section, where there is a deliberate misstatement by a taxable person in connection with any tax imposed under the Nigeria Tax Act or any other tax law, the relevant tax authority may at any time and as often as may be necessary, assess the taxable person to such amount or additional amount as may be necessary for the purpose of making good any loss of tax attributable to the deliberate misstatement.
- (5) All relevant facts shall be considered in the computation of the amount or additional amount of tax that should have been charged under subsection (1) of this section, even where such facts were not known when a prior assessment or additional assessment was made for the taxable person in the same year (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 35 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 36: Making of assessment of TAX in upstream petroleum operations

- (1) Assessments of tax in upstream petroleum operations shall be made in a form and in such manner as the Service shall prescribe and shall contain the:
 - (a) name and address of the company assessed to tax or of the person in whose name a company has been assessed to tax, provided that the name of the represented company is indicated; and
 - (b) particular accounting period and the amount of the chargeable profits and chargeable tax for that period, in the case of each company for each of its accounting periods.
- (2) Where an assessment is to be amended or revised, a form of an amended or revised assessment shall be made in a manner similar to that in which the original of that assessment was made under subsection (1) of this section showing the amended or revised amount of the chargeable profits and chargeable tax.
- (3) A copy of each self-assessment, and of each amended or revised assessment shall be filed in a list which shall constitute the assessment list for the purpose of this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 36 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 37: Deemed profit assessment or income assessment

- (1) Where a business produces either no assessable profit or an assessable profit which is less than expected from that business or the true amount of the assessable profit cannot be readily ascertained, the relevant tax authority may, in the case of —
 - (a) a resident, assess and charge that taxable person on such fair and reasonable percentage of the gross income from the trade or business as the relevant tax authority may determine; or
 - (b) a non-resident, the profits shall be any amount resulting from applying the profit margin of the person to the turnover generated from Nigeria.
- (2) For the purpose of subsection (1) of this section "profit margin" shall be the proportion of the Earnings Before Interest and Tax ("EBIT") to income or revenue in the published audited financial statement of the business, and in the case of persons that are not required to publish financial statements, the profit margin as may be ascertained by the relevant tax authority from financial statements of comparative companies (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 37 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 38: Currency of assessment and payment**

- (1) Notwithstanding the provisions of any other law, tax shall be assessed in the currency of transaction.
- (2) Tax, including royalty, assessed in a currency other than the Nigerian Naira shall be paid in that currency (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 38 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 39: Service of Notice of Assessment**

The relevant tax authority shall cause to be served on, or sent by registered post, courier service or electronic means to each taxable person, or person in whose name a taxable person is chargeable, a notice of assessment in respect of any tax charged including the place at which payment should be made, and setting out the rights of that person as contained in sections 40 and 41 of this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 39 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 40: Revision of assessment in case of objection**

- (1) Where a taxable person disputes a tax assessment, the taxable person may, by a written notice of objection delivered in person, by courier service or via electronic means, apply to the relevant tax authority for the revision and amendment of the assessment made upon it.
- (2) An application under subsection (1) of this section shall only be valid if it:
 - (a) is delivered to the relevant tax authority within 30 days from the date of service of the disputed notice of assessment; and
 - (b) contains the grounds of objection to the assessment, that is the:
 - (i) specific issues disputed or errors observed with their monetary values;
 - (ii) amendment required to be made so as to resolve the dispute or correct the error;
 - (iii) justification for the amendments;
 - (iv) amount of assessable and total profits, income or value of transactions admitted by the taxable person for the relevant reporting period; and
 - (v) amount of tax admitted by the taxable person or that no amount of tax is admitted as payable.
- (3) Notwithstanding the provisions of subsection (2) of this section, the relevant tax authority may, for any satisfactory and good cause shown, extend the time for making the application referred to in subsection (1) of this section to such reasonable time in the particular circumstances.

- (4) Upon receipt of the notice of objection referred to in subsection(1) of this section, the relevant tax authority may -
 - (a) require the taxable person to furnish such particulars as it may deem necessary and to produce all books or other documents relating to the profits, income or transactions of the taxable person; and
 - (b) summon any person to give evidence in respect of the assessment to appear for examination before an authorised officer of the relevant tax authority or make a declaration on oath in respect of the assessment.
- (5) Where the taxable person and the relevant tax authority agree as to the amount of tax to be assessed, the disputed assessment shall be amended, and a revised notice of the tax payable shall be served upon the taxable person.
- (6) The relevant tax authority shall respond to the objection notice within 90 days otherwise the objection of the taxpayer shall be upheld.
- (7) Where the relevant tax authority considers the notice of objection submitted by the taxable person as invalid, or where the taxable person and the relevant tax authority do not agree as to the amount of tax to be assessed, the taxpayer may exercise the right of appeal (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 40 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 41: Errors and Defects in Assessment and Notice

- (1) An assessment, notice, warrant or other proceeding purporting to be made in accordance with this Bill shall not be invalidated for want of form or be affected by reason of a mistake, defect or omission, if the -
 - (a) substance and effect of the assessment is in conformity with the provisions of this Bill; and
 - (b) company assessed or intended to be assessed or affected is designated according to common intent and understanding.
- (2) An assessment shall not be invalidated or affected by reason of:
 - (a) a mistake as to the -
 - (i) name of a company liable or of a person in whose name a company is assessed;
 - (ii) the description of any profits; or
 - (iii) amount of the tax charged.
 - (b) any variance between the assessment and the notice, if in cases of assessment, the notice -
 - (i) is duly served on the company intended to be assessed or on the person in whose name the assessment was to be made; and
 - (ii) contains, in substance and effect, the particulars on which

the assessment is made. (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 41 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 42: Assessments to be Final and Conclusive

- (1) Where —
 - (a) no valid objection or appeal has been lodged within the time stipulated under this Bill, against an assessment as regards the amount of the total income or profits assessed;
 - (b) the amount of the total income or profits has been agreed to under section 40(5) of this Bill;
 - (c) the amount of such total profits has been determined on objection or revised under the provision of section 40(5) of this Bill; or
 - (d) the assessment as made, has been agreed to, revised or determined on appeal;

such assessment shall be final and conclusive for all purposes of this Bill as regards the amount of such total profits.

- (2) Where the full amount of tax in respect of any final and conclusive assessment is not paid within the period prescribed in this Bill, the provisions relating to the recovery of tax, and to any penalty under sections 64 and 66 of this Bill, shall apply to the collection and recovery.
- (3) The provision of subsection (2) of this section shall be subject only to the set-off of the amount of any tax repayable under any claim, made under the relevant provisions of this Bill which has been agreed to by the relevant tax authority or determined on any appeal against a refusal to admit any such claim.
- (4) The provisions of section 40 of this Bill shall not prevent the tax authority from making any assessment or additional assessment for any year which does not involve re-opening any issue on the same facts, which has been determined for that year of assessment under section 40(5) of this Bill by agreement or on appeal (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 42 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 43: List of taxable persons assessed

- (1) The relevant tax authority shall maintain assessment lists of taxable persons assessed to tax.
- (2) The assessment lists shall contain —
 - (a) the names and addresses of the taxable persons assessed to tax;
 - (b) the name and address of any person in whose name any such taxable

person is chargeable;

- (c) the amount of the total profits of each person;
 - (d) the amount of tax payable by the person; and
 - (e) such other particulars as may be determined by the tax authority.
- (3) Where complete copies of all notices of assessment and all notices amending assessments are filed in the offices of the tax authority, they shall constitute the assessment lists for the purpose of this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 43 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 44: Manager, Etc., To Be Answerable

The principal officer or manager in Nigeria of every company shall be answerable for doing all such acts, matters and things as are required to be done by virtue of this Bill for the assessment of the company and payment of the tax (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 44 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 45: Artificial Transactions

- (1) Where a relevant tax authority is of the opinion that any disposition is not in fact given effect to or that any transaction which reduces or would reduce the amount of any tax payable is artificial or fictitious, it may disregard any such disposition or direct that such adjustments be made, as regards liability to tax, as it considers appropriate so as to counteract the reduction of liability to tax affected, or reduction which would be affected by the transaction and any taxable person concerned shall be assessed accordingly.
- (2) For the purpose of this section, transactions between persons who are connected in accordance with section 193 of the Nigeria Tax Act shall be deemed to be artificial or fictitious if in the opinion of the relevant tax authority those transactions have not been made on terms which might fairly have been expected to have been made by persons engaged in the same or similar activities dealing with one another at arm's length.
- (3) A person in respect of which any direction is made under this section shall have a right of appeal as if such direction were an assessment under this Bill.
- (4) The relevant tax authority may issue guidelines or regulations for the purpose of specifying rules for the taxation of connected persons, transactions that are not at arm's length, or for the purpose of implementing other provisions of this section.

In this section, "disposition" includes any trust, grant, covenant, agreement or arrangement (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 45 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 46: Prohibited tax avoidance arrangement**

- (1) The relevant tax authority may counteract a prohibited tax avoidance arrangement by way of adjustments, disregarding, or re-characterising the arrangement through an assessment, the modification of an assessment, amendment or disallowance of a claim or otherwise, in part or whole, unless the taxable person proves, to the satisfaction of the relevant tax authority, that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of this Bill or any other tax law.
- (2) For the purpose of this section prohibited tax avoidance arrangement means any arrangement where, having regard to the facts and circumstances, it is reasonable to conclude that:
 - (a) the main purpose of the arrangements was to obtain a tax benefit or advantage;
 - (b) obtaining the tax advantage is contrary to the object and purpose of the provisions of this Bill or any other tax law;
 - (c) it results, directly or indirectly, in the misuse, or abuse, of the provisions of this Bill or any other tax law; or
 - (d) it lacks commercial substance or coherence in whole or in part.
- (3) In this section:

"tax benefit or advantage" is as defined in section 29(3) of this Bill;

"arrangement" includes any agreement, understanding, scheme, transaction or series of transactions, whether or not legally enforceable (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 46 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 47: Exchange of information and joint audit**

- (1) The relevant tax authority shall exchange relevant information with each other to ensure compliance with the provisions of this Bill.
- (2) Where any tax authority discovers non-compliance in the course of the audit of any tax accruing to another tax authority, it shall refer such non-compliance to, or invite that other tax authority for a joint audit (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 47 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 48: Payment of Tax**

- (1) Subject to section 11 of this Bill and without prejudice to any other provision of this Bill, every person shall make payment of tax due on or before the due date of filing in one lump sum or in instalments, provided that the final instalment shall be paid on or before the due date of filing.

- (2) Tax charged by any assessment which is not or has not been the subject of an objection or appeal shall be payable, after the deduction of any amount to be setoff for the purposes of collection under any provision of this Bill, or any amount deposited against the tax, at the place stated in the notice of assessment within 30 days of service of such notice upon the taxable person, provided that the relevant tax authority, in its discretion, may extend the time within which payment is to be made.
- (3) Subject to the provisions of section 11 of this Bill collection of tax in any case where notice of an objection or appeal has been given by the taxable person shall remain in abeyance until such objection or appeal is determined, provided that the taxable person shall pay the tax which is not the subject of an objection or appeal.
- (4) Upon the determination of an objection or appeal, the relevant tax authority shall serve the taxable person, a notice of the tax payable as so determined, and that tax shall be payable within 30 days of the date of service of such notice.
- (5) Any balance of tax unpaid as at the due date shall attract interest and penalties as provided in this Bill or any other relevant law.
- (6) Where the relevant tax authority grants a taxable person an extension of the period for the payment of a tax and the person fails to make the payment within that period of extension, penalty and interest shall accrue from the due date of payment of the tax as if the extension was never granted.
- (7) Where there is no objection or appeal, the relevant tax authority may proceed to enforce the recovery of the tax payable in accordance with the provisions of this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 48 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 49: Payment of tax for companies engaged in upstream petroleum operations and mid-stream liquefied natural gas operations

- (1) Without prejudice to section 16 of this Bill, the tax due for any accounting period shall be payable in equal monthly instalments together with a final instalment as provided in subsection (4) of this section.
- (2) The first monthly payment shall be due and payable not later than the third month of the accounting period and shall be in an amount equal to one-twelfth or where the accounting period is less than a year, in an amount of equal monthly proportions of the amount of tax estimated to be chargeable for such accounting period in accordance with this Bill.
- (3) Each of the remainder of monthly payments to be made subsequent to the payment under subsection (2) of this section shall be:
 - (a) due and payable not later than the last day of the month under consideration; and
 - (b) in an amount equal to the amount of tax estimated to be chargeable

for such period by reference to the latest returns submitted by the company in accordance with section 16 of this Bill less so much as has already been paid for such accounting period divided by the number of the monthly payments remaining to be made in respect of such accounting period.

- (4) A final instalment of tax shall be due and payable on or before the due date of filing of the self-assessment of tax for such accounting period and shall be the amount of the tax assessed for that accounting period less so much as has already been paid under subsections (2) and (3) of this section.
- (5) Any instalments on account of tax estimated to be chargeable shall be treated as tax charged and assessed for the purpose of sections 64 and 53 of this Bill.
- (6) This section covers income tax on gas income under part II of chapter three of the Nigeria Tax Act (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 49 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 50: Deduction at Source

- (1) Where any payment is made to a person, the person making the payment shall, at the date when payment is made or otherwise settled, deduct the tax at the rate prescribed in regulations relating to deduction of tax at source.
- (2) In the case of dividend, interest, rent, royalty, directors' fee and payment to entertainers and sportspersons, the tax, when paid over to the relevant tax authority, shall be the final tax due from a non-resident recipient of the payment.
- (3) Dividend distributed by a Nigerian company and received by a person after deduction of the tax prescribed in this section and regulations relating to deduction of tax at source, shall be regarded as franked investment income of the person receiving the dividend and shall not be charged to further tax.
- (4) Where a franked investment income is redistributed and tax is to be accounted for on the gross amount of the distribution in accordance with regulations relating to deduction of tax at source, the company may set off the amount deducted at source which it has itself suffered on the same income.
- (5) Interest on short term securities and corporate bonds earned by an individual after deduction of tax at source, shall not be charged to further tax.
- (6) Income tax chargeable on an employee whether or not the assessment has been made, shall be deducted from any emolument payable, or from any payment made on account of the emolument, by the employer to the employee.
- (7) In arriving at the amount of income tax to be deducted from any payment of or on account of the emolument to an employee, the employer shall ensure that the aggregate amount of all the deductions made during a year of

assessment shall equal the income tax chargeable on the employee in respect of its emoluments for that year.

- (8) Notwithstanding subsections (1) to (6) of this section, a non-resident company that provides technical, consulting, professional or management services to a labelled startup shall be subjected to a 5% deduction on income derived from the provision of such services, which shall be the final tax to be paid by such non-resident company.
- (9) For the purpose of giving effect to the provisions of this section, regulations relating to deduction of tax at source shall apply (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 50 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 51: Indemnification of Manager, Agent etc.

A person answerable for payment of tax on behalf of a taxable person:

- (a) may retain out of any money received on behalf of the taxable person so much as shall be sufficient to pay the tax; and
- (b) is indemnified, against any person for all payments made (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 51 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 52: Avoidance by transfer by companies engaged in petroleum operations

- (1) Where a company is being wound up, the liquidator of the company shall not distribute any of the assets of the company to the shareholders unless provision has been made for the payment in full of any tax which may be found payable by the company, including any tax deductions made by the company under any law in force in any part of Nigeria.
- (2) Where tax is not paid in accordance with the provision of this section or any other law, the liquidator shall be personally liable (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 52 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 53: Avoidance by transfer by companies engaged in petroleum operations

Where a company which is or was engaged in petroleum operations transfers a substantial part of its assets to any person without having paid any tax, assessed or chargeable upon the company, for any accounting period ending prior to such transfer and in the opinion of the service one reason for such transfer by the company was to avoid payment of such tax then that tax as charged upon the company may be sued for and recovered from that person in a manner similar to a suit for any other tax under section 66 of this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 53 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 54: Tax Refund**

- (1) There shall be refunded to taxpayers, after an audit by the relevant tax authority, such overpayment or any excess of tax as is due.
- (2) The relevant tax authority may make such rules and conditions necessary to facilitate the refund mentioned in subsection (1) of this section.
- (3) Any tax refund due shall be made within 90 days of the decision of the relevant tax authority made pursuant to subsection (2) of this section, with the option of a set-off against any tax liability of the taxpayer.
- (4) For the purpose of tax refund, the Accountant-General of the Federation or of a State shall open a dedicated account for each tax-type into which shall be paid money for settling tax refunds.
- (5) For the purpose of subsection (4) of this section, the relevant tax authority shall provide the Accountant-General of the Federation or of a State an estimate of the amount to be set aside for tax refunds.
- (6) The dedicated accounts created pursuant to subsection (4) of this section, shall, be administered by the relevant tax authority and be funded from the respective accounts of Government into which revenue of each tax-type is remitted.
- (7) No claim for refund of tax under this section shall be allowed unless it is made in writing within six years after the end of the year of assessment to which it relates (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 54 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 55: Value Added Tax Refund**

- (1) A taxable person that qualifies for VAT refund shall make a request to the Service in the prescribed form.
- (2) The request referred to in subsection (1) of this section shall be made not later than 12 months after the transaction giving rise to the refund, otherwise it shall lapse.
- (3) Where a valid request is received from a taxable person, the Service shall not later than 30 days of the receipt of that request, refund the tax to the taxable person or the amount shall be eligible for set-off against any tax liability of the taxpayer (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 55 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 56: Call for returns, books, documents and information**

- (1) For the purpose of obtaining information in respect of the tax liability of a taxable person or for performing any function conferred on the relevant tax

authority by this Bill or any other tax law, the relevant tax authority may give notice or further notice to any taxable person to:

- (a) complete and deliver to the tax authority any return specified in such notice or further notice, whether or not the person is liable to pay tax, and whether or not a return had been previously filed under this Bill for a year of assessment;
 - (b) appear personally before an officer of the tax authority for examination with respect to a matter to which such notice or further notice relates;
 - (c) produce or cause to be produced for examination, books, documents, records, or information relating to any assets, at the place and time stated in the notice or further notice, which time may be from day-to-day, or for such period as the tax authority may deem necessary;
 - (d) provide orally or in writing, any information specified in such notice or further notice; and
 - (e) grant the tax authority access to records, data or information stored or residing in computers or other electronic devices, including magnetic media or cloud computing facilities maintained, operated, controlled or owned by the individual, company or person.
- (2) The time specified in the notice or further notice under subsection (1) of this section shall not be less than seven days from the date of service.
 - (3) Notwithstanding the provisions of this Bill the tax authority shall not be precluded from verifying, by tax audit or investigation, any matter relating to a return or entry in a book, document, accounts, including those stored on a computer, cloud computing facilities, in digital, magnetic, optical or electronic media as may be specified in any guideline by the relevant tax authority.
 - (4) A person may apply in writing to the relevant tax authority for an extension of time within which to comply with the provisions of this section, and other relevant provisions of this Bill, provided that the person:
 - (a) makes the application before the expiration of the time stipulated in the notice or further notice; and
 - (b) shows good cause for inability to comply with this provision.
 - (5) If the relevant tax authority is satisfied with the cause shown in the application under subsection (4)b) of this section, it shall, in writing, grant the extension of the time or limit the time as it may consider appropriate.
 - (6) Any return or information delivered under this section shall be accompanied by a declaration or an attestation stating that the information supplied is true and correct (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 56 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 57: Power to access lands, buildings, books and documents

- (1) Notwithstanding anything to the contrary in any other enactment or law, an authorised officer of the relevant tax authority shall at all reasonable times have free access to all land, buildings, places, books and documents, in the custody or under the control of a person, public officer, or institution, for the purpose of inspecting the books or documents including those stored or maintained in computers, servers, billing systems or on digital, magnetic, optical or electronic media, and any property, process or matter which the officer considers necessary or relevant for the purpose of collecting any tax under any of the relevant enactments or law.
- (2) Where the hard copies of any of the books or documents mentioned in subsection (1) of this section are not immediately available because they are stored in a computer, servers, billing system or on digital, magnetic, optical or electronic media, the relevant tax authority shall take immediate possession of such removable media and the related removable equipment or computer used to access the stored documents on the media in order to prevent the accidental or intentional destruction, removal or alteration of records and documents, especially where such may be needed as potential evidence in investigation or criminal proceedings.
- (3) Where the relevant tax authority is able to obtain in place of taking physical possession of such equipment, computer or storage media under subsection (2) of this section, and the relevant tax authority possesses the ability, equipment and computer software to make exact duplicate copies of all information stored on the computer hard drive and preserve all the information exactly as it is on the original computer, the relevant tax authority shall make such copy and use it as digital evidence during investigation or criminal proceedings.
- (4) The occupier of a land, building or place that is entered or proposed to be entered by an authorised officer, shall:
 - (a) provide the officer with all reasonable facilities and assistance for the effective exercise of powers under this section; and
 - (b) answer questions relating to the exercise of the powers under this section, orally, or if required by the authorised officer, in writing, or by statutory declaration.
- (5) Notwithstanding subsection (1) of this section, the authorised officer shall not enter any private dwelling except with the consent of an occupier or pursuant to an authorisation issued under subsection (6) of this section.
- (6) A judicial officer upon an application by an officer of the relevant tax authority may authorise the officer by warrant to enter into any premises.
- (7) Every authorisation issued under subsection (6) of this section shall:
 - (a) be in the form prescribed in the Second Schedule to this Bill;
 - (b) be directed to a named officer of the tax authority;
 - (c) be valid for a period of three months from the date of its issue or such lesser period as the judicial officer considers appropriate;

- (d) state its period of validity, or the date on which it expires; and
 - (e) be renewable by the judicial officer on application.
- (8) An officer exercising the power of entry conferred by an authorisation issued under subsection (6) of this section shall produce the written authorisation and evidence of identity:
 - (a) on first entering the private dwelling; and
 - (b) whenever subsequently reasonably required to do so (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 57 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 58: Power to remove books and documents

- (1) An officer of the relevant tax authority authorised by the Chief Executive Officer, may remove books or documents or any item accessed under section 57 of this Bill to make copies.
- (2) Any copy of the books or documents removed shall be made, and the books or documents returned as soon as practicable.
- (3) A copy of a book or document or digital evidence certified by or on behalf of the Chief Executive Officer of the relevant tax authority is admissible in evidence in court as if it were the original.
- (4) The owner of a book or document or any item that is removed under this section is entitled to inspect and obtain a copy of the book or document at the expense of the owner, at the premises to which the book or document is moved to:
 - (a) at the time the book or document is moved to the premises; and
 - (b) at reasonable times subsequently.
- (5) A person shall bear any cost incurred for the purpose of removing any book, information, document or item under subsection (1) of this section.
- (6) Where an officer removes any books, documents or items he shall provide the owner with a written receipt containing the description of the books, documents or items removed and the location and time of removal (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 58 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 59: Power of Substitution

- (1) The relevant tax authority may by notice in writing appoint any person to be the agent of a taxable person where:
 - (a) any tax has become due and payable and the taxable person has refused or failed to pay; or
 - (b) the agent appointed is in possession or is expected to be in possession of the money, funds or assets of the taxable person.

- (2) The agent appointed under subsection (1) of this section, shall be required to pay any tax payable by the taxable person from any money, funds or asset of the person which may be held by the agent of the person.
- (3) Where the agent referred to in subsection (2) of this section defaults, all such enforcement and recovery actions, including the power to distrain the money, funds or asset of the person shall apply as if the agent so appointed were originally liable.
- (4) For the purpose of this section, the relevant tax authority may require any person to give information as to money, funds or other assets which may be held for, or due to any person.
- (5) The provisions of this Bill with respect to objections and appeals shall apply to any notice given under this section as if such notice were an assessment or demand notice (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 59 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 60: Power to distrain

- (1) Where an assessment has become final and conclusive and a demand notice has been served upon a person or upon the person in whose name that person is chargeable and the payment of the tax is not made within the time specified by the demand notice, the relevant tax authority may in the prescribed form, for the purpose of enforcing payment of the tax due:
 - (a) distrain that person by his goods, chattels, bonds or other securities;
 - (b) distrain any land, premises, place or any asset in respect of which that person is the owner and, recover the amount of tax due by sale of anything so distrained.
- (2) The authority to distrain under this section shall be in the form contained in the Third Schedule to this Bill and such authority shall be sufficient warrant and authority to levy by distrain the amount of any tax due.
- (3) For the purpose of levying any distrain under this section, any officer duly authorised by the relevant tax authority may execute any warrant of distrain, and if necessary, break open any building or place in the day time for the purpose of levying such distrain, and the relevant tax authority shall call for police assistance and the police shall, when so required aid and assist in the execution of any warrant of distrain and in levying the distrain.
- (4) Assets distrained under this section may, at the cost of that person, be kept for 14 days and at the end of that time if the amount due in respect of the tax, cost and charges of any incidental to the distrain are not paid, they may, subject to subsection (6) of this section, be sold, with an order of the State or Federal High Court.
- (5) Where there is a sale in accordance with the provisions of subsection (4) of this section, a part of the proceeds of such sale, shall, in the first instance, be used to pay the cost of keeping and all expenses incidental to the sale, of

the asset so distrained thereafter, the amount due in respect of the tax shall be paid.

- (6) The balance of the proceeds, if any, shall be refunded to that person with or without a demand made within 90 days of the date of the sale.
- (7) The provision of this section shall not be construed to authorise the sale of any immovable property without an order of a High Court or as prescribed by the rules of court.
- (8) In exercise of the powers of distrain conferred by this section, the person to whom the authority is granted under subsection (3) of this section may distrain all assets, goods, chattels and effects belonging to the debtor wherever the same may be found.
- (9) This provision shall also apply in the case of recovery relating to tax evasion and proceeds of crime where the offender cannot be found (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 60 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 61: Enforcement of Powers

- (1) The relevant tax authority may request the assistance of any of the law enforcement agencies in the discharge of its duties under this Bill.
- (2) The law enforcement officers shall aid and assist an authorised officer in the execution of any warrant of distrain and the levying of distrain.
- (3) Any tax officer armed with the warrant issued by a judicial officer and accompanied by law enforcement officers as may be determined by the Chief Executive Officer of the relevant tax authority shall:-
 - (a) enter any premises covered by such warrant and search for, seize and take possession of any book, document or other article used or suspected to have been used in the commission of an offence including the property or asset;
 - (b) inspect, make copies of, or take extracts including digital copies from any book, record, document or computer, regardless of the medium used for their storage or maintenance;
 - (c) for the purpose of subsections (a) and (b) of this section, the taxpayer shall provide passwords, access codes and other relevant information required to access the books, records, documents or computers;
 - (d) search any person who is in or on such premises;
 - (e) open, examine and search any article, container or receptacle;
 - (f) open any door or window of a premises and enter or otherwise forcibly enter the premises and every part of the premises; or

- (g) remove by reasonable force any obstruction to such entry, search, seizure or removal.
- (4) A person shall not be bodily searched under this section except by a person who is of the same gender as the person to be bodily searched (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 61 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 62: Revocation of petroleum or mining licence or lease

Where any petroleum or mineral royalty or tax due and payable by any company engaged in petroleum or mining operations under this Bill, is unpaid after a demand notice has been issued to the company, the Service shall notify the Commission or the relevant ministry or agency of such default for the revocation of the licence or lease under the relevant Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 62 stands part of the Bill — Agreed to.

Clause 63: Tax Investigation

- (1) Notwithstanding the provision of any other law, the tax authority shall have the power to investigate or cause investigation to be conducted to ascertain any violation of any tax law, whether or not such violation has been reported to the relevant tax authority.
- (2) The relevant tax authority may employ Special Purpose Tax Officers for the purpose of subsection (1) of this section to carry out investigation of any offence under this Bill and may seek the assistance of any relevant law enforcement agency.
- (3) In conducting an investigation under subsection (1) of this section, the relevant tax authority may cause investigation to be conducted into the properties of any taxable person where it appears to the relevant tax authority that the lifestyle of the person and extent of the properties are not justified by his source of income or in line with the tax declaration or compliance.
- (4) Where an investigation under this section reveals the commission of any offence or an attempt to commit any offence, the relevant tax authority shall, pursuant to section 135 of this Bill, undertake the prosecution of the offences.

Committee's Recommendation:

Leave out Clause 63 (Hon. James Abiodun Faleke — Ikeja Federal Constituency).

Agreed to.

Committee's Recommendation:

Clause 64: Penalty and interest for non-payment of tax

- (1) Subject to section 65 of this Bill, where any tax is not paid within the period prescribed under this Bill:

- (a) a sum equal to ten per cent of the amount of the tax payable shall be added thereto, and the provisions of this Bill relating to the collection and recovery of tax shall apply to the collection and recovery of the sum;
 - (b) in the case of naira remittances, the tax due shall carry interest at the prevailing monetary policy rate of the Central Bank of Nigeria plus spread to be determined by the Minister from the date when the tax becomes payable until it is paid, and the provisions of this Bill relating to collection and recovery of tax shall apply to the collection and recovery of the interest; and
 - (c) in the case of foreign currency remittance, the tax due shall incur interest at the prevailing Secured Overnight Financing Rate ("SOFR") or any successor rate, plus spread to be determined by the Minister from the date when the tax becomes payable until it is paid, and the provisions of this Bill relating to collection and recovery of tax shall apply to the collection and recovery of the interest.
- (2) The relevant tax authority shall serve a demand notice upon the company or person in whose name a tax is chargeable and where payment is not made within 30 days from the date of the service of such demand notice, the relevant tax authority may proceed to enforce payment under this Bill.
 - (3) The penalty and interest imposed under this subsection shall not be deemed to be part of the tax paid for the purpose of claiming relief under any of the provisions of this Bill or any other tax law (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 64 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 65: Remission of penalty

The relevant tax authority may, for any good cause shown, remit the whole or any part of penalty or interest due under this Bill or any other tax law, and make a monthly report to the minister or commissioner responsible for finance containing details of the taxpayers, circumstances and the amounts waived (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 65 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 66: Recovery of Tax

- (1) Without prejudice to any other provision of this Bill or any other relevant law, any tax due shall constitute a debt due to the relevant tax authority.
- (2) Where the tax due is not paid within 30 days the relevant tax authority may issue demand notice for the payment of the tax plus the penalty and interest due.
- (3) Where the tax plus the penalty and interest is not paid on the date indicated in the notice, the relevant tax authority may exercise any of the powers under this Bill for the recovery of the amount due, including by a legal action brought against the taxable person.

- (4) Where any tax has been —
 - (a) under-assessed the taxable person who should have paid the amount under-assessed shall on demand by the relevant tax authority, pay the amount under-assessed; or
 - (b) erroneously repaid, the taxable person to whom the repayment has erroneously been made shall on demand by the relevant tax authority, pay the amount erroneously repaid.
- (5) The amount referred to in subsection (1) of this section may be recovered by the relevant tax authority as if it were tax to which a person to whom the amount was so under-assessed or erroneously repaid were liable.
- (6) The relevant tax authority shall not make any demand after six years from the date of under-assessment or erroneous repayment unless the under-assessment or erroneous repayment was caused by the production of a document or the making of a statement which was found to be untrue (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 66 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 67: Power to Pay Reward

- (1) The relevant tax authority may pay a reward to any person, not being a person employed or a person related to the person employed in the relevant tax authority in respect of any information which may be of assistance to it in the performance of its duties under this Bill on such conditions and quantum of reward as may be determined by the relevant tax authority.
- (2) The identity of the person who gave information to the relevant tax authority shall be kept confidential and any person that discloses the identity of such person shall be dealt with in accordance with the provisions of section 114 of this Bill.
- (3) The tax authority may partner with a relevant agency to verify the information supplied and such verification shall not compromise the identity of the person referred to in subsection (1) of this section (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 67 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 68: Endorsement

Anything done or required to be done by the relevant tax authority in pursuance to this Bill or any other tax law shall be endorsed by the Chief Executive Officer or any other authorised officer of the relevant tax authority (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 68 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 69: Deployment of Technology

- (1) A relevant tax authority may deploy technology to automate tax administration processes including tax assessment, collection, accounting and information gathering.
- (2) A relevant tax authority may deploy any technology, including third party payment processing platform or computer application to collect or remit taxes due on the supply of digital services to any person in Nigeria whether or not such supply originates from within or outside Nigeria, provided that nothing in this subsection shall be construed as empowering the tax authority of a State to collect tax from a non-resident or in respect of cross-border transactions (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 69 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 70: Issuance of Advance Rulings

- (1) Without prejudice to any provision of this Bill, advance ruling may be issued for the purpose of clarity, consistency and certainty regarding the interpretation and application of any tax law that does not constitute an amendment or replacement of the law.
- (2) The relevant tax authority may —
 - (a) make an advance ruling on any provision of a tax law, administration, precedence and policies;
 - (b) issue an advance ruling upon application by a taxable person within 21 days of the receipt of the application or give reasons in writing for inability to issue such ruling.
- (3) An advance ruling may be issued in the prescribed form and manner and shall be signed by an authorised officer of the relevant tax authority and may contain —
 - (a) a statement on whether the ruling is applicable generally or limited to the taxpayer;
 - (b) the name, Tax ID and postal address of the taxpayer;
 - (c) the relevant statutory provisions or legal issues addressed in the ruling;
 - (d) any assumptions made or conditions imposed by the relevant tax authority in connection with the validity of the ruling; and
 - (e) the period for which the ruling is valid.
- (4) An application for advance ruling shall be made in the prescribed form and manner by a person who is a party to any tax related issue or transaction, or by two or more parties to a tax related issue or transaction.
- (5) An application shall contain —
 - (a) the name, Tax ID, postal address, email address, and telephone number of the taxpayer;

- (b) a complete description of the tax issue or transaction in respect of which the ruling is sought, including its financial implications, if any;
 - (c) a complete description of the impact the issue or transaction may have upon the tax liability of the taxpayer or any connected person in relation to the issue or transaction;
 - (d) details of any ongoing audit, previous correspondence and decisions of the relevant tax authority on the issue;
 - (e) the relevant statutory provisions or legal basis relied on by the applicant;
 - (f) the reasons why the taxpayer believes that the proposed ruling should be granted; and
 - (g) a written statement on whether or not the matter is before any tribunal or court of competent jurisdiction.
- (6) The relevant tax authority may request additional information from an applicant.
- (7) Where necessary, the relevant tax authority shall provide an applicant with a reasonable opportunity to make representations or provide clarifications.
- (8) An applicant may withdraw an application at any time before a ruling is issued (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 70 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 71: Rejection of application of advanced rulings

The relevant tax authority may reject an application for an advance ruling where it requires the rendering of an opinion, conclusion or determination regarding —

- (a) the application or interpretation of the laws of a foreign country;
- (b) an issue already before a court or tribunal of competent jurisdiction;
- (c) the interpretation of the Constitution of the Federal Republic of Nigeria;
- (d) an issue that is academic, hypothetical, frivolous or vexatious; and
- (e) a ruling that will interfere substantially with an ongoing audit, investigation or other proceeding involving the applicant or persons connected to the applicant (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 71 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 72: Effect of Advance Rulings

- (1) The effect of the ruling is limited to the applicant and the transaction in relation to which the ruling is given.
- (2) The ruling is rendered on a set of facts before the relevant tax authority and cannot be of general application.
- (3) An advance ruling is void where —
 - (a) the issue or transaction as described in the ruling is materially different from the issue or transaction actually carried out;
 - (b) there is fraud, misrepresentation or non-disclosure of a material fact; or
 - (c) an assumption made or condition imposed by the relevant tax authority is not satisfied or carried out by the taxpayer.
- (4) Notwithstanding any provision to the contrary contained in a tax law, an advance ruling ceases to be effective where —
 - (a) a provision of the tax law that was the subject of the advance ruling is repealed or amended in a manner that materially affects the advance ruling in which case the advance ruling will cease to be effective from the date that the repeal or amendment is effective; or
 - (b) a court overturns or modifies an interpretation of the tax law on which the advance ruling is based, in such case, the advance ruling shall cease to be effective from the date of the judgement unless such decision is overturned (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 72 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 73: Withdrawal or modification of advance rulings

- (1) The relevant tax authority may withdraw or modify an advance ruling at any time and retrospectively if the ruling was fraudulently obtained.
- (2) The relevant tax authority shall specify the date the decision to withdraw or modify the advance ruling becomes effective (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 73 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 74: Power of the President or Governor to remit taxes

- (1) The president may, on the recommendation of the Service and subject to the approval of the National Assembly, remit, wholly or in part, the tax payable by any taxable person if satisfied that it will be just and equitable to do so.
- (2) The Governor of a State may, on the recommendation of the Commissioner, and subject to the approval of the State House of Assembly responsible for finance acting on the advice of the relevant tax authority, remit wholly or in part, any tax payable under the Nigeria Tax Act if satisfied that it is just and

equitable to do so (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 74 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 75: Power of the President to exempt companies from income tax

- (1) The President may, subject to the approval of the National Assembly, by order exempt from income tax:
 - (a) any company or class of companies; or
 - (b) any profits of any company or class of companies from any source, on any ground which appears to be sufficient, provided that the order is published in the official Gazette stating the grounds upon which the exemption is granted to the company or the class of companies.
- (2) The President may, by order amend, add to or repeal any exemption (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 75 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 76: Power of Accountant-General to deduct at source

The Accountant-General of the Federation shall, not later than 30 days of receiving a resolution of the National Assembly, and in accordance with the Fourth Schedule to this Bill, deduct all unremitted revenue due from any Ministry, Department, Agency or Government from its budgetary allocation or such other money accruing to it, and shall, immediately, remit such deductions to the relevant tax authority (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 76 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 77: Distribution of Revenue

- (1) Notwithstanding any formula that may be prescribed by any other law, the net revenue accruing by virtue of the operation of chapter six of the Nigeria Tax Act shall be distributed as follows:
 - (a) 10% to the Federal Government;
 - (b) 55% to the State Governments and the Federal Capital Territory; and
 - (c) 35% to the Local Governments.
- (2) The amount of the VAT revenue standing to the credit of states and local governments shall be distributed among them on the following basis:
 - (a) Equally - 50%;
 - (b) Population - 20%;
 - (c) Consumption - 30%.

For the purpose of this section, consumption is determined by the place of consumption, irrespective of where the return is filed (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 77 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 78: Transfer of tax revenue for refund

- (1) The relevant tax authority, shall, not later than 7 days after the end of each month, furnish the Accountant-General of the Federation or Accountant-General of the State with the schedules containing the summary of taxes collected, and tax refund claims.
- (2) Notwithstanding the provisions of any other law, the Accountant-General of the Federation or of a State shall, before the distribution of tax revenue, deduct an amount equal to the total tax refund claims compiled by the relevant tax authority from the gross revenue realised from tax and remit same to the respective Tax Refund Accounts opened under section 54(4) of this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 78 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 79: Notices

A notice, summon or other document required or authorised to be served on any relevant tax authority under the provisions of this Bill or any other law may be served by delivering it to the Chief Executive Officer of the tax authority or by sending it by registered post addressed to the Chief Executive Officer of the relevant tax authority at its principal office or to a designated email (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 79 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 80: Forms

The relevant tax authority may, from time to time, specify and simplify the forms, statements and notices to be used for the effective administration of taxes under this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 80 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 81: Obligations during the pendency of legal proceedings

Except as may be ordered by a court or tribunal of competent jurisdiction, the pendency of a legal proceeding shall not affect the performance of the duties or obligations of any taxable person under this Bill or any other tax law (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 81 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 82: Establishment of the State Internal Revenue Service

- (1) Without prejudice to the power of the State Government with respect to the administration of the Income Tax of individuals, Pay As You Earn, Stamp Duties, there is established for each State, the State Internal Revenue Service (State Service).
- (2) The State Service shall be autonomous in the day-to-day running of its financial, technical, professional and administrative affairs (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 82 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 83: Functions of the State Service

The State Service shall —

- (a) assess individuals, estates, trusts and settlements, communities and families;
- (b) assess, collect, account and enforce payment of taxes as may be due to the State Government or any of its agencies;
- (c) collect, recover and remit to the designated account any tax under the provisions of this Bill or any other enactment or law;
- (d) carry out examinations and investigations with a view to enforcing compliance with the provisions of this Bill, in collaboration with the relevant law enforcement agencies; and
- (e) carry out such other functions as may be prescribed by a law of the State House of Assembly (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 83 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 84: Establishment and composition of the management board of the State Service

- (1) There is established for each State Service a Management Board (State Board) which shall have overall supervision of the State Service as specified under this Bill.
- (2) A State Board shall comprise —
 - (a) the Executive Chairman of the State Service, who shall be the Chairman of the State Board;
 - (b) directors from within the State Service;
 - (c) a director from the State Ministry of Finance;
 - (d) three other persons appointed by the State Governor on their personal merit, each representing a Senatorial District in the State, who shall possess relevant experience and knowledge in taxation and other related fields; and
 - (e) the Legal Adviser to the State Service, who shall serve as Secretary to the Board.

- (3) The Secretary of the State Board shall summon a meeting of the State Board whenever the business requires its attention, or on the request of the Chairman or any member of the State Board.
- (4) Five members of the State Board, one of whom shall be the Chairman or a Director, shall constitute a quorum.
- (5) A majority decision of the members on any matter obtained by the Secretary in written correspondence shall be treated in all respects as though it were a decision of the State Board in an actual meeting unless any member has requested the submission of the matter to such meeting.
- (6) Except as otherwise stated in the State Service Establishment law, the Chairman and members of the State Board shall hold office for a period of four years and may be re-appointed for a further term of four years and no more.
- (7) If any person present at a meeting of the Board or any committee of the Board at which any matter is the subject of consideration and in which that person is directly or indirectly interested, he shall as soon as practicable before or after the commencement of the meeting, disclose such interest and —
 - (a) shall not, unless the Board otherwise directs, take part in any consideration or discussion of, or vote on any decision pertaining to the matter;
 - (b) a disclosure of interest made under this section shall be recorded in the minutes of the meeting at which it is made (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 84 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 85: Appointment of the Executive Chairman of the State Service

- (1) There shall be for the State Service an Executive Chairman, who shall be appointed by the State Governor, subject to confirmation by the State House of Assembly.
- (2) The Executive Chairman shall be —
 - (a) the Chief Executive and Accounting Officer of the State Service;
 - (b) responsible for the execution of the policy and the day-to-day administration of the affairs of the State service; and
 - (c) a person with experience in taxation and a member of a relevant recognised professional body (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 85 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 86: Functions of the State Board

- (1) The State Board shall —

- (a) provide general policy guidelines relating to the functions of the State Service;
 - (b) manage and superintend policies of the State Service on matters relating to the administration of the revenue assessment, collection and accounting system under this Bill or any other law;
 - (c) review and approve the strategic plans of the State Service;
 - (d) employ and determine the terms and conditions of service including disciplinary measures of the employees of the State Service;
 - (e) stipulate remuneration, allowances, benefits and pensions of staff and employees in consultation with the Governor;
 - (f) provide an amount of revenue collected, as may be approved by a State House of Assembly, which shall be retained by the State Service to defray cost of collection and administration;
 - (g) make recommendations, where appropriate, to the Unified Revenue Commission on tax policy, reform, legislation, treaties and tax exemption as may be required, from time to time; and
 - (h) do such other things which in its opinion are necessary to ensure efficient performance of the functions of the State Service under this Bill.
- (2) The State Board may, by notice in the Gazette or in writing, authorise any person to —
- (a) perform or exercise on behalf of the State Board, any function, duty or power conferred on the State Board; and
 - (b) receive any notice or other document to be given or delivered to or in consequence of this Bill and any subsidiary legislation made under it (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 86 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 87: Establishment of the Technical committee of the State Board

- (1) There shall be a Technical Committee of the State Board (Technical Committee) which shall comprise the —
- (a) Executive Chairman of the State Board as chairman;
 - (b) directors within the State Service; and
 - (c) Legal Adviser to the State Service.
- (2) The Technical Committee shall —
- (a) consider all matters that require professional and technical expertise and make recommendations to the State Board;

- (b) advise the State Board on all its powers and duties specifically mentioned in section 86 of this Bill;
- (c) have powers to co-opt additional staff from within the State Service in the discharge of the duties; and
- (d) attend to such other matters as may, from time to time, be referred to it by the State Board (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 87 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 88: Establishment of the Local Government Revenue Committee

- (1) There shall be established for each local government area of a State a Committee to be known as the Local Government Revenue Committee (Revenue Committee).
- (2) The Revenue Committee shall comprise —
 - (a) the Local Government Supervisor for Finance as Chairman;
 - (b) three local government councillors as members; and
 - (c) two other persons experienced in revenue matters to be nominated by the chairman of the Local Government on their personal merits (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 88 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 89: Functions of the Revenue Committee

- (1) The Revenue Committee shall be responsible for the assessment and collection of all taxes, fines and rates under its jurisdiction and shall account for the amounts collected, in a manner to be prescribed by the Local Government.
- (2) The Revenue Committee shall be autonomous of the local government treasury and shall be responsible for the day-to-day administration of the Department, which forms its operational arm (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 89 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 90: Establishment and composition of State Joint Revenue Committee

- There is established for each State of the Federation a State Joint Revenue Committee which shall comprise —
- (a) the Executive Chairman of the State Service as the chairman;
 - (b) the Chairmen of the Local Government Revenue Committees;

- (c) a representative of the agency responsible for local government affairs, not below the rank of a Director;
- (d) a representative of the Revenue Mobilisation Allocation and Fiscal Commission, as an observer;
- (e) the State Sector Commander of the Federal Road Safety Commission, as an observer;
- (f) the Legal Adviser of the State Service; and
- (g) the secretary of the Committee, who shall be a staff of the State Service (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 90 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 91: Functions of the State Joint Revenue Committee

The functions of the State Joint Revenue Committee are to —

- (a) implement decisions of the Joint Revenue Board;
- (b) advise the Joint Revenue Board and the State and local governments on revenue matters;
- (c) harmonise tax administration in the State;
- (d) enlighten members of the public generally on State and local government revenue matters; and
- (e) carry out such other functions as may be assigned to it by the Joint Revenue Board (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 91 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 92: Exercise of powers by relevant tax authority

- (1) Any power conferred or any duty imposed upon the relevant tax authority may be exercised or performed by it, by an officer authorised generally, or specifically, in that behalf.
- (2) Notwithstanding the provisions of subsection (1) of this section, the relevant tax authority may, at any time and at its discretion, reverse or modify any decision of any officer, affecting any tax or taxable income, whether or not the discretion to make the decision was conferred on the officer by any provision of this Bill or any other tax law or whether or not the officer was authorised by it to make the decision, and the reversal or modification of the decision shall have effect as if it were the original decision made in respect of the matter concerned (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 92 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 93: Delegation of powers of the relevant State board

- (1) Any power conferred or duty imposed under any provision of this Bill or other tax laws upon the relevant Board, may be exercised or performed by the relevant Board or by an officer authorised generally or specifically in that behalf by the Board.
- (2) The relevant Board may reverse or modify any decision of any officer, affecting any tax or taxable income, where such decision is discovered to have been made in error, not in accordance with the law or where such decision has been reviewed pursuant to dispute resolution and the reversal or modification of the decision by the Board shall have effect as if it were the original decision made in respect of the matter concerned.
- (3) An order, ruling or directive made or given by an approved committee of the relevant Board pursuant to this section or any other tax law shall not be treated as an order, ruling or directive of the relevant Board, until the order, ruling or directive has been ratified by the relevant Board pursuant to the powers vested on the relevant Board under this Bill and other tax laws.
- (4) In the absence of the Board, the management of the relevant tax authority, under the direction of the Minister or the Governor as the case may be, shall perform all the functions of the Board (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 93 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 94: Executive Chairman and other officials of the relevant tax authority**

- (1) The powers and duties, which are conferred on the Executive Chairman of the relevant tax authority by this Bill and other tax laws, shall be exercised by the Executive Chairman or by such other persons authorised to exercise such powers.
- (2) Powers and duties not specifically required by this Bill to be exercised by the Executive Chairman of the relevant tax authority may be exercised by an official authorised to exercise such powers or duties for the purpose of due administration of this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 94 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 95: Failure to register**

- (1) A taxable person who fails or refuses to register for tax under Section 4 of this Bill, shall be liable to pay an administrative penalty of —
 - (a) ₦50,000.00 in the first month in which the failure occurs; and
 - (b) ₦25,000.00 for each subsequent month in which the failure continues.
- (2) A statutory body or company who awards a contract to an unregistered person, shall be liable to pay an administrative penalty of ₦5,000,000.00 (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 95 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 96: Failure to file returns

A taxable person who fails or refuses to file returns or knowingly files incomplete or inaccurate returns to the relevant tax authority in accordance with the provisions of this Bill, shall be liable to pay an administrative penalty of —

(a) ₦100,000.00 in the first month in which the failure occurs; and

(b) ₦50,000.00 for each subsequent month in which the failure continues (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 96 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 97: Failure to keep books

A taxable person who —

(a) fails to keep accounts, books and records of business transactions and income, to allow for the correct ascertainment of tax and filing of returns to the relevant tax authority; or

(b) upon request by the relevant tax authority, fails to provide any record or book prescribed in this Bill shall be liable to pay an administrative penalty of —

(i) in the case of a person other than a company, ₦10,000.00, and

(ii) in the case of a company, ₦50,000.00 (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 97 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 98: Failure to grant access for the deployment of technology

A person who refuses to grant access to the relevant tax authority to deploy technology after 30 days of receipt of the notice under this Bill is liable to an administrative penalty of ₦1,000,000.00 for the first day of default and ₦10,000.00 for each subsequent day of default (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 98 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 99: Failure to use fiscalisation system

A taxable person that fails to process a taxable supply through the fiscalisation system is liable to an administrative penalty of ₦200,000.00 plus 100% of the tax due and an interest at the prevailing Central Bank of Nigeria Monetary Policy rate per annum (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 99 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 100: Failure to deduct tax

A person who has an obligation to collect, deduct or withhold tax under the relevant tax laws, and fails to collect, deduct or withhold the tax due is liable to an administrative penalty of 40% of the amount not deducted (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 100 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 101: Failure to make attribution

A person who is required to make attribution but fails to do so or having done so, fails to notify the relevant tax authority, is liable to pay an administrative penalty of ₦1,000,000.00 (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 101 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 102: Failure to remit tax deducted at source or self-account

- (1) A person, that deducts, collects or withholds any tax under this Bill, and fails to remit the amount deducted, collected or withheld by the 21st day of the month immediately succeeding the month in which the amount was deducted, collected or withheld, is liable to pay:
 - (a) the amount deducted, collected or withheld but not remitted;
 - (b) an administrative penalty of 10% per annum of the tax deducted, collected or withheld but not remitted; and
 - (c) interest at the prevailing Central Bank of Nigeria monetary policy rate.
- (2) A person required to self-account under this Bill and fails to self-account within the time prescribed by this Bill, is liable to pay:-
 - (a) the tax not self-accounted for;
 - (b) an administrative penalty of 10% per annum of the amount not self-accounted for; and
 - (c) interest at the prevailing Central Bank of Nigeria monetary policy rate.
- (3) A person convicted of any of the offences under this section, shall be liable to a term of imprisonment not exceeding 3 years, or a fine of not less than the principal amount due plus penalty of not more than 50% of the sum, or both (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 102 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 103: Failure to attend to demands, request or notices

- (1) A person who —
 - (a) fails to comply with the requirements of a notice served under this Bill or any other tax law;

- (b) fails to attend or provide answers to a notice, summons or process served under this Bill or any other tax law; or
 - (c) having attended, fails to answer any question lawfully put to him, is liable to an administrative penalty of ₦100,000.00 in the first day of default and ₦10,000.00 for every subsequent day where the default continues.
- (2) A person who fails or refuses to supply information, documents, or records as demanded or requested for by an authorised officer relating to any tax issue under this Bill or any other tax law within the time provided under this Bill or any other tax law, is liable to an administrative penalty of ₦200,000.00 in the first day of default and ₦10,000.00 for each subsequent day where the refusal continues.
- (3) A person who fails or refuses to comply with obligations to submit information relating to a legal arrangement or other obligations as may be prescribed by notice, rules, regulations, guidelines, or circulars issued by the Service or any other relevant tax authority, is liable to an administrative penalty of ₦1,000,000.00 for the first day of default, in addition to ₦10,000.00 for each subsequent day in which the failure continues, or any other administrative penalty as may be specified in such notice, rules, regulations, guidelines, or circulars (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 103 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 104: Failure to stamp

A person that fails to stamp dutiable instruments in accordance with the relevant provisions of the Nigeria Tax Act is liable to pay 10% of the unpaid duty and interest at the prevailing Central Bank of Nigeria Monetary Policy Rate (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 104 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 105: Failure to disclose facts in a dutiable instrument

A person that fails, neglects or omits to fully disclose all the facts and circumstances relating to dutiable instrument or underpays any duty is liable, in addition to the payment of the duty due —

- (a) to an administrative penalty of ₦100,000.00; or
- (b) on conviction to a fine of ₦50,000.00 or for a term of imprisonment not exceeding three years or both fine and imprisonment (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 105 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 106: Failure to notify change of address, etc.

A taxable person who fails to notify the relevant tax authority of any change of address within 30 days of such change, gives a wrong address or fails to comply with

the requirement for notification of permanent cessation of trade or business under the relevant tax laws shall be liable to administrative penalty of —

- (a) ₦100,000.00 for the first month in which the failure occurs; and
- (b) ₦50,000.00 for each subsequent month the failure continues. (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 106 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 107: Fraud in relation to stamps

A person that —

- (a) removes or causes to be removed from a document any revenue stamp, with intent that the stamp may be reused;
- (b) affixes to any other document the revenue stamp which has been removed, for the purpose of evading the payment of duty;
- (c) sells or offers for sale, any revenue stamp so removed; or
- (d) forges a stamp or any implement for denoting stamp duties, is liable on conviction to imprisonment for a term not exceeding 3 years or a fine of not less than ₦2,000,000.00 or both fine and imprisonment (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 107 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 108: Offence by authorised and unauthorised persons

A person, whether or not appointed for the administration of this Bill, any other tax law or employed in connection with the assessment and collection of a tax that —

- (a) demands or accepts any gratification from a taxable person in the performance of his functions under this Bill or any other tax law;
- (b) withholds for his own use or otherwise any portion of the amount of tax collected;
- (c) renders a false return, whether orally or in writing, of the amount of tax collected or received by him;
- (d) defrauds any person, embezzles money or otherwise uses his position to deal wrongfully with the relevant tax authority;
- (e) steals or misuses the documents of the relevant tax authority; or
- (f) compromises on the assessment or collection of any tax, commits an offence and is liable on conviction to a fine equivalent to 200% of the sum in question or to imprisonment for a term not exceeding 3 years or to both fine and imprisonment (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 108 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 109: Inducement of an authorised officer**

A person who attempts to induce, influence or entice an authorised officer in order to obtain any tax benefit in the course of duty commits an offence and is liable on conviction to:

- (a) In the case of an individual, a penalty of ₦500,000.00;
- (b) In the case of a body corporate, a penalty of ₦2,000,000.00 or to imprisonment for a term not exceeding 3 years or to both fine and imprisonment, in addition to paying the tax due (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 109 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 110: Use of weapon**

- (1) A person who, in the commission of an offence under this Bill, is armed with any offensive weapon is liable on conviction to imprisonment for a term not exceeding five years.
- (2) A person who, while armed with an offensive weapon, causes injury to any officer or authorised officer of the relevant tax authority in the performance of any function or duty under this Bill, is liable on conviction to imprisonment for a term not exceeding ten years (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 110 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 111: Impersonation of an authorised officer**

A person, not being an authorised officer, who assumes the name, designation or impersonates the character of an authorised officer, for any purpose under this Bill or any other tax law, is liable on conviction to a fine not exceeding ₦1,000,000.00 or to imprisonment for a term not exceeding 3 years or both (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 111 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 112: Aiding and abetting commission of offence**

An officer of the relevant tax authority or any other person who aids, abets, incites or induces the commission of any of the offences under this Bill is liable on conviction to a fine of ₦1,000,000.00 or to imprisonment for a term not exceeding 3 years, or both the fine and imprisonment (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 112 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 113: Obstruction, etc.**

A person who —

- (a) obstructs, hinders, molests or assaults any person or authorised officer in the performance of any function or the exercise of any power under this Bill;
- (b) does anything which impedes or is intended to impede the carrying out of a search, seizure, removal or distrain;
- (c) rescues, damages or destroys anything liable to seizure, removal or distress;
- (d) does anything intended to prevent the procuring or giving of evidence as to whether or not anything is liable to seizure, removal or distrain; or
- (e) prevents the arrest of any person by an authorised person duly engaged or acting or rescues any person so arrested is —
 - (i) liable to an administrative penalty of ₦1,000,000.00; and
 - (ii) on conviction to a fine not exceeding N1,000,000.00 or imprisonment for a term not exceeding 3 years or to both fine and imprisonment (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 113 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 114: Unauthorised disclosure

Except as provided under this Bill, any other law or any enabling agreement or arrangement on exchange of information or as otherwise authorised by the Minister —

- (a) a member or former member of the Board of the relevant tax authority; or
- (b) an employee or former employee of the tax authority; or
- (c) an agent or any person, who communicates or attempts to communicate taxpayer information or information considered confidential to any person other than to a person legally authorised to receive such information or misuses the information is liable on conviction to a fine not exceeding ₦1,000,000.00 or to imprisonment for a term not exceeding 3 years or both (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 114 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 115: False claim of tax refund

- (1) A person that receives a refund under section 54 of this Bill, through a false or fictitious claim, is, in addition to the recovery of the amount so received, liable to a penalty of 50% of that amount, plus interest at the prevailing Central Bank of Nigeria Monetary Policy Rate.
- (2) The provisions in subsection (1) of this section shall not be construed as preventing the relevant tax authority from prosecuting that person in accordance with the relevant provisions of this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 115 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 116: False or fictitious claim of VAT refund**

- (1) A person that receives a refund under section 55 of this Bill, through a false or fictitious claim, is, in addition to the recovery of the amount so received, liable to a penalty of 100% of that amount, plus interest at prevailing the Central Bank of Nigeria Monetary Policy Rate.
- (2) Where a taxable person makes a false or fictitious claim more than once within a two-year period, the Service may blacklist such a person and decline any future refund application made by that person for up to five years following the blacklisting.
- (3) Notwithstanding the provisions in subsection (1) and (2) of this section, where a taxable person makes a false or fictitious claim under this section, the Service may, in addition to the penalties specified under this section, prosecute that person in accordance with the relevant provisions of this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 116 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 117: Default in payments of mineral royalties**

Where any mineral royalty due and payable under this Bill remains unpaid for 30 days after the due date, it qualifies as debt and attracts a penalty:

- (a) of 10% of the amount of the royalty payable which shall be added to the royalty due;
- (b) in the case of foreign currency transactions, the royalty due shall incur interest at the prevailing SOFR or any other successor rate plus 10%; and
- (c) in case of Naira transactions, the royalty due shall incur interest at the prevailing Central Bank of Nigeria Monetary Policy Rate (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 117 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 118: False declaration**

- (1) A person that makes or signs, or causes to be made or signed, delivers or causes to be delivered to the relevant tax authority or any of its officers, any declaration, notice, certificate or other document being a document or statement produced or made for any purpose of tax, which is untrue, is liable —
 - (a) to an administrative penalty of ₦1,000,000 in addition to the payment of the tax undercharged or not charged in consequence of the false declaration, plus payment of the amount of tax unpaid or over payment made in respect of any repayment; or
 - (b) upon conviction to a fine of ₦1,000,000 or to imprisonment not exceeding 3 years or to both such fine and imprisonment in addition to payment of the amount of tax unpaid or over payment made in respect of any repayment.

- (2) A person that makes any statement in answer to any question or enquiry put to him by an officer which he is required to answer by or under this Bill or any other law, being a document or statement produced or made for any purpose of tax, which is untrue, is liable —
- (a) to an administrative penalty of ₦1,000,000.00 in addition to the payment of the tax undercharged or not charged in consequence of false declaration, plus payment of the amount of tax unpaid or over payment made in respect of any repayment; or
- (b) upon conviction to a fine of ₦1,000,000 or to imprisonment not exceeding 3 years or to both such fine and imprisonment in addition to payment of the amount of tax unpaid or over payment made in respect of any repayment (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 118 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 119: Counterfeiting documents, etc.

A person that —

- (a) counterfeits or falsifies any document which is required by or for the transaction of any business under this Bill or any other relevant tax law;
- (b) knowingly accepts, receives or uses any document so counterfeited or falsified;
- (c) alters any such document after it is officially issued; or
- (d) counterfeits any seal, signature, initial or other mark of, or used by, any officer for the verification relating to tax, is liable to an administrative penalty of ₦1,000,000.00 and upon conviction, to imprisonment not exceeding 3 years or fine of ₦1,000,000.00 or to both such fine and imprisonment (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 119 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 120: Offence by body corporate

Where an offence under this Bill is committed by a body corporate, firm, trust, association of individuals or any other legal arrangement —

- (a) a director, manager, secretary or other similar officer of the body corporate;
- (b) a partner or officer of the firm;
- (c) trustees, settlers, beneficiaries or any person involved in the management of the trust;
- (d) a person concerned in the management of the affairs of the association or legal arrangement; or
- (e) a person who acts or purports to act in any of the above capacities, is liable to be proceeded against and punished for the offence in like manner as if the person committed the offence, unless that person proves that the act or omission constituting the offence took place without the knowledge, consent

or connivance of the person (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 120 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 121: General Penalty

Subject to the provisions of this Bill, a person who contravenes any of provisions of this Bill for which no specific penalty was provided, commits an offence and is liable to an administrative penalty of ₦1,000,000.00 (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 121 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 122: Failure to file estimated and actual returns on due date

- (1) A company which fails to file any of the estimated or actual returns under this Bill on the due date is liable to pay for late filing for each of the return not filed, a penalty of —
 - (a) ₦10,000,000.00 on the first day the failure occurs and ₦2,000,000.00 for each subsequent day in which the failure continues; or
 - (b) any other sum as may be prescribed by the Minister by order published in the Official Gazette.
- (2) Where the further returns for estimated tax provided for under section 16 of this Bill is not made, the Service shall impose interest at the prevailing SOFR or any other successor rate plus 10% points for the differential of the revised tax over the estimated tax paid by the company (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 122 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 123: Late payment of tax

- (1) Where any tax, royalty or remittance due from a company involved or engaged in upstream petroleum operations is not paid on the due date, it shall be a debt and —
 - (a) a sum equal to 10% of the amount payable shall be added to the tax, royalty or remittance due;
 - (b) in the case of a foreign currency transaction, the tax, royalty or remittance due shall incur interest at the prevailing SOFR or any other successor rate plus 10%;
 - (c) in the case of transactions in Naira, the tax, royalty or remittance due shall incur interest at 2% above the prevailing Central Bank Monetary Policy Rate.
- (2) In addition to the provisions of subsection (1) of this section, the licensee or lessee shall be liable to —

- (a) ₦10,000,000.00 or US Dollar equivalent on the first day of the failure to pay the tax, royalty or remittance; and
 - (b) ₦2,000,000.00 or US Dollar equivalent for each day in which the failure continues.
- (3) Notwithstanding the provisions of subsections (1) and (2) of this section, the Service may, with the assistance of the Commission or Authority —
 - (a) distrain the licensee or lessee of its oil well, crude oil, condensates, natural gas or natural gas liquid, petroleum products, engines, machinery, tools, implements or other effects; or
 - (b) cancel, revoke, seize, distrain or dispose the licenses or rights of the holder (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 123 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 124: Failure to comply with the requirement of notice

- (1) A person that fails to —
 - (a) comply with the requirements of a notice served pursuant to chapter two of this Bill;
 - (b) appear in response to a notice or summons served pursuant to chapter two of this Bill, without sufficient cause or having appeared, fails to answer any lawful question; or
 - (c) submit any return required to be submitted under the relevant provisions of this Bill, is liable to an administrative penalty of ₦10,000,000.00, and where the default continues beyond the period stipulated by this Bill, the person shall be liable to a further administrative penalty of ₦2,000,000.00 or such other sum as may be prescribed by the Minister, for each day the default continues.
- (2) Notwithstanding the provisions of subsection (1) of this section, a person who is found guilty of an offence under this section shall on conviction, be liable to a fine of ₦20,000,000.00 or other sum as may be prescribed by the Minister by an order and where the offence continues beyond the period stipulated by this Bill, the person shall be liable to an additional fine of ₦2,000,000.00 or such other sum as may, by order, be prescribed by the Minister for each day the default continues, or imprisonment for a term of six months (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 124 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 125: Incorrect accounts

- (1) A person who without reasonable excuse —
 - (a) makes up or causes to be made up any incorrect accounts by omitting or understating any profits or overstating any losses which is required under this Bill to make up accounts;

- (b) prepares or causes to be prepared any incorrect schedule or statement required to be prepared under section 17 of this Bill by overstating any expenditure or overstating any royalties or other sums or by omitting or understating any amounts repaid, refunded, waived or released; or
 - (c) gives or causes to be given any false or misleading information in relation to any matter or thing affecting his liability to tax, is liable to an administrative penalty of ₦15,000,000.00 and 1% of the amount of tax which has been undercharged in consequence of such incorrect account, schedule, statement or information or would have been so undercharged if the account, schedule, statement or information had been accepted as correct, whichever is higher, and is also liable for the appropriate tax which would have been charged.
- (2) Notwithstanding the provisions of subsection (1) of this section, a person who gives or causes to be given any false or misleading information in relation to any matter or thing affecting his liability to tax, commits an offence and on conviction is liable to a fine of ₦15,000,000 and 1% of the amount of tax which has been undercharged in consequence of such incorrect account, schedule, statement or information, or would have been so undercharged if the account, schedule, statement or information had been accepted as correct, whichever is higher, and is also liable for the appropriate tax which would have been charged (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 125 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 126: False statement and returns

- (1) A person who —
 - (a) for the purpose of obtaining any deduction, refund, rebate, reduction or repayment in respect of petroleum profits tax, hydrocarbon tax or income tax by upstream companies, for himself or for any other person or who in any return, account, particulars or statement made or furnished with reference to tax, knowingly makes any false statement or false representation or forges or fraudulently alters or uses or fraudulently lends or allows to be used by any other person any receipt or token as evidence for payment of the tax under this Bill; or
 - (b) aids, abets, assists, counsels, incites or induces any other person —
 - (i) to make or deliver any false return or statement under this Bill;
 - (ii) to keep or prepare any false accounts or particulars affecting tax; or
 - (iii) unlawfully refuses or neglects to pay tax, commits an offence and is liable on conviction to a fine of ₦15,000,000.00 and 1% of the amount of tax for which the person assessable is liable under this Bill, whichever is higher, for the accounting period in respect of or during

which the offence was committed, or to imprisonment for six months or to both the fine and imprisonment and is also liable for the appropriate tax which would have been assessed and charged.

- (2) Notwithstanding the provisions of subsection (1) of this section, any person who does any of the acts or makes the omissions contained in subsection (1) of this section, shall be liable to an administrative penalty of ₦15,000,000.00 or 1 % of the amount of tax for which the person assessable is liable under this Bill whichever is higher, for the accounting period in respect of or during which the act or omission occurred and shall still be liable for appropriate tax which would have been assessed and charged (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 126 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 127: Offences by authorised and unauthorised persons

A person who being a member of the Service charged with the administration of this Bill or any assistant employed in connection with the assessment and collection of the hydrocarbon tax who —

- (a) demands from any person an amount in excess of the authorised assessment of the tax payable;
- (b) withholds for his own use or otherwise any portion of the amount of tax collected;
- (c) renders a false return, whether verbal or in writing of the amounts of tax collected or received by him;
- (d) defrauds any person, embezzles money or otherwise uses his position to deal wrongfully with the Service or any other individual; or
- (e) not being authorised under this Bill, collects or attempts to collect the tax under this Bill, commits an offence and is liable on conviction to a fine equivalent to 200% of the sum in question or to imprisonment for a term not exceeding three years or to both fine and imprisonment (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 127 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 128: Default in payments of petroleum royalties

Where any petroleum royalty due and payable under this Bill remains unpaid for 30 days after the due date, the provisions of section 123 of this Bill shall apply (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 128 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 129: General penalty in relation to petroleum operations

- (1) Any person that fails to comply with the provisions of this part, chapter three of Nigeria Tax Act or any relevant regulations for which no penalty is

specifically provided, is liable to an administrative penalty of ₦10,000,000.00 and where the default continues, beyond a period stipulated by law or regulation, the person is liable to an administrative penalty of ₦2,000,000.00 for each day the default continues, or such other sum as may, by order be prescribed by the minister.

- (2) Notwithstanding the provision of this section, a person who is found guilty under this part of this Bill or regulations made thereunder for which no other penalty is specifically provided shall upon conviction be liable to a fine of ₦20,000,000.00 or such other sum as may, by order, be prescribed by the Minister, or to imprisonment for 6 months or to both fine and imprisonment (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 129 stands part of the Bill — Agreed to.

Clause 130: Contravention of excise provisions

Any person who fails to comply with provisions made for the administration of excise duty under this Bill or the Nigeria Tax Act is liable to an administrative penalty of ₦5,000,000.00 or such other amount as may be specified by any regulations made for the administration of excise duties on services.

Committee's Recommendation:

Leave out Clause 130 (Hon. James Abiodun Faleke — Ikeja Federal Constituency).

Agreed to.

Clause 131: Contravention of foreign exchange transaction services

- (1) A person with knowledge of the foreign exchange transaction contained in section 160 (2) of the Nigeria Tax Act, including the buyer, broker, agent, exchange platform provider or a third party who, in any way, enabled, facilitated recorded or holds the record of same, shall report the transaction to the Service and the Nigerian Financial Intelligence Unit within seven days of the transaction or becoming aware of the transaction.
- (2) A person who fails to comply with the provisions of this section commits an offence and shall on conviction be liable to —
- (a) in the case of the seller, a fine equal to 200% of the amount of the foreign exchange transaction or 6 months imprisonment or both; or
- (b) in any other case, a fine of not less than N10,000,000.00 or 6 months imprisonment or both.

Committee's Recommendation:

Leave out Clause 131 (Hon. James Abiodun Faleke — Ikeja Federal Constituency).

Agreed to.

Clause 132: Failure to keep or provide records of excisable services

- (1) A taxable person who contravenes the provisions of section 24 of this Bill is liable on conviction to a fine of not less than ₦5,000,000.00.
- (2) Where a taxable person, upon request by the Service, fails to provide within the time specified in the request, any record required to be kept under

section 24 of this Bill, the person is liable to an administrative penalty of ₦2,000,000.00, in the first instance, and ₦10,000.00 for every day the default continues

Committee's Recommendation:

Leave out Clause 132 (Hon. James Abiodun Faleke — Ikeja Federal Constituency).

Agreed to.

Committee's Recommendation:

Clause 133 Obstruction of an authorised officer and refusal to grant immediate entry

A person who refuses to grant immediate access or entry to an authorised officer in the exercise of the powers under section 57 or 58 of this Bill, is liable to an administrative penalty of ₦1,500,000.00 or on conviction, to imprisonment not exceeding one year, or to both penalty and imprisonment (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 133 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 134 Power to compound offences

- (1) The relevant tax authority may compound any offence under this Bill by accepting a sum of money not exceeding the tax liability and maximum fine specified for the offence.
- (2) The relevant tax authority shall issue an official receipt for any money received under subsection (1) of this section.
- (3) Any offence compounded under subsection (1) of this section does not constitute conviction (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 134 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 135 Power to prosecute

- (1) The relevant tax authority shall have powers to employ its own legal officers who shall have powers to prosecute any of the offences under this Bill subject to the powers of the Attorney-General of the Federation or State in any court in Nigeria.
- (2) Notwithstanding any administrative penalty or interest imposed under this Bill or any other tax law, the relevant tax authority shall have powers to prosecute any person for an offence specified under the relevant provisions of this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 135 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 136 Place of an offence

An offence under this Bill shall be deemed to occur in the place where the taxable person is registered or resident or at such other place as the relevant tax authority may decide (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 136 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 137 Settlement of Dispute

- (1) Without prejudice to any provision of this Bill or any other law, the relevant tax authority and the taxable person may initiate to resolve any tax matters amicably at any stage of the dispute subject to such terms and conditions as may be prescribed under this Bill or any other law.
- (2) The relevant tax authority may settle disputes in whole or in part, where —
 - (a) such settlement will be in the interest of public revenue or public policy;
 - (b) due consideration is given to the cost of litigation in comparison to the possible benefits;
 - (c) a participant or a group of participants in a tax arrangement has accepted the position of the relevant tax authority in the dispute, in which case the settlement may be negotiated in a manner required to adjust the tax arrangements or disposition; or
 - (d) under a whistleblowing arrangement, the settlement will facilitate full disclosure of undisclosed tax planning or evasion schemes which may lead to significant recovery of tax revenue.
- (3) Settlement of dispute shall not be considered where —
 - (a) the action by the taxable person concerned leading to the 'dispute' constitutes intentional tax evasion or fraud inimical to the government revenue;
 - (b) it is in the public interest to have judicial clarification of the issue and the case will significantly promote taxpayer compliance with the relevant tax law.
- (4) The procedure for settlement of disputes shall be as follows —
 - (a) a person participating in a settlement procedure shall disclose all relevant facts during the discussion phase of the process of settling a dispute and such facts disclosed only for the purpose of settlement shall be confidential;
 - (b) a dispute settled in whole or in part shall be evidenced by an agreement in writing between the parties in the prescribed format as may be determined by the relevant tax authority and must include details on —
 - (i) how each particular issue is settled;
 - (ii) relevant undertakings by the parties;
 - (iii) treatment of the issue in future years;
 - (iv) withdrawal of objections and appeals; and
 - (v) arrangements for payment;

- (c) the agreement shall be signed by authorised officers of both parties.
- (5) Finality of settlement agreement is where the —
 - (a) settlement agreement represents the final agreed position between the parties, and it is a full and final settlement of all or specified aspects of the dispute in question between the parties; and
 - (b) relevant tax authority shall enforce collection of the settlement amount under the collection provisions of this Bill as a debt due to the relevant tax authority (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 137 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 138 Information and documents to be confidential

Without prejudice to the provisions of any other Act concerning data privacy, data protection, and unlawful disclosure of taxpayer information, taxpayers' information shall be confidential (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 138 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 139 Official Secrecy and confidentiality

- (1) A person in an official duty or being employed for the administration of this Bill or otherwise, that has access to taxpayer information shall regard and deal with such information as secret and confidential.
- (2) A person who is in possession or control of, any document, information or tax return of any taxable person shall not communicate, expose or reveal such document, information or tax return to any third party without authorisation or in accordance with extant laws.
- (3) A person who administers this Bill shall not be required to produce any return, document or assessment, or to divulge or communicate any information that comes into his possession in the performance of his duties except as may be necessary in order to institute a prosecution, or in the course of a prosecution for any offence committed in relation to any tax in Nigeria.
- (4) Where under any law in force in respect of a double taxation treaty with any country, provision is made for the allowance of relief from income tax in respect of the payment of income tax in Nigeria, the obligation as to secrecy imposed by this section shall not prevent the disclosure to the authorised officers of the Government in that country of such facts as may be necessary to enable the proper relief to be given in cases where relief is claimed from the tax in Nigeria or from income tax in that country.
- (5) Where an agreement or arrangement with any other country, government or relevant tax authority for exchange of information or with respect to relief for double taxation of income or profits includes provisions for the exchange of taxpayer information with that country for the purpose of implementing a tax relief or preventing avoidance of tax, or for such other purposes as may be enshrined in the agreement or arrangement, the obligation as to

secrecy imposed by this Bill shall not prevent the disclosure of such information to the authorised officers of the Government of such country (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 139 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 140 Powers of the Minister to issue general directives and make regulations

- (1) The Minister may give the relevant tax authority or its Chief Executive Officer such directives of a general nature or relating generally to matters of policy with regards to the exercise of the functions under this Bill or any other tax law as may be considered necessary and the relevant tax authority or its Chief Executive Officer shall comply with the directives or cause them to be complied with.
- (2) The Minister shall not give any directive, order or instruction in respect of any particular person which would have the effect of requiring the relevant tax authority to increase or decrease any assessment of tax made or to be made or any relief given or to be given or to defer the collection of any tax or judgement debt due, or which would have the effect of initiating, forbidding the initiation of, withdrawing or altering the normal course of any proceeding whether civil or criminal, relating either to the recovery of any tax or to any offence under this Bill or any other tax law.
- (3) The Minister may, on the advice of the Service or the Joint Revenue Board, make regulations for the carrying out the provisions of this Bill or any other tax law by order published in the Federal Gazette to —
 - (a) determine what constitutes the significant economic presence of a company other than a Nigerian company or an individual in accordance with the Nigeria Tax Act;
 - (b) make rules prescribing the procedure to be followed in the conduct of appeals before the Tax Appeal Tribunal;
 - (c) amend, vary or modify the list set out in part IV of chapter eight of Nigeria Tax Act with respect of Value Added Tax; and
 - (d) regulate the administration of excise duties on excisable services in Nigeria.
- (4) The Board of the relevant tax authority may, with the approval of the Minister or the Governor, make rules and regulations as, in its opinion, are necessary or expedient for giving full effect to the provisions of this Bill or any other tax law and for the due administration of its provisions prescribing the —
 - (a) forms for returns and other information required under this Bill or any other enactment or law; and
 - (b) procedure for obtaining any information required under this Bill or any other enactment or law, provided that a relevant tax authority shall only make regulations to the extent of its power to administer taxes (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 140 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 141 Supremacy of this Bill**

- (1) This Bill shall take precedence over any other laws with regards to the administration, assessment, collection, accounting and enforcement of taxes and levies due to the relevant tiers of Government and if the provisions of any other law are inconsistent with the provisions of this Bill, the provisions of this Bill shall prevail and the provisions of that other law shall, to the extent of the inconsistency, be void.
- (2) Any person or agency of Government that has been imposed with a duty or obligation under this Bill or under any other law, for the purpose of giving effect to any of the provisions of this Bill or to enable the Nigeria Revenue Service or any other relevant tax authority perform its duties under this Bill shall continue to carry out such duty or obligation as prescribed in that law, provided that the duty or obligation is consistent with the provisions of this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 141 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 142 Savings Provisions**

Without prejudice to the provision of section 6 of the Interpretation Bill —

- (a) the repealed and amended enactments specified in sections 197 and 198 of the Nigeria Tax Act shall not affect anything done under the enactments;
- (b) The tax administration provisions of the repealed and amended enactments under paragraph (a) shall be exercised by the relevant tax authority in accordance with the provisions of this Bill.
- (c) a notice, guideline, rule, order, regulation, circular or other subsidiary legislations made or issued under any provision of the repealed or amended enactments under the Nigeria Tax Act, shall continue to be in force as if they had been made or issued by the relevant authority or person under this Bill except to the extent that it is inconsistent with the provisions of this Bill;
- (d) an enforcement process or legal proceedings commenced or pending prior to the commencement of this Bill, in connection with tax administration, contravention or non-compliance with the repealed or amended enactments, shall continue and be disposed of, as if it was commenced under this Bill;
- (e) anything made or done, or having effect as if made or done, before the date of commencement of this Bill under any provision of the repealed or amended enactments by the relevant tax authority, and having any continuing or resulting effect with respect to the tax administration and enforcement, shall be treated as if it was done or performed by the relevant tax authority under this Bill; and
- (f) all references to the administration provisions of the legislations repealed by the Nigeria Tax Act shall be construed as references to the corresponding provisions of this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 142 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 143 Interpretation**

In This Bill —

“Advance Ruling” means any ruling issued by the tax authority in respect of any disputed or controversial tax matter to the taxpayers in accordance with provision of this Bill, the Nigeria Tax Act or any other tax law enacted by the National Assembly; or any written opinion or decision issued to a taxpayer by the relevant tax authority on a transaction, proposed transaction or any tax matter with a view to providing direction or clarification in accordance with the provisions of this Bill; (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Advance Ruling” be as defined in the interpretation in this Bill — Agreed to.

“Agency of Government” includes a Ministry, department, statutory body, public authority or any institution of the Federal, State, or Local Government (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Agency of Government” be as defined in the interpretation in this Bill — Agreed to.

“Agreement” means mutual understanding, arrangement, undertaking, or memorandum, between a taxpayer and any third party which may have tax implications (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Agreement” be as defined in the interpretation in this Bill — Agreed to.

“Assessable Income” has the same meaning under the Nigeria Tax Act (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Assessable Income” be as defined in the interpretation in this Bill — Agreed to.

“Assessable Profit” has the same meaning under the Nigeria Tax Act (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Assessable Profit” be as defined in the interpretation in this Bill — Agreed to.

“Authority Officer” means any person employed in the service of the relevant tax authority or, for the time being, performing duties in relation to tax who has been specifically authorised by the Board or the Chief Executive Officer to perform or carry out specific functions under this Bill, the Nigeria Tax Act or any other tax law enacted by the National Assembly or the State House of Assembly (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Authirity Officer” be as defined in the interpretation in this Bill — Agreed to.

“Board” means the Board of the relevant tax authorities established under this Bill; (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Board” be as defined in the interpretation in this Bill — Agreed to.

“Book” includes any register, document or other records of information and any account or accounting record however compiled, recorded or stored, whether in written or printed form or micro-film, digital, magnetic or electronic form or otherwise (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Book” be as defined in the interpretation in this Bill — Agreed to.

“Business” includes any economic activity such as trade, commerce, manufacturing, service or any activity carried out for the purpose of earning income (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Business” be as defined in the interpretation in this Bill — Agreed to.

“Calendar year” means a period of 12 months commencing from 1 January and ending 31 December (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Calendar year” be as defined in the interpretation in this Bill — Agreed to.

“Chief Executive Officer” means the chief executive officer of the relevant tax authority;

“Commencement of Business” means the date that an entity carries out its first transaction, which shall be the earlier of the date that the business or person —

- (i) begins to market or first advertises its products or services for sale;
- (ii) obtains an operating licence from a regulatory authority in Nigeria;
- (iii) makes first sale or purchase;
- (iv) executes its first trading contract after complying with incorporation or regulatory processes;
- (v) issues or receives its first invoice;
- (vi) delivers or receives its first consignment of goods;
- (vii) first renders services to its customers. (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Commencement of Business” be as defined in the interpretation in this Bill — Agreed to.

“Commissioner” means the commissioner charged with responsibility of finance in a State in Nigeria (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Commissioner” be as defined in the interpretation in this Bill — Agreed to.

“Company” means a company as defined under the Companies and Allied Matters Act and a corporate body that may be formed under any other written law and includes any association, whether incorporated in or outside Nigeria (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Company” be as defined in the interpretation in this Bill — Agreed to.

“Dispute” means a disagreement on the interpretation of either the relevant facts or law or both, which arises pursuant to the issuance of an assessment, action or decision of either the tax authority or taxpayer (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Dispute” be as defined in the interpretation in this Bill — Agreed to.

“Distrain” means to seize a taxable person's property, goods, chattels, bonds or other securities in order to collect and recover unpaid tax in accordance with this Bill and the Nigeria Tax Act (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Distrain” be as defined in the interpretation in this Bill — Agreed to.

“Document” includes any record of information evidencing a transaction, supporting accounts or schedules, accounting or inventory ledger, including reports, agreements, correspondences, memoranda, minutes of meeting, or any such record however compiled, recorded or stored, whether written or printed or micro-film, digital, magnetic, electronic or optical form or otherwise, and all types of information stored in digital devices, computer or any other similar equipment (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Document” be as defined in the interpretation in this Bill — Agreed to.

“Electronic or digital activities” means the receipt, emission or transmission of signals, sounds, messages, images or data of any kind by cable, radio, electromagnetic systems or any other electronic or wireless apparatus in respect of any commerce, trade or activity, including electronic commerce, application store, high frequency trading, electronic data storage, online adverts, participative network platform, online gaming, cloud computing, online teaching services, digital content services, supply of user data, search engines or online payments (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Electronic or digital activities” be as defined in the interpretation in this Bill — Agreed to.

“Employee of the tax authority” includes the Chief Executive Officer or other members of staff and those employed to carry out specific functions and may include board members of a relevant tax authority (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Employment of the tax authority” be as defined in the interpretation in this Bill — Agreed to.

“Employment” includes any appointment or office, whether public or otherwise, for which remuneration is payable (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Employment” be as defined in the interpretation in this Bill — Agreed to.

“Executor” includes any person administering the estate of a deceased person (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Executor” be as defined in the interpretation in this Bill — Agreed to.

“Entertainer, Sportsperson, or competitor Fees” includes payments in respect of appearance, performance, royalties, sponsorship, endorsement, advertising or related payments (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Entertainer, Sportsperson, or competitor Fees” be as defined in the interpretation in this Bill — Agreed to.

“Foreign Company” means any company other than a Nigerian Company (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Foreign Company” be as defined in the interpretation in this Bill — Agreed to.

“Goods” means all forms of tangible properties, movable or immovable (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Goods” be as defined in the interpretation in this Bill — Agreed to.

“Government” means the Federal, State, the Federal Capital Territory or Local Government Council and shall include, as the case may be, any agency of Government (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Government” be as defined in the interpretation in this Bill — Agreed to.

“Gross Income” means total income of an individual in any particular year of assessment from all sources, ascertained under the provisions of this Bill (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Gross Income” be as defined in the interpretation in this Bill — Agreed to.

“High Court” means the Federal High Court or High Court of the State or Federal Capital Territory (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “High Court” be as defined in the interpretation in this Bill — Agreed to.

“Importer” means any person who imports taxable goods from another country (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Importer” be as defined in the interpretation in this Bill — Agreed to.

“Invoice” means any document issued as evidence of supply of goods or services, or demand for payment for goods or services supplied (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Invoice” be as defined in the interpretation in this Bill — Agreed to.

“Individual” includes a corporation sole and a body of individuals but does not include a company, partnership, community, family, trustee or executor, or any body of trustees or executors (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Individual” be as defined in the interpretation in this Bill — Agreed to.

“Manufacturer” means any person who engages in the manufacture of goods and includes a person who has manufactured for his own account, or on whose behalf other persons have manufactured goods made to his specification or design (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Manufacturer” be as defined in the interpretation in this Bill — Agreed to.

“Manufacturing” means the process by which a commodity is finally produced, including assembling, bottling, repacking, mixing, blending, grinding, cutting, bending, twisting and joining or any other similar process (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Manufacturing” be as defined in the interpretation in this Bill — Agreed to.

“Minister” means the Minister charged with the responsibility for matters relating to finance (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Minister” be as defined in the interpretation in this Bill — Agreed to.

“Nigeria” for the purpose of this Bill, means the Federal Republic of Nigeria, and when used in a geographical sense, includes the territorial waters of the Federal Republic of Nigeria, and any area outside the territorial waters, including the continental shelf, which in accordance with international law has been or may hereafter be designated, under the laws of the Federal Republic of Nigeria, as an area within which the right of the Federal Republic of Nigeria with respect to the seabed, its subsoil, its superjacent waters and their natural resources may be exercised now and in the future;

“Nigerian Company” means —

- (i) any company formed or incorporated under any law in Nigeria; or

- (ii) any company whose effective place of management or control is Nigeria, provided, that the Minister may, by Regulations prescribe what constitutes effective place of management or control (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Nigeria” be as defined in the interpretation in this Bill — Agreed to.

“Officer” means any person employed in the relevant tax authority to carry out the tax administration functions under this Bill (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Officer” be as defined in the interpretation in this Bill — Agreed to.

“Person” includes individuals, body of individuals, executor, trustee, family, community, a company or body corporate, corporation sole and any unincorporated body of persons, including a trust or any legal arrangement (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Person” be as defined in the interpretation in this Bill — Agreed to.

“President” means the President of the Federal Republic of Nigeria (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “President” be as defined in the interpretation in this Bill — Agreed to.

“Private dwelling” means any building or part of a building occupied as residential accommodation, including any garage, shed and other building used in connection therewith (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Private dwelling” be as defined in the interpretation in this Bill — Agreed to.

“Registration” means action or process of registering or of being registered for tax purposes in accordance with this Bill (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Registration” be as defined in the interpretation in this Bill — Agreed to.

“Registered Person” means any person registered for the purpose of tax compliance under this Bill or any other tax law (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Registered Person” be as defined in the interpretation in this Bill — Agreed to.

“Relevant tax authority” means Nigeria Revenue Service, the Internal Revenue Service of a State or the Federal Capital Territory in Nigeria (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Relevant tax authority” be as defined in the interpretation in this Bill — Agreed to.

"Service" means the Nigeria Revenue Service established by the Nigeria Revenue Service (Establishment) Act (Hon. James Faleke Abiodun — Ikeja Federal Constituency).

Question that the meaning of the words “Service” be as defined in the interpretation in this Bill — Agreed to.

“Settlement” means amicable resolution of dispute in accordance with the provisions of this Bill (Hon. James Faleke Abiodun — Ikeja Federal Constituency).

Question that the meaning of the words “Settlement” be as defined in the interpretation in this Bill — Agreed to.

“Small Business” means a business that earns gross turnover of ₦100,000,000.00 or less per annum with total fixed assets not more than ₦250,000,000.00 (Hon. James Faleke Abiodun — Ikeja Federal Constituency).

Question that the meaning of the words “Small Business” be as defined in the interpretation in this Bill — Agreed to.

“Special Purpose Tax Officer” means specially designated tax officers for the purpose of tax investigation and enforcement, and who shall be appointed from time to time and shall have the powers of Police Officers (Hon. James Faleke Abiodun — Ikeja Federal Constituency).

Question that the meaning of the words “Special Purpose Tax Officer” be as defined in the interpretation in this Bill — Agreed to.

“Supply” means any transaction where the whole property in the goods is transferred or where the agreement expressly contemplates that this will happen and in particular includes the sale and delivery of goods or services used outside the business, the letting out of goods on hire or leasing, and any disposal of goods or furnishing of services (Hon. James Faleke Abiodun — Ikeja Federal Constituency).

Question that the meaning of the words “Supply” be as defined in the interpretation in this Bill — Agreed to.

“Stamp duty” means a duty levied on dutiable instruments under this Bill, the Nigeria Tax Act or any other laws (Hon. James Faleke Abiodun — Ikeja Federal Constituency).

Question that the meaning of the words “Stamp duty” be as defined in the interpretation in this Bill — Agreed to.

“Tax” includes any duty, levy or other revenue accruable to the Government in full or in part under this Bill, the Nigeria Tax Act or any other law (Hon. James Faleke Abiodun — Ikeja Federal Constituency).

Question that the meaning of the words “Tax” be as defined in the interpretation in this Bill — Agreed to.

“Tax Agent” means any person acknowledged and duly certified by a professional body in Nigeria to represent the taxable person (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Tax Agent” be as defined in the interpretation in this Bill — Agreed to.

“Tax Authority” means the Nigeria Revenue Service, or the Revenue Authority of a State or the Federal Capital Territory in Nigeria (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Tax Authority” be as defined in the interpretation in this Bill — Agreed to.

“Taxable Goods and Services” is as defined in Part IV of Chapter 7 of Nigeria Tax Act (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Taxable Goods and Services” be as defined in the interpretation in this Bill — Agreed to.

“Taxable Person” means person who carries out economic activity in a place or a person exploiting tangible or intangible property for the purpose of obtaining income therefrom by way of trade or business, or an agency of Government acting in that capacity (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Taxable Person” be as defined in the interpretation in this Bill — Agreed to.

“Tax Return” means a form or any other document filed with a relevant tax authority that reports transactions, income, expenses, and any other relevant information as may be prescribed by relevant tax authority from time to time (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Tax Return” be as defined in the interpretation in this Bill — Agreed to.

“Taxpayer Information” includes —

- (i) any information received or generated by a relevant tax authority with respect to a taxpayer pursuant to its powers under this Bill or any other tax law;
- (ii) any information in any form received, accessed or produced by the Service under any agreement or arrangement with any country, government or tax authority, such as Double Taxation Agreements, Tax Information Exchange Agreements, and Common Reporting Standard, Country-by-Country Reporting or any other exchange of information agreement or arrangement;
- (iii) written or electronic documents, returns, assessments, lists and copies of such lists relating to profits or items of profits of any person or to such matter which forms the basis of any agreement or arrangement with any country, government or tax authority; (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Taxpayer Information” be as defined in the interpretation in this Bill — Agreed to.

“Transaction at Arm’s Length” means a related party transaction conducted on normal open market commercial terms (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Transaction at Arm’s Length” be as defined in the interpretation in this Bill — Agreed to.

Question that Clause 143 stands part of the Bill — Agreed to.

Committee’s Recommendation:

Clause 144: Short Title.

This Bill may be cited as the Nigeria Tax Administration Bill, 2025 (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 144 stands part of the Bill — Agreed to.

Explanatory Memorandum:

(This Memorandum does not form part of this Bill but intends to explain its purports)

This Bill seeks to provide a uniform procedure for a consistent and efficient administration of tax laws in order to facilitate tax compliance by taxpayers and optimise tax revenue (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Agreed to.

Long Title:

A Bill for an Act to Provide for the Assessment, Collection Of, and Accounting for Revenue Accruing to the Federation, Federal, States and Local Governments; Prescribe the Powers and Functions of Tax Authorities, and for Related Matters (HB.1756) (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Agreed to.

Chairman to report Bill.

(HOUSE IN PLENARY)

Mr Speaker in the Chair, reported that the House in Committee of the Whole considered the Report of the Committee on Finance on a Bill For an Act to Provide for the Assessment, Collection of, and Accounting for Revenue Accruing to the Federation, Federal, States and Local Governments; Prescribe the Powers and Functions of Tax Authorities, and for Related Matters (HB.1756) and approved Clauses 1 - 23, rejected Clause 24, approved Clauses 25 - 62, rejected Clause 63, approved Clauses 64 - 129, rejected Clauses 130 - 132, approved Clauses 133 - 144, the Explanatory Memorandum, and the Long Title of the Bill.

Question that the House do adopt the Report of the Committee of Supply — Agreed to.

(ii) Committee on Finance:

Motion made and Question proposed, “That the House do consider the Report of the Committee on Finance on a Bill for an Act to Repeal the Federal Inland Revenue Service

(Establishment) Act, No.13, 2007 and Enact the Nigeria Revenue Service (Establishment) Bill to Establish Nigeria Revenue Service, charged with Powers of Assessment, Collection of, and Accounting for Revenue Accruable to the Government of the Federation and for Related Matters (HB.1757)” (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Agreed to.

Question that the House do resolve into the Committee of Supply to consider the Report — Agreed to.

(HOUSE IN COMMITTEE)

(Mr Speaker in the Chair)

A BILL FOR AN ACT TO REPEAL THE FEDERAL INLAND REVENUE SERVICE (ESTABLISHMENT) ACT, No.13, 2007 AND ENACT THE NIGERIA REVENUE SERVICE (ESTABLISHMENT) BILL TO ESTABLISH NIGERIA REVENUE SERVICE, CHARGED WITH POWERS OF ASSESSMENT, COLLECTION OF, AND ACCOUNTING FOR REVENUE ACCRUABLE TO THE GOVERNMENT OF THE FEDERATION AND FOR RELATED MATTERS

PART I — OBJECTIVE AND APPLICATION

Committee's Recommendation:

Clause 1: Objective

The objective of this Bill is to provide for a legal, institutional and regulatory framework for the administration of taxes and revenue accruable to the Government of the Federation, as prescribed by the National Assembly (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 1 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 2: Application.

This Bill applies throughout the Federal Republic of Nigeria. (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 2 stands part of the Bill — Agreed to.

PART II — ESTABLISHMENT OF THE NIGERIA REVENUE SERVICE

Committee's Recommendation:

Clause 3: Establishment of the Nigeria Revenue Service.

- (1) There is established a body known as the Nigeria Revenue Service (the Service).
- (2) The Service —
 - (a) shall be a body corporate with perpetual succession, and a common seal;
 - (b) may sue or be sued in its name; and

- (c) may acquire, hold or dispose of any property, movable or immovable, for carrying out any of its functions under this Bill.
- (3) The Service shall have such powers and duties as are conferred on it by this Bill or by any other law (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 3 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 4: Functions of the Service

- (1) The Service shall —
 - (a) assess persons including corporations, companies and individuals chargeable with tax, other than individuals, resident in any state of the Federation or the Federal Capital Territory;
 - (b) collect or recover tax assessed, enforce payment of taxes and remit tax collected, under the provisions of this Bill or any other law, into designated accounts;
 - (c) account for all revenue accruing to the Government;
 - (d) in collaboration with the relevant Ministries and Agencies of Government, subject to the approval of the National Assembly, review the tax regimes and promote the use of taxation to develop, stimulate and grow economic activities;
 - (e) carry out examination and investigation exercises with a view to enforcing compliance with the provisions of this Bill, and any other tax law;
 - (f) make a determination of the extent of financial loss and such other losses by Government arising from tax fraud or evasion, and revenue foregone arising from tax waivers and other related matters;
 - (g) adopt measures to identify, trace, freeze, confiscate or seize proceeds derived from tax fraud or evasion, in line with the provisions of this Bill;
 - (h) adopt measures which include compliance and regulatory actions, introduction and maintenance of investigative and control techniques on the detection and prevention of non-compliance with tax laws;
 - (i) collaborate and facilitate exchange of information with relevant national or international agencies or bodies on tax matters;
 - (j) undertake exchange of personnel or other experts with complementary agencies for purposes of comparative experience or capacity building;

- (k) establish and maintain a system for monitoring international dynamics of taxation in order to identify suspicious transactions, and the perpetrators or other persons involved;
 - (l) provide and maintain access to up-to-date and adequate data and information on all taxable persons, individuals, corporate bodies or all agencies of Government involved in the collection of revenue for the purpose of efficient, effective and correct tax administration and to prevent tax evasion or fraud;
 - (m) maintain database, statistics, records and reports on persons, organisations, proceeds, properties, documents or other items or assets relating to tax administration including matters relating to tax waivers, fraud or evasion;
 - (n) undertake and support research or similar measures with a view to stimulating economic development and determine the manifestation, extent, and effects of tax waivers, fraud, evasion and other matters that affect effective tax administration and make recommendations to the Government on appropriate intervention and preventive measures;
 - (o) collate and continually review all policies of the Government relating to taxation and revenue generation and undertake a systematic and progressive implementation of such policies;
 - (p) liaise with the office of the Attorney-General of the Federation, any Government security and law enforcement agency, and such other financial supervisory institutions in the enforcement and eradication of tax related offences;
 - (q) issue taxpayer identification or any other equivalent identity to every relevant taxable person in collaboration with tax authorities of States or Local Governments, or the Joint Revenue Board;
 - (r) carry out and sustain public awareness and enlightenment campaign on the benefits of tax compliance;
 - (s) carry out assigned administrative and oversight functions over all taxes and levies accruable to the Government of the Federation and, as it may be required, query, subpoena, sanction or reward any activity pertaining to the assessment, collection of and accounting for revenues accruable to the Government; and
 - (t) provide or receive assistance in the collection of revenue claims or any other administrative assistance in tax matters with respect to any agreement or arrangement made between the Government of the Federal Republic of Nigeria and the Government of any country, person or body as may be deemed necessary.
- (2) The Service shall, with the approval of the Minister, make rules and issue regulations as, in its opinion, are necessary or expedient for giving full effect to the provisions of this Bill and for the due administration of its provisions;

and such rules and regulations shall provide compliance requirements and may include consequences for non-compliance in line with relevant laws.

- (3) The Service shall carry out such other activities as are necessary or expedient for the full discharge of all or any of the functions under this Bill including —
 - (a) specifying the form of returns, claims, statements or notices necessary for the due administration of the powers conferred on it by this Bill; and
 - (b) deploying appropriate technology or digital platforms to automate any of its tax administration processes or in carrying out any of its functions under this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 4 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 5: Assistance in Tax Collection

- (1) The Service may, on request, assist a Nigerian State or Local Government to collect or administer a tax.
- (2) The assistance referred to in subsection (1) of this section, shall only be provided in respect of a tax which the requesting government has the statutory right to collect or administer, and such assistance may include —
 - (a) all the actions necessary for the proper assessment, collection, accounting or enforcement of the tax;
 - (b) administration of personal income tax on any class or group of individual taxpayers; or
 - (c) collection or enforcement of revenue claims on a particular person.
- (3) Any revenue collected on behalf of a State or Local Government, or another tax authority, under this section, shall be remitted directly to that State or Local Government, or relevant tax authority as may be agreed by the parties.
- (4) Where an agreement or arrangement between the Government of Nigeria and the Government of another country to avoid double taxation or provide administrative assistance in tax matters contains an obligation for the collection of revenue claim due to the Government of that country or any other administrative assistance on tax, the Service shall carry out such obligation as may be prescribed in that agreement or arrangement.
- (5) The Service may enter into agreement with the competent authority of a country with which the Government of Nigeria entered into an agreement or arrangement for the avoidance of double taxation or administrative assistance in tax matters to prescribe the manner of the performance of the administrative assistance obligation contained in that agreement or arrangement.
- (6) The Accountant-General of the Federation shall open a designated account into which revenue claims collected by the Service on behalf of the

Government of any other country shall be paid pending the remittance of the amount so collected to that country.

- (7) Where assistance is requested under this section, the Service shall carry out the assistance in line with the provisions of this Bill and other relevant laws, except with respect to time limits, and shall apply its powers relating to the enforcement and collection of taxes as if the revenue were a revenue within its jurisdiction under the Nigeria Tax Administration Act.
- (8) The Service may take any interim measure, including any judicial measure, in line with the provisions of this Bill or other relevant laws to preserve the collection of any revenue claim for which assistance has been requested under this section.
- (9) The Service may charge a fee as may be agreed with the requesting authority to defray the cost of providing the assistance required under this section.
- (10) For the purpose of this section, "revenue claim" means any amount of tax, levy, fees, charges or statutory contributions, due or owed, including interest, administrative penalties, and cost of collection or conservancy to a Nigerian local or state government and their agencies, or to the government of another country with which the Government of Nigeria has a subsisting agreement or arrangement to avoid double taxation or provide administrative assistance in tax matters. (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 5 stands part of the Bill — Agreed to.

PART III — ESTABLISHMENT AND COMPOSITION OF
THE GOVERNING BOARD OF THE SERVICE, ETC.

Committee's Recommendation:

Clause 6: Establishment of the Governing Board

There is established for the Service, a governing board known as the Nigeria Revenue Service Board ("the Board") which shall have overall supervision of the Service as specified in this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 6 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 7: Composition of the Governing Board

- (1) The Board shall consist of —
 - (a) the Executive Chairman of the Service who shall be the Chairman of the Board to be appointed by the President and subject to confirmation of the National Assembly; and
 - (b) the following Ex-Officio members —
 - (i) a representative of the Minister responsible for Finance not below the rank of a Director;
 - (ii) a representative of the Minister responsible for National Planning not below the rank of a Director;

- (iii) a representative of the Attorney-General of the Federation not below the rank of a Director;
 - (iv) a representative of the Minister responsible for Petroleum and Gas Resources not below the rank of a Director;
 - (v) the Governor of the Central Bank of Nigeria or a representative not below the rank of a Deputy Governor;
 - (vi) the Chairman of the Revenue Mobilisation, Allocation and Fiscal Commission or a representative who shall be a Commissioner representing one of the States of the Federation;
 - (vii) the Comptroller-General of the Nigeria Custom Service or a representative not below the rank of Deputy Comptroller-General; and
 - (viii) the Registrar-General of the Corporate Affairs Commission or a representative not below the rank of a Director;
 - (ix) six Executive Directors representing each geo-political zone to be appointed by the President and subject to the confirmation of the National Assembly.
- (2) Notwithstanding the provisions of subsection (1) of this section, the President SHALL appoint one member to represent each State and Federal Capital Territory of Nigeria on the Board subject to such individuals possessing academic or professional qualifications and expertise in Taxation, Accountancy, Economics, Law, Human Resource Management, or Information Technology, provided that such appointments shall ensure diversity of academic or professional qualifications and expertise in the listed fields.
- (3) All members of the Board, except the Executive Chairman, and the Executive Directors shall serve on a part-time basis.
- (4) The supplementary provisions set out in the First Schedule to this Bill shall have effect with respect to the proceedings of the Board and other matters mentioned therein (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 7 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 8: Powers of the Board

The Board shall —

- (a) provide general policy guidelines relating to the functions of the Service;
- (b) evaluate the implementation of the policies of the Service on matters relating to the assessment, collection and accounting system under this Chapter or any other law;

- (c) review and approve the strategic plans of the Service;
- (d) employ staff, and determine the terms and conditions of service, including disciplinary measures, of the employees of the Service;
- (e) stipulate remunerations, allowances, benefits and pensions of the staff and employees;
- (f) with the approval of the Minister, make rules and issue regulations as, in its opinion, are necessary or expedient for giving effect to the provisions of this Chapter and for the administration of its provisions and such rules and regulations shall provide compliance requirements and may include consequences for non-compliance;
- (g) assign each Executive Director a directorate as appropriate;
- (h) do such other things which, in its opinion, are necessary to ensure the efficient performance of the functions of the Service under this section (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 8 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 9: Tenure of Office

- (1) The Executive Chairman and other members of the Board, other than Ex-officio members, shall each hold office for a term of four years, renewable for another term of four years and no more.
- (2) A member of the Board shall hold office on such terms and conditions as may be specified in their letters of appointment (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 9 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 10: Emoluments of members

All members of the Board shall be paid such emoluments, allowances and benefits as may be determined by the Service in collaboration with the National Salaries, Incomes and Wages Commission (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 10 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 11: Cessation of membership

A person shall cease to be a member of the Board, where the person —

- (a) not being an ex-officio member, resigns by a notice addressed to the President;
- (b) dies or becomes incapable of carrying on the functions of the office either arising from an infirmity of body, or mind;
- (c) becomes bankrupt or makes a compromise with creditors;

- (d) is convicted of a felony or of any offence involving dishonesty or fraud;
- (e) not being an ex-officio member, is removed from office by the President on grounds of public interest or in the interest of the Service;
- (f) has been found guilty of contravening the Code of Conduct Bureau and Tribunal Act, or gross misconduct in relation to their duties;
- (g) in the case of a person appointed on the basis of a professional qualification is disqualified from professional qualification by a competent authority;
- (h) the President is satisfied that it is not in the interest of the Service or in the interest of the public for the person to continue in Office and the President removes him from Office;
- (i) not being an ex-officio member, the tenure expires as provided in section 9 (2) of this Bill; or
- (j) ceases to occupy the office by virtue of which the person becomes a member of the Board (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 11 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 12: Delegation of Power

- (1) Any power conferred or any duty imposed upon the Board may be exercised or performed by the Board or by an officer authorised by the Board, generally or specifically in that behalf.
- (2) The Board may review any decision made by an authorised officer regarding any tax or taxable income, and the reviewed decision of the Board shall have effect as if it were the original decision made in respect of the matter concerned.
- (3) An order, ruling or directive made or given by an approved committee of the Board pursuant to this section shall not be treated as an order, ruling or directive of the Board, until the order, ruling or directive has been ratified by the Board pursuant to the powers vested on the Board under this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 12 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 13: Secretary to the Board

- (1) There shall be a Secretary to the Board who shall be appointed by the Board from within the Service.
- (2) The Secretary shall be a lawyer, or a chartered accountant or a chartered secretary, who shall not be less than the rank of an Assistant Director.
- (3) The Secretary shall be responsible for —
 - (a) issuing notices of meetings of the Board;

- (b) keeping records of the proceedings of the Board; and
- (c) carrying out such other duties as the Executive Chairman or the Board may direct (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 13 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 14: Establishment of Technical Committee of the Board

- (1) There shall be a technical committee of the Board ("the Technical Committee") which shall consist of —
 - (a) the Executive Chairman as the Chairman;
 - (b) two members of the Board of the Service;
 - (c) the Executive Directors in the Service;
 - (d) the Director Legal of the Service as appointed by the Board;
 - (e) the Director in charge of Tax Policy matters.
- (2) The Secretary to the Board shall be the Secretary to the Technical Committee.
- (3) The Technical Committee may co-opt, from the Service, such director or officer as it may deem necessary for the effective performance of its functions under this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 14 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 15: Functions of the Technical Committee

The Technical Committee shall —

- (a) consider all tax matters that require professional or technical expertise, and make recommendations to the Board;
- (b) advise the Board on any aspect of the functions and powers of the Service under this Bill; and
- (c) attend to such other matters as may be referred to it by the Board (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 15 stands part of the Bill — Agreed to.

PART IV — MANAGEMENT AND STAFF OF THE SERVICE

Committee's Recommendation:

Clause 16: Executive Chairman of the Service

- (1) The Executive Chairman shall —

- (a) be appointed by the President subject to confirmation of the National Assembly;
- (b) be the chief executive and accounting officer of the Service;
- (c) be responsible for the execution of the policies and the overall day-to-day administration of the Service; and
- (d) have relevant qualifications, knowledge, cognate experience and expertise in, accountancy, economics, taxation, law or related fields (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 16 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 17: Executive Directors of the Service

- (1) The President shall appoint six Executive Directors for the Service, each representing a geopolitical zone on rotational basis among the states in the zone in alphabetical order provided that the Executive chairman and an Executive Director shall not come from the same state.
- (2) An Executive Director appointed under subsection (1) shall possess cognate experience in relevant fields.
- (3) An Executive Director shall —
 - (a) head, and be responsible for the day-to-day administration of a Directorate in the Service; and
 - (b) perform all such duties or functions as may, from time to time, be required by the Board, Management or Executive Chairman of the Service.
- (4) An Executive Director shall hold office for a term of four years and may be renewed for a further term of four years and no more.
- (5) An Executive Director shall be paid such remuneration and allowances, as may be determined by the Board.
- (6) An Executive Director shall, save as provided in this Bill, be subject to the terms and conditions of his appointment.
- (7) Notwithstanding the provisions of subsection (4) of this section, an Executive Director shall cease to hold office as an Executive Director of the Service, where the —
 - (a) person resigns by a notice, under his hand, and addressed to the President through the Executive Chairman;
 - (b) person becomes incapable of carrying on the functions of the office either arising from an infirmity of body or mind;
 - (c) person is convicted of a felony or any offence involving dishonesty or fraud; or

- (d) Board is satisfied that it is not in the interest of the Service or in the interest of the public for the person to continue in office, and the Board removes such person from office.
- (8) For the purpose of this section, "Directorate" means a group of departments, divisions or units functionally related and aligned with the aim of performing a given function or set of functions relevant to the realisation of the goals of the Service (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 17 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 18: Establishment and Composition of the Management Committee

- (1) There is established for the Service a management committee known as the Nigeria Revenue Service Management Committee ("the Management") which shall be responsible for policy implementation, and supervision of the day-to-day activities of the Service.
- (2) The Management shall consist of the —
 - (a) Executive Chairman of the Service, who shall be the head; and
 - (b) Executive Directors appointed under this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 18 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 19: Staff of the Service

- (1) The Board may appoint such other persons to be employees of the Service for the proper and efficient performance of the functions of the Service under this Bill and on such terms and conditions as may be prescribed by the Board.
- (2) Where the Board thinks it expedient that any vacancy in the Service should be filled by a person holding office in the Civil Service of the Federation or of a State, it shall notify the appropriate Civil Service to that effect and thereafter the Board, may, by arrangement with the Civil Service Commission concerned, cause such vacancy to be filled by way of secondment or transfer.
- (3) On grounds of public policy or for the purpose of capacity building or comparative experience, the Service may approve a temporary stay of any staff of the Service with agencies, organisations or other bodies subject to such terms and conditions as the Service may deem fit.
- (4) The Service may engage relevant professional consultants, or agents to transact any business or to do any act required to be transacted or done in the execution of its functions under this Bill, provided that such consultants shall not carry out the duties of assessment or collection of tax, tax compliance or enforcement activities, or routine responsibilities of tax officials (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 19 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 20: Pensions**

- (1) Employment in the Service shall be subject to the provisions of the Pension Reform Act, and an officer or a person holding pensionable employment in the Service shall be entitled to pensions and other retirement benefits as prescribed under the Pension Reform Act.
- (2) Notwithstanding the provisions of subsection (1) of this section, nothing shall prevent the Board from appointing any person to any office on terms which preclude the grant of pensions or other retirement benefits.
- (3) For the purpose of the application of the provisions of the Pension Reform Act, any power exercisable by a Minister or other authority of the Government of the Federation, not being the power to make regulations, is vested in and shall be exercisable by the Board (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 20 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 21: Staff regulations**

- (1) Subject to the provisions of this Bill, the Board may make regulations relating generally to the conditions of service of the staff and, in particular, such regulations may provide for the appointment, promotion, discipline, termination or dismissal of staff or employees of the Service.
- (2) The staff regulations made pursuant to subsection (1) of this section shall be issued to its staff in such manner as the Service may from time to time determine (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 21 stands part of the Bill — Agreed to.

PART V — FINANCIAL PROVISIONS

Committee's Recommendation:**Clause 22: Funds of the Service**

- (1) The Service shall establish and maintain a fund which shall consist of, and to which shall be credited —
 - (a) four (4) per cent of the total revenue, less petroleum royalty, collected by the Service, which shall be appropriated by the National Assembly for the capital and recurrent expenditures of the Service;
 - (b) all sums of money accruing to the Service by way of grants-in-aid, gifts, testamentary dispositions, endowments and contributions from any source;
 - (c) such moneys as may be granted to the Service by the Federal, State or Local Governments or other donor agencies, provided such grants are not intended for purposes contrary to the objective of the Bill or functions of the Service; and
 - (d) all other moneys which may, from time to time, accrue to the Service from other sources, including charges for assistance in tax

collection, the disposal, lease or hire of, or any other dealing with, any property vested in or acquired by the Service (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 22 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 23: Expenditure of the Service

- (1) The Fund established under section 22 of this Bill shall be used for —
- (a) acquisition and upkeep of premises belonging to the Service and any other capital expenditure of the Service;
 - (b) costs necessary for the day-to-day operations of the Service;
 - (c) investments, maintenance of utilities, staff promotion, training, research and similar activities;
 - (d) emoluments and allowances payable to the Executive Chairman and other members of the Board;
 - (e) reimbursements to members of the Board or any committee set up by the Board for such expenses as may be expressly authorised by the Service;
 - (f) remunerations and other costs of employment of the staff of the Service;
 - (g) pensions and other retirement benefits under or pursuant to this Bill or any other law;
 - (h) all sums of money payable by the Service by way of grants-in-aids, gifts, testamentary dispositions, endowments, etc.; and
 - (i) any other payment for anything incidental to the foregoing provisions or in connection with or incidental to any other function of the Service under this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 23 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 24: Estimates

The Service shall prepare, not later than 30th September in each year, an estimate of its income and expenditure for the succeeding year for the purpose of appropriation by the National Assembly (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 24 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 25: Accounts and Audit

The Service shall keep proper accounts and records, and such accounts shall, not later than six months after the end of each year, be audited by auditors appointed by

the Board from the list and in accordance with the guidelines supplied by the Auditor-General for the Federation (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 25 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 26: Annual Report

- (1) The Service shall, not later than 30th September each year, submit to the Minister, a report of its activities during the immediately preceding year and shall include in such report the audited accounts of the Service.
- (2) The Minister shall within 30 days of receipt of the report present a copy of the report to the —
 - (a) Federal Executive Council; and
 - (b) National Assembly (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 26 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 27: Power to accept gifts

- (1) Subject to subsection (2) of this section, the Service may accept gifts of land, money or other property on such terms and conditions, if any, as may be specified by the person or organisation making the gift.
- (2) The Service shall not accept any gift if the conditions attached are inconsistent with any law (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 27 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 28: Power to borrow

The Service may borrow by way of loan, overdraft or otherwise from any source, such sums as it may require for the performance of its functions and meeting of its obligations under this Bill.

Provided that the Service shall, prior to such borrowing, obtain the approval of the Federal Executive Council and the National Assembly (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 28 stands part of the Bill — Agreed to..

Committee's Recommendation:

Clause 29: Tax Exemptions

The Service is exempt from all income taxes imposed under any law in Nigeria provided that the exemption shall not relieve the Service from the statutory obligation to deduct and remit taxes as may be required by the relevant tax laws (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 29 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 30: Accountability**

The Executive Chairman of the Service shall —

- (a) keep proper accounting records, in a manner as may be determined, by the Board or relevant law, in respect of all —
 - (i) revenues and expenditure of the Service;
 - (ii) its assets, liabilities and other financial transactions; and
 - (iii) other revenues collected by the Service, including income on investments;
- (b) prepare an annual report, including financial statements, in accordance with generally accepted accounting principles and practices; and
- (c) ensure that the available accounting resources of the Service are adequate and used economically in the most effective and efficient manner, and the accounting and other financial records are properly safeguarded (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 30 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 31: General Directions of the Minister**

- (1) The Minister may, after consultation with the Executive Chairman, give written directions to the Service on general policy matters and the Service shall comply with such directions.
- (2) The Minister shall not give any direction in respect of any particular person which would have the effect of requiring the Service to increase or decrease any assessment of tax made or to be made or any relief given or to be given or to defer the collection of any tax or judgement debt due, or which would have the effect of initiating, forbidding the initiation of, withdrawing or altering the normal course of any legal proceeding, relating either to the recovery of any tax or to any offence under any of the tax laws listed in the Second Schedule.
- (3) In any legal proceeding under this Bill or any of the laws administered by the Service, any act or thing done by the Service or the Board in pursuance of any of the laws referred to in subsection (2) of this section shall not be subject to challenge on the ground that such act or thing done was not proved to be in accordance with any direction given by the Minister, except on general policy matters under subsection (1) of this section (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 31 stands part of the Bill — Agreed to.

PART VI — MISCELLANEOUS PROVISIONS***Committee's Recommendation:*****Clause 32: Information and documents to be confidential**

- (1) Without prejudice to the provisions of any other Act concerning data privacy or data protection, institutional information or communication, all internal

information, communications, documents or memoranda of the Service are confidential.

- (2) Except as otherwise provided under this Bill, any other law or any enabling agreement or arrangement or as otherwise authorised by the Executive Chairman or management of the Service, any person who discloses or attempts to disclose institutional information, communication, document or memorandum of the Service is liable on conviction to a fine not exceeding N5,000,000.00 or to imprisonment for a term not exceeding three years or to both fine and imprisonment (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 32 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 33: Official Secrecy and Confidentiality

- (1) A person acting in an official capacity or employed in the administration of this Bill shall regard and deal with originals or copies of all documents, information, returns, notices or assessment, lists relating to the business, assets, liabilities, profits or items of profits of any person as secret and confidential.
- (2) A person acting in an official capacity or employed in the administration of this Bill who, being in possession of or control of, originals or copies of any document, information, return, notice or assessment, list relating to business, assets, liabilities, profits or items of profits of any person, communicates or attempts to communicate such information or anything contained in the document, return, notice or assessment, list or copy to any person other than —
 - (a) a person authorised by the Service to communicate it;
 - (b) by an order of the court; or
 - (c) for the purpose of this Bill or any other tax law in Nigeria,commits an offence under this Bill is liable on conviction to a fine not exceeding N5,000,000.00 or to imprisonment for a term not exceeding three years or to both fine and imprisonment.
- (3) A person appointed or employed under this Bill shall not be required to produce any document, information, return, notice or assessment, or to divulge or communicate any information that comes into his possession in the performance of his duties except as may be necessary in order to institute a legal proceeding or in the course of a legal proceeding relating to tax in Nigeria.
- (4) The obligation as to secrecy imposed by this Bill shall not prevent the disclosure of relevant information to an authorised officer of the Government of a country with which Nigeria has entered into any treaty, agreement or arrangement on tax matters (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 33 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 34: Endorsement**

Anything done or required to be done by the Service pursuant to any of its powers or functions under this Bill or the laws listed in the Second Schedule may be endorsed by the Executive Chairman or an authorised officer of the Service (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 34 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 35: Limitation of suits against the Service**

- (1) Subject to the provisions of this Bill, the provisions of the Public Officers Protection Act shall apply in relation to any suit instituted against any member of the Board, the Executive Chairman, officer or employee of the Service or the Service.
- (2) Notwithstanding anything contained in any other law, no suit against the Service, Executive Chairman, member of the Board, or any other officer or employee of the Service for any act done in pursuance of this Bill, any other law, any public duty or authority, or in respect of any alleged neglect or default in the execution of the provisions of this Bill, shall lie or be instituted in any court unless it is commenced —
 - (a) within three months after the act, neglect or default complained of; or
 - (b) in the case of a continuation of damage or injury, within six months after the ceasing of such damage or injury.
- (3) No suit shall be commenced against the Service, Executive Chairman, a member of the Board, or any other officer or employee of the Service before the expiration of one month after written notice of intention to commence the suit shall have been served on it by the intending plaintiff or his agent.
- (4) The notice referred to in subsection (3) of this section shall clearly state the —
 - (a) cause of action;
 - (b) particulars of claim;
 - (c) name and place of abode of the intending plaintiff; and
 - (d) relief to be claimed (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 35 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 36: Service of documents**

A notice, summons or other document required or authorised to be served on the Service under the provisions of this Bill or any other law may be served by delivering it to the Executive Chairman, sending it by registered post, courier or substituted service addressed to the Executive Chairman at the principal office of the Service, delivered to a designated e-mail address of the Service, or other electronic

means as may be provided by the Service (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 36 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 37: Restriction on execution against property of the Service

- (1) In any action or suit against the Service, no execution or attachment of process in the nature thereof shall be issued against the Service unless, at least, three months' notice of the intention to execute or attach has been given to the Service.
- (2) Any sum of money which by the judgement of any court has been awarded against the Service shall, subject to any direction given by the court, where no notice of appeal against the judgement has been given, be paid from the fund of the Service (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 37 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 38: Indemnity

The Executive Chairman, Executive Director, member of the Board or any officer or employee of the Service shall be indemnified out of the assets of the Service against any liability incurred in defending any legal proceeding, brought against them in their capacity as Executive Chairman, member of the Board, officer or other employee of the Service (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 38 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 39: Accountant-General to deduct un-remitted revenue

The Accountant-General of the Federation shall, not later than 30 days of receiving a warrant endorsed by the Executive Chairman of the Service and approved by a judicial officer in accordance with the Third Schedule to this Bill, deduct un-remitted revenue due from any Ministry, Department, Agency of Government from its annual budgetary allocation or such other money accruing to it, and shall remit the deductions to the Service. (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 39 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 40: Repeal of Act No. 13, 2007

- (1) The Federal Inland Revenue Service (Establishment) Act No. 13, 2007 ("the repealed Act") is repealed.
- (2) Without prejudice to section 6 of the Interpretation Act, the repeal of the Act referred to in subsection (1) of this section shall not affect anything done or purported to have been done under the repealed Act (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 40 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 41: Savings and transitional provisions

Notwithstanding anything in this Bill —

- (a) the "Nigeria Revenue Service" is vested with all powers, rights, functions, obligations, and other acts of the Federal Inland Revenue Service ("the Former Service");
- (b) anything done or purported to have been done by the former Service, its Board, Technical Committee or the Executive Chairman shall continue to subsist as if done under this Bill and any action or purported action shall be deemed to have been taken by the Service, Board, Technical Committee or Executive Chairman established under this Bill;
- (c) the employment of a director, officer or employee who, immediately before the commencement of this Bill, held office in the former Service is transferred to the Service established under this Bill on terms and conditions not less favourable than those obtainable immediately upon the commencement of this Bill;
- (d) all the rights and obligations previously vested in the Executive Chairman of the former Service under the repealed Act are hereby transferred to the Executive Chairman appointed under this Bill;
- (e) all notices, guidelines, rules, orders, regulations, or other subsidiary legislations, legal proceedings, appeals, made under the repealed Act shall continue to have effect as if made under the corresponding provisions of this Bill;
- (f) any enforcement process or proceedings commenced or pending prior to the commencement of this Bill in connection with any breach, contravention or noncompliance of or under the repealed Act may be continued and disposed of under the repealed Act;
- (g) all assets, funds, resources and other immovable property which, before the commencement of this Bill, were vested in the former Service shall be vested in the Service established under this Bill;
- (h) the administration of any real property that was before the coming into force of this Bill under the administration or administrative responsibility of the former Service is transferred to the Service established under this Bill;
- (i) all rights, interests, obligations and liabilities of the former Service existing before the commencement of this Bill under any contract or instrument, or in law or in equity, shall by virtue of this Bill, be vested in the Service established under this Bill;
- (j) any contract or instrument referred to in paragraph (j) of this section shall be of the same force and effect against or in favour of the Service established under this Bill and shall be enforceable as fully and effectively as if, the former Service existing before the commencement of this Bill, had been named or had been a party; and

- (k) every affidavit sworn or document duly certified by an officer of the former Service before the coming into force of this Bill has the same probative value as if it were sworn or certified by an employee of the Service established under this Bill.
- (l) Any disciplinary proceeding, appeal or grievance pending or existing against any employee of the former Service, shall be continued and completed by the Service established under this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 41 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 42: Interpretation

In This Bill —

“Authority Officer” means any person employed in the Service or, for the time being, performing duties in relation to tax who has been specifically authorized by the Board or the Executive Chairman to perform or carry out specific functions under this Bill (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Authority Officer” be as defined in the interpretation in this Bill — Agreed to.

“Board” the Governing Board of the Service established under section 6 of this Bill; (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Board” be as defined in the interpretation in this Bill — Agreed to.

“Executive Director” refers to the Executive Director appointed pursuant to section 17 of this Bill (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Executive Director” be as defined in the interpretation in this Bill — Agreed to.

Question that Clause 42 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 43: Short Title.

This Bill may be cited as the Nigeria Revenue Service (Establishment) Bill, 2025 (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 43 stands part of the Bill — Agreed to.

Explanatory Memorandum:

(This memorandum does not form part of this Bill but intends to explain its purports)

This Bill seeks to Repeal the Federal Inland Revenue Service (Establishment) Act, No.13, 2007 and enact the Nigeria Revenue Service (Establishment) Act, 2024 to establish the Nigeria Revenue Service, Charged with Powers of Assessment, Collection of, and Accounting for Revenue Accruable to the Government of the Federation (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Agreed to.

Long Title:

A Bill for an Act to Repeal the Federal Inland Revenue Service (Establishment) Act, No.13, 2007 and Enact the Nigeria Revenue Service (Establishment) Bill to Establish Nigeria Revenue Service, Charged with Powers of Assessment, Collection of, and Accounting for Revenue Accruable to the Government of the Federation and for Related Matters (HB.1757) (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Agreed to.

Chairman to report Bill.

(HOUSE IN PLENARY)

Mr Speaker in the Chair, reported that the House in Committee of the Whole considered the Report of the Committee on Finance on a Bill for an Act to Repeal the Federal Inland Revenue Service (Establishment) Act, No.13, 2007 and Enact the Nigeria Revenue Service (Establishment) Bill to Establish Nigeria Revenue Service, charged with Powers of Assessment, Collection of, and Accounting for Revenue Accruable to the Government of the Federation and for Related Matters (HB.1757) and approved Clauses 1 - 43, the Explanatory Memorandum, and the Long Title of the Bill.

Question that the House do adopt the Report of the Committee of Supply — Agreed to.

(iii) Committee on Finance:

Motion made and Question proposed, “That the House do consider the Report of the Committee on Finance on a Bill for an Act to Establish Joint Revenue Board, the Tax Appeal Tribunal and the Office of the Tax Ombud, for the Harmonisation, Coordination and Settlement of Disputes arising from Revenue Administration in Nigeria and for Related Matters (HB.1758)” (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Agreed to.

Question that the House do resolve into the Committee of Supply to consider the Report — Agreed to.

(HOUSE IN COMMITTEE)

(Mr Speaker in the Chair)

A BILL FOR AN ACT TO ESTABLISH JOINT REVENUE BOARD, THE
TAX APPEAL TRIBUNAL AND THE OFFICE OF THE TAX OMBUD,
FOR THE HARMONISATION, COORDINATION AND SETTLEMENT
OF DISPUTES ARISING FROM REVENUE ADMINISTRATION
IN NIGERIA AND FOR RELATED MATTERS (HB.1758)

Committee’s Recommendation:

Clause 1: Objective of the Bill

- (1) The objectives of this Bill are to —
 - (a) provide for a legal and institutional framework for the harmonisation and coordination of revenue administration in Nigeria;

- (b) provide a mechanism for efficient dispute resolution; and
- (c) promote the rights of the taxpayers (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 1 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 2: Application

This Bill shall apply throughout the Federal Republic of Nigeria (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 2 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 3: Establishment of the Joint Revenue Board

- (1) There is established a body to be known as the Joint Revenue Board ("the Board").
- (2) The Board —
 - (a) shall be a body corporate with perpetual succession and a common seal;
 - (b) may sue or be sued in its corporate name; and
 - (c) may acquire, hold or dispose of its property.
- (3) The Board shall have its head office in the Federal Capital Territory (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 3 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 4: Composition of the Board

- (1) The Board shall consist of —
 - (a) the Chairman, who shall be the Executive Chairman of the Nigeria Revenue Service; and
 - (b) the Chairman of each State Internal Revenue Service, and the Federal Capital Territory Internal Revenue Service.
- (2) The following persons shall be ex-officio members of the Board —
 - (a) a representative of the Minister of Finance not below the rank of a Director;
 - (b) the Director-General of National Identity Management Commission or its representative not below the rank of a Director;
 - (c) the Chairman of the Revenue Mobilisation, Allocation and Fiscal Commission or its representative not below the rank of a Director;

- (d) the Comptroller-General of the Nigerian Immigration Service or a representative not below the rank of Assistant Comptroller-General;
- (e) the Corps Marshall of the Federal Road Safety Corps or its representative not below the rank of an Assistant Corps Marshall; and
- (f) the Comptroller General of the Nigeria Customs Service or its representative not below the rank of an Assistant Comptroller General.

Notwithstanding the provisions of subsection (1) of this section, the Board may co-opt any person, body or agency on a need basis not exceeding two persons.

- (3) Members of the Board shall serve on a part-time basis.
- (4) The provisions set out in the First Schedule to this Bill shall have effect with respect to the proceedings of the Board and other matters mentioned in it (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 4 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 5: Functions of the Board

The Board shall —

- (a) integrate and maintain database of Taxpayer Identification Numbers for every taxable person in Nigeria in collaboration with the Nigeria Revenue Service, State Internal Revenue Service, Local Government Revenue Committee and other relevant Government agencies;
- (b) resolve disputes between various tax authorities on the issue of determination of residency;
- (c) advise on double taxation matters within Nigeria;
- (d) resolve disputes between different tax authorities;
- (e) maintain a platform for revenue data collection, integration, and exchange of information among the various tax authorities in Nigeria;
- (f) promote harmonisation of taxes, levies, rates, charges and other payments and ensure uniformity in revenue administration across Nigeria;
- (g) advise the Federal and State Government on introduction of new taxes and changes to existing ones;
- (h) provide periodic impact analysis with recommendations on tax framework and capacity building for all tiers of Government;
- (i) collaborate with relevant agencies to carry out surveys, ascertain and publish relevant tax indices and statistics;

- (j) recommend, participate, facilitate or initiate fiscal and tax policy reform in collaboration with relevant bodies;
- (k) receive, collate, analyse and publish periodic tax revenue collected by all tax authorities;
- (l) receive, collate, analyse and publish tax expenditure on account of tax waivers, exemptions or incentives granted by each government;
- (m) collaborate with tax authorities to undertake or support research or similar measures with a view to stimulating economic development and determine the manifestation, extent, magnitude and effects of tax fraud, evasion or other matters that affect effective tax administration and make recommendations to the Government on appropriate intervention and preventive measures;
- (n) provide guidance for the accreditation of tax agents by the relevant tax authorities in accordance with the relevant law; and
- (o) carry out any other function as may be assigned to it by an Act of the National Assembly (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 5 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 6: Powers of the Board

The Board shall —

- (a) provide general policy guidelines relating to its functions;
- (b) manage and superintend the policies of the Board on matters relating to the administration of its functions under this Bill or any other law;
- (c) review and approve the strategic plans of the Board;
- (d) employ and determine the terms and conditions of employment including disciplinary measures of the employees of the Board;
- (e) stipulate remuneration, allowances, benefits and pensions of the staff and employees; and
- (f) do such other things which in its opinion are necessary to ensure the efficient performance of the functions of the Board under this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 6 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 7: Conflict of interest and corporate responsibility

In the discharge of their responsibilities, members of the Board shall —

- (a) act in utmost good faith, with care, skill and diligence;

- (b) have fiduciary obligations to the Board;
- (c) not act in any circumstance where their personal interest conflict with the interests of the Board;
- (d) not make secret profit in the course of discharging official duties;
- (e) not accept any gift or advantage in whatever form or manner, for anything done or likely to be done with respect to their responsibilities under this Bill; and
- (f) adhere to all the duties and obligations specified for directors under the Companies and Allied Matters Act 2020 (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 7 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 8: Cessation of membership

A person shall cease to be a member of the Board where, the person-

- (a) no longer occupies the office by virtue of which the person is a member of the Board;
- (b) resigns from appointment as a member of the Board by notice;
- (c) dies or becomes incapable of carrying on the functions of the office either arising from an infirmity of mind or body;
- (d) becomes bankrupt or makes a compromise with creditors; or
- (e) is convicted of a felony or of any offence involving dishonesty or fraud (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 8 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 9: Delegation of Power

- (1) Any power conferred and any duty imposed upon the Board may be exercised or performed by the Board or by an officer authorised generally or specifically in that behalf, by the Board.
- (2) An order, ruling or directive made or given by an officer authorised by the Board shall not be treated as an order, ruling or directive of the Board, until ratified by the Board pursuant to the powers vested on the Board under this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 9 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 10: Executive Secretary of the Board

- (1) There shall be for the Board, an Executive Secretary, who shall be —

- (a) appointed by the Board;
 - (b) the chief executive and accounting officer of the Board; and
 - (c) responsible for the execution of the policies formulated by the Board and the day-to-day administration of the Board.
- (2) The Executive Secretary shall —
 - (a) have requisite qualifications in taxation or related field, including accountancy, economics or law; and
 - (b) possess at least 10 years of relevant experience in tax administration or professional tax practice.
- (3) The Executive Secretary shall hold office —
 - (a) for a term of four years, renewable for another term of four years and no more; and
 - (b) on such other terms and conditions as may be specified in the letter of appointment.
- (4) The Executive Secretary shall be responsible for —
 - (a) issuing notices of meetings of the Board;
 - (b) keeping records of the proceedings of the Board;
 - (c) conducting the Board's correspondence; and
 - (d) carrying out such other duties as the Board may determine.
- (5) The Executive Secretary shall be paid such emoluments, allowances and benefits as may be approved by the Board (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 10 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 11: Staff of the Board

- (1) The Board shall appoint directly, or by way of transfer or secondment such persons to be employees of the Board —
 - (a) for the proper and efficient performance of the functions of the Board under this Bill; and
 - (b) on terms and conditions, including remuneration, allowances, and benefits determined by the Board, as specified in the letter of appointment.
- (2) On grounds of public policy or for the purposes of capacity building or comparative experience, the Board may approve a temporary stay of any staff of the Board with agencies, organisations or other bodies subject to such terms and conditions as the Board may deem fit.

- (3) The Board may appoint consultants or agents to transact any business or to do any act required to be transacted or done in the execution of its functions under this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 11 stands part of the Bill — Agreed to..

Committee's Recommendation:

Clause 12: Pensions

- (1) Employment in the Board shall be subject to the provisions of the Pension Reform Act and employees of the Board shall be entitled to pensions and other retirement benefits as prescribed under the Pension Reform Act.
- (2) Notwithstanding the provisions of subsection (1) of this section, nothing shall prevent the Board from appointing any person to any office on terms which preclude the grant of pensions or other retirement benefits.
- (3) For the purpose of the application of the provisions of the Pension Reform Act, any power exercisable by a Minister or other authority of the Government of the Federation, not being the power to make regulations, is vested in and shall be exercisable by the Board (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 12 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 13: Staff regulations

- (1) The Board may make regulations relating generally to the conditions of service of the staff and, such regulations may provide for —
 - (a) the appointment, promotion, discipline, termination and dismissal of staff of the Board; or
 - (b) appeals by staff or employees against dismissal or other disciplinary measures, and until such regulations are made, the Public Service Rules shall be applicable, with such modifications as may be necessary, to the staff of the Board.
- (2) The staff regulations made under subsection (1) of this section shall not have effect until approved by the Board.
- (3) The staff regulations made pursuant to subsection (1) of this section shall be issued to its staff in such manner as the Board may from time to time determine (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 13 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 14: Funds of the Board

- (1) The Board shall establish and maintain a fund ("the Fund") for the performance of its functions under this Bill.
- (2) There shall be paid and credited to the fund established pursuant to subsection (1) of this section —

- (a) annual membership fees or subscriptions payable by members of the Board;
- (b) donations, gifts of land or other property, loans, grants, aid, endowments, and voluntary contributions upon such terms and conditions, as may be specified by the person or organisation provided that the terms and conditions are not contrary to the functions and powers of the Board under this Bill;
- (c) returns on investments of the Board; and
- (d) such other moneys or assets which may accrue to the Board from other sources, including charges for regulatory or statutory services, the disposal, lease or hire of, or any other dealing with, any property vested in or acquired by the Board (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 14 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 15: Expenditure of the Board

There shall be chargeable to the fund —

- (a) the cost of administration of the Board;
- (b) emoluments and allowances payable to the Executive Secretary and members of the Board;
- (c) reimbursements to members of the Board or any committee set up by the Board for such expenses as may be expressly authorised by the Board;
- (d) remunerations and other costs of employment of the staff of the Board;
- (e) amounts payable as pensions and other retirement benefits under this Bill or any other law;
- (f) costs of acquisition and upkeep of premises belonging to the Board and any other capital expenditure of the Board;
- (g) investments, maintenance of utilities, staff promotion, training, research and similar activities;
- (h) costs necessary for the day-to-day operations of the Board;
- (i) all sums of money payable by the Board by way of grants-in-aids, gifts, testamentary dispositions, endowments, etc.; and
- (j) any other payment for anything incidental to the foregoing provisions or in connection with or incidental to any other function of the Board under this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 15 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 16: Estimates

The Executive Secretary shall cause to be prepared, not later than 30th September in each year, an estimate of income and expenditure for the succeeding year for consideration and approval by the Board (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 16 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 17: Accounts and Audit**

The Board shall keep proper accounts and records, and such accounts shall, not later than six months after the end of each year, be audited by auditors appointed by the Board from the list and in accordance with the guidelines supplied by the Auditor-General for the Federation (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 17 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 18: Annual Report**

The Executive Secretary shall, not later than 30th September in each year, submit to the Board, a report of its activities during the preceding year, and shall include in such report the audited accounts for the period (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 18 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 19: Power to accept gifts**

The Board may accept gifts of land, money, aids or other assets, provided that the terms and conditions of the acceptance are consistent with the functions of the Board under this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 19 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 20: Power to borrow**

The Board may, with the approval of the National Economic Council, borrow by way of loan, overdraft or otherwise from any source such sums as it may require for the performance of its functions and meeting of its obligations under this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 20 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 21: Tax Exemptions**

The Board shall be exempt from all taxes on income imposed under any law in Nigeria, except with respect to its obligations to deduct and remit taxes under any of the laws (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 21 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 22: Accountability

The Executive Secretary of the Board shall

- (a) keep proper accounting records, in a manner as may be determined by the Board or relevant law, in respect of all —
 - (i) revenues and expenditure of the Board;
 - (ii) its assets, liabilities and other financial transactions; and
 - (iii) other revenues earned by the Board, including income on investments;
- (b) prepare an annual report, including financial statements, in accordance with generally accepted accounting principles and practices; and
- (c) ensure that the available accounting resources of the Board are adequate and used economically in the most effective and efficient manner, and the accounting and other financial records are properly safeguarded (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 22 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 23: Establishment of Tax Appeal Tribunals**

- (1) There is established a Tax Appeal Tribunal ("the Tribunal") to exercise the jurisdiction and powers to settle any tax dispute and controversy arising from the administration of Nigeria Tax Act and Nigeria Tax Administration Act or any other tax laws made or to be made from time to time by the National Assembly.
- (2) The Minister may by notice in the Federal Gazette specify the number of zones, matters and places in relation to which the Tribunal may exercise jurisdiction (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 23 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 24: Composition of the Tribunal**

- (1) The Tribunal shall consist of five members to be known as "Tax Appeal Commissioners" to be appointed by the Minister.
- (2) There shall be a Chairman for each zone who shall be a legal practitioner qualified to practise with not less than 10 years cognate experience in tax legislation and tax matters.
- (3) The Chairman shall preside at every sitting of the Tribunal and in his absence, the members shall appoint one of them to be the Chairman.
- (4) The quorum at any sitting of the Tribunal shall be three members (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 24 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 25: Qualification of a Tax Appeal Commissioner

A person shall be qualified for appointment as a Tax Appeal Commissioner if the person —

- (a) has requisite qualification from a recognised institution, with at least ten years cognate experience, in law, accounting, business administration, finance, economics, taxation; or
- (b) is a retired public servant, with at least ten years experience in tax administration; or
- (c) has shown capacity in the management of trade or business (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 25 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 26: Term of Office**

A Tax Appeal Commissioner shall hold office for a term of three years, and may be renewed for a further term of three years and no more (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 26 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 27: Cessation of Office**

A person shall cease to be a Tax Appeal Commissioner, where the person-

- (a) attains the age of 70 years;
- (b) resigns by giving three months' notice, addressed to the Minister or until a person duly appointed as his successor assumes his office, whichever is earlier;
- (c) becomes incapable of carrying on the functions of the office arising from an infirmity of mind or body;
- (d) is convicted of a felony or of any offence involving dishonesty or fraud;
- (e) is removed from office by the Minister on grounds of public interest or in the interest of the Tribunal;
- (f) has been found guilty of gross misconduct in relation to the duties of the office; or
- (g) is disqualified from professional qualification by a professional body by virtue of which the person qualified for the appointment (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 27 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 28: Disclosure of Interest**

- (1) Where the Tax Appeal Commissioner —

- (a) has a direct or indirect interest in a matter which he has been nominated to serve as a Panel member;
 - (b) has an interest that could reasonably conflict with the proper performance of the functions of the Commissioner; or
 - (c) is or was a client to any of the parties in professional capacity, the Tax Appeal Commissioner shall disclose such interest and refrain from sitting in any proceeding for the hearing of such appeal.
- (2) Failure of the Commissioner to disclose the interest under subsection (1) of this section shall be considered as misconduct and shall be dealt with in accordance with the provisions of this Bill by the Minister.
- (3) A Tax Appeal Commissioner shall not, during his tenure, as Tax Appeal Commissioner appear as counsel before the proceedings of the Tribunal at any zone of the Tribunal (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 28 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 29: Jurisdiction of the Tribunal

- (1) The Tribunal shall have power to adjudicate on tax disputes, and controversies arising from Nigeria Tax Act and Nigeria Tax Administration Act or any other tax law made by the National Assembly or the House of Assembly of a State.
- (2) The Tribunal shall apply such provisions of the laws referred to in subsection (1) of this section as may be applicable in the determination or resolution of any dispute or controversy before it (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 29 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 30: Remuneration and Conditions of Service of Tax Appeal Commissioners

The Tax Appeal Commissioners shall be paid salaries and allowances to be determined by the Revenue Mobilisation Allocation and Fiscal Commission and shall be as prescribed in their Letters of Appointment, provided that neither the salaries and allowances nor the other terms and conditions of service of a Tax Appeal Commissioner shall be varied to their disadvantage after appointment (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 30 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 31: Coordinating Secretary to the Tribunal and Secretaries to the Zones

- (1) The Minister shall appoint a Coordinating Secretary for the Tribunal, who shall be —
- (a) responsible for keeping records of the proceedings of the Tribunal;
 - (b) the head of the secretariat and responsible for the —

- (i) day-to-day administration; and
 - (ii) direction and control of all other employees of the Tribunal.
- (2) In addition to the Coordinating Secretary, the Minister shall appoint a Secretary for each of the zones of the Tribunal, who shall be responsible for—
 - (a) keeping records of the proceedings of the Tribunal at the zone;
 - (b) the day-to-day administration of the Tribunal at the zone; and
 - (c) the direction and control of all other employees of the Tribunal at the zone.
- (3) The Secretary shall hold office —
 - (a) for a term of four years, and may be renewed for a further term of four years and no more; or
 - (b) until the attainment of the age of 60 years, whichever is earlier.
- (4) The official address of the Secretary appointed for each zone shall be published in the Federal Gazette.
- (5) The Secretary shall report to the Coordinating Secretary in the exercise of the functions in subsection (2) of this section (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 31 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 32: Other Staff of the Tribunal

- (1) The Minister shall appoint such other employees as deemed necessary for the efficient performance of the functions of the Tribunal and the remuneration of persons so employed shall be determined by the National Salaries, Incomes and Wages Commission.
- (2) Employment in the Tribunal shall be subject to the provisions of the Pension Reform Act and, accordingly, officers and employees of the tribunal shall be entitled to pensions and other retirement benefits as are prescribed under the Pension Reform Act (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 32 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 33 Estimates of the Tribunal

The Tribunal shall prepare, not later than 30th September in each year, an estimate of its income and expenditure for the succeeding year for the purpose of appropriation by the National Assembly (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 33 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 34 Procedure of the Tribunal

The procedure and other matters mentioned in the Second Schedule to this Bill apply to the Tribunal (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 34 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 35: Establishment of the Office of the Tax Ombud**

- (1) There is established a body to be known as the Office of the Tax Ombud.
- (2) The Office of the Tax Ombud —
 - (a) shall be a body corporate with perpetual succession and a common seal;
 - (b) may sue and be sued in its corporate name;
 - (c) may own or dispose of property whether movable or immovable;
 - (d) The Office of the Tax Ombud shall have its Head Office in the Federal Capital Territory and, at least, a branch office in each of the six geo-political zones (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 35 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 36: Appointment of the Tax Ombud**

- (1) There shall be a Tax Ombud who shall —
 - (a) be appointed by the President on the recommendation of the Minister;
 - (b) be a citizen of Nigeria;
 - (c) have relevant qualifications and, at least 10 years cognate experience in taxation, law, accounting, auditing, administration or dispute resolution; and
 - (d) hold office for a term of 4 years, and may be renewed for a further term of 4 years and no more.
- (2) The Tax Ombud shall be the Chief Executive and Accounting Officer of the Office of the Tax Ombud (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 36 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 37: Cessation of Tenure of the Tax Ombud**

A person shall cease to be the Tax Ombud, where the person-

- (a) resigns from the appointment by notice, addressed to the President;

- (b) becomes incapable of carrying on the functions of the office either arising from an infirmity of mind or body;
- (c) becomes bankrupt or makes a compromise with creditors;
- (d) is convicted of a felony or of any offence involving dishonesty or fraud;
- (e) is removed from office by the President on grounds of public interest;
- (f) has been found guilty of contravening the Code of Conduct Bureau and Tribunal Act, or gross misconduct in relation to their duties; or
- (g) is disqualified from professional qualification by a professional body by virtue of which the person qualified for the appointment (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 37 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 38: Staff of the Office of the Tax Ombud

- (1) The Office of the Tax Ombud may appoint such officers and other staff as may be considered necessary for the efficient performance of the functions and exercise of the powers of the Office under this Bill.
- (2) The staff shall be subject to such terms and conditions of service as may be determined by the Office of the Tax Ombud with the approval of the Minister.
- (3) The staff shall perform their duties under the direction and supervision of the Office of the Tax Ombud.
- (4) Employment in the Office of the Tax Ombud shall be subject to the provisions of the Pension Reform Act and officers and employees of the Office of the Tax Ombud shall be entitled to pensions and other retirement benefits as prescribed under the Pension Reform Act.
- (5) Staff of the Office of the Tax Ombud shall be persons who have relevant qualifications and experience in taxation, law, accounting, auditing, administration, or any other field related to the functions and powers of the office (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 38 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 39: Oath Administration and Document Authentication

- (1) For the purpose of this Bill, the employees and appointed representatives of the office of the Tax Ombud may be authorised to administer oaths and to authenticate various affidavits, affirmations, or declarations.
- (2) Authenticated documents in subsection (1) of this section shall be accepted as evidence in legal proceedings and no further verification or proof of the individual's signature, seal, or official capacity is required in this regard (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 39 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 40: Powers and Functions of the Office of the Tax Ombud

- (1) The Office of the Tax Ombud shall have the powers necessary or expedient for the performance of its functions under this Bill, including power to-
 - (a) serve as an independent and impartial arbiter to review and resolve complaints relating to tax, levy, regulatory fee and charges, customs duty or excise matters;
 - (b) review complaint against tax officials and authorities and resolve it through mediation or conciliation by adopting informal, fair and cost-effective procedures;
 - (c) receive and investigate complaints lodged by taxpayers regarding the actions or decisions of the tax authorities, agencies or their officials;
 - (d) enter and inspect any premises or place where any tax authority, agency or official performs any function or duty under any law imposing taxes, levies, charges and fees for the purpose of carrying out investigation;
 - (e) invite and examine any person who may have information or evidence relating to a complaint or an investigation;
 - (f) make recommendations of its findings to the revenue authorities and other government agencies on matters relating to taxes, levies, charges and fees, for implementation;
 - (g) institute legal proceedings on behalf of the taxpayer;
 - (h) provide information and raise awareness of taxpayer rights and obligations, functions of the tax authorities and the role of the office of the Tax Ombud;
 - (i) identify and review systemic and emerging issues on fiscal policies and its impact on the tax system, in collaboration with the relevant agencies;
 - (j) serve as a watch-dog against any arbitrary fiscal policy of the government or by any of its agency and report such policy to the National Assembly;
 - (k) issue guidelines, directives or orders for the resolution of complaints or the implementation of recommendations; and
 - (l) delegate any of the powers or functions to any officer of the Tax Ombud.
- (2) In the exercise of its functions under this Bill, the Office of the Tax Ombud shall not charge a fee (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 40 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 41: Conflict of interest

An officer of the Office of the Tax Ombud, in the exercise the functions under section 58 of this Bill, shall-

- (a) act in utmost good faith, with care, skill and diligence;
- (b) maintain independence and impartiality at all times;
- (c) not act in any circumstance where personal interests conflict with the functions of the Office of the Tax Ombud;
- (d) disclose any conflict of interest in relation to any complaint or investigation and an officer so conflicted shall refrain themselves from dealing with such complaint or investigation;
- (e) not make secret profit in the course of discharging official duties;
- (f) not accept any gift or advantage in whatever form or manner, for anything done or likely to be done with respect to their responsibilities under this Bill; and
- (g) publish studies, research, findings, recommendations, insights, or proposals concerning any matter under consideration by the Office of the Tax Ombud (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 41 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 42: Limitations on Authority

The Office of the Tax Ombud shall not have jurisdiction to-

- (a) interpret tax legislations other than to the extent that it relates to operational, procedural or administrative issues arising from the application of the provisions of the relevant tax law;
- (b) review or determine issues that are subjudice before a court of competent jurisdiction or tribunal on the date of the receipt of a complaint;
- (c) determine any tax liability or duty or issue tax assessment; or
- (d) review any complaint by or on behalf of a tax official concerning matters relating to the relevant tax authority in respect of any personal grievance relating to the office (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 42 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 43: Funds of the Office of the Tax Ombud

The Office of the Tax Ombud shall be funded through the Consolidated Revenue Fund, as may be appropriated by the National Assembly, towards the execution of

its functions under this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 43 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 44: Expenditure of the Office of the Tax Ombud

There shall be chargeable to the fund-

- (a) the cost of administration of the Board;
- (b) emoluments and allowances payable to the Executive Secretary and members of the Board;
- (c) reimbursements to members of the Board or any committee set up by the Board for such expenses as may be expressly authorised by the Board;
- (d) remunerations and other costs of employment of the staff of the Board;
- (e) amounts payable as pensions and other retirement benefits under this Bill or any other law;
- (f) costs of acquisition and upkeep of premises belonging to the Board and any other capital expenditure of the Board;
- (g) maintenance of utilities, staff promotion, training, research and similar activities;
- (h) costs necessary for the day-to-day operations of the Board;
- (i) all sums of money payable by the Board by way of grants-in-aids, gifts, testamentary dispositions, endowments, etc.; and
- (j) any other payment for anything incidental to the foregoing provisions or in connection with or incidental to any other function of the Board under this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 44 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 45: Estimates of the Office of the Tax Ombud

The Tax Ombud shall cause to be prepared, not later than 30th September in each year, an estimate of income and expenditure for the succeeding year for the purpose of appropriation by the National Assembly (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 45 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 46: Accounts and Audit

The Tax Ombud shall keep proper accounts and records, and such accounts shall, not later than six months after the end of each year, be audited by auditors appointed

from the list and in accordance with the guidelines supplied by the Auditor-General for the Federation (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 46 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 47: Reports

- (1) The Tax Ombud shall, not later than 30th September in each year, submit to the Minister, a report of activities during the immediately preceding year, and shall include in such report the audited accounts of the Office of the Tax Ombud.
- (2) The Minister shall within 30 days of receipt of the report present a copy to the President and the National Assembly.
- (3) The Tax Ombud shall publish a quarterly report within 30 days of the end of each quarter containing relevant details, including a summary of identified systemic and emerging issues (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 47 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 48: Procedures of the Office of the Tax Ombud

The procedure and other matters mentioned in the Third Schedule to this Bill shall apply to the Office of the Tax Ombud (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 48 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 49: Directive by the National Economic Council

Subject to the provisions of this Bill, the National Economic Council (NEC) may give to the Board such directives of fiscal policy or revenue matters, with regards to the exercise of its functions as may be considered necessary and the Board shall comply with the directives (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 49 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 50: Information and documents to be confidential

- (1) Without prejudice to the provisions of any other law concerning data privacy, data protection, and unlawful disclosure of institutional information or communication, all internal memorandum and communication of the Board shall be confidential.
- (2) Except as otherwise provided under this Bill, any other law or any enabling agreement or arrangement or as otherwise authorised by the Board or the Executive Secretary, any person who discloses institutional information, communication, document or internal memorandum of the Board, commits an offence under this Bill and is liable on conviction, to a fine of

₦1,000,000.00 or to imprisonment for a term not exceeding three years or both (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 50 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 51: Official secrecy and confidentiality

- (1) A person in an official duty or being employed in the administration of this Bill shall regard and deal with all documents and information as secret and confidential.
- (2) A person in possession of or in control of, originals or copies of any document or information, who at any time communicates or attempts to communicate such information or anything contained in such document, other than a person to whom he is authorised by the Board to communicate it, commits an offence under this Bill and is liable on conviction, to fine of ₦500,000.00 or to imprisonment for a term not exceeding three years or both (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 51 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 52: Endorsement

Anything done or required to be done by the Board pursuant of any of its powers or functions under this Bill may be endorsed under the hand of the Chairman, Executive Secretary or of an officer who has been duly authorised by the Board for the purpose under this section (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 52 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 53: Limitation of suits against the Board

- (1) Subject to the provisions of this Bill, the provisions of the Public Officers Protection Act shall apply in relation to any suit instituted against any member of the Board, the Executive Secretary, officer or employee of the Board or the Board itself.
- (2) Notwithstanding anything contained in any other law, no suit shall lie or be instituted in any court against the Board, Executive Secretary, a member of the Board, or employee of the Board for any act done in pursuance to or execution of this Bill or in respect of any alleged neglect or default, unless it is commenced-
 - (a) within six months after the act, neglect or default complained of; or
 - (b) in the case of a continuation of damage or injury, within six months after the ceasing of such damage or injury.
- (3) No suit shall be commenced against the Board, Executive Secretary, a member of the Board, or employee of the Board until the expiration of one month after a written notice of intention to commence the suit has been served on it by the intended plaintiff or his agent.
- (4) The notice referred to in subsection (3) of this section shall clearly state the-

- (a) cause of action;
- (b) particulars of claim;
- (c) name and place of abode of the intending plaintiff; and
- (d) relief to be claimed (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 53 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 54: Service of documents

A notice, summons or other document required or authorised to be served on the Board under the provisions of this Bill or any other law may be served by delivering it to the Executive Secretary, through registered post or courier; addressed to the Executive Secretary at the head office of the Board, or forwarded to his approved or authorised e-mail address (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 54 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 55: Restriction on execution against property of the Board

- (1) In any action or suit against the Board, no execution or attachment of process shall be issued against the Board unless three months' notice of the intention to execute or attach has been given to the Board.
- (2) Any sum of money which by the judgement of any court has been awarded against the Board shall, subject to any direction given by the court, where no notice of appeal against the judgement has been given, be paid from the fund of the Board (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 55 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 56: Indemnity

The Executive Secretary, any member of the Board, officer or employee of the Board shall be indemnified out of the assets of the Board against any liability incurred in defending any legal proceeding brought against them in their capacity as Executive Secretary, member of the Board, or an employee of the Board (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 56 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 57: Consequential Amendment

- (1) The Personal Income Tax Act Cap. P8 L.F.N. 2004, is amended by deleting section 86 ("the deleted section").
- (2) Without prejudice to section 6 of the Interpretation Bill, the amendment of the Bill referred to in subsection (1) of this section shall not affect anything

done or purported to have been done under the deleted section (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 57 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 58: Savings and transitional provisions

Notwithstanding the provisions of section 57 of this Bill-

- (a) anything done or purported to have been done by the Joint Tax Board, shall continue to subsist as if done under this Bill, and any action or purported action shall be deemed to have been taken by the Board established under this Bill;
- (b) all assets, funds, resources and other immovable property which before the commencement of this Bill were vested in the Joint Tax Board shall be vested in the Board established under this Bill;
- (c) all rights, interest, obligations and liabilities of the Joint Tax Board existing before the commencement of this Bill under any contract or instrument, or in law or in equity, shall by virtue of this Bill be assigned to and vested in the Board established under this Bill;
- (d) all persons shall as from the commencement of this Bill have the same rights, powers and remedies against the Board established under this Bill as they had against the Joint Tax Board before the commencement of this Bill;
- (e) Any regulation, order, rules or notice made or issued or deemed to be made or issued by, or for the purpose of, the Joint Tax Board existing before the commencement of this Bill shall be deemed to have been made or issued by or for the purpose of the Board and shall continue in force until revoked or amended, subject to such modifications as may be applicable to the Board established under this Bill;
- (f) Any proceedings commenced or pending immediately prior to the commencement of this Bill shall be continued and disposed of under the deleted section;
- (g) A reference to the Joint Tax Board, or any person under their control or a document issued in the name of the Joint Tax Board, to be read, unless the context otherwise requires, as a reference to the Board or any person under the control of the Board established under this Bill;
- (h) the Secretary to the Board appointed before the commencement of this Bill shall continue to hold office for the unexpired duration of his term as Executive Secretary as if he has been appointed under this Bill;
- (i) the staff of the Board before the commencement of this Bill shall continue to hold office and under the same terms and conditions (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that Clause 58 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 59: Interpretation Section
In This Bill —

“Board” means the Joint Revenue Board of Nigeria established pursuant to section 1 of this Bill (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Board” be as defined in the interpretation in this Bill — Agreed to.

“Chairman” means the Chairman of the Board appointed pursuant to section 4(1) (a) of this Bill (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Chairman” be as defined in the interpretation in this Bill — Agreed to.

“Consultants” includes tax practitioners, accountants, legal practitioners or any other recognised professionals that have been certified by relevant professional bodies in Nigeria (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Consultants” be as defined in the interpretation in this Bill — Agreed to.

“Document” includes any record of information supporting accounts and accounting records, including reports or correspondences or memoranda or minutes of meeting, however compiled, recorded or stored, whether in written or printed form or micro-film, digital, magnetic, electronic or optical form or otherwise and all types of information stored in computer and any other similar equipment (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Document” be as defined in the interpretation in this Bill — Agreed to.

“Executive Secretary” means the Executive Secretary of the Board appointed under section 10 of this Bill (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Executive Secretary” be as defined in the interpretation in this Bill — Agreed to.

“Government” means the Federal Government, State Government or the Federal Capital Territory, and Local Government Council (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Government” be as defined in the interpretation in this Bill — Agreed to.

“Gross Misconduct” has the meaning ascribed to it in the Public Service Rules of the Federal Republic of Nigeria (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Gross Misconduct” be as defined in the interpretation in this Bill — Agreed to.

“Minister” means the Minister charged with responsibility for matters relating to finance and “Ministry” shall be construed accordingly (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Minister” be as defined in the interpretation in this Bill — Agreed to.

“Nigeria” for the purpose of this Bill and the laws listed in the First Schedule to this Bill, means the Federal Republic of Nigeria, and when used in a geographical sense, it includes the territorial waters of the Federal Republic of Nigeria, and any area outside the territorial waters, including the continental shelf, which in accordance with international law has been or may hereafter be designated, under the law of the Federal Republic of Nigeria, as an area within which the right of the Federal Republic of Nigeria with respect to the seabed, its subsoil, its superjacent waters and their natural resources may be exercised now and in the future (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Nigeria” be as defined in the interpretation in this Bill — Agreed to.

“Person” includes an individual, a body of individuals, a company or body of companies, any incorporated or unincorporated body of persons (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “Person” be as defined in the interpretation in this Bill — Agreed to.

“President” means the President of the Federal Republic of Nigeria (*Hon. James Faleke Abiodun — Ikeja Federal Constituency*).

Question that the meaning of the words “President” be as defined in the interpretation in this Bill — Agreed to.

Question that Clause 59 stands part of the Bill — Agreed to.

Committee’s Recommendation:

Clause 60: Short Title

This Bill may be cited as the Joint Revenue Board of Nigeria (Establishment) Act, 2025

SCHEDULES

FIRST SCHEDULE

[Section 4(4)]

SUPPLEMENTARY PROVISIONS RELATING TO THE PROCEEDINGS OF THE BOARD

Proceedings of the Board

1. Subject to this Bill and Section 27 of the Interpretation Bill, the Board shall have power to regulate its proceedings and may make standing orders with respect to the

holding of its meetings, and those of its committees, notices to be given, the keeping of minutes of its proceedings, the custody and production for inspection of such minutes and such other matters as the Board may, from time to time, determine.

2. There shall be at least three ordinary meetings of the Board in every calendar year and subject thereto, the Board shall meet whenever it is convened by the Chairman, and if the Chairman is requested to do so by notice given by not less than four other members, a meeting of the Board shall be convened within 14 days from the date on which the notice was given.
3. Every meeting of the Board shall be presided over by the Chairman and if the Chairman is unable to attend a particular meeting, the members present at the meeting shall elect one of them to preside over the meeting.
4. The quorum of any meeting of the Board shall be one - third of members including the Chairman of the Board.
5. The Board shall meet for the conduct of its business at such places in Nigeria and on such days as the Chairman may appoint.
6. A question put before the Board at a meeting shall be decided by consensus and where this is not possible, by a majority of the votes of the members present and voting.
7. The Chairman of the Board shall, in the case of an equality of votes, have a casting vote in addition to a deliberative vote.
8. Where the Board seeks the advice of any person on a particular matter, the Board may invite that person to attend for such period as it deems fit, but a person who is invited by virtue of this paragraph shall not be entitled to vote at any meeting of the Board and shall not count towards the quorum.

Committees

9. The Board may appoint one or more committees to carry out on behalf of the Board any of its functions as the Board may determine and report on any matter with which the Board is concerned.
10. A committee appointed under paragraph 9 of this Schedule shall be presided over by a member of the Board and shall consist of such number of persons, not necessarily all members of the Board, as may be determined by the Board, and a person other than a member of the Board shall hold office on the committee in accordance with the terms of appointment.
11. A decision of a committee of the Board shall be of no effect until it is confirmed by the Board.

Conflict of Interest

12. Any member of the Board or committee who has a personal interest in any contract or arrangement entered into or proposed to be considered by the Board or any committee shall —
 - (a) disclose their interest to the Board or committee; and

- (b) not vote on any question relating to the contract or arrangement.

Miscellaneous

13. The fixing of the seal of the Board shall be authenticated by the signature of the Executive Secretary and/or the Chairman of the Board or such other person authorised by the Board to act for that purpose.
14. A contract or an instrument which, if made or executed by any person not being a body corporate, shall not be required to be under seal, may be made or executed on behalf of the Board by the Executive Secretary or by any person generally or specifically authorised to act for that purpose by the Board.
15. A document purporting to be a contract, an instrument or other document signed or sealed on behalf of the Board shall be received in evidence and, unless the contrary is proved, be presumed without further proof, to have been properly signed or sealed.
16. The validity of any proceeding of the Board or its committees shall not be affected by —
 - (a) any vacancy in the membership of the Board or its committees;
 - (b) reason that a person not entitled to do so took part in the proceedings; or
 - (c) any defect in the appointment of a member. (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that the provisions of the First Schedule stand part of the Bill — Agreed to.

SECOND SCHEDULE

PROCEDURE OF THE TAX APPEAL TRIBUNAL

Criminal Prosecutions

1. Where in the course of its adjudication, the Tribunal discovers evidence of possible criminality, the Tribunal shall be obliged to pass such information to the appropriate criminal prosecuting authorities, including, the relevant tax authority, the Office of the Attorney General of the Federation or the Attorney-General of any state of the Federation or any relevant law enforcement agency for appropriate action.

Appeals from decisions of the relevant tax authority

2. (1) A taxable person aggrieved by an assessment, demand notice, action, decision of the tax authority, or a dispute as to residency under the provisions of the tax laws, may appeal against such decision or assessment within the period stipulated under this Bill to the Tribunal.
 - (2) An appeal under this Part shall be filed within a period of 30 days from the date on which a copy of the assessment, demand notice, action or decision which is being appealed against is made, or deemed to have been made by the relevant tax authority and it shall

be in such form and be accompanied by such fee as may be prescribed.

- (3) Notwithstanding the provisions of subparagraph (2) of this paragraph, the Tribunal may entertain an appeal after the expiry of the said period of 30 days if it is satisfied that there was sufficient cause for the delay.
- (4) Where a notice of appeal is not given by the appellant as required under this paragraph within the period specified, the assessment or demand notices shall become final and conclusive and the relevant tax authority may charge interests and penalties in addition to recovering the outstanding tax liabilities which remain unpaid from any person through proceedings at the Tribunal.

Appeal by Relevant Tax Authorities

3. A relevant tax authority aggrieved by the non-compliance by a taxable person in respect of any provision of the tax laws or in respect of any assessment, demand notice, action or decision may appeal to the Tribunal in the Zone where the taxable person is resident giving notice in writing through the Secretary to the Tribunal.

Liquidated Money Claim Affidavit

4. Where an Appeal is made to the Tribunal in respect of a claim to recover a debt or liquidated money demand and the Appeal is supported by an affidavit setting forth the grounds upon which the claim is based and stating that in the deponent's belief there is no defence, the Tribunal shall, if satisfied that there are good grounds for believing that there is no defence, enter the Appeal for hearing in what shall be called the "Liquidated Money Claim Appeal".

Appeal by Summons

5. Where the issue before the Tribunal is on interpretation of taxing provisions, other tax laws, rules or regulation without dispute of fact, the Tribunal shall hear and determine the Appeal by affidavit evidence.

Settlement out of Tribunal

6.
 - (1) Where an Appeal is before the Tribunal for the first time, the Chairman may grant to the parties time, not exceeding 30 days, within which parties may explore possibilities for settlement of the dispute under the provision of the Nigeria Tax Administration Act.
 - (2) Where the parties fail to settle within 30 days or such other period as the Tribunal may grant, the case shall proceed to trial.

Procedure before Tax Appeal Tribunal

7.
 - (1) As often as may be necessary, Tax Appeal Commissioners shall meet to hear appeals in the jurisdiction or zone assigned to that Tribunal.

- (2) The Secretary to the Tribunal shall give seven clear days' notice to the parties of the date and place fixed for the hearing of each appeal, except in respect of any adjourned hearing for which the Tax Appeal Commissioners have fixed a date at their previous hearing.
- (3) Notices, documents, other than decisions of the Tribunal, may be signified under the hand of the Secretary.
- (4) Appeals before the Tax Appeal Commissioners shall be held in public.
- (5) The onus of proving that the assessment complained of is excessive or due for payment, as the case may be, shall be on the appellant. At the hearing of an appeal, where the representative of the relevant tax authority proves to the satisfaction of the Tribunal appeal that-
 - (a) the appellant has for the year of assessment concerned, failed to prepare and deliver to the tax authority returns required to be furnished under the relevant provisions of the Nigeria Tax Act and Nigeria Tax Administration Act;
 - (b) the appeal is frivolous or vexatious or constitutes an abuse of the appeal process; or
 - (c) it is expedient to require the appellant to pay an amount as security for prosecuting the appeal, the provisions of subparagraphs (7) and (8) of this paragraph shall apply.
- (6) The Tribunal may adjourn the hearing of the appeal to any subsequent day and order the appellant to deposit with the tax authority, before the day of the adjourned hearing, an amount on account of the tax charged by the assessment under appeal equal to, the lesser of —
 - (a) the tax charged upon the appellant for the preceding year of assessment; and
 - (b) one half of the tax charged by the assessment under appeal.
- (7) Where the appellant fails to comply with the order, the assessment against which he has appealed shall be confirmed and the appellant shall have no further right of appeal in the tribunal with respect to that assessment.
- (8) The Tribunal may, after giving the parties an opportunity of being heard, confirm, reduce, increase or annul the assessment or make any such order as it deems fit.
- (9) Every decision of the Tribunal shall be recorded in writing by the Chairman and a certified copy of such decision shall be supplied to the appellant or the tax authority by the Secretary, upon a request made within 7 days of the decision.
- (10) Where on the hearing of an appeal —
 - (a) no accounts, books or records relating to profits were produced by or on behalf of the appellant;

- (b) such accounts, books or records were produced but rejected by the Tribunal on the ground that it had been shown to its satisfaction that they were incomplete or unsatisfactory;
- (c) the appellant or a representative, at the hearing of the appeal, has neglected or refused to comply with a notice from the Secretary to the Tribunal, without showing any reasonable cause; or
- (d) the appellant or any person employed, whether confidentially or otherwise, by the appellant or an agent (other than a legal practitioner or accountant acting for them in connection with their liability to tax) has refused to answer any question put to them by the Tribunal, without showing any reasonable cause, the Chairman of the Tribunal shall record particulars of the same in his written decision.

Application of the Evidence Act

8. The proceedings of the Tribunal and its decisions shall be in compliance with the provisions of the Evidence Act.

Procedure following decision of the Tribunal

9. (1) Notice of the amount of the tax chargeable under the assessment as determined by the Tribunal shall be served by the relevant tax authority upon the taxpayer or upon the person in whose name the taxpayer is chargeable.
- (2) An award or judgement of the Tribunal shall be enforced as if it were a judgement of the Federal High Court upon registration of a copy of such award or judgement with the Chief Registrar of the Federal High Court by the party seeking to enforce the award or judgement.

Appeal to the Federal High Court

10. (1) Any person dissatisfied with a decision of the Tribunal constituted under this Bill may appeal against such decision on a point of law to the Federal High Court upon giving notice in writing to the Secretary to the Tribunal within 30 days after the date on which such decision was given.
- (2) A notice of appeal filed pursuant to subparagraph (1) of this paragraph shall set out the grounds of law on which the appellant's case is based.
- (3) Where the relevant tax authority is dissatisfied with the decision of the Tribunal, it may appeal against such decision to the High Court on points of law by giving notice in writing as specified in subparagraph (1) of this paragraph to the Secretary within 30 days after the date on which such decision was given.
- (4) On receipt of a notice of appeal under subparagraphs (1) or (3) of this paragraph, the Secretary to the Tribunal shall cause the notice to be given to the Chief Registrar of the High Court along with all the exhibits tendered at the hearing before the Tribunal.

- (5) The Chief Judge of the High Court may make rules providing for the procedure in respect of appeals made under this Bill and until such rules are made, the High Court rules relating to hearing of appeals shall apply to the hearing of an appeal under this Bill.

Right to Presentation

11. (1) A complainant or appellant, may either appear in person or authorise one or more legal practitioners, a professional with the requisite knowledge and experience in tax matters or any of its officers to represent him or its case before the Tribunal.
- (2) Where the representative in any matter before the Tribunal is unable for good cause to attend hearing, the Tribunal may adjourn the hearing for such reasonable time as it deems fit, or admit the appeal to be made by some other person or by way of a written address.

Application of Status of Limitation

12. The provisions of any statute of limitation and Pre-Action Notice under this Bill or the provision of the Public Officer Protection Act shall not apply to any appeal brought before the Tribunal.

Powers and Procedures of the Tribunal

13. (1) The Tribunal may make rules regulating its procedures.
- (2) The Tribunal shall, for the purpose of discharging its functions under this Bill, have power to —
- (a) summon and enforce the attendance of any person and examine him on oath;
 - (b) require the discovery and production of documents;
 - (c) receive evidence on affidavits;
 - (d) call for the examination of witnesses or documents;
 - (e) review its decisions;
 - (f) dismiss an application for default or deciding matters *ex parte*;
 - (g) set aside any order or dismissal of any application for default or any order made by it, *ex parte*; and
 - (h) do anything which in the opinion of the Tribunal is incidental to its functions under this Bill.

Oaths

14. Each party to an appeal shall bear its own cost.

Further Appeal

15. An appeal against the decision of the Federal High Court at the instance of either party shall lie to the Court of Appeal.

Savings and Transitional Provisions

16. (1) The provision of Section 59 and the Fifth Schedule of the Federal Inland Revenue Service (Establishment) Act, 2007 is repealed.
- (2) The Tribunal established under this Bill, shall continue to hear and conclude any proceeding commenced before the coming into effect of this Bill, as if they were commenced under this Bill.
- (3) The Chairman and the other members of the Tribunal appointed before the commencement of this Bill shall continue to hold office for the unexpired duration of their term as if they have been appointed under this Bill.
- (4) The Secretary and other staff serving the Tribunal before commencement of this Bill shall continue to hold office and under the same terms and conditions.
- (5) The administration and control of all rights, obligations and liabilities of the Tax Appeal Tribunal repealed under subsection (1) of this section are transferred to the Tribunal established under this Bill.
- (6) The administration of any real property that were immediately before the coming into force of this Bill under the responsibility of the Tax Appeal Tribunal are transferred to the Tribunal established under this Bill (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that the provisions of the Second Schedule stand part of the Bill — Agreed to.

THIRD SCHEDULE

[Section 48]

PROCEDURE OF THE OFFICE OF THE TAX OMBUD

Complaints

1. (1) A person may lodge a complaint with the Office of the Tax Ombud, in writing or through any other means or platform, as may be provided by the Office of the Tax Ombud.
- (2) A complainant shall only lodge a complaint with the Office of the Tax Ombud, if the issue is unresolved by the relevant agencies.
- (3) The Tax Ombud shall review and assess the complaint to determine whether it falls within its jurisdiction and mandate;
- (4) The Office of the Tax Ombud shall not entertain anonymous complaints.

- (5) Where the Office of the Tax Ombud finds a complaint to be false or misleading in any material respect it may strike out or disregard such complaint.
- (6) Where a complaint relates to malicious misrepresentation of facts of a criminal nature, the matter shall be referred to the relevant law enforcement agency for further investigation and possible prosecution.

Investigation

- 2. (1) The Office of the Tax Ombud shall initiate an investigation by —
 - (a) engaging the complainant, the officer or the relevant revenue or government agency to acquire additional information and evidence; and
 - (b) conducting site visits, interviews or inspections.
- (2) An investigation under this section shall be conducted within 14 days of receipt of the complaint, provided that the Office of the Tax Ombud may, where necessary, extend the period of an investigation by seven days.
- (3) The conduct of an investigation shall not affect any action taken or to be taken by the relevant revenue or government agency.
- (4) Where the Office of the Tax Ombud decides not to conduct an investigation, a statement of the reasons for not conducting the investigation shall be communicated to the complainant within seven days of receipt of the complaint.

Resolution and Recommendations

- 3. (1) The Office of the Tax Ombud may resolve a complaint by making recommendations to the relevant revenue or government agency or the complainant.
- (2) Where the Office of the Tax Ombud is of the opinion that the complaint amounts to abuse of office or breach of procedure, it shall communicate its recommendations to the relevant tax authority or the persons concerned within a period of 14 days after determination of the complaint.
- (3) Where the Office of the Tax Ombud has reason to believe that a relevant revenue or government agency has acted beyond the scope of authority or in a manner warranting criminal proceedings against such an officer, the matter shall be referred to the relevant revenue or government agency authority for necessary action, provided that where the relevant tax authority fails to take appropriate action in respect of the allegations within 30 days, the Office of the Tax Ombud shall refer the matter to the relevant law enforcement agency for necessary action.

Non-Compliance with Recommendations

4. (1) The relevant revenue or government agency shall report to the Office of the Tax Ombud within 21 days of receiving its recommendations stating reasons for non-compliance with the recommendations of the Office of the Tax Ombud.
- (2) Where a relevant revenue or government agency fails to implement a recommendation, without providing satisfactory reasons for non-compliance, the Office of the Tax Ombud shall refer the matter to the National Assembly or the State House of Assembly to exercise its oversight functions over such recommendation.

Dispute Resolution Process

5. (1) The Office of the Tax Ombud may encourage parties to explore alternative dispute resolution mechanisms with respect to the complaint lodged before it.
- (2) The representative of the relevant revenue or government agency, its officers or the complainant shall —
 - (a) appear before the Tax Ombud when requested to do so;
 - (b) not take any step which will impede or will be capable of obstructing the Office of the Tax Ombud in the discharge of its functions; or
 - (c) not take any action which tends to prejudice or undermine a matter before the Office of the Tax Ombud.
- (3) Where a party to the issue fails to comply with the provisions of subparagraph (2) of this paragraph, the complaint shall be deemed to be resolved against such party (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Question that the provisions of the Third Schedule stand part of the Bill — Agreed to.

Explanatory Memorandum:

(This memorandum does not form part of this Act but intends to explain its purports)

This Bill seeks to establish the Joint Revenue Board, the Tax Appeal Tribunal and the Office of the Tax Ombuds, for the harmonisation, coordination and settlement of disputes arising from revenue administration in Nigeria (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Agreed to.

Long Title:

A Bill for an Act to Establish Joint Revenue Board, the Tax Appeal Tribunal and the Office of the Tax Ombud, for the Harmonisation, Coordination and Settlement of Disputes Arising From Revenue Administration in Nigeria and for Related Matters (HB.1758) (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Agreed to.

Chairman to report Bill.

(HOUSE IN PLENARY)

Mr Speaker in the Chair, reported that the House in Committee of the Whole considered the Report of the Committee on Finance on a Bill for an Act to Establish Joint Revenue Board, the Tax Appeal Tribunal and the Office of the Tax Ombud, for the Harmonisation, Coordination and Settlement of Disputes arising from Revenue Administration in Nigeria and for Related Matters (HB.1758) and approved Clauses 1 - 60, the Schedules, the Explanatory Memorandum, and the Long Title of the Bill.

Question that the House do adopt the Report of the Committee of Supply — Agreed to.

(iv) Committee on Finance:

Motion made and Question proposed, “That the House do consider the Report of the Committee on Finance on a Bill for an Act to Repeal Certain Acts on Taxation and Consolidate the Legal Frameworks Relating to Taxation and Enact the Nigeria Tax Act to Provide for Taxation of Income, Transactions and Instruments, and for Related Matters (HB.1759)” (*Hon. James Abiodun Faleke — Ikeja Federal Constituency*).

Agreed to.

Question that the House do resolve into the Committee of Supply to consider the Report — Agreed to.

(HOUSE IN COMMITTEE)

(Mr Speaker in the Chair)

A BILL FOR AN ACT TO REPEAL THE CAPITAL GAINS TAX ACT, THE CASINO ACT, THE COMPANIES INCOME TAX ACT, THE DEEP OFFSHORE AND INLAND BASIN PRODUCTION SHARING CONTRACTS ACT, THE INDUSTRIAL DEVELOPMENT (INCOME TAX RELIEF) ACT, INCOME TAX (AUTHORISED COMMUNICATIONS) ACT, PERSONAL INCOME TAX ACT, STAMP DUTIES ACT, VALUE ADDED TAX ACT AND THE VENTURE CAPITAL (INCENTIVES) ACT TO AMEND THE NIGERIA EXPORT PROCESSING ZONES ACT, THE OIL AND GAS FREE TRADE ZONE ACT, THE NATIONAL INFORMATION TECHNOLOGY DEVELOPMENT AGENCY ACT, PETROLEUM INDUSTRY ACT, TERTIARY EDUCATION TRUST FUND (ESTABLISHMENT, ETC.) ACT, THE NATIONAL AGENCY FOR SCIENCE AND ENGINEERING INFRASTRUCTURE ACT, THE CUSTOMS, EXCISE TARIFFS, ETC. (CONSOLIDATION) ACT, THE NATIONAL LOTTERY ACT, THE NIGERIAN MINERALS AND MINING ACT, THE NIGERIA START-UP ACT, THE EXPORT (INCENTIVES AND MISCELLANEOUS PROVISIONS) ACT, THE CYBERCRIME (PROHIBITION, PREVENTION, ETC) ACT. TO REVOKE THE VALUE ADDED TAX ACT (MODIFICATION) ORDER 2021, TO AMEND THE COMPANIES INCOME TAX (SIGNIFICANT ECONOMIC PRESENCE) ORDER 2020 AND THE PETROLEUM (DRILLING AND PRODUCTION) REGULATIONS 1969. TO CONSOLIDATE THE THE LEGAL FRAMEWORKS RELATING TO TAXATION AND ENACT THE NIGERIA TAX ACT TO PROVIDE FOR TAXATION OF INCOME, TRANSACTIONS AND INSTRUMENTS, AND FOR RELATED MATTERS (HB. 1759)

Committee’s Recommendation:

Clause 1: Objective.

The objective of this Bill is to provide a unified fiscal legislation governing taxation in Nigeria (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 1 stands part of the Bill — Agreed to.

Committee’s Recommendation:

Clause 2: Application.

This Bill applies throughout Nigeria to any person required to comply with any provision of the tax laws whether personally or on behalf of another person (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 2 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 3: Imposition of Tax.

Income tax shall be determined in accordance with the provisions of this Bill, and imposed on the —

- (a) profits or gains of any company or enterprise.
- (b) income of any individual or family; and
- (c) income arising, accruing or due to a trustee, or an estate (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 3 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 4: Income, profits or gains chargeable to tax.

- (1) Income, profits or gains of a person accruing in or derived from Nigeria, including —

- (a) profits or gains from any trade, business, profession or vocation for whatever period of time such trade or business may have been carried on;
- (b) royalties, fees, rents or interests arising from a right granted for the use, exploitation or occupation of any property;
- (c) dividends, premium, charges or annuities;
- (d) fees, dues, allowances, or any remuneration for services rendered;
- (e) discounts or rebates;
- (f) disposal of money or money instruments;
- (g) income, profits or gains from disposal or lending of securities;
- (h) prizes, winnings, honoraria, grants, awards, laurels, etc;
- (i) profits or gains from the disposal of property or fixed assets;
- (j) profits or gains from transactions in digital assets;
- (k) any other income, profit or gain not falling within the preceding categories.

- (2) Income, profits or gains of an individual, including —

- (a) salaries, wages, fees, allowances, compensations, bonuses, premiums, benefits or other perquisites allowed, given or granted by any person to any employee other than payment for expenses incurred in the performance of the duties of the employment, and from which it is not intended that the employee should make any profit or gain;
 - (b) any pension, annuity or any other similar income.
- (3) Income of a family recognised under any law or custom in Nigeria as family income in which the several interests of individual members of the family cannot be separately determined, excluding income on inherited assets before distribution.
- (4) Income, profits or gains of a person accruing in or derived from Nigeria, including —
 - (a) profits or gains from any trade, business, profession or vocation for whatever period of time such trade or business may have been carried on;
 - (b) royalties, fees, rents or interests arising from a right granted for the use, exploitation or occupation of any property;
 - (c) dividends, premium, charges or annuities;
 - (d) fees, dues, allowances, or any remuneration for services rendered;
 - (e) discounts or rebates;
 - (f) disposal of money or money instruments;
 - (g) income, profits or gains from disposal or lending of securities;
 - (h) prizes, winnings, honoraria, grants, awards, laurels, etc;
 - (i) profits or gains from the disposal of property or fixed assets;
 - (j) profits or gains from transactions in digital assets;
 - (k) any other income, profit or gain not falling within the preceding categories.
- (6) For the purposes of this section —
 - (a) Interest —
 - (i) accrues in Nigeria where the liability to its payment falls upon a resident of Nigeria or Nigerian permanent establishment of a non-resident person regardless of where or in what form the interest is paid.

- (ii) includes, penal interests and any payment similar to interest, income from any government or corporate securities, bonds or debentures, premiums or prizes attaching to such securities, bonds or debentures, discounts, fees, premium, share of profit in non-interest finance arrangements, finance cost element in a finance lease, or foreign exchange differences arising in relation to securities, any payment in relation to derivatives used in hedging securities, or any other payment of similar nature
 - (iii) in respect of debts, includes return on discounted papers, income from debt claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits or foreign exchange differences arising in relation to a debt, and
 - (iv) in respect of Regulated Securities Lending Transactions, includes compensating payments received by a borrower from its approved agent or a lender, provided that the underlying transaction giving rise to the compensating payment is a receipt of interest by a lender on the collateral it received from its approved agent or a borrower;
- (b) Dividend includes, in relation to —
 - (i) a company that is not in the process of being wound up or liquidated, profits, in any form, shared or distributed to the shareholders, including an amount equal to the nominal value of bonus shares, debentures or securities awarded to the company's shareholders;
 - (ii) a company that is being wound up or liquidated, any distribution, whether in money or money's worth, earned before or during the winding up or liquidation, and
 - (iii) Regulated Securities Lending Transaction, compensating payments received by a lender from its approved agent or borrower;
- (c) "royalty" includes payments of any kind received or receivable, paid or payable as a consideration for the use of, or the right to use or exploit any property;
- (d) "money instruments" means instruments traded in money markets including government securities, treasury bills, treasury or savings certificates, debenture certificates, commercial papers, certificates of deposits, call money, commercial bills, treasury bonds, and any other money instrument (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 4 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 5: Chargeability to Tax.

- (1) A company may be charged to tax —
 - (a) in its own name;
 - (b) in the name of any principal officer, attorney, factor, agent or representative of the company in Nigeria in the same manner or amount that the company would have been charged; or
 - (c) in the name of its receiver, liquidator, or administrator, in the same manner or amount that the company would have been charged if no receiver, liquidator or administrator had been appointed.
- (2) An individual may be charged to tax —
 - (a) in the individual's name;
 - (b) in the name of a family, trustee or estate; or
 - (c) in the name of an administrator, or any attorney, agent or representative in Nigeria, in like manner and to like amount as such an individual would have been charged if no administrator, attorney, agent or representative had been appointed (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 5 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 6: Nigerian Company.

- (1) The profits of a Nigerian company are deemed to accrue in Nigeria wherever the profits arise and whether or not such profits have been brought into or received in Nigeria.
- (2) Where a foreign company which is controlled by a Nigerian company has not, in a year, distributed profits to its shareholders, the proportion of the profits of the controlled foreign company attributable to the Nigerian company, which could have been distributed without detriment to the company's business shall be construed as distributed and included in the profits of the Nigerian company for the purposes of subsection (1) of this section.
- (3) Where the income tax paid by a non-resident company which is a subsidiary of a Nigerian company or a member of a multinational group of a Nigerian company in any year yields less than the minimum effective tax rate prescribed by this Bill, the Nigerian parent company shall pay an amount to make that non-resident subsidiary's income tax equal to the minimum effective tax rate.
- (4) The Nigeria Revenue Service (the Service) shall provide detailed rules for the implementation of subsections (2) and (3) of this section (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 6 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 7: Nigerian dividends.**

- (1) Nigerian dividends include —
 - (a) dividend distributed by a Nigerian company, and shall be the gross amount of that dividend before any deduction; and
 - (b) any amount of the undistributed profit of a Nigerian company, which is treated as distributed under the provisions of any law in Nigeria.
- (2) The income from a dividend distributed by a Nigerian company is deemed to arise on the day on which payment of that dividend becomes due (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 7 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 8: Profits of a company from certain dividends.**

- (1) A company shall include dividend income in its profits, gross of any tax paid or deducted at source.
- (2) Dividends received by a Nigerian company by way of shares of the paying company shall not be included in its profits chargeable to tax under this Bill and shall not be subject to the deduction prescribed under section 50 of the Nigeria Tax Administration Act (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 8 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 9: Substitution of dividend for total profit.**

- (1) Where a Nigerian company declares dividend out of profits on which no tax is payable due to —
 - (a) there being no total profits; or
 - (b) total profits which are less than the amount of dividend which it declared, whether or not the recipient of the dividend is a Nigerian company,

the company paying the dividend shall be charged to tax at the rate prescribed in section 56 of this Bill as if the dividend is the total profits of the company for the year of assessment to which the accounts, out of which the dividend is declared, relates.
- (2) The provisions of subsection (1) shall not apply to —
 - (a) dividends declared out of the retained earnings of a company, to the extent that the profits or gains included in the retained earnings have been taxed under the provisions of this Bill;
 - (b) dividends declared out of profits or gains that are exempt from income tax by this Bill;

- (c) franked investment income as provided in this Bill; or
- (d) distributions made by a real estate investment company to its shareholders from rental income and dividend income received on behalf of those shareholders, whether such dividends are paid out of profits of the year in which the dividend is declared or out of profits of previous reporting periods (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 9 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 10: Certain undistributed profits may be treated as distributed.

- (1) Where a Nigerian company controlled by not more than five individuals, has not distributed to its shareholders as dividend, profits made in any period for which accounts have been made up by such company, the Service may direct that the proportion of the profits of the company, which could have been distributed without detriment to the company's business, be construed as distributed.
- (2) The gross amount of profits construed as distributed under the provisions of subsection (1) shall constitute a taxable income in the hand of individual shareholders of the company in proportion to their shareholdings in the ordinary capital of the company on the day of the deemed distribution.
- (3) Any direction by the Service under this section shall be made in writing, and be served upon the company, and shall specify —
 - (a) the day to be taken for the purposes of this section;
 - (b) the gross amount of those profits so deemed to be distributed;
 - (c) the rate applied for the deduction at source, being the rate prescribed by the Nigeria Tax Administration Act; and
 - (d) the net amount after the deduction at source.
- (4) For the purposes of this section, the Service may give notice to any company, which it has reason to believe is controlled by not more than five individuals, requiring it to supply, within such time as contained in such notice, full particulars of its shareholders.
- (5) In the case of a limited liability partnership, all the profits of the partnership shall be deemed as distributed, and taxable income, proportionately, in the hands of the respective partners.
- (6) Any direction by the Service under this section with respect to the profits of any accounting period of a company shall be made not later than three years after the receipt by the Service of the duly audited accounts of the company for that period.
- (7) A company in respect of which a direction is made under this section, shall have a right of appeal in accordance with chapter four of the Nigeria Tax

Administration Act (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 10 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 11: Partnership of Companies.

- (1) Where two or more companies carry out a trade or business in a partnership, joint venture or a similar arrangement in Nigeria, any income or profit arising therefrom shall constitute a source of profits and each company's share shall be taxed separately.
- (2) Where any of the companies in the partnership is a non-resident, its share of income or profit from the partnership is chargeable to tax under this Bill.
- (3) In the case of partnership carried on in a country other than Nigeria, the partner that is taxable in Nigeria shall include its share of revenue and cost, or profits in its assessable profits for the relevant year of assessment, and shall supply to the tax authority, particulars of the determination of the revenue and cost, or profit, with necessary adjustments made in accordance with the relevant provisions of chapter two of this Bill.
- (4) The provisions of this section shall not apply to any partnership engaged in petroleum operations under chapter three of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 11 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 12: Resident Individual.

The income, gains or profits of an individual who is a resident of Nigeria are chargeable to tax in Nigeria wherever they arise, and whether or not the income, profits or gains have been brought into or received in Nigeria (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 12 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 13: Employment income.

- (1) The income, gain or profit from an employment shall be deemed to be derived from Nigeria where —
 - (a) the employee is a resident of Nigeria; or
 - (b) the duties of the employment are wholly or partly performed in Nigeria and the remuneration accruing to the employee while in Nigeria is not duly liable to tax in the employee's country of tax residence.
- (2) The gains or profits from an employment by a Government in Nigeria shall be deemed to be derived from Nigeria wherever the remuneration is paid if the employee performs the duties of that employment in a country other than Nigeria which under an agreement or diplomatic privilege exempts the

employee from tax on those gains or profits (*Hon. James Abiodun Faleke—Ikeja Federal Constituency*).

Question that Clause 13 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 14: Benefits-in-kind.

- (1) Where an employer incurs an expense in the provision of any benefit or perquisite, other than the provision of living accommodation to which this section relates, the following provisions shall apply —
 - (a) where any asset belonging to the employer is used wholly or partly in the making of such provisions, the employee is deemed to have earned annual benefit of an amount equal to 5% of the amount expended by the employer in acquiring the asset, but if that amount cannot be so ascertained, 5% of the market value of the asset at the time of the acquisition, as may be determined by the relevant tax authority;
 - (b) where any sum by way of rent or hire is payable by the employer in respect of any such asset, the employee is deemed to have earned annual benefit of an amount equal to the annual amount of the rent or hire payable by the employer on the asset; and
 - (c) in any other case, the employee is deemed to have earned annual benefits equal to the annual amount expended by the employer in connection with the benefit thereon.
- (2) The amount of benefit under subsection (1) (a) of this section shall be reduced by so much of any expense made by the employee in respect thereon.
- (3) The provisions of this section shall not apply to any expenses incurred by an employer —
 - (a) in connection with the provision of meals in any canteen in which meals are provided for the staff generally or meal vouchers for employees;
 - (b) in the provision of any uniform, overall or other protective clothing, work tools or work equipment; or
 - (c) in connection with change in place of residence of the employee by reason of a change of the employee's employment or place of exercising the employment.
- (4) A reference in this subsection to expenses incurred in connection with any matter includes a reference to a proportion of any expenses incurred partly in connection with that matter.
- (5) A reference in this section to anything provided for an employee shall, unless the reference is expressly to something provided for the employee, be construed as including a reference to anything provided for the spouse, family, servant, dependant or guest of that employee by the employer.

- (6) Where premises in Nigeria are made available by an employer to the employee, the spouse or family, and the employee —
- (a) pays no rent for the premises; or
 - (b) pays a rent less than the annual rental value of the premises, the employee shall be treated as being in receipt of additional emoluments equal to the annual rental value of the premises subject to a maximum of 20% of annual gross income from the employment, excluding the rental value.
- (7) In this section, "annual value of the premises" means —
- (a) in relation to premises that are subject to a law governing assessment of local rates, the annual rental value of the premises as determined for the purposes of local rates under that law;
 - (b) in any other case, the annual rental value as determined by the relevant tax authority; and
 - (c) a reference in this section to annual value shall include a reference, where applicable, to such proper proportion of the annual value in relation to —
 - (i) a period of occupation within a year,
 - (ii) the part of the premises occupied, or
 - (iii) both a period of occupation within a year and the part of the premises occupied, as may be determined by the relevant tax authority (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 14 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 15: Partnership of Individuals.

- (1) The gains or profits of a partner from a partnership shall be the sum of —
- (a) any remuneration, interest on capital, cost of passages wholly or mainly undertaken for the purpose of leave or recreation, or any other perquisite or benefits in kind which is charged to the partnership accounts in respect of that partner; and
 - (b) the partner's share in the profits of the partnership, computed in accordance with chapter two of this Bill, after the deduction of charges to which paragraph (a) of this subsection applies in respect of all the partners, provided that in arriving at the gains or profits of a partnership, private or domestic expense of a partner shall not be deducted.
- (2) Where the income computed under subsection (1) (b) of this section results in a loss for the partnership, the partner's share of the loss shall be deducted

from the gains or profits ascertained under the provisions of subsection (1) (a) of this section and the partner shall be deemed to have incurred a loss in the trade or business of the partnership to the extent, if any, by which the deductible share of loss exceeds those gains or profits.

- (3) For the purposes of subsection (1) of this section, a partner's share of the partnership's profits or losses shall be determined in the proportion specified in the partnership agreement as if the entire profits or losses were distributed among the partners, and where there is no partnership agreement, the profits or loss of the partnership shall be distributed equally among the partners.
- (4) The gains, profits or losses of a partner for any period, ascertained under this section, shall be deemed, for the purposes of chapter two, to be the partner's income or loss from a trade, business, profession or vocation carried on during that period, and the provisions of section 20 shall not apply.
- (5) The determination of the profits or losses that is attributable to a partner from a partnership shall be made by the relevant tax authority in relation to that partnership, and where any partner is taxable for a year of assessment in the territory of another relevant tax authority, the relevant tax authority in relation to that partnership shall make available to that other tax authority, particulars of the determination of profits or losses.
- (6) The income of a partner from a partnership in Nigeria shall be attributable to relevant territories in Nigeria in accordance with the Thirteenth Schedule to this Bill.
- (7) The partner, employee or agent in charge of the principal office or place of business of a partnership in Nigeria shall, without notice or demand, register or cause to be registered with the relevant tax authority, a certified copy of the partnership deed or, where no written deed is in existence, particulars of any written or oral agreement under which the partnership exists, and where any such particulars have been registered, a notice of any change in the agreement shall be registered with that tax authority within 30 days of the change.
- (8) Where the particulars of a partnership have been registered under the provisions of subsection (7) of this section, the computation of the gains or profits of a partner, may be made by the relevant tax authority on the basis of those particulars as they apply at any relevant time.
- (9) Where the particulars of a partnership are not registered, in compliance with subsection (7) of this section, tax may be assessed and charged by the relevant tax authority as though the whole gains or profits of such partnership accrued to any individual partner or were divisible between the partners, as may appear just and reasonable to that tax authority (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 15 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 16: Settlements, trusts and estates.

The income of an individual, a trustee or executor from a settlement, trust, or estate of a deceased person, made, created or administered in or outside Nigeria, shall be ascertained in accordance with the provisions of the Fifth Schedule to this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 16 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 17: Non-resident Person.

- (1) The income, profits or gains of a non-resident person accruing in, or derived from Nigeria are chargeable to tax in accordance with the provisions of this Bill.
- (2) Gains derived by a non-resident person from disposal of chargeable assets are taxable in Nigeria where the gains relate to —
 - (a) a trade, business, profession or vocation carried on by the non-resident person in Nigeria;
 - (b) any asset located in Nigeria; or
 - (c) any asset deemed to be located in Nigeria under this Bill.
- (3) Profits derived from any trade, business, profession or vocation carried on by a non-resident person are taxable in Nigeria where —
 - (a) the person has a permanent establishment or significant economic presence in Nigeria to the extent that the profit is attributable to the permanent establishment or significant economic presence;
 - (b) payment is made by a person resident in Nigeria or a permanent establishment of a non-resident person in Nigeria, in respect of services furnished from outside of Nigeria to a resident of Nigeria or a Nigerian permanent establishment of a non-resident person, except where the payment is made —
 - (i) to an employee of the person making the payment under a contract of employment, and such income is subject to tax in Nigeria,
 - (ii) by an individual for teaching in an educational institution or for teaching by an educational institution, or
 - (iii) by a foreign permanent establishment of a Nigerian resident and the expense is borne by that permanent establishment;
 - (c) payment is made to that person by a person resident in Nigeria or a Nigerian permanent establishment of a non-resident person, in respect of insurance premiums or risks insured from the territory of Nigeria.
- (4) Any amount deducted at source in line with section 50 of the Nigeria Tax Administration Act from the payments made for any of the activities

mentioned in subsection (3) (b) and (c) of this section, shall be the final tax on that payment unless the person has a permanent establishment or significant economic presence in Nigeria to which the payment is attributable.

- (5) The income, profits or gains of a non-resident person that are attributable to its permanent establishment in Nigeria shall be ascertained in accordance with the provisions of this Bill, subject to the following conditions —
- (a) the permanent establishment shall be deemed to have the same credit rating as the non-resident company of which it is a permanent establishment;
 - (b) the permanent establishment shall be deemed to have such equity and loan capital as it could reasonably be expected to have in line with section 193 of this Bill;
 - (c) the taxable profits to be attributed to the permanent establishment shall include income arising from the —
 - (i) sale of goods or merchandise of the same or similar kind as those sold through that permanent establishment, made directly to Nigeria by the non-resident person or its connected persons, and
 - (ii) furnishing of services or any other business activity carried on in Nigeria by the non-resident or its connected persons of the same or similar kind as those effected through the permanent establishment;
 - (d) deduction shall not be made in respect of any cost except it was incurred for and in the production of the taxable profits attributable to the permanent establishment; and
 - (e) deduction shall not be allowed in respect of amounts paid or payable, by the permanent establishment to the non-resident person or any of its connected persons, by way of royalties, fees or similar payments in return for the use of patents or other rights, other than towards reimbursement of actual expenses.
- (6) Where the total profits attributable to a permanent establishment or significant economic presence in Nigeria cannot be ascertained in accordance with subsection (5) of this section, the total profits shall be the amount resulting from applying the profit margin of the non-resident person to the total income generated from Nigeria.
- (7) Where the total profits attributable to the permanent establishment or significant economic presence in Nigeria is lower than an amount resulting from applying the profit margin of the non-resident person to the total income generated from Nigeria, the total profits shall be the amount resulting from applying the profit margin of the non-resident person to the total income generated from Nigeria.

- (8) Notwithstanding the provisions of subsections (6) and (7) of this section, the tax payable under this section shall not be less than the tax withheld at source under the Nigeria Tax Administration Act, and where the income is not liable to a deduction of tax under the Nigeria Tax Administration Act, 4% of the total income generated from Nigeria.
- (9) For the purposes of this section —
- (a) a non-resident person is deemed to have a permanent establishment in Nigeria where the person —
- (i) has a place, in Nigeria, through which its business is wholly or partly carried on or at its disposal for the purposes of its business,
- (ii) operates a trade or business through a person in Nigeria authorised to conduct on its behalf, or on behalf of some other persons controlled by it, or which have a controlling interest in it,
- (iii) maintains a stock of goods or merchandise in Nigeria from which deliveries are made by a person on its behalf,
- (iv) solely or together with any other person, executes a project in Nigeria involving surveys, designs, deliveries, building, construction, assembly or installation, commissioning or decommissioning or any supervisory activity in connection with those activities, irrespective of any split or number of entities that performed any of the activities of the project and whether or not only part of the project was carried out in or outside Nigeria, or
- (v) furnishes any service in Nigeria through employees, agents, subcontractors or other persons engaged by it for such purpose;
- (b) a non-resident person shall, subject to any regulations that may be issued by the Minister to that effect, have a significant economic presence in Nigeria where the person transmits, emits or sends by itself or through other person, signals, sounds, messages, images or data of any kind by cable, radio, electromagnetic systems or any other electronic or wireless apparatus to Nigeria in respect of any activity, including electronic commerce, application store, high frequency trading, electronic data storage, online adverts, participative network platform, online payments, supply of user-data, search engines, digital content services, online gaming, cloud computing, online teaching services, and so on, and profit can be attributable to such activity;
- (c) a non-resident person shall not be deemed to have a permanent establishment or significant economic presence in Nigeria solely by reason of employing persons resident in Nigeria, to the extent that the duties of such employment are not performed primarily for customers in Nigeria;

- (d) "a place" means any location in Nigeria, whether owned, rented, leased or otherwise available for the use of the person, irrespective of the length of time it is used and shall include —
- (i) a place of management,
 - (ii) a branch,
 - (iii) a sales outlet,
 - (iv) an office,
 - (v) a factory,
 - (vi) a workshop,
 - (vii) a mine, a well for crude oil, gas, bitumen, water or any other natural resource, a quarry or any other place of extraction or exploitation of natural resources, or any supervisory activity in connection thereto,
 - (viii) facilities, including vessel, any installation or structure, used in the exploration of natural resources, or any supervisory activity in connection with such facilities,
 - (ix) a building, construction, assembly or installation site, or
 - (x) any place for performing supervisory activity or any service or activity;
- (e) "profit margin" of a person shall be the proportion of the earnings before interest and tax ("EBIT") to income or revenue in its published audited financial statement, and in the case of persons that have no published financial statements for the period or are not required to publish financial statements, the profit margin as may be ascertained by the relevant tax authority from the published financial statements of a comparable company (*Hon. James Abiodun Faleke—Ikeja Federal Constituency*).

Question that Clause 17 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 18: Non-resident person engaged in shipping or air transport.

- (1) Where a non-resident person carries on the business of transport by sea or air, and any ship or aircraft owned, leased or chartered by it calls at any port in Nigeria, the non-resident person is chargeable to tax on the profits arising from the carriage of passengers, mails, livestock or goods shipped from, or loaded into an aircraft or ship, in Nigeria.
- (2) The provisions of subsection (1) of this section shall not apply to passengers, mails, livestock or goods which are brought into Nigeria solely for trans-shipment or for transfer from one aircraft to another or between an aircraft and a ship.

- (3) For the purposes of subsection (1) of this section, where the Service is satisfied that the tax authority of the country of residence of a non-resident person computes and assesses the profits of its resident that operates ships or aircraft to Nigeria on a basis not materially different from that prescribed in this Bill, the total profits or loss derived from Nigeria for that period shall be determined, using —
- (a) the ratio of profits or loss of the company, before any allowance by way of depreciation, of an accounting period to the gross revenue in respect of carriage of passengers, mails, livestock or goods (global adjusted profit ratio); and
 - (b) ratio of allowances by way of depreciation for that period to the gross revenue by the company in respect of carriage of passengers, mails, livestock or goods (global depreciation ratio).
- (4) For the purposes of subsection (3) of this section, the total profits of a period shall be taken to be the proportion to the gross revenue in respect of the carriage of passengers, mails, livestock or goods shipped or loaded in Nigeria, which is determined by applying the —
- (a) global adjusted profit ratio to the gross revenue in respect of the carriage of passengers, mails, livestock or goods shipped or loaded in Nigeria to arrive at the assessable profits; and
 - (b) global depreciation ratio to the gross revenue in respect of the carriage of passengers, mails, livestock or goods shipped or loaded in Nigeria, in place of any allowances to be given under the provisions of part I of the First Schedule.
- (5) Where at the time of assessment, the provisions of subsection (3) and (4) of this section cannot for any reason be satisfactorily applied, the total profits shall be —
- (a) the amount resulting from multiplying the turnover generated from Nigeria by the profit margin as defined under section 17(9)(e) of this Bill; or
 - (b) the profits deemed to be derived from Nigeria, which, on the direction of the Service, shall be computed on a fair percentage of the gross revenue in respect of the carriage of passengers, mails, livestock and goods shipped from or loaded in Nigeria.
- (6) For the purposes of this section, the tax payable by a person for any year of assessment shall not be less than 2% of the gross revenue in respect of the carriage of passengers, mails, livestock or goods shipped from, or loaded into an aircraft in Nigeria, which shall be computed, assessed and paid on monthly basis.
- (7) Notwithstanding any other provision of this Bill, where a person to which this section applies files a tax return and does not provide a separate financial statement of the Nigerian operations, such person shall submit detailed gross revenue statements of its Nigerian operations, certified by one

of its directors and its external auditors, and supported with the contract agreements.

- (8) The provisions of this section shall not apply to income or profits arising from leasing of vessels or containers, non-freight operations or any other incidental income, such income or profits are chargeable to tax under relevant provisions of this Bill.
- (9) Regulatory agencies in the shipping and air transport, and other relevant sectors shall mandate all persons taxable under the provisions of this section to, as a condition to carry on business in Nigeria or obtain any relevant approvals or permits, present the following —
 - (a) evidence of income tax filing for the preceding tax year;
 - (b) evidence of tax declaration and payment in respect of the intended carriage or shipment (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 18 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 19: Nigerian dividends received by Non-Resident persons.

- (1) There shall be no further tax charged in respect of any dividend received by a non-resident from a Nigerian company other than tax deducted at source under the Nigeria Tax Administration Act;
- (2) Nothing in this Bill shall confer on the non-resident or the Nigerian company paying the dividend, a right to repayment of tax paid under section 50 of the Nigeria Tax Administration Act (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 19 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 20: Deductions Allowed.

- (1) Except where the provisions of section 18 of this Bill or part XI of chapter two apply, for the purposes of ascertaining the profits or loss from any trade, business, profession or vocation under this Bill, there shall be deducted all expenses for that period wholly and exclusively incurred in the production of the income, including —
 - (a) any sum payable by way of interest on debt employed in generating the income of the trade, business, profession or vocation, subject to the provisions of the Third Schedule to this Bill;
 - (b) rent and premiums, incurred during that period, in respect of land or building occupied for the purposes of generating the income;
 - (c) any outlay or expenses incurred in respect of —
 - (i) salary, wages or other remuneration paid to employees, and

- (ii) cost to the company of any benefit or allowance provided to its employees;
- (d) any expense incurred for repair of premises, plant, machinery or fixtures employed in acquiring the income, or for the renewals, repair or alteration of any implement, utensil or articles so employed;
- (e) any amount of expenditure incurred for establishing, preserving or defending title to or rights over an asset
- (f) any contribution to any staff pension, provident or other retirement benefits fund, society or scheme approved under the Pensions Reform Act or any similar enactment in Nigeria;
- (g) any expense proven to the satisfaction of the relevant tax authority to have been incurred, being damage to, or loss of stock or inventory of the trade, business, profession or vocation;
- (h) bad or doubtful debts incurred during a trade or business, notwithstanding that the debts were due and payable before the commencement of the basis period, being —
 - (i) debts becoming bad during the said basis period other than bad debt incurred in respect of transaction with a related party,
 - (ii) doubtful debts estimated in accordance with generally acceptable accounting principles and to the extent that it is proven, to the satisfaction of the relevant tax authority, that the debts in respect of which a deduction is claimed were incurred during the company's business operations that produced the assessable profits;
- (i) any expense incurred by the trade, business, profession or vocation on research and development for the period;
- (j) any other expense incurred during any previous period for the purpose of such trade or business, or specifically for the period which the profits are being ascertained, provided that any expenditure incurred within six years prior to commencement of business which would have been deductible if incurred after commencement of business, shall be deemed to have been incurred on the first day of commencing the trade or business;
- (k) dividends or mandatory distributions made by a real estate investment company duly approved by the Securities and Exchange Commission, to its shareholders; or
- (l) compensating payments made by a lender to its approved agent or a borrower in a Regulated Securities Lending Transaction, which qualify as interest under section 4 (6) (a) (ii) of this Bill.

- (2) Notwithstanding the provision of subsection (1) (f) of this section, in determining bad or doubtful debts deductible —
- (a) appropriate reduction shall be made in respect of any amount that had been allowed for deduction in any previous period in respect of the same debt, and
- (b) all sums recovered on account of sums previously written off or allowed for deduction in respect of bad or doubtful debts shall be added to the profits of the trade, business, profession or vocation in the period of recovery.
- (3) Liability waived, released or recovered shall be included in the assessable profits or chargeable gains in accordance with section 194 of this Bill.
- (4) Notwithstanding anything to the contrary contained in any law, an expense incurred in a currency other than the naira may only be deducted to the extent of its naira equivalent at the official exchange rate published by the Central Bank of Nigeria for the relevant date or period (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 20 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 21: Deductions not allowed.

A deduction shall not be allowed for the purposes of ascertaining the profits or income from any trade, business, profession or vocation in respect of—

- (a) any expenditure of a capital nature;
- (b) domestic or private expense, or expenditure on assets not used for the purpose of trade, business, profession or vocation;
- (c) any sum recoverable under an insurance or contract of indemnity;
- (d) taxes on profit or incomes levied in Nigeria or elsewhere except in the case of a foreign income or profit on which there is no relief for double taxation
- (e) any payment to a savings, widows and orphans, pension, provident or other retirement benefit fund, society or scheme not approved under the Pensions Reform Act or any similar enactment in Nigeria;
- (f) depreciation or impairment of any fixed asset, investment or an unrealised exchange difference on any item denominated in foreign currency;
- (g) any sum reserved out of profits subject to the provisions of section 20(j) of this Bill;
- (h) any payment to a connected person that is not consistent with the Transfer Pricing Regulations issued by the Service;
- (i) any expense incurred in deriving an income that is exempt from income tax;

- (j) any expense allowable as a deduction in determining chargeable gains under this Bill;
- (k) penalty or fine imposed under any law;
- (l) any tax or penalty borne on behalf of another person;
- (m) any compensating payment made by a borrower, which qualifies as dividends under this Bill, to its approved agent or to a lender in a Regulated Securities Lending Transaction;
- (n) any compensating payment made by an approved agent, which qualifies as interest or dividends under this Bill, to a borrower or lender in a Regulated Securities Lending Transaction; or
- (o) any expense on which Value Added Tax is due under this Bill but was not charged, or in the case of imported items, any expense on which the applicable import duty or levy was not paid (*Hon. James Abiodun Faleke—Ikeja Federal Constituency*).

Question that Clause 21 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 22: Basis for computing assessable profits for trade or business.

- (1) Except as provided in this section, the profits of any trade, business, profession or vocation for each year of assessment (the assessable profits) shall be the profits of the accounting period immediately preceding the year of assessment from all sources.
- (2) Notwithstanding the provisions of subsection (1) of this section, the assessable profits of the first year of assessment for a new business, shall be the profits from the date in which such trade, business, profession or vocation commences in Nigeria to the end of the first accounting period (*Hon. James Abiodun Faleke—Ikeja Federal Constituency*).

Question that Clause 22 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 23: Change in Accounting Date.

- (1) Where a taxable person changes the date to which it usually computes its assessable profits, the basis period for the computation of the assessable profits for the relevant year of assessment shall be the period commencing from the first day after the basis period of the immediately preceding year of assessment up to the new date on which the account was made, and the assessable profits of subsequent years of assessments shall be computed on the basis of the new accounting period.
- (2) Where there is a change in the accounting date under subsection (1) of this section, the taxable person shall notify the relevant tax authority not later than 30 days before the usual due date of filing its income tax returns (*Hon. James Abiodun Faleke—Ikeja Federal Constituency*).

Question that Clause 23 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 24: Cessation of Trade or Business.**

- (1) Where a trade, business, profession or vocation permanently ceases to carry on operations in Nigeria in an accounting period, the assessable profits for the relevant year of assessment shall be the amount of the profits from the beginning of the accounting period to the date of cessation and the tax shall be payable within six months from the date of cessation.
- (2) Where, after the date of cessation, the trade, business, profession or vocation, or its receivers or liquidators, receive or pay any sum which ought to have been included in or deducted from the profits of that trade or business if it had been received or paid prior to that date, such sum shall be deemed for the purposes of this Bill to have been received or paid by the trade, business, profession or vocation on the last day before such cessation occurred and such sums shall be disclosed to the relevant tax authority within one month of the receipt or payment.
- (3) Where the provisions of subsection (2) of this section apply, any additional assessment or claim for reduction of assessment or repayment of tax shall be made as may be necessary to give effect to the provisions, provided that the provisions of the Nigeria Tax Administration Act relating to objections and appeals shall apply to the additional assessment or claim of reduction of assessment or repayment of tax under this subsection.
- (4) In the case of a deceased individual, where the personal representative after death, receives or pays any sum which would have been included in or deducted from the gains or profits from the trade, business, profession or vocation carried on prior to death, that sum shall be deemed for all purposes of this Bill to have been received or paid by the deceased, on the last day prior to the death (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 24 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 25: Continuity of Trades, etc.**

An individual carrying on a trade, business, profession or vocation, shall not be treated as having commenced or ceased to do so solely by reason of a change in the territory in which the individual is resident from one year to another, or by reason of becoming or ceasing to be a partner in a partnership if the nature of the trade carried on by that partnership is the same as that carried on before or after the individual became or ceased to be a partner (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 25 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 26: Basis for computing assessable income.**

- (1) With respect to income from an employment or pension, the assessable income of an individual shall be the amount of the income of the year of assessment.
- (2) For the purpose of subsection (1) of this section, income from an employment shall be deemed to arise from day to day except to the extent

that it is derived from any bonus, commission or allowance payable on one occasion only or at intervals exceeding one month, and to that extent it shall be deemed to be income —

- (a) of the day on which it is paid; or
 - (b) where it is paid after the cessation of the employment, of the last day of the employment including any terminal benefit arising therefrom.
- (3) With respect to disposal of a chargeable asset, the assessable income of an individual shall be the amount of the chargeable gains accruing from assets disposed during the year immediately preceding the year of assessment, except for chargeable gains accruing from the disposal of chargeable assets used in the individual's trade, business, profession or vocation, which shall be those disposed during the year immediately preceding the year of assessment.
- (4) Notwithstanding the foregoing provisions of this section, the assessable income of a trustee, or of an executor of the estate of a deceased individual, or of a beneficiary of a trust or estate for any year of assessment shall be the income of that person for the year preceding that year of assessment as determined under the provisions of the Fifth Schedule to this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 26 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 27: Ascertainment of total profits of companies.

- (1) The total profits of a company for any year of assessment, shall be the amount of its total assessable profits from all sources, including chargeable gains computed in accordance with part VIII of chapter two, less the amount of any loss ascertained in accordance with subsection (6) of this section, and capital allowance in accordance with the provisions of part I of the First Schedule to this Bill.
- (2) The capital allowance to be deducted in accordance with the provisions of part I of the First Schedule shall be the amount relating to the qualifying capital expenditure incurred in generating the assessable profits,

Provided that —

- (a) in the case of companies in the priority sector, a certificate of acceptance issued by the Industrial Inspectorate Department shall be obtained in respect of the qualifying capital expenditure; and
 - (b) where Value Added Tax is due under this Bill but not charged on an asset, or in the case of an imported item, where the applicable import duty or levy was not paid, the relevant expenditure shall not be eligible as a qualifying capital expenditure.
- (3) Where the qualifying capital expenditure is in relation to an asset that is only partly utilised in generating the assessable profits, the capital allowance on such qualifying capital expenditure shall be prorated and only the portion relating to the taxable income shall be allowed as a deduction.

- (4) The capital allowance computed shall not be prorated where the non-taxable income constitutes less than 10% of the total income of the company.
- (5) Notwithstanding the provisions of subsection (4), the portion of capital allowance attributable to priority activities of a company that enjoys economic development incentive under this Bill shall be deducted only from the assessable profits of the priority business.
- (6) The amount of loss deductible under subsection (1) of this section shall be subject to the following conditions —
 - (a) in no circumstances shall the aggregate loss deductions from the assessable profits or income exceed the amount of that loss;
 - (b) loss can only be deducted from the trade or business in which the loss was incurred;
 - (c) the loss shall be deducted to the extent possible from the amount of the assessable profits of the first year of assessment after that in which the loss was incurred, and in subsequent years until the loss is fully recouped; and
 - (d) the loss incurred during any year of assessment shall be computed, in accordance with the basis period provided in sections 22 to 25 of this Bill.
- (7) Notwithstanding subsection (6) of this section or any provision of this Bill, any loss incurred in any period from sales, disposal or any other transaction in digital assets shall only be deductible in determining the profits from the business relating to digital assets (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 27 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 28: Total income of an individual.

- (1) The total income of an individual for any year of assessment is the taxable income less total deduction-
- (2) For the purpose of subsection (1) of this section —
 - (a) taxable income is the aggregate amount of —
 - (i) assessable profits from trade, business, profession or vocation ascertained in accordance with part V of chapter two of this Bill,
 - (ii) employment income,
 - (iii) income from investing activities,
 - (iv) profits or income from any other source, and

- (v) chargeable gains from the disposal of chargeable assets; and
- (b) total deduction is the sum of —
 - (i) any loss ascertained in accordance with subsection (2) of this section,
 - (ii) capital allowance in accordance with the provisions of part I of the First Schedule to this Bill,
 - (iii) income of the individual that is exempt from tax under this Bill, and
 - (iv) income of the individual on which the tax deducted at source under section 50 of the Nigeria Tax Administration Act is the final tax.
- (3) The loss to be deducted in arriving at the total income of an individual is —
 - (a) the amount of a loss incurred by the individual during the year or preceding year of assessment in a trade, business, profession or vocation; and
 - (b) the amount of loss incurred on the disposal of a chargeable asset,

Provided that —

 - (i) in no circumstances shall the aggregate loss deductions from income exceed the amount of that loss,
 - (ii) the loss shall be deducted as far as possible from assessable profit of a trade, business, profession or vocation of the first year of assessment after that in which the loss was incurred, and in subsequent years until the loss is fully recouped,
 - (iii) the loss incurred during any year of assessment shall be computed, in accordance with the basis period contained in part V of chapter two of this Bill, and
 - (iv) any loss incurred in any period from sales, disposal or any other transaction in digital assets shall only be deductible against the profit or gain from digital assets (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 28 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 29: Presumptive Taxation.

Notwithstanding any provisions of chapter two of this Bill, where for all practical purposes, the income of a person chargeable to tax under this Bill cannot be ascertained or records are not kept in such a manner as to enable proper assessment of income, then such person shall be assessed on such terms and conditions as may be prescribed by the:

- (i) Minister of Finance;
- (ii) Commissioner in charge of Finance for the state; or
- (iii) Local Government Chairman in a regulation under the presumptive tax regime (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 29 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 30: Ascertainment of chargeable income of individuals.

- (1) The chargeable income of an individual, is the total income of that individual ascertained under the provisions of section 28 of this Bill, less eligible deductions.
- (2) For the purposes of this section —
 - (a) "Eligible Deductions" include payments made by the individual in a year of assessment in respect of —
 - (i) the individual's contributions under the National Housing Fund,
 - (ii) the individual's contributions under the National Health Insurance Scheme,
 - (iii) the individual's contributions under the Pension Reform Act,
 - (iv) interest on loans for developing an owner-occupied residential house,
 - (v) annual amount of any annuity or premium paid by the individual during the year preceding the year of assessment in respect of insurance on his life or the life of his spouse, or contract for a deferred annuity on his own life or the life of his spouse, and
 - (vi) rent relief of 20% of annual rent paid, subject to a maximum of ₦500,000, whichever is lower, provided that the individual accurately declares the actual amount of rent paid and other relevant information as may be prescribed by the relevant tax authority.
 - (b) "total income" means total income as specified in section 28 of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 30 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 31: Deductions to be claimed.

Deduction shall not be allowed under this part to any person for a year of assessment, unless claimed in writing in such form as the relevant tax authority may prescribe (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 31 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 32: Proof of claims.

- (1) The relevant tax authority may require a claimant to a deduction under section 30 (2) (a) of this Bill to produce such documentary evidence as may be necessary in support of any claim and in the absence of such evidence, or where such evidence is inadequate, the relevant tax authority may refuse to allow the deduction or such part of the amount claimed.
- (2) Notwithstanding any provision of this Part, where —
 - (a) an individual fails to produce satisfactory documentary evidence in support of a claim under section 30 (2) (a) of this Bill, any objection to an assessment or, to any rate at which tax is to be deducted, shall be accompanied by a copy of the available documentary evidence or a declaration that such required documentary evidence does not exist; and
 - (b) an individual claims a deduction under this Bill for a year of assessment, or produces evidence in support of a claim previously made but not admitted or not admitted in full by the relevant tax authority, such repayment, set-off of tax or reduction in any assessment shall be made so as to give effect to any amount or additional amount of the deduction as appropriate (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 32 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 33: Chargeable Gains.

- (1) Gains accruing to any person in a year of assessment shall be chargeable to tax in accordance with the provisions of this Bill.
- (2) Gains on which tax is to be assessed on any person shall be computed in accordance with the provisions of this part (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 33 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 34: Chargeable Assets.

- (1) Subject to exemptions as may be provided in part I of chapter eight of this Bill, all forms of property shall be chargeable assets for the purposes of this part, whether situated in Nigeria or not, including —
 - (a) any form of asset, shares, options, rights, debts, digital assets and incorporeal property generally;

Provided that gains accruing to a person on disposal of shares in any Nigerian company shall not be chargeable gains where —

- (i) the disposal proceeds, in aggregate, is less than ₦150,000,000 and the chargeable gain does not exceed ₦10,000,000 in any 12 consecutive months, or
- (ii) the shares are transferred between an Approved Borrower and a Lender in a regulated Securities Lending Transaction;
- (iii) the proceeds from such disposal, notwithstanding the threshold in (i), are reinvested within the same year of assessment in the acquisition of shares in the same or other Nigerian companies:

Provided that tax shall accrue proportionately on the portion of the proceeds which are not reinvested in the manner stipulated in this subsection;

- (b) any currency other than Nigerian currency; and
 - (c) any form of property created by the person disposing of it, or coming to be owned without being acquired.
- (2) This section shall have effect, notwithstanding that the property is an asset in respect of which qualifying capital expenditure had been incurred under any provision of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 34 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 35: Disposal of Assets.

- (1) For the purpose of this Bill, there is a disposal of assets by a person where any sum is derived from a sale, lease, transfer, an assignment, a compulsory acquisition or any other disposition of assets, subject to any exemptions as may be provided in chapter eight of this Bill.
- (2) Subsection (1) of this section shall apply, notwithstanding that no asset is acquired by the person paying the sum, and in particular where the sum is —
 - (a) derived by way of compensation for any loss of office or employment;
 - (b) received under a policy of insurance and the risk of any kind of injury or damage, or the loss or depreciation of assets;
 - (c) received in return for forfeiture or surrender of a right, or for refraining from exercising a right; and
 - (d) received as consideration for use or exploitation of any asset.

- (3) In this part:
- (a) references to a disposal of assets include, references to a part disposal of assets; and
 - (b) there is a part disposal of assets where —
 - (i) an interest or right in or over the assets is created for another person by the disposal, and
 - (ii) a part of the interest in the property which subsists before the disposal remains with the person making the disposal
(*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 35 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 36: Disposal of assets: provisions as to considerations.

- (1) Subject to the provisions of this Bill, the acquisition and disposal of an asset by a person shall be deemed to be for a consideration equal to the market value of the asset where the person acquires the asset —
 - (a) otherwise than by way of a bargain made at arm's length;
 - (b) wholly or partly for a consideration that cannot be valued;
 - (c) as trustee for creditors of the person making the disposal; or
 - (d) upon devolution on death as a personal representative or legatee of a deceased.
- (2) Where a person disposes of an asset by way of gift, other than asset acquired or disposed by devolution on death, the person acquiring the asset shall, upon generation of income from the asset, be deemed to have acquired the asset —
 - (a) for a consideration equal to the amount for which the asset was last disposed of by way of a bargain made at arm's length; or
 - (b) where the amount last disposed of by way of bargain made at arm's length cannot be ascertained, for a consideration equal to the market value of the asset on the date of that disposal.
- (3) Where an asset is held by a person as a nominee or trustee for —
 - (a) another person absolutely entitled;
 - (b) an infant or a person with disability; or
 - (c) two or more persons,

the provisions of this part shall apply as if the property were vested in, and the acts of the nominee or trustee in relation to the asset were the acts of the person or persons referred to in this subsection.

- (4) Any acquisition of the asset referred to in subsection (3) of this section by the nominee or trustee or the disposal of the assets to the nominee or trustee shall be disregarded.
- (5) The conveyance or transfer by way of security of an asset or of an interest or right in or over it, or transfer of a subsisting interest or right by way of security in or over an asset, including a re-transfer on redemption of the security, shall not be treated as involving any acquisition or disposal of the asset.
- (6) Any dealing with an asset by a person who has a security interest in it or who has the benefit of a charge against it or an encumbrance against it in order to enforce or give effect to those rights shall be deemed to have been made by that person in his capacity as that person's nominee.
- (7) An asset shall be treated as having been acquired free of any interest or right by way of security subsisting at the time of any acquisition of it, and as being disposed of free of any such interest or right subsisting at the time of the disposal, and where an asset is acquired subject to any such interest or right, the full amount of the liability thereby assumed by the person acquiring the asset shall form part of the consideration for the acquisition and disposal in addition to any other consideration
- (8) Where an asset is acquired by a creditor in satisfaction of his debt or part thereof —
 - (a) the asset shall not be treated as disposed of by the debtor or acquired by the creditor for a consideration greater than its market value at the time of the creditor's acquisition of it; and
 - (b) chargeable gain accruing to the creditor on disposal of the asset shall not exceed the chargeable gain which would have accrued if he had acquired the property for a consideration equal to the amount of the debt or that part thereof.
- (9) In this section —

"Legatee" includes any person taking under a testamentary disposition or on an intestacy or partial intestacy, whether he is taken as a beneficiary or trustee, and a gift made in contemplation or condition of death shall be treated as a testamentary disposition and not as a gift;

"personal representatives" means —

- (a) the executor or the representative, or administrator for the time being of a deceased person under any law in force in Nigeria; or
- (b) persons who, under the law of another country, have functions corresponding to personal representatives as defined under

paragraph (a) of this subsection (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 36 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 37: Compulsory acquisition of land.

- (1) A person shall not be charged to tax under this Bill in respect of gains on any acquisition and disposal of land by reference to a disposal to an authority exercising or having compulsory powers, if that person had not —
 - (a) acquired the land at a time when he knew or might reasonably have known that it was likely to be acquired by the authority; or
 - (b) taken any steps by advertisement or otherwise to dispose of the land or to make his willingness to dispose of it known to the authority or others.
- (2) In this section, "authority exercising or having compulsory powers" means, in relation to any disposal of land, an authority, a person or body of persons acquiring the land compulsorily under the Land Use Act (Cap L5, LFN 2004), or any other similar enactment or law of a country other than Nigeria, or who has or have been, or may be, authorised to acquire it compulsorily for the purposes for which it is acquired, or for whom another authority, person or body of persons has or have been, or may be, authorised so to acquire it (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 37 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 38: Date of acquisition or disposal, etc.

Any asset acquired or disposed of by a person chargeable to tax shall, be deemed to have been acquired or disposed of at the date at which there is an enforceable right to acquire or a binding duty to dispose of the asset or any right or interest in it, and in particular, where —

- (a) any contract is to be performed subject to any condition, the date of acquisition or disposal of the asset shall be the date the condition is satisfied;
- (b) consideration under the contract does not depend solely or mainly on the value of the asset at the time the condition is satisfied, the acquisition or disposal shall be treated as if the contract had never been conditional, in which case the date of the acquisition or disposal of the asset shall be the date of the contract; or
- (c) an option is conferred by virtue of any contract, the date of the acquisition or disposal of the asset shall be the date when the option is exercised (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 38 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 39: Computation of chargeable gains.

The gains chargeable to tax shall, subject to other provisions of this Bill, be computed as follows —

- (a) in the case of a disposal of an asset used for a trade, business, profession or vocation, for which capital allowance has been made in accordance with the First Schedule to this Bill, only the residue of that asset shall be deducted from the disposal proceeds for the purposes of computing chargeable gains; and
- (b) where capital allowance has not been made in accordance with the First Schedule to this Bill, the chargeable gain shall be determined by deducting from the disposal proceeds, the amount or value of the consideration, in money or money's worth incurred, wholly and exclusively for the acquisition of the asset (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 39 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 40: Expenses incurred for disposal of chargeable assets.**

Any incidental cost incurred wholly and exclusively for the purpose of disposal of a chargeable asset is deductible from the disposal proceeds for the purposes of determining the chargeable gain (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 40 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 41: Part disposal.**

- (1) Where a part of an asset is disposed or where some property derived from an asset remains undisposed after a disposal of the asset —
 - (a) the acquisition cost of the assets, together with any expenditure wholly and exclusively incurred for the purpose of enhancing the value of the asset; or
 - (b) the residue, in the case of assets used for trade or business on which capital allowance have been made in accordance with the First Schedule to this Bill, shall be apportioned between the disposed part and the undisposed part.
- (2) Apportionment shall be made by reference to —
 - (a) the amount or value of the consideration for the disposal on the one hand, referred to as "A", and
 - (b) the market value of the property which remains undisposed on the other hand referred to as "B",
- (3) The acquisition cost or residue of the disposed part shall be apportioned by applying the fraction $A/(A+B)$, and the remainder shall be attributed to the part which remains undisposed.

- (4) Where a portion of interest or right in a chargeable asset is disposed, and some part of that asset or any description of property derived from the asset remains undisposed, the cost of acquisition in addition to any incidental cost of the acquisition, or residue of the asset, shall be apportioned based on the value of the sale compared to the market value of the undisposed portion (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 41 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 42: Consideration due after time of disposal.

- (1) Where the consideration or part of a consideration, taken into account in the computation of chargeable gains under section 39 of this Bill, is payable by instalments over a period exceeding twelve months, beginning from the time when the disposal is made, the chargeable gain accruing on the disposal shall be regarded as accruing in proportionate parts in the period of assessment in which the disposal is made and in subsequent periods of assessments, until the last instalment is payable.
- (2) The proportionate parts to be recorded as accruing in the respective periods of assessment shall correspond to the proportions of the amounts of the instalments of consideration payable in those respective periods of assessment.
- (3) The time in the year or accounting period when any part of a chargeable gain is deemed to accrue under this section shall be the last day in that year of assessment, except in the case of cessation of a trade, business, profession or vocation, or death of the alienator, where such part shall be deemed to accrue on the date of cessation or death.
- (4) The provisions of subsection (1) of this section shall not apply to any part of the consideration which has effectively passed to the person making the disposal by way of a loan made to that person by the other party to the transaction.
- (5) In the computation of chargeable gains under this section —
- (a) consideration for the disposal shall, in the first instance, be brought into account without —
- (i) any adjustment for postponement of the right to receive any part of it, and
- (ii) regard to a risk of any part of the consideration being irrecoverable, or to the right to receive any part of the consideration being contingent; and
- (b) where any part of the consideration so brought into account is subsequently shown to the satisfaction of the relevant tax authority to be irrecoverable, such adjustment, whether by way of discharge, or repayment of tax or otherwise, shall be made as required (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 42 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 43: Assets Lost or Destroyed.**

- (1) Where an asset is lost or destroyed, and a capital sum received by way of compensation for the loss or destruction is applied within three years of receipt in acquiring another asset in its replacement, the owner shall, where the compensation received together with the residual or scrap value is —
 - (a) greater than the cost of the asset acquired in replacement of the lost or destroyed asset, be deemed to make a chargeable gain; and
 - (b) lower than the cost of the asset acquired in its replacement, be deemed, for the purposes of the First Schedule to this Bill, to have acquired an additional asset for an amount equal to the cost of that new asset, less the compensation together with the residual or scrap value.
- (2) Except for the additional asset acquired under subsection (1)(b), allowance to be claimed on the new asset for the purposes of the First Schedule to this Bill shall be limited to the residue of the old asset, if any (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 43 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 44: Bargains comprising of two or more transactions.**

- (1) Where a single bargain comprises two or more transactions whereby assets are disposed of, those transactions shall be treated for the purposes of computing chargeable gains as a single disposal.
- (2) Where separate considerations are agreed or purported to be agreed for any two or more transactions comprised in one bargain, whether transactions whereby assets are disposed of or not, those considerations shall be treated as altogether constituting an entire consideration for the transactions and shall be apportionable between them.
- (3) Where an apportionment under this section results in less consideration being attributed to the chargeable asset than that agreed or purported to be agreed, in the bargain, the separate considerations shall be the consideration for which those assets are disposed of (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 44 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 45: Valuation at Market Value.**

- (1) For the purposes of computing chargeable gains, unless the context otherwise requires, market value, in relation to any asset, means the price which the asset might reasonably be expected to fetch on a sale conducted at arm's length, or in the open market.
- (2) In estimating the market value of any asset in the case of a disposal, no reduction shall be taken into account for cash or bulk discount.

- (3) In determining the acquisition cost of any asset, where the actual consideration paid by the acquirer is less than the market value, the assets shall be deemed to have been acquired for the amount actually paid (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 45 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 46: Location of Assets.

For the purposes of chapter two of this Bill —

- (a) the situation of rights or interests, other than by way of security, in or over immovable property is that of the immovable property;
- (b) the situation of rights or interests, other than by way of security, in or over tangible movable property is that of the tangible movable property;
- (c) a debt, secured or unsecured, is situated in Nigeria where the creditor is resident in Nigeria, or has a permanent establishment in Nigeria to which the debt relates;
- (d) shares or securities issued by any governmental, municipal or local authority, or by a body created by such an authority, are situated in the country of that authority or place where the authority is situated;
- (e) subject to paragraph (d) of this section, registered shares or securities are situated where they are registered and, if registered in more than one register, where the principal register is situated;
- (f) notwithstanding paragraph (e), shares or comparable interests in any foreign entity are deemed to be located in Nigeria, if, at any time during the 365 days preceding the alienation, more than 50% of the value of the shares or other interests is derived, directly or indirectly —
 - (i) through one or more interposed entities resulting in the change in direct or indirect ownership structure of a Nigerian entity, or
 - (ii) from immovable property or any other chargeable assets situated in Nigeria;
- (g) subject to paragraph (d) of this section, shares or comparable interest in an entity is situated in Nigeria, if the entity is a Nigerian company or the owner of beneficial interest in the shares or comparable interest is resident in Nigeria or the owner has a permanent establishment in Nigeria to which the shares relates;
- (h) a ship or aircraft used in international traffic is situated in Nigeria where the owner is resident in Nigeria or the owner has a permanent establishment in Nigeria to which the ship or aircraft relates;
- (i) interest or right in or over a ship or aircraft used in international traffic is situated in Nigeria where the person entitled to the interest or right is

resident in Nigeria or has a permanent establishment in Nigeria to which the interest or right relates;

- (j) the situation of goodwill of a trade, business or professional asset is at the place where the trade, business or profession is carried on;
- (k) patents, trademarks or designs are situated where they are registered, and if registered in more than one register, where each register is situated;
- (l) copyright, franchises, rights or licences to use any copyright material, patent, trademark, or design are situated in Nigeria where they, or any rights derived from them, are exercisable in Nigeria;
- (m) a judgement debt is situated where the judgement is recorded; and
- (n) notwithstanding paragraphs (k) and (l) of this section, incorporeal property including digital assets are situated in Nigeria where the person who holds direct or indirect beneficial ownership, control or interest over the right or property is resident in Nigeria or has a permanent establishment in Nigeria to which the property is connected (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 46 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 47: Indirect Transfer of Ownership of Companies or Assets.

Gains accruing to any person in respect of a disposal of shares by a non-resident shall be a chargeable gain under this Bill where the disposal results into a change —

- (a) in the ownership structure or group membership of any Nigerian company; or
- (b) of ownership of, title in, or interest in any asset located in Nigeria (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 47 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 48: Life Assurance Policies.

- (1) This section has effect as respects to any policy of assurance or contract for a deferred annuity on the life of any person.
- (2) Chargeable gain shall not accrue on the disposal of an interest in, or the rights under any such policy of assurance or contract, except where the person making the disposal is not the initial beneficial owner and acquired the rights or interests for a consideration in money or money's worth.
- (3) Subject to subsection (2) of this section, the surrender of a policy of assurance or the rights under a contract for a deferred annuity shall constitute a disposal of the rights under the policy of assurance or contract for a deferred annuity, and the amount of the consideration for the disposal of a contract for a deferred annuity shall be the higher of the market value

and the disposal proceeds (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 48 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 49: Rights under policies of insurance, other than life assurance policies.

- (1) The rights of the insured under an insurance effected in the course of a capital redemption business or industrial assurance business shall constitute an asset which may yield a chargeable gain upon disposal.
- (2) The rights under any other policy of insurance, whether the risks insured relate to property or not, shall not constitute an asset on the disposal of which a chargeable gain may accrue, except as may be expressly provided under this part.
- (3) In this section —
 - (a) "capital redemption business" means the business of effecting and carrying out contracts of insurance, whether effected by the issue of policies, bonds or endowment certificates or otherwise, whereby, in return for one or more premiums paid to the insurer a sum or a series of sums is to become payable to the insured in the future, excluding life or industrial assurance business;
 - (b) "industrial assurance business" means the business of effecting and carrying out contracts of insurance in connection with any industrial assurance whereby in return for one or more premiums paid to the insurer a sum or a series of sums is to become payable to the insured in the future; and
 - (c) "policy of insurance" does not include a policy of assurance on human life (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 49 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 50: Personal Injury.

- (1) Sums not exceeding ₦50,000,000.00 obtained by way of compensation or damages for any wrong or injury suffered by an individual in his person or in his profession or vocation, including compensation for loss of office or employment, wrong or injury for libel, slander or enticement shall not be chargeable gains.
- (2) Where the sum exceeds ₦50,000,000.00, only the excess amount shall constitute a chargeable gain.
- (3) For the purposes of subsection (1) and (2) of this section, any person who pays compensation for loss of office or employment to an individual is required, at the point of payment of such compensation, to deduct and remit the tax due under this section to the relevant tax authority.

- (4) The tax so deducted shall be remitted within the time specified under the Pay-As-You-Earn or Deduction of Tax at Source Regulations issued pursuant to the Nigeria Tax Administration Act (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 50 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 51: Principal Private Residences.

- (1) The gains accruing to an individual are exempt from tax in respect of the disposal of, or an interest in —
- (a) a dwelling-house or part of such dwelling-house; and
- (b) land, other than land used for commercial purposes, immediately adjoining the dwelling house up to a maximum of one acre.
- (2) The exemption under this section shall be enjoyed once in the lifetime of an individual.
- (3) The consideration shall be apportioned where a person disposes of only a part of a dwelling-house or a house used partly as dwelling place and partly for carrying out a trade, business, profession or vocation (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 51 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 52: Personal Chattels.

- (1) A gain accruing on a disposal of an asset which is tangible movable property being personal chattels of an individual shall not be a chargeable gain if the total amount or value of the consideration for the disposal does not, in a period of assessment, exceed ₦5,000,000 or three times the annual national minimum wage, whichever is higher.
- (2) Where two or more assets, whether or not forming part of a set of articles, are disposed by a person to the same person or to persons acting in concert, or to connected persons, whether on the same or different occasions, the two or more transactions shall be treated as a single transaction disposing of a single asset, but with any apportionments, where necessary.
- (3) Where the disposal is part of a right or interest in, or over tangible movable property, subsection (1) of this section shall apply in relation to the asset as a whole, taking the consideration as including the market value of what remains undisposed of, in addition to the actual consideration.
- (4) The provisions of this section shall apply to a gain accruing on a disposal of two or more assets, not necessarily forming part of a set of articles of any description, which are tangible movable properties in the same manner as they apply in relation to a gain accruing on a disposal of an asset, or two or more assets forming part of a set of articles.

- (5) This section shall not apply to a disposal of currency of any description (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 52 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 53: Motor Vehicles.

- (1) A motor vehicle used solely for private or non-profit purposes shall not be an asset for the purposes of this part.
- (2) The exemption under this section shall be limited to not more than two motor vehicles by an individual in any year of assessment (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 53 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 54: Gifts.

- (1) Where a person disposes by way of a gift, an asset acquired by him by way of a gift or any other form of gift, not being an acquisition on a devolution on death, the gains accruing from the disposal shall not be chargeable gains.
- (2) For the purpose of this section and section 36(2) of this Bill, an asset is acquired or disposed of by way of gift where no consideration is paid or received for the acquisition or disposal (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 54 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 55: Assets held in trust for charities.

- (1) Any property held in trust for —
- (a) a religious or charitable institution of a public character;
- (b) any statutory or registered friendly society;
- (c) any co-operative society registered under the co-operative societies law of any State; or
- (d) any trade union registered under the Trade Unions Act,
- shall not be subject to the provisions of chapter two of this Bill, provided that the gain is not derived from the disposal of an asset acquired in connection with any trade or business carried on by the institution, society or trade union, and the gain is applied solely for the purpose of the institution, society or trade union.
- (2) Where such property ceases to be subject of such trust —
- (a) the trustees shall be treated as if they had disposed of, and immediately re-acquired the property for a consideration equal to its

market value, any gain on the disposal shall be treated as not accruing to the institution or society; and

- (b) any gain accruing directly or indirectly on that disposal shall be treated as having accrued to the trustees and shall be chargeable gains for the purposes of chapter two of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 55 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 56: Rate of Tax for Companies.

- (1) Tax shall be levied, for each year of assessment in respect of total profits of every company, in the case of —
 - (a) a small company, at zero percent; and
 - (b) any other company, save for companies in subsection (2) of this section, at the rate of 30 per cent.
- (2) Companies operating in priority sectors as contained in the Eleventh Schedule of this Bill shall be subject to income tax at the rate of 25 per cent, during the priority period (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 56 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 57: Effective Tax Rate.

- (1) Notwithstanding any provision of this Bill or any other enactment, where, in any year of assessment, the effective tax rate of a company is less than 15% such company shall recompute and pay an additional tax that makes its effective tax rate equal to 15% of net profit before tax.
- (2) The provisions of this section shall apply to —
 - (a) a company that is a constituent entity of a Multinational Entity group, with aggregate group turnover of at least €750million or its equivalent; and
 - (b) any other company with an aggregate turnover of ₦50,000,000,000.00 and above in the financial year;

Provided that the net profit before tax of a life insurance company shall not include gross premium and investment income for policyholders.

- (3) The provisions of this section shall not apply to licenced entities within the zones provided that at least 75% of goods or services produced by the entities in any year of assessment are exported, or serve as inputs into goods or services, at least 75% of which are exported.

- (4) The Service may issue regulations to give effect to the provisions under this section and may prescribe a higher threshold under subsection (2) (b) of this section (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 57 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 58: Rates of tax for individuals.

The income tax payable on the chargeable income of an individual, other than an individual earning the Minimum Wage in line with the Minimum Wage Act, in respect of each year of assessment, shall be as specified in the Fourth Schedule to this Bill.

Fourth Schedule — Individuals' Income Tax rates:

After the relief allowance and exemptions had been granted in accordance with subsection (1) of section 30 of this Bill, the taxable income ascertained shall be taxed at the following rates —

- (a) First ₦800,000 at 0%;
- (b) Next ₦2,200,000 at 15%;
- (c) Next ₦9,000,000 at 18%;
- (d) Next ₦13,000,000 at 21%;
- (e) Next ₦25,000,000 at 23%; and
- (f) above ₦50,000,000 at 25% (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 58 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 59: Development Levy.

- (1) A development levy of 4% is imposed on the assessable profits of all companies chargeable to tax under chapter two and three of this Bill, other than small companies and non-resident companies.
- (2) The Service shall collect the levy and pay it into a special account created for that purpose.
- (3) The revenue accruing from the levy shall be distributed as follows —
 - (a) Tertiary Education Trust Fund — 50%;
 - (b) Nigerian Education Loan — 3%;
 - (c) National Information Technology Development Fund — 5%;
 - (d) National Agency for Science and Engineering Infrastructure — 10%;

- (e) Social Security Fund — 10%;
 - (f) Defence Infrastructure Fund — 10%;
 - (g) Nigeria Police Trust Fund — 5%;
 - (h) National Sports Development Fund — 3%;
 - (i) National Board for Technological Incubation — 3%;
 - (j) National Cybersecurity Fund — 1%.
- (4) The tax imposed under this part shall not be levied on assessable profits computed for the purposes of hydrocarbon tax.
- (5) For the purpose of this section, every beneficiary Agency and Fund in subsection (3) shall be required to prepare and submit their income and expenditure to the National Assembly for appropriation (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 59 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 60: Export Processing and Free Trade Zone entities.

Where a trade or business is carried on by an approved enterprise in an export processing or free trade zone, the provisions of the Second Schedule to this Bill shall apply (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 60 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 61: Insurance trade or business.

- (1) An insurance business shall be taxed as a —
- (a) general insurance company, whether proprietary or mutual, other than a life insurance company; or
 - (b) life insurance company,
- Provided that the profits on which tax may be imposed for an insurance business shall be in accordance with section 6 or 17 of this Bill.
- (2) The profits on which tax may be imposed —
- (a) in the case of a general insurance, shall be ascertained in accordance with the provisions of subsection (3) of this section as if the whole premium and investment incomes of the company were derived from Nigeria; and
 - (b) in the case of a life insurance, shall be ascertained in accordance with the provisions of subsections (4) and (5) of this section as if the

whole investment and other incomes were received in Nigeria and all the expenses and other outgoings of the company were incurred in Nigeria.

- (3) For a general insurance business, the profit on which tax may be imposed shall be ascertained by taking the gross premium and other income receivable, less reinsurance, and deducting from the balance so arrived at, a reserve for unexpired risks, determined in accordance with of subsection (9)(a) of this section and other deductions allowed under subsection (9)(b) of this section and chapter two of this Bill.
- (4) For a life insurance business, the profits on which tax may be imposed shall be the investment income, and other income, less the management expenses, including commission.
- (5) Any amount distributed in any form as dividend from an actuarial revaluation of unexpired risks or from any other revaluation shall be deemed to be part of the total profits of a company engaged in life insurance business.
- (6) The company shall provide the Service with full particulars of any revaluation carried out, including a copy of the actuary's revaluation certificate, not more than three months after an actuarial revaluation of unexpired risks or any other revaluation has taken place.
- (7) Where an insurance company carries on a life class and a general or non-life class insurance business, the funds and books of accounts of one class shall be kept separate from the other as though one class does not relate to the other class, and the annual tax returns of the two classes of insurance businesses shall be made separately.
- (8) Each class of insurance shall be assessed separately as life insurance assessment or non-life insurance assessment, and in respect of each class of insurance business, where there are more than one type of insurance in the same class, they form one type of business and the loss from one class shall not be allowed against the income from another class of insurance business, provided that the loss shall be available to be carried forward against the profits from the same class of insurance business.
- (9) An insurance company, other than a life insurance company, shall be allowed to deduct from its premium the following reserves for tax purposes —
 - (a) reserve for unexpired risks, calculated on a time apportionment basis of the risks accepted in the year; and
 - (b) for outstanding claims and outgoings, an amount equal to the total estimated amount of all outstanding claims and outgoings, provided that any amount not utilised towards settlement of claims and outgoings shall be added to the total profits of the following year.
- (10) An insurance company, in respect of its life insurance business, shall be allowed to deduct the following from its investment income and other incomes —

- (a) an amount which makes a general reserve and fund equal to the net liabilities on policies in force at the time of an actuarial valuation;
 - (b) an amount which is equal to 1% of gross premium earned or 10% of net profits, whichever is greater, to a special reserve fund and accumulated until it becomes the amount of the statutory minimum paid-up capital; and
 - (c) all allowable business outgoings.
- (11) A reinsurance company shall be allowed to deduct the following from its gross profit, to be credited to a general reserve fund —
 - (a) an amount not more than 50% of the gross profits of the reinsurer for the year, where the general reserve fund is less than the statutory minimum paid-up capital; or
 - (b) an amount not more than 25% of the gross profits of the reinsurer for the year, where the fund is equal to, or exceeds the statutory minimum paid-up capital.
- (12) An insurance company that engages the services of an insurance agent, a loss adjuster or an insurance broker shall include in its annual tax returns, a schedule showing the name and address of that agent, loss adjuster or insurance broker, the date their services were employed and terminated, as applicable, and payments made to each such agent, loss adjuster or insurance broker for the period covered by the tax returns.
- (13) For the purposes of this section —
 - "gross premium" means the total premiums written, received and receivable, excluding unearned premium and premiums returned to the insured;
 - "gross income" means total income earned by a life insurance business including all investment income, fees, commission and income from other assets but excluding franked investment income, premiums received and claims paid by re-insurers;
 - "investment income" for the purposes of taxation of a life insurance company under this section means income derived from investment of shareholders' funds;
 - "non-life insurance business" means general or other insurance business, other than life insurance business; and
 - "other income", for the purposes of non-life insurance businesses, means all the income of the non-life insurance business other than gross premium and franked investment income (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 61 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 62: Lottery and gaming trade or business.

- (1) Notwithstanding anything to the contrary in any other law, the income of lottery and gaming trade or business shall be charged to tax in accordance with the provisions of this Bill.
- (2) In determining the assessable profits of lottery and gaming trade or business, the following deductions shall be allowed, in addition to other deductions allowed under chapter two of this Bill —
 - (a) any amount paid as winnings, prizes or similar payments from the relevant Prize Fund;
 - (b) agency commission expenses incurred; and
 - (c) levies paid to relevant regulatory and government authorities as contained in relevant federal or state laws.
- (3) For the purposes of this section —

"Gaming" includes gambling, wagering, video poker, roulette, craps, bingo, slot or gaming machine, drawings or other games of chance conducted by any person;

"Lottery" or "Lotteries" includes any betting, game, scheme, arrangement, system, plan, promotional competition or device for the distribution of prizes by lot or chance, or as a result of the exercise of skill and chance or based on the outcome of real or virtual sporting events, or any other game, scheme, arrangement, system, plan, competition or device (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 62 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 63: Collective Investment Scheme.**

- (1) Where under the provisions of the Investments and Securities Act (I24, LFN 2004), a mutual fund is established for the purpose of providing facilities for the participation of the public, as beneficiaries under a trust, in profits or income arising from acquisition, holding, management or disposal of securities or any other property, chapter two of this Bill shall, in respect of the income arising to the trustees of a collective investment, have effect as if the —
 - (a) trustees were a company whose business consists mainly in the making of investments and the principal part of whose income is derived therefrom;
 - (b) rights of the unit holders were shares in the company; and
 - (c) income accruing to the trustees as is available for payment to the unit holders were dividends on such shares, and reference to a company in this Bill shall include a collective investment scheme.

- (2) For the purposes of section 27 of this Bill, the profits of an authorised collective investment scheme, on which tax, may be imposed, shall be ascertained by taking the income accruing to the trustees from all the investments of the scheme and deducting there from sums disbursed as management expenses, including remuneration for the managers.
- (3) Where the trustees of a scheme receive a payment on which the scheme suffers tax by deduction, not being franked investment income, the tax deducted shall constitute an advance payment of income tax and shall be set off against income tax assessment for that year of assessment in ascertaining the tax payable by the mutual fund or scheme.
- (4) The profit accruing to the trustees of a collective investment that is available for payment to unit holders or for investment shall be deemed to be dividends paid or payable by the trustees to the unit holders in proportion to their rights, and shall be taxed in the hands of the unit holders.

- (5) In this section —

"authorised collective investment" means a scheme that is authorised by the Securities and Exchange Commission under the Investment and Securities Act to carry on the business of dealing in a mutual fund scheme or collective investment scheme;

"collective investment scheme" means any arrangement made for the purpose of providing facilities for the participation of the public as beneficiaries under a trust in profits or income arising from the acquisition, holding, management or disposal of securities or any other property;

"scheme" means authorised collective investment;

"trustee" under a collective investment scheme means the person in whom the property for the time being subject to any trust created in pursuance of the scheme is or may be invested in accordance with the terms of the trust; and

"unit holder" means any investor, beneficiary or person who acquired units in a scheme and who is entitled to a share of the investments subject to the trusts of a scheme (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 63 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 64: Mining Operations.

- (1) Trade or business engaged in mining operations is subject to tax under the relevant provisions of chapter two of this Bill.
- (2) For the purposes of computing the assessable profits of a company engaged in mining operations, any amount contributed to any fund, scheme or arrangement approved by the relevant authority for the purposes of providing for environmental protection, environmental remediation, mine rehabilitation, land reclamation and mine closure shall be tax deductible:

Provided that the amount so contributed is cash-backed and invested in a dedicated account or trust fund managed by independent trustees or funds.

- (3) Royalty is imposed on any mineral obtained in the course of exploration or mining operations at a rate prescribed under the Eighth Schedule to this Bill, subject to the relevant provisions of Nigeria Tax Administration Act and the royalty paid shall be tax deductible in determining the assessable profits from the trade or business.
- (4) The Service shall be the relevant tax authority for the administration of the royalty imposed under this section (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 64 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 65: Application of this Part.

- (1) This part shall apply to companies engaged in upstream petroleum operations in the onshore, shallow water and deep offshore with licences and leases under the Petroleum Industry Act.
- (2) In this part —
 - (a) hydrocarbon tax shall apply to crude oil as well as field condensates and liquid natural gas liquids derived from associated gas and produced in the field upstream of the measurement points; and
 - (b) hydrocarbon tax shall not apply to —
 - (i) associated natural gas, including gaseous natural gas liquids produced in the field and contained in the rich gas, and non-associated natural gas,
 - (ii) condensates and natural gas liquids produced from non-associated gas in fields or gas processing plants, provided the related volumes are determined at the measurement points or at the exit of the gas processing plant, regardless of whether the condensates or natural gas liquids are subsequently commingled with crude oil, and
 - (iii) any condensates and natural gas liquids produced from associated gas at gas processing or other facilities downstream of the measurement points.
- (3) The costs of production of associated gas, upstream of the measurement point shall be allocated to crude oil for the purposes of calculating hydrocarbon tax, provided that capital and operating costs for wells solely producing associated gas-cap gas shall not be allocated to crude oil, but shall be claimed under chapter two of this Bill.
- (4) This Part shall not apply to a frontier acreage until it is reclassified under section 68 (3) of the Petroleum Industry Act and to deep offshore.

- (5) For the purposes of determining royalties, condensates shall be treated as crude oil and natural gas liquids as natural gas.
- (6) Upstream petroleum operations shall in addition to hydrocarbon tax, be subject to chapter two of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 65 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 66: Charge of Hydrocarbon Tax.

Subject to the provisions of section 65 (2) of this Bill, there is levied upon the profits of any company engaged in upstream petroleum operations in relation to crude oil, a tax to be known as hydrocarbon tax, which shall be charged and assessed upon its profits related to the operations for each accounting period and payable in accordance with this part (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 66 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 67: Ascertainment of crude oil revenue, adjusted profit, assessable profits.

- (1) Subject to this part and the relevant provisions of the Petroleum Industry Act, in relation to any accounting period, the crude oil revenue of a company for that period shall be the value of any chargeable oil adjusted to the measurement points, based on the —
 - (a) proceeds of all chargeable oil sold by the company; and
 - (b) value of all chargeable oil disposed by the company.
- (2) For the purposes of subsection (1) of this section, the value of any chargeable oil disposed, shall be regarded as the aggregate of the value of that crude oil determined for royalties for all fields in accordance with this Bill, relevant provisions of the Petroleum Industry Act or any other applicable law.
- (3) Subject to section 71 (2) of this Bill, the adjusted profits of an accounting period shall be the profits of that period after the deductions and additions under section 68 of this Bill.
- (4) The assessable profit of an accounting period shall be the adjusted profit of that period after any deduction allowed by section 70 of this Bill.
- (5) The chargeable profits of an accounting period shall be the assessable profits of that period after the deduction allowed by section 71 of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 67 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 68: Allowable deductions.

- (1) In computing the adjusted profit of a company engaged in upstream petroleum operations related to crude oil for any accounting period, there

shall be deducted expenses wholly and exclusively incurred during that period for the following —

- (a) rents incurred by the company for the period pursuant to a petroleum mining lease or petroleum prospecting licence;
 - (b) all royalties incurred by the company during that period in respect of crude oil and associated gas and where payments to the Federation Account from a petroleum mining lease is related to production sharing, profit sharing, risk service contracts or other contractual features under a model contract and the company has incurred liability for such payments;
 - (c) expenses directly incurred for repair of plant, machinery or fixtures employed for the purpose of carrying on production activities or for the renewal, repair or alteration of production implement, utensils or articles so employed;
 - (d) an expenditure, tangible or intangible directly incurred in connection with the drilling of the first exploration well and the first two appraisal wells in the same field, whether the wells are productive or not, provided that subsequent exploration wells, appraisal wells and other wells shall be treated as qualifying drilling expenditure under part II of the First Schedule to this Bill and where a deduction may be given under this section in respect of any such expenditure, that expenditure shall not be treated as qualifying drilling expenditure for the purpose of part II of First Schedule to this Bill;
 - (e) any amount contributed to a fund, scheme or arrangement relating to abandonment plan approved by the Commission for the purpose of decommissioning and abandonment, provided that the surplus or residue of the fund shall be subject to tax under this part at the end of life of the field, where such surplus is returned to the lessee;
 - (f) all sums incurred by the company to the Federal Government or any State or Local Government Council by way of levies, stamp duties and fees;
 - (g) costs of gas reinjection wells, which are re-injecting natural gas that otherwise would be flared, subject to ratification by the Commission; and
 - (h) any amount contributed to any fund, scheme or arrangement approved by the Commission pursuant to the establishment of host communities' development trusts under Chapter 3 of the Petroleum Industry Act, Environmental Remediation Fund, Niger Delta Development Commission and other similar contributions.
- (2) Liability waived, released or recovered shall be treated under this part in accordance with section 194 of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 68 stands part of the Bill — Agreed to.

*Committee's Recommendation:***Clause 69: Deductions not allowed.**

Subject to this part, for the purpose of ascertaining the adjusted profit of a company in the accounting period from its upstream petroleum operations applicable to crude oil, no deduction shall be allowed in respect of —

- (a) expenditure for the purchase of information relating to the existence and extent of petroleum deposits, other than for the acquisition of geophysical, geological and geochemical data and information;
- (b) expenditure incurred as a penalty, natural gas flare fees or imposition relating to natural gas flare;
- (c) financial or bank charges, arbitration and litigation costs, bad debts and interest on borrowing;
- (d) head office or affiliate costs, shared costs, research and development costs or any other like shared indirect production costs;
- (e) production bonuses, signature bonuses paid for the acquisition of, or of rights in or over, petroleum deposits, bonuses or fees paid for renewing petroleum mining lease or petroleum prospecting licence or marginal field or fees paid for assigning rights to another party;
- (f) tax inputted into a contract or an agreement on a net of tax basis and paid by a company on behalf of the vendor or contractor;
- (g) capital withdrawn or sum employed or intended to be employed as capital;
- (h) capital employed in improvements as distinct from repairs;
- (i) sum recoverable under an insurance or contract of indemnity, except an amount that is not recovered under the scheme;
- (j) rent of or cost of repairs to any premises or part of premises not incurred for the purpose of those operations;
- (k) amounts incurred in respect of any income tax, special tax, development levy, profits tax or other similar taxes, whether charged within Nigeria or elsewhere;
- (l) the depreciation of any premises, buildings, structures, works of a permanent nature, plant, equipment, machinery, furniture or fixtures;
- (m) payment to provident, savings, widows and orphans or other society, scheme or fund;
- (n) any contribution to a pension, provident or other society, scheme or fund for production staff which may be approved, with or without retrospective effect, by the National Pension Commission subject to such general conditions or particular conditions, in the case of the society, scheme or fund as the Service may prescribe, provided that any sum received by or the value of any benefit obtained by the company from any approved pension,

provident or other society, scheme or fund, in the accounting period of that company shall, for the purpose of section 68 (2) of this Bill, be treated as income of the company for that accounting period;

- (o) all customs duties;
- (p) any expense on which Value Added Tax is due under this Bill but not charged, or in the case of imported items, any expense on which the applicable import duty or levy was not paid; and
- (q) costs under paragraph 2 (2) (c) of the Sixth Schedule to this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 69 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 70: Assessable profits and losses.

- (1) The assessable profits for each company or petroleum mining lease for any accounting period shall be the amount of the adjusted profit of that period after the deduction of the amount of any loss incurred by that company during any previous accounting period.
- (2) The assessable profit shall be determined separately for each of the two classes of chargeable tax identified in section 72 (a) and (b) of this Bill.
- (3) The loss referred to in subsection (1) of this section shall be deducted to the extent possible from the amount of the adjusted profits of the accounting period immediately succeeding the accounting period in which the loss was incurred, and in subsequent accounting periods, until the loss is fully recouped.
- (4) Within five months after the end of any accounting period of a company, or within such further time as the Service may permit in writing, the company may elect in writing that a deduction or any part to be made under this section shall be deferred to and be made in the succeeding accounting period, and may so elect in any succeeding accounting period (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 70 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 71: Chargeable profits and allowances,

- (1) The chargeable profits of a company for any accounting period shall be the amount of the assessable profits of that period after the deduction of any amount to be allowed in accordance with the provisions of this section as follows —
 - (a) the aggregate amount of capital allowances due to the company under the provisions of part II of First Schedule to this Bill for the accounting period;

- (b) the aggregate amount of all production allowances due to the company under the provisions of the Sixth Schedule to this Bill for the accounting period; and
 - (c) in the case of acquisition costs of petroleum rights, the value of the rights and the value of the assets acquired shall be reported separately to the Service, provided that the value of the rights shall be eligible for annual allowance of 20% per annum until it is fully written off and the value of the assets shall be depreciated based on the applicable depreciation rates for the respective assets under part II of the First Schedule to this Bill.
- (2) In determining the chargeable profit, the total cost shall not exceed the cost-price ratio as determined in the Sixth Schedule to this Bill.
- (3) The chargeable profits and allowances shall be determined separately for the two classes of assessable profits under section 72 (a) and (b) of this Bill.
- (4) Where Value Added Tax is due under this Bill but not charged on an asset, or in the case of an imported item, the applicable import duty or levy was not paid, the relevant expenditure shall not be eligible as a qualifying capital expenditure under the provisions of part II of First Schedule to this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 71 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 72: Chargeable hydrocarbon tax.

The chargeable hydrocarbon tax for any accounting period of a company shall be a percentage of the aggregated chargeable profit for that period and it shall be —

- (a) 30% of the profit from crude oil for petroleum mining leases selected under section 93 (6) (b) and (7) (b) of the Petroleum Industry Act with respect to onshore and shallow water areas; and
- (b) 15% of profit from crude oil for onshore and shallow water and for petroleum prospecting licences selected under section 93 (6) (a) and (7) (a) of Petroleum Industry Act (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 72 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 73: Additional Chargeable Tax Payable in certain Circumstances.

- (1) Where, for any accounting period of a company, there is a sale of chargeable oil between connected persons, or disposal of chargeable oil between connected or unconnected persons, and the amount of the chargeable hydrocarbon tax for that period, calculated in accordance with the provisions of this part other than this section, is less than the amount prescribed in subsection (2) of this section, the company shall pay an additional amount of chargeable hydrocarbon tax for that period equal to the difference between those two amounts.

- (2) The amount referred to in subsection (1) of this section is, for any accounting period of a company, the amount which the chargeable hydrocarbon tax for crude oil for that period, calculated in accordance with this part, shall be, if the reference in section 67 (1) (a) of this Bill to the proceeds of sale were a reference to the amount obtained by multiplying the number of barrels of that crude oil determined at the measurement point by the fiscal oil price per barrel.
- (3) For the purpose of subsection (2), the Commission shall establish the fiscal oil price at each measurement point on an export parity basis under paragraph 8 (1) and (2) of the Seventh Schedule of the Petroleum Industry Act and the total value of the chargeable oil for a company shall be the sum of the multiplications of volume and fiscal oil price at all measurement points as established by the Commission.
- (4) The whole of any additional chargeable hydrocarbon tax for crude oil and associated gas payable by a company under this section for any accounting period shall be paid concurrently with the final instalment of the chargeable hydrocarbon tax payable for that period.
- (5) Where there is no fiscal oil price established for a crude oil stream, the Commission shall establish fiscal oil price for such stream and the fiscal oil price per barrel established shall bear a fair and reasonable relationship —
 - (a) to the established fiscal oil price of Nigerian crude oil streams of comparable quality and specific gravity; or
 - (b) where there are no such Nigerian crude oil streams of comparable quality and specific gravity, it shall bear a fair and reasonable relationship to the official selling prices at main international trading centres for crude oil of comparable quality and gravity, due regard being had in either case to freight differentials and other relevant factors.
- (6) Notwithstanding any other provision in this part, where crude oil, which in relation to a particular company is its chargeable oil, is sold or disposed by another company, the crude oil shall for the purpose of this section be deemed to be sold or disposed by that particular company (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 73 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 74: Pre-production Cost.

Where a company has not commenced the production and sale or disposal of chargeable oil, all costs incurred wholly and exclusively for the purpose of coming into upstream petroleum operations, subject to section 68 and 69 of this Bill, shall upon commencement of production and sale or disposal of chargeable oil be deemed to have incurred a qualifying pre-production capital expenditure which shall be amortised in line with paragraphs 2 and 14 of part II of First Schedule to this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 74 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 75: Trade or business sold or transferred.**

The sale or transfer of a trade or business of upstream petroleum operations carried on in Nigeria by a company to another company shall be treated in accordance with section 191 of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 75 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 76: Consolidation of costs and revenue.**

- (1) A company engaged in upstream petroleum operations across terrains shall be allowed to consolidate costs and incomes for the purpose of income tax under chapter two of this Bill.
- (2) A company engaged in upstream petroleum operations related to crude oil across terrains shall be allowed to consolidate costs and revenue for the purposes of hydrocarbon tax, only across assets in which it holds licences and leases in accordance with the two categories of chargeable tax stipulated in section 72 of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 76 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 77: Partnerships.**

- (1) A person, other than a company, who engages in upstream petroleum operations either on his own account or jointly with any other person or in partnership with any other person with a view to sharing the profits arising from the operations; commits an offence.
- (2) Where the person referred to in subsection (1) has benefitted from any profits on upstream petroleum operations, the person shall be subject to hydrocarbon tax and income tax under section 78 of this Bill on the profits and shall pay a penalty provided under the Nigeria Tax Administration Act.
- (3) Where two or more companies are engaged in upstream petroleum operations either in partnership, in a joint venture or in concert under any scheme or arrangement, tax shall be charged and assessed on them in accordance with subsection (4) of this section.
- (4) The apportionment of any profits, outgoings, expenses, liabilities, deductions, qualifying expenditure and the tax chargeable upon each company shall be in line with the equity interest of the parties under a jointly executed agreement that will be made available to the Service and where no jointly executed agreement is made available, the Commission shall advise the Service of the approved equity interest of the parties and it shall be binding on the parties.
- (5) Subject to this part, where two or more companies are engaged in upstream petroleum operations either in partnership, in a joint venture or in concert under any scheme or arrangement, the Service may make regulations, for the ascertainment of tax to be charged or assessed upon each company so engaged.

- (6) Regulations made under subsection (5) of this section may make provisions —
- (a) with respect to apportionment of any profits, outgoings, expenses, liabilities, deductions, qualifying expenditure and tax chargeable upon each company;
 - (b) for the computation of any tax as if the partnership, joint venture, scheme or arrangement were carried on by one company and apportion the tax between the companies concerned;
 - (c) to accept other basis of ascertaining the tax chargeable upon each of the companies; or
 - (d) which have regard to any circumstances whereby the operations are partly carried on for any company by an operating company whose expenses are reimbursed by those companies.
- (7) Regulations made under this section may be of general application for the purpose of this section and this part or for a class of arrangement or for a particular application to a specific partnership, joint venture, scheme or arrangement.
- (8) The effect of regulations made under this section shall not impose a greater burden of tax upon any company so engaged in any partnership, joint venture, scheme or arrangement than would have been imposed upon that company under this part, if all things enjoyed, done or suffered by such partnership, joint venture, scheme or arrangement had been enjoyed, done or suffered by that company in the proportion in which it enjoys, does or suffers those things under or by virtue of that partnership, joint venture, scheme or arrangement (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 77 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 78: Income tax on petroleum operations.

- (1) Sections 78 to 88 of this Bill and the provisions of chapter two of this Bill shall apply to any company, concessionaire, licensee, lessee, contractor or subcontractor involved in the upstream, midstream or downstream petroleum operations under the Petroleum Industry Act.
- (2) For the purpose of determining the value of chargeable crude oil or chargeable gas, in relation to any accounting period, the crude oil and gas revenue of a company for that period shall be the value of any chargeable oil or chargeable gas adjusted to the measurement points, based on the —
 - (a) proceeds of all chargeable oil or gas sold by the company; and
 - (b) value of all chargeable oil or gas disposed by the company.
- (3) In determining the income tax under chapter two of this Bill -

- (a) hydrocarbon tax is not deductible; and
- (b) income chargeable to tax includes —
 - (i) all income of that period incidental to and arising from any one or more of its petroleum operations, and
 - (ii) gains arising from the disposal of assets accruing to the company in any accounting period, ascertained in accordance with the relevant provisions of Part III H of this Chapter (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 78 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 79: Registration and use of separate company for each stream of petroleum operations.

- (1) Subject to sections 142 (2) and 197(2) of the Petroleum Industry Act, a person intending to be involved in more than one stream, that is, upstream, midstream or downstream petroleum operations, shall register and use a separate company for each stream of petroleum operations under the Petroleum Industry Act, provided that, for companies with petroleum mining leases selected under section 93 (6) (b) and (7) (b) of the Petroleum Industry Act, no stamp duties, Value Added Tax or income tax on chargeable gains shall be levied by the Government on such segregation.
- (2) For strategic projects in the upstream petroleum operations that seek to produce oil and natural gas to be processed or refined to finished petroleum products, and supplied in wholesale solely to the domestic market, such projects shall have the option to be established as an integrated strategic project (ISP), whereby the capital investment in the associated midstream petroleum operations as defined under the Petroleum Industry Act, can be consolidated with the upstream petroleum operations for purposes of tax.
- (3) Where an ISP option is elected, the following provisions shall apply —
 - (a) arm's length transfer prices shall be established to fiscalise the hydrocarbons transferred from the upstream petroleum operations to the midstream petroleum operations; and
 - (b) capital investment in the midstream petroleum operations consolidated with upstream petroleum operations shall not be represented for capital allowance when fiscalising the income from midstream petroleum operations (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 79 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 80: Provisions relating to gas.

- (1) In addition to the economic development tax incentive that may be granted under part II of chapter eight of this Bill, investors in gas pipeline shall be

granted a tax-free period of five years at the expiration of the economic development incentive certificate.

- (2) Natural gas transferred or disposed from the upstream to the midstream or downstream shall be subject to tax under the relevant provisions of chapter two of this Bill.
- (3) Natural gas liquids and liquid petroleum gases derived from natural gas shall be subject to income tax under the relevant provisions of chapter two of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 80 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 81: Allowances for the purposes of income tax on petroleum operations.

- (1) Acquisition costs of petroleum rights shall be eligible for annual allowance at the rate of 20% until the cost is fully written off.
- (2) Capital allowance for other assets shall be granted as follows —
 - (a) upstream petroleum operations assets shall be in accordance with part II of the First Schedule to this Bill; and
 - (b) midstream and downstream operations shall be in accordance with part I of the First Schedule to this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 81 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 82: Expense deductibility.

- (1) For the purpose of determining income tax, section 20 of this Bill shall be read in conjunction with the provisions of this subsection as regards the followings —
 - (a) all rents and royalties the liability for which was incurred by the company during that period in respect of crude oil sold, condensate sold and natural gas sold or delivered or disposed of in any other commercial manner and where a petroleum mining lease includes payments to the Federation Account related to production sharing, profit sharing, risk service contracts or other contractual features and the company has incurred liability for such payments and such payments were made;
 - (b) any amount contributed to any fund, scheme or arrangement approved by the Commission or Authority for the purpose of providing for —
 - (i) abandonment and decommissioning,
 - (ii) petroleum host communities development trust, or
 - (iii) environmental remediation; and

- (c) any other deduction as may be prescribed by the Minister by order published in the Official Gazette.
- (2) For the purpose of determining income tax, section 21 of this Bill shall be read in conjunction with the provisions of this subsection as regards the followings —
 - (a) any expenditure for the purchase of information relating to the existence and extent of petroleum deposits, other than for the acquisition of geological, geophysical and geochemical data or information;
 - (b) any expenditure incurred as a penalty including natural gas flare fees or any such imposition relating to natural gas flare;
 - (c) production bonuses, signature bonuses paid for the acquisition of, or of rights in or over, petroleum deposits; signature bonuses or fees paid for renewing petroleum mining lease or petroleum prospecting licence or fees paid for assigning rights to another party including for marginal fields; and
 - (d) any tax inputted into a contract or an agreement on a net of tax basis and paid by a company on behalf of the vendor or contractor (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 82 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 83: Basis period for income tax on petroleum operations.

Any company involved in upstream petroleum operations shall apply the accounting periods established for hydrocarbon tax on an actual year basis for its income tax (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 83 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 84: Additional income tax payable in certain circumstances.

- (1) Where, for any accounting period of a company, there is a sale of chargeable oil or chargeable gas between connected persons, or disposal of chargeable oil or chargeable gas between connected or unconnected persons, and the amount of the income tax chargeable for that period, calculated in accordance with the provisions of section 78 to 83, and chapter two of this Bill, is less than the amount prescribed in subsection (2) of this section, the company shall be liable to pay an additional amount of chargeable tax for that period equal to the difference between those two amounts.
- (2) The amount referred to in subsection (1) of this section is, for any accounting period of a company, the amount which the chargeable tax for crude oil or gas for that period, calculated in accordance with this section and chapter two of this Bill shall be, if the reference in section 78 (2) (a) and (b) of this Bill, to the proceeds of sale or disposal were a reference to the amount obtained by multiplying the number of barrels of that crude oil or gas determined at the measurement point by the fiscal oil price per barrel or fiscal gas price per MMBtu.

- (3) For the purposes of subsection (2) of this section, the relevant sum per barrel of crude oil, condensate or gas per MMBtu by a company is the fiscal oil price or fiscal gas price applicable to that crude oil or gas as may be established by the Commission.
- (4) The whole of any additional chargeable tax for crude oil or chargeable gas payable by a company under this section for any accounting period shall be paid concurrently with the final instalment of the chargeable tax payable for that period.
- (5) Where there is no fiscal oil price or fiscal gas price established for a crude oil stream or gas, the Commission shall establish fiscal oil price or fiscal gas price for such stream and the fiscal oil or gas price established shall bear a fair and reasonable relationship-
 - (a) to the established fiscal oil or gas price of Nigerian crude oil streams or gas of comparable quality and specific gravity; or
 - (b) where there are no such Nigerian crude oil streams or gas of comparable quality and specific gravity, it shall bear a fair and reasonable relationship to the official selling prices at main international trading centres for crude oil or gas of comparable quality and gravity, due regard being had in either case to freight differentials and other relevant factors.
- (6) Notwithstanding any other provision in this part, where crude oil or gas, which in relation to a particular company is its chargeable oil or gas, is sold or disposed by another company, the crude oil or gas shall for the purpose of this section be deemed to be sold or disposed by that particular company (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 84 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 85: Non-Associated Gas greenfield developments in onshore and shallow water terrains.

- (1) Notwithstanding the provisions of this Bill or any other law, the provisions of this section shall apply to all Non-Associated Gas greenfield developments in onshore and shallow water terrains reaching first commercial gas production from the commencement of this Bill to 1st January 2029 —
 - (a) where the hydrocarbon liquids do not exceed 30 barrels per million standard cubic feet, there shall be granted a gas production tax credit at the rate of US\$1.00 per thousand cubic feet or 30% of the fiscal gas price, whichever is lower;
 - (b) where the hydrocarbon liquids exceed 30 barrels per million standard cubic feet but do not exceed 100 barrels per million standard cubic feet, there shall be granted a gas production tax credit at the rate of US\$0.50 per thousand cubic feet or 30% of the fiscal gas price, whichever is lower;

- (c) where the hydrocarbon liquids exceed 100 barrels per million standard cubic feet, the incentives under subsections (a) and (b) of this section shall no longer apply;
 - (d) the gas tax credit granted by this section shall apply on NonAssociated Gas sales for 10 years only, beginning from the date of attaining first gas production; and
 - (e) at the expiration of the 10 years referred to in subsection (1)(c) of this section, gas production allowance shall be granted at the respective rates set out in subsection (1)(a) and (b) of this section, provided that gas production tax credit and gas production allowance shall not be granted in respect of gas production of the same period.
- (2) In the case of all other Non-Associated Gas Greenfield projects with first commercial gas production after 1st January 2029, gas production allowance shall be granted at US\$0.50 per thousand cubic feet or 30% of the fiscal gas price, whichever is lower, provided that the hydrocarbon liquids do not exceed 100 barrels per million standard cubic feet.
 - (3) The gas production tax credit that can be recouped in any year shall not exceed the tax payable on the field(s) for that year on that income, subject to the payment of any minimum tax where applicable.
 - (4) Unrecouped tax credit in one year may be carried forward for a maximum of 3 years.
 - (5) The fiscal gas price for calculating gas production tax credit and gas production allowance shall be the same price used for determining royalties.
 - (6) The provisions of this section shall apply to oil mining leases and petroleum mining leases.
 - (7) Where first gas production cannot be achieved due to force majeure, such as natural disasters or acts of terrorism, the timelines and obligations stipulated in subsection (1) of this section may be suspended, subject to approval by the Commission, until such time as the force majeure ceases to exist.
 - (8) The Commission shall certify the applicable hydrocarbon liquid ratios for the purposes of ascertaining appropriate gas production tax credit or gas production tax allowance.
 - (9) The incentives under this section shall not apply to any company that has claimed Associated Gas Framework Agreement incentives for the same Non-Associated Gas Greenfield project (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 85 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 86: General application of this Part and other matters.

- (1) This part and the provisions of the Petroleum Industry Act shall not apply to holders of an oil prospecting licence or oil mining lease who do not enter

into a conversion contract until the termination or expiration of the respective oil prospecting licence or oil mining lease.

- (2) Notwithstanding subsection (1) of this section, the provisions of chapter two of this Bill and paragraph 6 of the Seventh Schedule to the Petroleum Industry Act shall apply to licences and leases awarded to indigenous Nigerian companies on a sole risk basis under the Petroleum Act, on which the Government has successfully exercised its back-in rights prior to the effective date of the Petroleum Industry Act, but any renewal of an oil mining lease shall be based on the provisions of this part and the Petroleum Industry Act.
- (3) The fiscal provisions of this part are the base terms that are applicable, and the Commission may under section 74 (2) of Petroleum Industry Act conduct a licensing round whereby the bid parameter is a higher royalty, profit oil share or other fiscal features in order to ensure that the Government receives the full market value for each block (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 86 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 87: Fiscal stabilisation.

- (1) Fiscal stabilisation clauses contained in a production sharing contract or other contracts entered into after the commencement of the Petroleum Industry Act shall not be applicable to the fiscal provisions listed in this part, regardless of whether the changes in fiscal provisions affect the contractor favourably or unfavourably, provided such changes in fiscal provision are being made in a manner that is not discriminatory to the petroleum industry or the contractor.
- (2) The respective fiscal provisions referred to in subsection (1) of this section are —
 - (a) generally applicable taxes, such as income tax, development levy, Value Added Tax, Stamp Duties, and deduction of tax at source;
 - (b) levies, taxes or payments to comply with modern principles in respect of environment, labour laws, health and safety; and
 - (c) new taxes, levies or duties as may be prescribed by the Climate Change Act, or to implement Nigeria's commitments with respect to climate change under any international agreement (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 87 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 88: Petroleum Royalty.

- (1) All production of petroleum, including production tests shall be subject to royalties as provided in the Seventh Schedule to this Bill.

- (2) The Service shall be the relevant tax authority for the administration of the royalty imposed under this part, and the Seventh Schedule this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 88 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 89: Charge of petroleum profits tax.

- (1) This part shall apply to oil prospecting licences and oil mining leases that are yet to convert under the provisions of the Petroleum Industry Act.
- (2) Subject to part I of chapter three of this Bill and subsection (1) of this section, there is levied upon the profits of each accounting period of a company engaged in petroleum operations during that period a tax to be charged, assessed and payable in accordance with the provisions of this part (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 89 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 90: Ascertainment of profits, adjusted profit, assessable profits and chargeable profits.

- (1) Subject to the provisions of this part, the revenue of a company in an accounting period shall be the aggregate of —
 - (a) the proceeds of sale of all chargeable oil sold by the company in that period;
 - (b) the value of all chargeable oil disposed by the company in that period;
 - (c) all income of the company of that period incidental to and arising from any one or more of its petroleum operations; and
 - (d) gains arising from the disposal of assets accruing to the company in any accounting period, ascertained in accordance with the relevant provisions of part VIII of chapter two of this Bill.
- (2) For the purposes of subsection (1) (b) of this section, the value of any chargeable oil disposed shall be taken to be the value of that oil as determined, for the purpose of royalty, in accordance with the provisions of the Seventh Schedule to this Bill and any applicable legislation.
- (3) The adjusted profit of an accounting period shall be the profits of that period after the deductions allowed under section 91(1) of this Bill and any adjustment to be made in accordance with the provisions of sections 95 and 91(2) and (5) of this Bill.
- (4) The assessable profit of an accounting period shall be the adjusted profit of that period after any deduction allowed under section 97 of this Bill.

- (5) The chargeable profits of an accounting period shall be the assessable profits of that period after the deductions allowed under section 97 of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 90 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 91: Deductions Allowed.

- (1) In computing the adjusted profit of a company for an accounting period from its petroleum operations, there shall be deducted all outgoings and expenses wholly and exclusively incurred, during the period by the company for the purpose of its operations, as follows —
- (a) rents incurred by the company for that period in respect of land or buildings occupied under an oil prospecting licence or an oil mining lease for disturbance of surface rights or for any other like disturbance;
 - (b) all non-productive rents incurred by the company during that period;
 - (c) all royalties incurred by the company during that period in respect of natural gas sold and actually delivered to the Nigerian National Petroleum Company Limited, or sold to any other buyer or customer or disposed in any other commercial manner;
 - (d) all royalties incurred by the company during the period in respect of crude oil or of casinghead petroleum spirit won in Nigeria;
 - (e) customs or excise duty or other like charges in respect of machineries, equipment and goods used in the company's petroleum operation incurred by the company to the Federal Government of Nigeria during the period;
 - (f) any expense incurred for repair of premises, plant machinery, or fixtures employed for the purpose of carrying on petroleum operations, or for the renewal, repair or alteration of any implement, utensils or articles employed;
 - (g) interest incurred on money borrowed by such company where the Service is satisfied that the interest was payable on capital employed in carrying on its petroleum operations subject to the provisions of the Third Schedule to this Bill and the Transfer Pricing Regulations; [Third Schedule]
 - (h) any expenditure being intangible drilling costs directly incurred in connection with drilling and appraisal of a development well;
 - (i) any expenditure (tangible or intangible) directly incurred in connection with the drilling of an exploration well and the next two appraisal wells in the same field whether the wells are productive or not, provided that where a deduction is made under this section in respect of any such expenditure, that expenditure shall not be treated as qualifying drilling expenditure for the purposes of part III of the First Schedule to this Bill;

- (j) any contributions to pension, provident or other society, scheme or fund, which may be approved, under the Pensions Reform Act, provided that the sum received by or the value of any benefit obtained by such company, from any approved pension, provident or other society, scheme or fund, in any accounting period of that company shall, for the purposes of subsection (1)(c) of section 90 of this Bill, be treated as income of the company for that accounting period;
 - (k) customs and excise duties, stamp duties, or any other rate, fee or other like charges, other than any tax on income, incurred by the company during the period to the Federal Government, a State or Local Government;
 - (l) any amount contributed to a fund, scheme or arrangement approved by the Commission for the purpose of decommissioning and abandonment, subject to the production of the Statement of Account of the decommissioning and abandonment fund: 70 provided that the surplus or residue of the fund after decommissioning and abandonment of the field shall be subject to tax under this part;
 - (m) debts directly incurred to the company and proved to the satisfaction of the Service to have become bad or doubtful in the accounting period for which the adjusted profits is being ascertained, notwithstanding that such bad or doubtful debts were due and payable prior to the commencement of that period, provided that —
 - (i) the debt was included as a profit from petroleum operations in the accounting period in which they were incurred or advances made in the normal course of carrying on petroleum operations not being advances on account of any item under section 97 of this Bill;
 - (ii) the deduction to be made in respect of a doubtful debt shall not exceed that portion of the debt which is proved to have become doubtful during that accounting period, and shall not include any amount deducted under the provisions of this paragraph in determining the adjusted profit of a previous accounting period, and
 - (iii) all sums recovered by the company during that accounting period on account of amounts previously deducted in respect of bad or doubtful debts shall be treated as income of the company for that period;
 - (n) development levy paid under section 59 of this Bill
 - (o) such other deductions as may be prescribed by any rule made under this part.
- (2) Liability waived, released or recovered shall be treated under this part in accordance with section 194 of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 91 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 92: Incentives for utilisation of associated gas.

- (1) The following incentives shall apply to a company engaged in the utilisation of associated gas —
 - (a) investment required to separate crude oil and gas from the reservoir into usable products shall be considered as part of the oil field development;
 - (b) capital investment on facilities or equipment to deliver associated gas in usable form at utilisation or designated custody transfer points shall be treated for tax purposes, as part of the capital investment for oil development;
 - (c) capital allowances, operating expenses and basis of tax assessment shall be subject to the provisions of this part and the tax incentives under the revised memorandum of understanding.
- (2) The incentives specified under subsection (1) of this section shall be subject to the following conditions —
 - (a) condensates extracted and re-injected into the crude oil stream shall be treated as oil, but those not re-injected shall be treated under existing tax arrangement;
 - (b) the company shall pay the minimum amount charged by the Minister of Petroleum Resources for any gas flared by the company;
 - (c) the company shall, as far as practicable, keep the expenses incurred in the utilisation of associated gas separate from those incurred on crude oil operation and expenses that cannot be separated shall be allowable against the crude oil income of the company under this Bill;
 - (d) expenses identified as incurred exclusively in the utilisation of associated gas shall be regarded as gas expenses and be allowable against the gas income and profit to be taxed under chapter two of this Bill;
 - (e) companies which invest in natural gas liquid extraction facilities to supply gas in usable form to downstream projects, including aluminium smelter and methanol, Methyl Tertiary Butyl Ether and other associated gas utilisation projects shall benefit from the incentives;
 - (f) all capital investments relating to the gas-to-liquids facilities shall be treated as chargeable capital allowance and recovered against the crude oil income; and
 - (g) gas transferred from the natural gas liquid facility to the gas-to-liquid facilities shall be at zero per cent tax and zero per cent royalty.

- (3) Where a company has enjoyed any incentive under this section, the company shall not claim similar incentive under any law in Nigeria, including economic development tax incentive and gas pipeline investment incentive under section 80 of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 92 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 93: Application of incentives to utilisation of non-associated gas.

All incentives granted in respect of investments in associated gas shall be applicable to investments in non-associated gas (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 93 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 94: Deductions not allowed.

- (1) Subject to the provisions of this part, for the purposes of ascertaining the adjusted profit of any company for any accounting period from its petroleum operations, no deduction shall be allowed in respect of —
- (a) any capital withdrawn or any sum employed or intended to be employed as capital;
 - (b) any capital employed in improvements as distinct from repairs;
 - (c) any sum recoverable under an insurance or contract of indemnity;
 - (d) rent of or cost of repairs to any premises or part of premises not incurred for the purposes of those operations;
 - (e) any amount incurred in respect of any income tax, profits tax or other similar tax whether charged within Nigeria or elsewhere;
 - (f) the depreciation of any premises, buildings, structures, works of a permanent nature, plant, equipment, machinery, furniture or fixtures;
 - (g) any payment to any pensions, provident, savings widows' and orphans' or other society scheme or fund, except such payments as are allowed under subsection (1) (j) of section 91 of this Bill;
 - (h) customs duty on goods, including articles or any other thing, imported by the company —
 - (i) for resale or for personal consumption of employees of the company, or
 - (ii) where goods of the same quality to those imported are produced in Nigeria and are available for sale to the public at a price lower or equivalent to the cost of the imported

goods at the time the imported goods were ordered by the company;

- (i) any expenditure for the purchase of information relating to the existence and extent of petroleum deposits;
 - (j) any qualifying expenditure for the purposes of part III of the First Schedule to this Bill, and any expense or deduction in respect of a liability incurred which is deductible under any other provision of this Bill;
 - (k) any tax or penalty borne on behalf of another person; and
 - (l) any expense on which Value Added Tax is due under this Bill but not charged, or in the case of imported items, any expense on which the applicable import duty or levy was not paid.
- (2) Notwithstanding the provisions of section 91(1) of this Bill, in computing the adjusted profit of any company of any accounting period, deduction shall not be allowed in respect of any sum incurred to a related party where the cost is not in accordance with the Transfer Pricing Regulations (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 94 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 95: Exclusion of certain profits, etc.

Where a company engaged in petroleum operations is engaged in the transportation of chargeable oil by ocean going oil-tankers operated by or on behalf of the company from Nigeria to another territory, adjustments shall be made in computing an adjusted profit or a loss to exclude any profit or loss attributable to such transportation (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 95 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 96: Assessable profits and losses.

- (1) Subject to the provisions of this section, the assessable profits of a company for any accounting period shall be the amount of the adjusted profit of that period after the deduction of —
- (a) the amount of any loss incurred by that company during any previous accounting period; and
 - (b) in a case of a business restructuring, the amount of any loss which is allowed for deduction by the new company under section 191 of this Bill in its trade or business during its first accounting period.
- (2) The loss referred to in subsection (1) of this section shall be deducted to the extent possible from the amount of the adjusted profits of the accounting period immediately succeeding the accounting period in which the loss was incurred, and in subsequent accounting periods, until the loss is fully recouped.

- (3) Subject to the approval of the Service, a company may, within five months after the end of an accounting period, or such further time as the Service may permit, elect in writing, that a deduction to be made under this section, or part of the deduction, be deferred to succeeding accounting periods (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 96 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 97: Chargeable profits and capital allowances.

- (1) The chargeable profits of a company of any accounting period shall be the amount of the assessable profits of that period after the deduction of any amount to be allowed in accordance with the provisions of this section.
- (2) There shall be computed the aggregate amount of all allowances due to the company under the provisions of part III of the First Schedule to this Bill for the accounting period. [First Schedule]
- (3) In calculating the amount of the deduction to be allowed under this section for an accounting period, the limitation imposed by subsection (4) of this section shall be applied to ensure that the tax chargeable on the company for that period is not less than 15% of the tax chargeable for the period, where no deduction is made under this section.
- (4) The amount to be allowed as a deduction under this section shall be, the lower of —
- (a) the aggregate amount computed under subsection (2) of this section; or
- (b) a sum equal to 85% of the assessable profits of the accounting period less 170% of the total amount of the deduction allowed as petroleum investment allowance computed under part III of the First Schedule to this Bill for the period.
- (5) Where the total amount of the allowances computed under subsection (2) of this section cannot be deducted under subsection (1) of this section due to insufficiency of or no assessable profits for the accounting period or to the limitation imposed by subsection (4) of this section the total amount or the part thereof which has not been deducted, shall be —
- (a) added to the aggregate amount to be computed under subsection (2) of this section for the succeeding accounting period of the company; and
- (b) deemed to be an allowance due to the company, under the provisions of part III of the First Schedule to this Bill for that succeeding accounting period.
- (6) Where Value Added Tax is due under this Bill but not charged on an asset, or in the case of an imported item, the applicable import duty or levy was not paid, the relevant expenditure shall not be eligible as a qualifying capital expenditure under the provisions of part III of First Schedule to this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 97 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 98: Assessable Petroleum Profits Tax.

- (1) The assessable tax for an accounting period of a company shall be an amount equal to 85 % of its chargeable profits of that period.
- (2) Where a company has not commenced a sale or bulk disposal of chargeable oil under a programme of continuous production, its assessable tax for an accounting period during which it has not fully amortised all its pre-production capitalised expenditure, shall be 65.75% of the chargeable profits for that period, provided that —
 - (a) the period of the tax rate under this subsection shall not be more than 5 years, commencing from the first accounting period of the company, notwithstanding any other incentive as may be granted to the company; and
 - (b) where a company is granted a licence or lease or acquires an interest in an oil and gas asset that has enjoyed the provision of this subsection, the company shall be subject to tax under the provision of subsection (1) of this section from its first accounting period
(Hon. James Abiodun Faleke— Ikeja Federal Constituency).

Question that Clause 98 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 99: Additional chargeable tax payable in certain circumstances.

- (1) Where, for any accounting period of a company, there is a sale of chargeable oil between connected persons, or disposal of chargeable oil between connected or unconnected persons, and the amount of the chargeable tax for that period, calculated in accordance with the provisions of this part other than this section, is less than the amount prescribed in subsection (2) of this section, the company shall pay an additional amount of chargeable tax for that period, equal to the difference between those two amounts.
- (2) The amount referred to in subsection (1) of this section is, for any accounting period of a company, the amount which the chargeable tax for that period, calculated in accordance with the provisions of this part, shall be, if the reference in section 90 (1) (a) and (b) of this Bill to the proceeds of sale were a reference to the amount obtained by multiplying the number of barrels of that crude oil determined at the measurement point by the fiscal oil price per barrel.
- (3) For the purpose of this section, the total value of the chargeable oil for a company shall be the sum of the multiplications of volume and fiscal oil price as established by the Commission at the measurement point.
- (4) The whole of any additional chargeable tax for crude oil payable by a company under this section for any accounting period shall be payable concurrently with the final instalment of the chargeable tax payable for that period.

- (5) Where there is no fiscal oil price established for a crude oil stream, the Commission shall establish fiscal price for such stream and the fiscal oil price per barrel established shall bear a fair and reasonable relationship —
- (a) to the established fiscal oil price of Nigerian crude oil streams of comparable quality and specific gravity; or
 - (b) where there are no such Nigerian crude oil streams of comparable quality and specific gravity, it shall bear a fair and reasonable relationship to the official selling prices at main international trading centres for crude oil of comparable quality and gravity, due regard being had in either case to freight differentials and other relevant factors.
- (6) Notwithstanding any other provision in this part, where a particular company's chargeable oil is exported from Nigeria or sold locally by another company, that chargeable oil for the purpose of this part shall be deemed to be exported from Nigeria or sold by that particular company (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 99 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 100: Partnerships.

- (1) A person, other than a company, who engages in petroleum operations either on his own account or jointly with any other person or in partnership with any other person with a view to sharing the profits arising from those operations shall be guilty of an offence.
- (2) Where the person referred to in subsection (1) of this section has benefitted from any profits on upstream petroleum operations, the person shall be subject to tax under this part on the profits and shall pay a penalty provided under the Nigeria Tax Administration Act.
- (3) Where two or more companies are engaged in petroleum operations either in partnership, in a joint venture or in concert under any scheme or arrangement, the Service may make regulations for the ascertainment of the tax to be charged and assessed upon each company so engaged.
- (4) Such regulations may —
 - (a) modify the provisions of this part in such manner as the Service may deem fit;
 - (b) provide for the apportionment of any profits, outgoings, expenses, liabilities, deductions, qualifying expenditure and the tax chargeable on each company;
 - (c) provide for the computation of any tax as if the partnership, joint venture, scheme or arrangement were carried on by one company and apportion that tax between the companies concerned;
 - (d) accept other basis of ascertaining the tax chargeable on each of the companies, which may be put forward by those companies; or

- (e) contain provisions which have regard to any circumstance whereby such operations are partly carried on for the companies by an operating company whose expenses are reimbursed by those companies.
- (5) Regulations made under this section may be of general application for the purposes of this section and this part or of particular application to a specified partnership, joint venture, scheme or arrangement.
- (6) The regulations made under this section shall not impose a greater burden of tax on any company engaged in any partnership, joint venture, scheme or arrangement than would have been imposed on that company under this part if all things enjoyed, done or suffered by such company had been enjoyed, done or suffered by the company in the proportion in which it enjoys, does or suffers those things under that partnership, joint venture, scheme or arrangement (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 100 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 101: Production Sharing Contracts.

Notwithstanding anything to the contrary contained in this Bill or any other law, the provisions of this part shall apply to deep offshore and inland basin production sharing contracts that are yet to convert under the provisions of the Petroleum Industry Act or have been renegotiated in accordance with the provisions of the Petroleum Industry Act (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 101 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 102: Duration of oil prospecting licence.

The duration of an oil prospecting licence relating to production sharing contracts in the deep offshore and inland basin shall be determined by the Minister charged with responsibility for matters relating to petroleum and shall be for a minimum period of five years and not exceeding ten years (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 102 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 103: Determination of petroleum profits tax.

- (1) The petroleum profits tax payable under a production sharing contract shall be determined in accordance with part II of chapter three of this Bill, provided that the petroleum profits tax rate applicable to the contract area as defined in the production sharing contracts shall be 50% of chargeable profits for the duration of the production sharing contracts.
- (2) Nothing contained in this part shall be construed as having exempted any holder or contractor from the payment of any other tax, duty or levy imposed by any Federal, State or Local Government, or Area Council Authority (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 103 stands part of the Bill — Agreed to.

*Committee's Recommendation:***Clause 104: Determination of investment tax credit and investment tax allowance.**

Where a holder and a contractor have incurred any qualifying capital expenditure wholly and exclusively for the purposes of petroleum operations carried out under the terms of a production sharing contract in the deep offshore or inland basin, the parties shall be entitled to investment tax allowance at a rate of 50 % of the qualifying expenditure in accordance with the provisions of existing applicable legislation for the accounting period in which that asset was first used for the purposes of such operations (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 104 stands part of the Bill — Agreed to.

*Committee's Recommendation:***Clause 105: Royalty payable in respect of deep offshore production sharing contracts.**

Royalty shall be determined and payable in accordance with the provisions of the Seventh Schedule to this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 105 stands part of the Bill — Agreed to.

*Committee's Recommendation:***Clause 106: Computation of petroleum profit tax.**

Computation of estimated and final petroleum profit tax shall be made in the US dollars on the basis of the US dollar returns filed (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 107 stands part of the Bill — Agreed to.

*Committee's Recommendation:***Clause 107: Allocation of royalty oil.**

Royalty oil shall be allocated to the Commission or the holder, in such quantum as shall generate an amount equal to actual royalty payable during each month and the concession rental payable annually in accordance with the production sharing contract terms (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 107 stands part of the Bill — Agreed to.

*Committee's Recommendation:***Clause 108: Allocation of cost oil.**

- (1) Cost oil shall be allocated to the contractor in such quantum as shall generate an amount sufficient for the recovery of operating costs in oil prospecting licences as defined in the production sharing contract and any oil mining leases derived therefrom.
- (2) All operating costs shall be recovered in U.S. dollars through cost oil allocations in accordance with the terms of the production sharing contract (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 108 stands part of the Bill — Agreed to.

*Committee's Recommendation:***Clause 109: Allocation of tax oil.**

Tax oil shall be allocated to the Commission or the holder, in such quantum as shall generate an amount equal to the actual petroleum profit tax liability payable during each month (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 109 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 110: Allocation of profit oil.

Profit oil, being the balance of available crude oil after deducting royalty oil, tax oil and cost oil, shall be allocated to each party in accordance with the terms of the production sharing contract (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 110 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 111: Payment royalty.

- (1) The holder shall pay all royalty, concession rentals and petroleum profits tax on behalf of itself and the contractor out of the allocated royalty oil and tax oil.
- (2) The Service shall issue separate tax receipts in the names of the holder and the contractor for the respective amounts of petroleum profit tax paid on behalf of the holder and contractor in accordance with the terms of the production sharing contract (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 111 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 112: Chargeable tax pm petroleum operations.

The chargeable tax on petroleum operations in the contract area under the production sharing contracts shall be split between the holder and the contractor in the same ratio as the split of profit oil as defined in the production sharing contract between them (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 112 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 113: Use of realisable price in determining royalty and petroleum profits tax in respect of crude oil, etc.

- (1) The realisable price as defined in the production sharing contract established by the holder in accordance with the provisions of the production sharing contract, shall be used to determine the amount payable on royalty and petroleum profits tax in respect of crude oil produced and lifted pursuant to the production sharing contract.
- (2) The parameters for new crude oil streams produced from the contract area shall also be determined in accordance with the provisions of the production sharing contract (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 113 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 114: Submission of receipts.**

The holder shall make available to the contractor copies of the receipts issued by the Service bearing the names of each party as defined in the production sharing contract in accordance with each party's tax oil allocation for the payment of petroleum profits tax under the provisions of the production sharing contract (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 114 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 115: Adaptation laws.**

The relevant provisions of all existing laws, including the Petroleum Act, and part II of chapter three of this Bill shall be read with such modifications as to bring them into conformity with the provisions of this part (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 115 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 116: Review of the production sharing contract.**

The Minister charged with responsibility for matters relating to petroleum shall cause the Commission to call for a review of production sharing contracts every eight years (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 116 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 117: Administration of royalties.**

The Service shall administer royalties payable under this Bill in accordance with the provisions of the Nigeria Tax Administration Act (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 117 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 118: Definition for Chapter Three.**

"accounting date" means the date on which a company usually prepares its accounting statement;

"accounting period" in relation to a company engaged in upstream petroleum operations, means —

- (a) a period of one year commencing on 1st January and ending on 31st December of the same year;
- (b) any shorter period commencing on the day the company first makes a sale or bulk disposal of chargeable oil, domestic, export or both, and ending on 31st December of the same year; or
- (c) any period of less than a year being a period commencing on 1st January of any year and ending on the date in the same year when the company ceases to engage in petroleum operations; and in the event of any dispute with

respect to the date of the first sale of chargeable oil above or with respect to the date on which the company ceases to engage in petroleum operations, the Commission or the Minister in charge of Petroleum Resources shall determine the same and no appeal shall lie;

"accounting date" means the date on which a company usually prepares its accounting statement;

"accounting period" in relation to a company engaged in upstream petroleum operations, means —

- (a) a period of one year commencing on 1st January and ending on 31st December of the same year;
- (b) any shorter period commencing on the day the company first makes a sale or bulk disposal of chargeable oil, domestic, export or both, and ending on 31st December of the same year; or
- (c) any period of less than a year being a period commencing on 1st January of any year and ending on the date in the same year when the company ceases to engage in petroleum operations;

and in the event of any dispute with respect to the date of the first sale of chargeable oil above or with respect to the date on which the company ceases to engage in petroleum operations, the Commission or the Minister in charge of Petroleum Resources shall determine the same and no appeal shall lie;

"adjusted profits" means adjusted profit as stated in sections 67 and 90 of this Bill;

"aggregate gas price" means the gas price determined under section 167(4) of Petroleum Industry Act;

"appraisal well" means a well that, in the opinion of the Commission, is aimed at determining the size, distribution, characteristics and commerciality of a petroleum discovery;

"assessable profit" means assessable profit as stated in sections 67 and 90 of this Bill;

"assessable tax" for the purposes of petroleum profits tax means assessable tax ascertained under section 90 of this Bill;

"associated gas" means:

- (a) natural gas, commonly known as gas-cap gas, which overlies and is in contact with crude oil in a reservoir; and
- (b) solution gas dissolved in crude oil in a reservoir and emerging from the fluid as pressure drops;

"Authority" means the Nigerian Midstream and Downstream Petroleum Regulatory Authority established under the Petroleum Industry Act;

"barrel" means a barrel of 42 United States gallons;

"chargeable oil" means crude oil, condensate or natural gas liquids produced upstream of the measurement point as provided under section 65(1)(a) of this Bill;

"chargeable profit" means chargeable profit as stated in section 67 and 90 of this Bill;

"chargeable volume" in relation to a company engaged in upstream petroleum operations means the chargeable volume as set out in paragraph 2 of the Seventh Schedule to the Petroleum Industry Act;

"Commission" means the Nigerian Upstream Petroleum Regulatory Commission established under the Petroleum Industry Act;

"company" means any company or corporation, including Limited Liability Partnership, established by or under any law in force in Nigeria or elsewhere;

"condensate" means a portion of natural gas of such composition that are in the gaseous phase at temperature and pressure of the reservoirs, but that, when produced, are in the liquid phase at surface pressure and temperature;

"contractor" means any petroleum exploration and production company which has entered into a production sharing contract agreement or arrangement with the holder of an oil prospecting licence or an oil mining lease within the Deep Offshore and Inland Basin;

"crude oil" means for the purposes of —

- (a) part I of chapter three of this Bill, petroleum, which is in liquid conditions upon production from a reservoir either in its natural state or after the extraction of water, sand or other foreign substance from it, but before any such oil has been refined or otherwise treated, other than oil extracted by destructive distillation from coal, bituminous shales or other stratified deposits;
- (b) part II of chapter three of this Bill, any oil, other than oil extracted by destructive distillation from coal, bituminous shales or other stratified deposits, won in Nigeria either in its natural state or after the extraction of water, sand or other foreign substance therefrom but before any such oil has been refined or otherwise treated;

"decommissioning and abandonment" means the approved process of cessation of operations of crude oil and natural gas wells, installations, plants and structures, including shutting down an installation's operations and production, total or partial removal of installations and structures where applicable, chemicals and all such other materials handling, removal and disposal of debris and removed items, environmental restoration of the area after removal of installations, plants and structures, and 'decommission' has a corresponding meaning;

"deep offshore" means any area within the territorial waters, continental shelf or exclusive economic zone offshore of Nigeria having a water depth in excess of 200 metres;

"disposal" and "disposed of" in relation to chargeable oil or gas owned by a company engaged in petroleum operations, means —

- (a) delivery or export, without sale, of chargeable oil or gas to an affiliate or other company, and
- (b) chargeable oil or gas delivered or transferred, without sale, to facilities used for midstream operations;

"downstream gas operation" means all activities entered into for the purpose of, distribution and supply of natural gas to retail customers, city gate reception terminals for natural gas, stations for the distribution, marketing and retailing of natural gas;

"downstream petroleum operations" means downstream gas operations and downstream petroleum products operations;

"downstream petroleum products operations" means all activities entered into for the purpose of distribution and supply of petroleum products to retail customers, tank farms for distribution of petroleum products, and stations for the distribution, marketing and retailing of petroleum products;

"exploration well" means a well that in the opinion of the Commission is aimed at discovering petroleum in a separate field in which petroleum has not been previously discovered;

"Federation Account" means the Federation Account as specified in the Constitution of the Federal Republic of Nigeria;

"field" includes an area consisting of a single reservoir or multiple reservoirs all grouped on, or related to, the same geological structural feature, stratigraphic condition, a combination of both and refers to the underground productive formations or their vertical projection to the surface;

"fiscal gas price" means the price established in paragraph 8(3) of the Seventh Schedule to the Petroleum Industry Act;

"fiscal oil price" means the price established in paragraphs 8(1) and (2) of the Seventh Schedule of the Petroleum Industry Act;

"frontier acreages" means any or all acreages in an area on land in Nigeria defined as a frontier in a regulation issued by the Commission;

"frontier basin" means basins where hydrocarbon exploration activities have not been carried out or previous commercial discovery oil and gas have not been made or an area that is undeveloped and includes Anambra, Dahomey, Bida, Sokoto, Chad and Benue trough or as may be declared by the Commission through a regulations;

"Government" means the Federal Government of Nigeria;

"Greenfield Non-Associated Gas Development" means all existing undeveloped non-associated gas rights and future non-associated gas rights granted pursuant to the licensing bid rounds conducted by the Commission;

"holder" means any Nigerian company who holds an oil prospecting licence or oil mining lease situated within the deep offshore and inland basin under the relevant provision of the Petroleum Act;

"host communities" means communities situated in or appurtenant to the area of operation of a settlor, and any other community as a settlor may determine under Chapter 3 of the Petroleum Industry Act;

"host communities development trust" has the meaning given to it in section 235(1) of Petroleum Industry Act;

"Inland Basin" means any of the following Basins namely, Anambra, Benin, Benue, Chad, Gongola, Sokoto and such other basins as may be determined, from time to time, by the Minister charged with responsibility for matters relating to petroleum;

"intangible drilling costs" for the purposes of petroleum profits tax means all expenditure for labour, fuel, repairs, maintenance, hauling, and supplies and materials, not being supplies and materials for well cement, casing or other well fixtures, which are for or incidental to drilling, cleaning, deepening or completing wells or the preparation thereof incurred in respect of —

- (a) determination of well locations geological studies and topographical and geographical surveys preparatory to drilling;
- (b) drilling, shooting, testing and cleaning wells;
- (c) cleaning, draining and levelling land, road building and the laying of foundations; and
- (d) erection of rigs and tankage assembly and installation of pipelines and other plant and equipment required in the preparation or drilling of wells producing petroleum;

"large-scale gas utilization industries" means —

- (a) large-scale industries that use natural gas as a feedstock such as gas-to-liquid plants, petrochemical industries and fertiliser plants; and
- (b) mini-LNG plants, power plants and such other industries as defined in regulations;

"lease" means a petroleum mining lease;

"lessee" means a holder of a lease;

"licence" means a licence issued by the Commission or Authority in respect of any applicable upstream, midstream or downstream petroleum operations;

"licensee" means a holder of a licence;

"liquefied natural gas" for the purposes of petroleum profits tax means natural gas in its liquid state at approximately atmospheric pressure;

"loss" means a loss ascertained in like manner as an adjusted profit

"marginal field" means a field or discovery which has been declared a marginal field prior to 1st January 2021;

"marketable natural gas" means natural gas which meets specifications determined by the Authority for distribution to wholesale customers and retail customers —

- (a) for use as a domestic, commercial and industrial fuel; and
- (b) as feedstock or industrial raw material;

"measurement point" means —

- (a) a point determined in the field development plan under section 79 (2) of Petroleum Industry Act, where petroleum is being measured and its value is determined for royalty purposes;
- (b) where the point has not been determined, a point directly downstream of the flow station in the petroleum mining lease; and
- (c) where measurements take place outside the petroleum mining lease, a deemed measurement point in the petroleum mining lease based on a calculation procedure approved by the Commission adjusting from the points where petroleum is being measured;

"midstream and downstream gas" means activities downstream of the measurement points of petroleum mining leases, whether or not related to the petroleum mining lease, with respect to the construction and operation of natural gas transport or transmission pipelines, including the related compressor stations, construction and operations of facilities to compress, transport and deliver compressed natural gas (CNG); construction and operations of gas processing facilities and central processing facilities, producing ethane, propane, butane and natural gas liquids and marketable natural gas; construction and operation of underground or above ground facilities for the storage of natural gas, ethane extraction plants, construction and operation of gas to liquids (GTL) plants, construction and operation of lubricant, petrochemical and fertilizer plants, construction and operation of LNG plants, and related LNG terminals as well as storage and transport of LNG, acquisition, operation or chartering of LNG tankers for coastal and marine transportation, purchase and sale, trading, bartering, aggregating and marketing of natural gas transported by pipelines, compressed natural gas, LNG, methane, ethane, propane, butane, natural gas liquids and liquids from GTL plants with respect to wholesale customers and gas distributors and related administration and overhead;

"midstream petroleum liquids operations" means activities downstream of the measurement points of petroleum mining leases, whether or not related to the petroleum mining lease, with respect to the construction and operation of facilities for upgrading of heavy oil, construction and operation of lubricant, petrochemical and fertiliser plants, construction and operation of petroleum liquids transport pipelines, including the related pumping stations; acquisition, operation, leasing, rental or chartering of barges, coastal or ocean-going tankers, railcars and trucks for the transport of petroleum liquids, construction, leasing and operation of tank farms and other storage facilities and export terminals for petroleum liquids, construction

and operation of refineries, purchase and sale, trading, bartering, marketing of petroleum liquids and related administration and overhead;

"MMBtu" means millions of British thermal units

"MMcf" for the purposes of petroleum profits tax means one million cubic feet;

"model contract" means a contract under section 85 of Petroleum Industry Act;

"natural gas" means for the purposes of —

- (a) part I of chapter three of this Bill, all gaseous hydrocarbons, and all substances contained in it and as exist in natural state in strata, associated or not with crude oil, and are in a gaseous state upon production from a reservoir and excludes condensates; and
- (b) part II of chapter three of this Bill, gas obtained in Nigeria from boreholes and wells and consisting primarily of hydrocarbons;

"natural gas liquids" or "NGL" means hydrocarbons liquefied at the surface in separators, field facilities or in gas processing plants, and include ethane, propane, butanes, pentanes, and natural gasoline;

"non-associated gas" means natural gas that is found in a reservoir which does not contain significant quantities of crude oil;

"non-productive rents" means and includes the amount of any rent as to which there is provision for its deduction from the amount of any royalty under a petroleum prospecting licence or oil mining lease to the extent that such rent is not so deducted;

"oil mining lease" means for the purposes of —

- (a) part I of chapter three of this Bill, an oil mining lease granted under the Petroleum Act, Cap. P10, Laws of the Federation of Nigeria, 2004 prior to the effective date of the Petroleum Industry Act;
- (b) part II of chapter three of this Bill, a lease granted to a company, under the Minerals and Mining Act, for the purpose of winning petroleum or any assignment of such lease;

"oil prospecting licence" means an oil prospecting licence granted under the Petroleum Act, Cap. P10, Laws of the Federation of Nigeria, 2004 prior to the effective date of the Petroleum Industry Act;

"onshore" means any land areas above the high-water mark, other than frontier acreages;

"open access" means, subject to section 116, non-discriminatory access to a midstream facility, transportation pipeline or transportation network for all users or shippers under conditions where the licensee does not have any preferential rights to these facilities, under conditions stipulated in the licence and in the case of a transportation network or pipeline;

"paying quantities" means in relation to the level of production of a field, the production of volumes of oil or gas or both, of which the value exceeds the royalty and operating costs on a regular basis, based on levels of production that are aimed at achieving maximum economic recovery of the petroleum;

"parties" for the purpose of part III of chapter three of this Bill, includes the Commission, any Nigerian company as the holder and the contractor;

"permit" means an official certificate of permission to undertake an activity issued by the Commission or Authority;

"person" includes a company and any unincorporated body of persons;

"petroleum" means for the purposes of —

- (a) part I of chapter three of this Bill, hydrocarbons and associated substances as exist in its natural state in strata, and includes crude oil, natural gas, condensate and mixtures of any of them, but does not include bitumen and coal;
- (b) part II of chapter three of this Bill, any mineral oil or relative hydrocarbon and natural gas existing in its natural condition in Nigeria but does not include liquefied natural gas, coal, bituminous shales or other stratified deposits from which oil can be extracted by destructive distillation;

"petroleum exploration licence" means a licence under section 71 of Petroleum Industry Act;

"petroleum mining lease" means a lease under section 81 of the Petroleum Industry Act;

"petroleum operations" means for the purposes of —

- (a) part I of chapter three of this Bill, upstream, midstream and downstream petroleum operations; (
- (b) part II of chapter three of this Bill, the winning or obtaining and transportation of petroleum or chargeable oil in Nigeria by or on behalf of a company for its own account by any drilling, mining, extracting or other like operations or process, not including refining at a refinery, in the course of a business carried on by the company engaged in such operations, and all operations incidental thereto and any sale of or any disposal of chargeable oil by or on behalf of the company;

"petroleum products" means materials derived from crude oil and natural gas processing such as ethane, propane, butanes, pentanes, liquefied petroleum gas, natural gas liquids, asphalts, gasoline, diesel, gas oil, jet fuel, transportation fuels, fuel oils for heating and electricity generation and such other derivatives;

"petroleum prospecting licence" means a licence under section 72 of Petroleum Industry Act;

"pipeline" means all parts of any tubular infrastructure through which petroleum is conveyed, including pipes, valves, pumping and compressor stations and other equipment appurtenant to pipes;

"production sharing contract" means —

- (a) any agreement for the exploration, development and production of petroleum on terms under which the financial risk-bearing party shall recover costs and receives a share of the profits based on a share of production as established in the contract from the applicable area;
- (b) for the purposes part III of chapter three of this Bill, any agreement or arrangements made between the holder and any other petroleum exploration and production company or companies for the purpose of exploration and production of oil in the deep offshore and inland basins;

"regulation" means rule or order having force of law issued by the Minister, Minister in charge of petroleum, the Service, Commission or Authority in accordance with this Bill or any other relevant law;

"rent" means an annual or other periodic charge made in respect of a licence or lease granted under the Petroleum Act or Petroleum Industry Act

"renegotiated production sharing contract" means a production sharing contract for which court cases or arbitration cases were outstanding, and was or is being renegotiated after the effective date of this Bill with the objective of settling the outstanding court cases or arbitration cases;

"reserve fund" is the fund under section 244 (b) of this Bill;

"reservoir" means a subsurface rock formation containing an individual and separate natural accumulation of producible petroleum characterised by a single natural pressure system;

"royalties" means the royalties specified in the Seventh Schedule to this Bill;

"settlor" is a holder of an interest in a petroleum prospecting licence or petroleum mining lease whose area of operations is located in or appurtenant to any community or communities;

"shallow water" means any area within the territorial waters, continental shelf or exclusive economic zone offshore of Nigeria up to and including a water depth of 200 metres;

"signature bonus" means a payment made to Government with respect to the grant of a petroleum prospecting licence, petroleum mining lease, or similar payments;

"terrain" for the purpose of part I of chapter three of this Bill means the area of any petroleum exploration licence, petroleum prospecting licence or petroleum mining lease;

"terminal" means a terminal for petroleum liquids, pumping or booster station, or other installation or structure associated with a terminal, including storage facilities,

other than a terminal situated within a port or the approaches within the meaning of the Nigerian Ports Authority Act, Cap. N 126, Laws of the Federation of Nigeria, 2004; and

"upstream petroleum operations" for the purposes of part I of chapter three of this Bill means the exploration for, appraisal of, development of and winning or 88 obtaining of petroleum in Nigeria by or on behalf of a company on its own account for commercial purposes, petroleum exploration operations, the drilling of exploration, appraisal and development wells, all activities upstream of the measurement points, related to the winning of petroleum through wells or mining from petroleum reservoirs, drilling, fracking, completing, treatment and operation of wells producing petroleum, construction and operation of gathering lines and manifolds for crude oil, natural gas and water, construction and operation of high and low pressure separators, construction and operation of facilities to treat crude oil and natural gas, flaring of natural gas, compression and reinjection of natural gas in reservoirs, construction and operation of facilities for the production of electricity or heat from natural gas or other fuels as energy source for the winning of petroleum, injection or re-injection of water into the reservoirs, construction and operation of pipelines and other facilities for the discharge of water, construction and operation of fixed or floating platforms or other vessels required for the winning of petroleum, construction and operation of fixed or floating storage facilities of crude oil in the licence area, transportation to and from the licence area of personnel, goods and equipment, metering of well stream fluids, metering of petroleum at the measurement points prior to transportation, sale and marketing of crude oil, natural gas or condensates or any of them at the measurement points and such other activities which by regulation are considered upstream petroleum operations, and related administration and overhead (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 118 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 119: Unilateral relief of double taxation.

- (1) Where, in any year of assessment, any part of the income or profit of a resident of Nigeria, derived from outside Nigeria, has been charged to tax in the source country, and that income or profit is also chargeable to tax in Nigeria, the tax paid outside Nigeria may be allowed as a credit against the tax payable in Nigeria, provided that the income or profit is brought into Nigeria through Government approved channels.
- (2) The credit to be allowed in subsection (1) of this section shall be the lower of the —
 - (a) Nigerian tax, other than taxes under chapter three of this Bill, attributable to the foreign income or profit; and
 - (b) amount of tax paid in the source country.
- (3) The Nigerian tax under subsection (2)(a) of this section attributable to the foreign income or profit shall be the proportion of the foreign income to total income, multiplied by the Nigerian tax (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 119 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 120: Double Taxation Agreement.**

- (1) Where the Government of the Federal Republic of Nigeria enters into an agreement with a treaty partner for the purpose of providing relief from double taxation in relation to tax imposed under this Bill, the agreement shall have effect upon ratification or domestication by the National Assembly.
- (2) Relief from double taxation shall be in respect of income tax paid under the laws of a treaty partner against income taxes imposed under this Bill.
- (3) Where an agreement has taken effect, any obligation as to secrecy in the Nigeria Tax Administration Act or any other law in Nigeria shall not prevent the disclosure of any information required to be disclosed under the agreement to an authorised officer of a treaty partner.
- (4) The Minister may make rules for implementing the provisions of any agreement under this section.
- (5) For the purposes of providing relief in Nigeria from double taxation, all extant double taxation agreements are deemed to have been made under the provisions of this section and shall apply throughout Nigeria with effect from 1st January of the year immediately following the date the agreement entered into force.
- (6) The agreement in subsection (1) of this section shall be for the purpose of elimination of double taxation, without creating opportunities for non-taxation or reduced taxation through tax evasion, avoidance or other forms of abuse, including treaty-shopping arrangements aimed at obtaining reliefs provided in the agreement for the indirect benefit of residents of any other country or territory that is not part of the agreement.
- (7) For the purposes of the agreement referred to in subsection (1) of this section, a non-resident may benefit under the agreement where the person is a resident of the relevant treaty partner and the beneficial owner of the income for which the benefit is being claimed.
- (8) Nothing in this section shall be construed to allow a relief in respect of an additional tax paid for the relevant tax year under this Bill or the domestic legislation of a treaty partner in conformity with the global minimum tax rules as it relates to a permanent establishment situated in the treaty partner
(*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 120 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 121: Method of calculating relief to be allowed for double taxation.**

- (1) Relief from double taxation under an agreement referred to in section 120 of this Bill shall be granted in accordance with the provisions of this section and relevant provisions of the Nigeria Tax Administration Act.
- (2) The foreign tax paid to a treaty partner in accordance with the agreement, and in respect of income or profits chargeable to income tax in Nigeria may be allowed as a credit against tax payable under this Bill.

- (3) The Nigerian tax payable in respect of the income or profit which has been charged to tax by a treaty partner shall be reduced by the amount of the credit admissible under the terms of the agreement, provided that credit shall not be allowed to a person who was not a resident of Nigeria during the relevant year of assessment.
- (4) Without prejudice to the provisions of subsection (3) of this section, the credit to be allowed in subsection (2) of this section shall be the lower of the —
- (a) Nigerian tax attributable to the foreign income or profits; and
- (b) the amount of tax paid to the treaty partner.
- (5) The Nigerian tax under subsection (4) (a) of this section attributable to the foreign income or profits shall be the proportion of the foreign income to total income, multiplied by the Nigerian tax.
- (6) In computing the amount of chargeable income or assessable profits, the following shall apply —
- (a) deduction shall not be allowed in respect of a foreign tax, whether in respect of the same or any other profits; and
- (b) where profits or income chargeable depends on the amount received in Nigeria, the amount shall be increased by the appropriate amount of the foreign tax in respect of the profits.
- (7) Any claim for credit shall be made not later than two years after the end of the year of assessment, and in the event of any dispute as to the amount allowable, the claim shall be subject to objection and appeal in like manner as an assessment.
- (8) Where the amount of any credit given under the agreement is rendered excessive or insufficient by reason of any adjustment of the amount of any tax payable in Nigeria or elsewhere, nothing in this Bill or the Nigerian tax Administration Act limiting the time for the making of assessments or claims for relief shall apply to any assessment or claim to which the adjustment gives rise.
- (9) Notwithstanding subsection (8) of this section, the assessment or claim shall be made not later than two years from the time when such assessments, adjustments and other determinations have been made, whether in Nigeria or elsewhere, as are material in determining whether any of credit is due.
- (10) Where, in accordance with any provision of the agreement, income derived by a resident of Nigeria is exempt from tax under this Bill, the exempt income shall be taken into account in determining the rate of tax applicable on the remaining income of such resident (*Hon. James Abiodun Faleke—Ikeja Federal Constituency*).

Question that Clause 121 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 122: Interpretation.

For purposes of chapter four of this Bill —

"foreign tax" means any tax paid to a treaty partner and covered by an agreement with the treaty partner;

"foreign profit" means a profit liable to tax under this Bill and to a treaty partner;

"foreign income" means an income liable to tax under this Bill and to a treaty partner;

"Nigerian tax" means income tax chargeable under this Bill;

"total income" means the income or profits of a Nigerian resident including the foreign income; and

"treaty partner" means a country with which Nigeria has an agreement for the relief of double taxation (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 122 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 123: Charge of duties.**

There is imposed duties on instruments at the rates specified in the Ninth Schedule to this Bill, subject to the exemptions contained in part III of chapter eight of this Bill, being any instrument —

- (a) which, not having been previously executed by any person, is executed in Nigeria; or
- (b) which is executed outside Nigeria, and relates to any property situated, or to any matter or thing done or to be done, in Nigeria (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 123 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 124: Manner of denoting duty.**

- (1) Duties payable on any instrument under this part shall be paid and denoted by any of the following means —

- (a) tax stamps;
- (b) a die;
- (c) electronic or digital tagging;
- (d) electronic receipt; or
- (e) issuance of certificate;
- (f) any other means as may be determined by the relevant tax authority.

- (2) The Joint Revenue Board may by regulation published in the Gazette determine other modes of duties payable under subsection (1) of this section and may specify the processes and requirements for the application of the provisions of chapter five of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 124 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 125: Obligation to stamp.

- (1) Every instrument executed in Nigeria, chargeable with a duty as prescribed under chapter five of this Bill, shall be stamped not later than 30 days after its execution by the person required to pay the appropriate duty.
- (2) A person, being the transferee of interest in a real property, other than in a voluntary disposition during the lifetime of the transferor, or beneficiary of a service for which consideration was paid, or any other person taking the security in a transaction for which an instrument is executed, shall be responsible for paying the duty relating to the transaction (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 125 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 126: Admissible evidence.

- (1) Any unstamped dutiable instrument shall not be admissible in evidence in any court, judicial or arbitration proceedings, and in satisfying any evidentiary requirements unless otherwise stated by this Bill.
- (2) Notwithstanding the provisions of subsection (1) of this section, an unstamped instrument may be given in evidence in a criminal proceeding (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 126 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 127: Bill of Exchange.

For the purposes of chapter five of this Bill- "bill of exchange" includes draft, order, cheque and letter of credit, and any document or writing, except a bank note entitling or purporting to entitle a person, whether named therein or not, to payment by any other person of or to draw upon any other person for, any sum of money; "bill of exchange payable on demand" includes an order for the payment of any sum or money —

- (a) by a bill of exchange or a promissory note, or for the delivery of any bill of exchange or promissory note in satisfaction of any sum of money or for payment of any sum of money out of any particular fund which may or may not be available, or upon any condition or contingency which may or may not be performed or happen; and
- (b) weekly, monthly or at any other stated periods, an order for the payment by a person at any time after the date thereof of any sum of money, and sent or delivered by the person making the same to the person by whom the payment is to be made and not to the person to whom the payment is to be made, or

to any person on his behalf (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 127 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 128: Promissory Note.

- (1) For the purposes of chapter five of this Bill, "promissory note" includes any document or writing, except a bank note, containing a promise to pay any sum of money.
- (2) A note promising the payment of any sum of money out of any particular fund which may or may not be available, or upon any condition or contingency which may or may not be performed or happen, shall be deemed a promissory note for that sum of money (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 128 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 129: Sale or purchase of options.

- (1) The provisions of chapter five of this Bill as to contract notes shall apply to any contract under which an option is given or taken to purchase or sell any stock or marketable security at a future time at a certain price, as it applies to the sale or purchase of any stock or marketable security.
- (2) Where under the contract in subsection (1) of this section, a double option is given or taken, the contract shall be deemed to be a separate contract in respect of each option.

Conveyance on Sale.

Every transfer of interest or rights in real property shall be subject to duty under this section as conveyance on sale (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 129 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 130: Conveyance in consideration of a debt.

Where a property is conveyed to a person in consideration, wholly or in part, of a debt due to the person, the debt shall be deemed the consideration in respect of which the conveyance is chargeable with ad valorem duty (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 130 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 131: Duty on transfer of mineral assets.

An agreement for the transfer of mineral assets of any kind whatsoever or interest therein, shall be charged with duty and payable as specified in the Ninth Schedule to this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 131 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 132: Provisions as to exchange.**

Where there is an exchange of a real property for another, any consideration exceeding ₦1,000,000.00 or a sum equal to the annual national minimum wage, whichever is higher, shall be charged to duty with the same ad valorem duty as a conveyance on sale (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 132 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 133: Leases.**

An agreement for a lease, with respect to the letting of land or building, shall be subject to duty on grant of a lease or sublease, or the assignment of a lease, and shall be charged with the same duty as if it were an actual lease made for the term and consideration mentioned in the agreement, provided that lease agreements for which the annual value is less than ₦10,000,000 or 10 times the annual minimum wage, whichever is higher, shall not be chargeable with any duty under chapter five of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 133 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 134: Duty on share capital.**

The share capital of a company shall be charged with an ad valorem duty, as specified in the Ninth Schedule to this Bill, of the amount of such capital, or increase of capital, as the case may be (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 134 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 135: Duty on loan capital.**

- (1) The loan capital of a company shall be charged with ad valorem duty, as specified in the Ninth Schedule to this Bill.
- (2) "Loan capital" means any debenture stock, other stock or funded debt by whatever name known or any debt raised by any corporation, company or body of persons formed or established in Nigeria but does not include —
 - (a) an overdraft;
 - (b) loan obtained for a period not exceeding twelve months; and
 - (c) loan obtained for onward disbursement to any other person in an onlending arrangement:

Provided that for the purpose of subsection (c), the beneficiary of the disbursement shall be responsible to pay the duty as prescribed in the Ninth Schedule to this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 135 stands part of the Bill — Agreed to.

*Committee's Recommendation:***Clause 136: Marketable Security.**

An instrument made for the purpose of issuing marketable securities by or on behalf of a company or body of persons, corporate or unincorporated, formed or established in Nigeria shall be subject to duty under chapter five of this Bill, whether the securities are issued in Nigeria or not (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 136 stands part of the Bill — Agreed to.

*Committee's Recommendation:***Clause 137: Appraisements.**

- (1) Every appraisal or valuation carried out for the purpose of ascertaining the value of a real property is subject to duty, which shall be accounted for by the appraiser.
- (2) For the purpose of chapter five of this Bill, "appraiser" means any person who values or appraises any estate or real property, or any interest, whether in possession or not, in any estate or real property, for a fee (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 137 stands part of the Bill — Agreed to.

*Committee's Recommendation:***Clause 138: Duplicates and Counterparts.**

The duplicate or counterpart of an instrument chargeable with duty shall not be deemed duly stamped, unless it is stamped as an original instrument or certified by the relevant tax authority that the full duty on the original instrument has been paid (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 138 stands part of the Bill — Agreed to.

*Committee's Recommendation:***Clause 139: Duty relating to one instrument covering multiple transactions.**

Where an instrument contains or relates to more than one transaction or several distinct matters, each transaction or distinct matter shall be charged to duty separately (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 139 stands part of the Bill — Agreed to.

*Committee's Recommendation:***Clause 140: Duty relating to multiple instruments covering same transaction.**

- (1) Where multiple instruments chargeable with ad valorem duties are executed for effecting the same transaction, only one of the instruments, as may be determined by the relevant tax authority, shall be charged with the ad valorem duty.
- (2) Any other instrument referred to in subsection (1) of this section shall be stamped as counterparts at flat rates prescribed in the Ninth Schedule to this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 140 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 141: Provisions on non-monetary consideration.**

Where an instrument chargeable with ad valorem duty consists of non-monetary consideration, the value shall be deemed as the market value of the consideration or part thereof (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 141 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 142: Imposition of Value Added Tax.**

Value Added Tax (VAT) is imposed in accordance with the provisions of chapter six of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 142 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 143: Charge of VAT.**

Subject to the exemptions in part IV of chapter eight of this Bill, VAT shall be paid on all taxable supplies in Nigeria (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 143 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 144: Taxable Supplies.**

A taxable supply shall be deemed to take place in Nigeria where, in respect of —

- (a) goods —
 - (i) the goods are physically present, imported into, assembled or installed in Nigeria at the time of supply, or
 - (ii) the beneficial owner of the rights in or over the goods is a taxable person in Nigeria and the goods or right is situated, registered or exercisable in Nigeria;
- (b) a service —
 - (i) the service is provided to and consumed by a person in Nigeria, regardless of whether the service is rendered within or outside Nigeria or whether or not the legal or contractual obligation to render such service rests on a person within or outside Nigeria, or
 - (ii) the service is connected with existing immovable property, including the services of agents, experts, engineers, architects, valuers, etc., where the property is located in Nigeria; and
- (c) an incorporeal —
 - (i) the exploitation of the right is made by a person in Nigeria or whose place of usual residence is Nigeria,

- (ii) the right is registered in Nigeria, assigned to or acquired by, a person in Nigeria, regardless of whether the payment for its exploitation is made within or outside Nigeria, or
- (iii) the incorporeal is connected with a tangible or immovable asset located in Nigeria (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 144 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 145: Time of Supply.

- (1) For the purposes of chapter six of this Bill, a taxable supply shall be deemed to take place at the time an invoice or receipt is issued by the supplier, or where goods are delivered or made available for use, or payment is due to or received by the supplier in respect of that supply, whichever occurs first.
- (2) A taxable supply shall be deemed to take place where the supplier and recipient are connected persons and invoices are not issued, in the case of —
 - (a) a supply of goods which are to be removed, the time of removal of the goods;
 - (b) a supply of goods which is not to be removed, at the time when they are available to the recipient;
 - (c) furnishing of a service, upon commencement of the furnishing of the service; or
 - (d) an incorporeal, when such incorporeal becomes available for the use of the recipient.
- (3) Notwithstanding the provisions of subsections (1) or (2) of this section —
 - (a) where goods are supplied under any rental agreement or where services are furnished under any agreement or law which provides for periodic payments, they shall be deemed to be successively supplied for successive parts of the periods of the agreement or as determined by such law, and each of the successive supplies shall be deemed to occur when payment becomes due or is received, whichever is earlier;
 - (b) where, and to the extent that, taxable supplies are —
 - (i) progressively or periodically made under any agreement or law which provides for the consideration for that supply to be paid in instalments or periodically and in relation to the progressive or periodic supply, or
 - (ii) made in relation to any construction, assembly, manufacturing, alteration, improvement or repair activity under any agreement or law which provides for the

consideration for that supply to become due and payable in instalments or periodically in relation to the progressive nature of the work, the supplies shall be deemed to be successively made, and each successive supply shall be deemed to take place whenever any payment becomes due or is received or an invoice relating to only that payment is issued, whichever occurs first; and

- (c) where a taxable supply is made under an instalment credit agreement, the supply shall be deemed to take place at the time the taxable supply is delivered or the time any payment of consideration is received by the supplier in respect of the supply, whichever occurs first (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 145 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 146: Rate of VAT.

Subject to the provisions of Part IX D of this Chapter, VAT shall be charged on the value of all taxable supplies at the rate of 7.5% (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 146 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 147: Value of taxable supplies.

- (1) For the purposes of chapter six of this Bill, the value of taxable supplies shall be determined as follows, where the supply is —
- (a) for a money consideration, its value shall be the amount which with the addition of the VAT chargeable is equal to the consideration; and
- (b) not for a money consideration, the value of the supply shall be its market value.
- (2) Where a taxable supply is not the only transaction to which a consideration relates, the supply shall be the part of the consideration as is properly attributable to it.
- (3) For the purposes of chapter six of this Bill, the market value of a taxable supply, where it is not for money consideration, or for a supply between connected persons, shall be the money consideration as may be payable by a person in a transaction at arm's length (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 147 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 148: Value of imported goods.

The value of imported taxable supply for the purposes of chapter six of this Bill shall be the amount which is equal to the price of the taxable supply imported plus —

- (a) taxes, duties and other charges levied either outside or by reason of importation into Nigeria, other than VAT imposed under this Bill; and
- (b) costs by way of commission, parking, transport and insurance up to the port or point of entry (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 148 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 149: Taxable supply of non-residents.

- (1) A non-resident person who makes taxable supplies to Nigeria shall register for tax and include VAT on its invoice for all taxable supplies.
- (2) Where a non-resident person is making taxable supplies from outside Nigeria to persons in Nigeria, the taxable person to whom the supply is made in Nigeria shall withhold the VAT due on the supply and remit it to the Service.
- (3) The Service may, by notice, appoint any person, including a non-resident supplier of taxable supplies, to collect the VAT and remit it to the Service.
- (4) Where a person appointed under subsection (3) of this section has made a taxable supply to a taxable person in Nigeria, the taxable person shall not have the obligation to withhold the VAT, except where the person appointed has failed to collect the VAT.
- (5) Where a person appointed under subsection (3) of this section does not process payments in respect of the supplies but receives commission relating to the supplies, the appointed person shall use the mechanism with which it collects its commission to collect the VAT.
- (6) A non-resident person that makes a taxable supply to a person in Nigeria may appoint a representative for the purpose of compliance with its VAT obligations (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 149 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 150: Payment of VAT by taxable person.

- (1) A taxable person shall pay VAT to a supplier on the taxable supply made to the person.
- (2) The VAT paid by a taxable person under subsection (1) of this section shall be known as input VAT (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 150 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 151: VAT Invoice.

- (1) A taxable person who makes a taxable supply shall, in respect of that supply, furnish the purchaser with a VAT invoice containing, the following —

- (a) supplier's tax ID;
 - (b) name and address of the supplier and sequential invoice number;
 - (c) supplier's incorporation or business registration number as applicable;
 - (d) the date of supply;
 - (e) name of purchaser or client;
 - (f) gross amount of transaction; and
 - (g) VAT charged and the rate.
- (2) VAT invoice shall be issued on supply whether or not payment is made at the time of supply.
- (3) VAT invoice shall be issued by a taxable person making a taxable supply or such other person as may be appointed by the Service.
- (4) For the purpose of subsection (1) of this section, the Service may direct any taxable person who makes taxable supplies to adopt the use of electronic invoice, provided that it gives a notice of, at least 30 days to the person (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 151 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 152: Collection of VAT by taxable person.

- (1) A taxable person shall, on making taxable supplies under chapter six of this Bill, collect VAT at the rate specified in section 146 of this Bill.
- (2) The VAT collected by a taxable person under subsection (1) of this section shall be known as output VAT (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 152 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 153: Collection of VAT by persons other than the supplier.

- (1) Without prejudice to any provision of this Bill or any other tax law, the following persons shall collect or withhold VAT on taxable supplies made to them and remit it to the Service within the time prescribed by this Bill, the Nigeria Tax Administration Act or any regulation made pursuant thereto —
 - (a) Federal, State, Local Government and their respective Ministries, Departments or Agencies; or
 - (b) any other person appointed by the Service to collect or withhold VAT for the purposes of this part.

- (2) The Service may direct a taxable person to whom taxable supplies is made in Nigeria and issued an invoice on which VAT is not included, to self account for the VAT payable and remit it to the Service.
- (3) The remission of the VAT under subsections (1) and (2) of this section shall be accompanied with a schedule showing the name, Tax ID and address of the contractor or supplier, invoice number, gross amount of invoice, amount of the VAT and the month to which the return relates.
- (4) The VAT collected, withheld or self-accounted under this section shall be remitted to the Service on or before the 14th day of the month immediately following the month of the transaction or as may be prescribed by the Service.
- (5) A person having an obligation to collect VAT under chapter six of this Bill shall keep proper records, make appropriate returns and remittances, and all provisions relating to compliance obligation in chapter six of this Bill, the Nigeria Tax Administration Act or related tax laws shall apply to such person as though it is the taxable person (*Hon. James Abiodun Faleke—
Ikeja Federal Constituency*).

Question that Clause 153 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 154: Credit for Input Tax and Remission of VAT.

- (1) A taxable person shall, not later than the due date for rendering the relevant tax return prescribed by the Nigeria Tax Administration Act, where the —
 - (a) output VAT exceeds the input VAT, remit the excess to the Service; or
 - (b) input VAT exceeds the output VAT, be entitled to utilise the excess tax as a credit against subsequent months.
- (2) A taxable person shall be entitled to a refund of excess VAT not utilised as a credit, upon request to the Service and provision of such information or documents as the Service may require.
- (3) An importer of taxable goods shall, before clearing those goods, pay to the Service the VAT on the goods.
- (4) Input tax incurred by a registered person on any taxable supply, including services and fixed assets made to such person, may be deducted from the tax payable by the person on its taxable supplies at the end of the tax period in which the supply occurred, but only to the extent that the input tax was incurred for the purpose of consumption, use or supply in the course of making taxable supplies.

Provided that —

- (a) where any input tax is incurred in making both taxable and non-taxable supplies, only the proportion relating to making taxable supplies may be deducted

- (b) the input tax shall be allowable for deduction within five years after the end of the tax period in which the input tax was incurred.
- (5) The input tax which may be deducted in line with subsection (4) of this section shall be limited to taxable supplies made as from the commencement of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 154 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 155: Business Restructuring.

The provisions of section 191 of this Bill shall apply in respect of sale or transfer of trade, business, profession or vocation carried on in Nigeria (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 155 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 156: Fiscalisation of supplies for VAT.

- (1) A taxable person making a taxable supply shall implement the fiscalisation system deployed by the Service in accordance with the Nigeria Tax Administration Act.
- (2) The fiscalisation system may include fiscal equipment consisting of electronic devices, software solutions or a communication system involving a secured network, or any such combination of the components for electronic invoicing and data transfer as the Service may prescribe or deploy.

Clause 157: Imposition of excise duty on Service.

Excise duty is imposed on excisable services provided in Nigeria and shall be collected at the time an excisable transaction occurs.

Committee's Recommendation:

Leave out Clause 157 (Hon. James Abiodun Faleke— Ikeja Federal Constituency).

Agreed to.

Clause 158: Rate of excise duty on service.

The rate of excise duty shall be as specified under the Tenth Schedule to this Bill which ranges between 0% to 5%.

Committee's Recommendation:

Leave out Clause 158 (Hon. James Abiodun Faleke— Ikeja Federal Constituency).

Agreed to.

Clause 159: Base for excise duty on service.

The amount of an excisable transaction is the amount chargeable for the service or transaction by the provider, both in money or money's worth.

Committee's Recommendation:

Leave out Clause 159 (Hon. James Abiodun Faleke— Ikeja Federal Constituency).

Agreed to.

Clause 160: Excisable Services.

- (1) Excisable services provided in Nigeria shall be charged with duties at the rates specified under the Tenth Schedule to this Bill or as the Minister may by Order prescribe.
- (2) Where an exchange of currency transaction involving the Naira is conducted within or outside Nigeria, if the exchange rate of the transaction exceeds the prevailing exchange rate at the official market authorised by the Central Bank of Nigeria, the excess shall be payable as excise duty by the seller on a self-assessment basis as provided in the Nigeria Tax Administration Act.

Committee's Recommendation:

Leave out Clause 160 (Hon. James Abiodun Faleke— Ikeja Federal Constituency).

Agreed to.

Clause 161: Excisable transaction.

- (1) In the case of transactions which take place —
 - (a) physically in Nigeria, the excisable transaction is the provision of the service; and
 - (b) remotely or virtually, the excisable transaction is the receipt or consumption of the service in Nigeria.
- (2) Excisable services are deemed to be provided in Nigeria where such services are consumed in Nigeria, or it can be reasonably inferred that the usual place of residence of the consumer or recipient is in Nigeria.

Committee's Recommendation:

Leave out Clause 161 (Hon. James Abiodun Faleke— Ikeja Federal Constituency).

Agreed to.

Clause 162: Remittance and Collection of Excise Duties.

- (1) Excise duties under this Bill shall be due and payable to the Service on or before the 21st day of the month in respect of the excisable services provided in the preceding month.
- (2) The Service shall administer excise duties on excisable services and may by regulation prescribe modalities for the collection or self-assessment of duties on excisable services provided or facilitated by a resident or non-residents person.

Committee's Recommendation:

Leave out Clause 162 (Hon. James Abiodun Faleke— Ikeja Federal Constituency).

Agreed to.

Clause 163: Power to amend the schedule.

The Minister may by notification in the Gazette indicate the commencement of excise duties on the services stated under the Tenth Schedule to this Bill and may issue Regulations to modify the list of excisable services and the applicable duties.

Committee's Recommendation:

Leave out Clause 163 (Hon. James Abiodun Faleke— Ikeja Federal Constituency).

Agreed to.

Committee's Recommendation:**Clause 164: Income Tax Exemption.**

(1) There is exempt from tax under chapter two of this Bill —

- (a) the profits accruing to, or gains from disposal of assets of, any person being —
 - (i) a statutory or registered friendly society, where the profits or gains are not derived from a trade or business carried on by such society,
 - (ii) a co-operative society registered under any enactment or law relating to co-operative societies, not being profits or gains from any trade or business carried on by that society,
 - (iii) engaged in educational, religious or charitable activities of a public character where the profits or gains are not derived from a trade or business carried on by such person,
 - (iv) a trade union registered under the Trade Unions Act where the profits or gains are not derived from a trade or business carried on by such trade union,
 - (v) a Federal, State or Local Government in Nigeria, their Ministries, Departments and Agencies and other public institutions, other than profits or gains derived from trade or business or any instrumentality established for the purpose of trade or business, and
 - (vi) a government purchasing authority established by an enactment and empowered to acquire any commodity for export or redistribution;
- (b) dividend distributed by authorised collective investment scheme;
- (c) dividend or rental income received by a real estate investment company on behalf of its shareholders, where not less than 75% of the dividend or rental income is distributed within 12 months after the end of the financial year in which the dividend or rental income was earned, provided that nothing in this subsection shall be construed to exempt a —

- (i) shareholder from tax on the dividend or rental income received from a real estate investment company,
 - (ii) real estate investment company from tax on management fee, profits or any other income earned for and on its own account, and
 - (iii) real estate investment company from tax on dividend or rental income if it does not meet the conditions stipulated in this paragraph;
- (d) compensating payments, which qualify as dividends under section 5 (2) (c) of this Bill, received by a lender from its approved agent or a borrower in a Regulated Securities Lending Transaction;
- (e) compensating payments, which qualify as dividends or interest under section 5(2)(c) of this Bill, received by an approved agent from a borrower or lender on behalf of a lender or borrower in a Regulated Securities Lending Transaction;
- (f) consular fees received on behalf of a foreign State, or by a consular officer on behalf of the State, and the employment income of such officer, other than income in respect of any trade, business, profession or vocation carried on by the officer or in respect of any other employment exercised by him in Nigeria:

Provided that this exemption shall not apply to the income of an employee engaged in domestic duties, or where the officer or employee ordinarily resides in Nigeria and is not a national of the foreign State;
- (g) an income in respect of which tax is remitted or exempt under the provisions of the Diplomatic Immunities and Privileges Act or of any enactment, order or notice continued in force or effected by that Act.
- (h) pension funds and assets created pursuant to the Pension Reform Act;
- (i) pension, gratuity or any retirement benefits granted in accordance with the Pension Reform Act;
- (j) wound and disability pensions granted to members of the armed forces or of any recognised national defence organisation, or to a person injured as a result of enemy action;
- (k) a sum received by way of death gratuities or as consolidated compensation for death or injuries;
- (l) subject to the provisions of part VIII of chapter two of this Bill, redundancy lump sum payment and other compensation of capital nature for loss of employment;

- (m) gains accruing from the disposal of assets by an angel investor, venture capitalist, private equity fund, accelerators or incubators with respect to a labelled startup provided the assets have been held in Nigeria for a minimum of 24 months
 - (n) income earned from bonds issued by a State or the Federal Government of Nigeria.
 - (o) emoluments of any person serving as other rank and other personnel serving in combat zones, hazardous areas or in designated operations, provided that where any other income accrues to the person, not being income by way of personal emoluments, that income shall be liable to tax under chapter two of this Bill.
 - (p) income generated by companies engaged in agricultural businesses including crop production, livestock, aquaculture, forestry, dairy, and such other businesses as described in the Fourteenth Schedule to this Bill, for the first five years upon commencement of business.
 - (q) dividend received from investments in wholly export-oriented businesses
 - (s) profits of a company engaged in sporting activities.
 - (t) dividend, interest, rent or royalty derived from outside Nigeria and brought into Nigeria through approved channels
 - (u) income of a person from an employment where such person earns gross income of National Minimum Wage or less from such employment.
 - (v) wages and salaries of military officers
- (2) The following shall not constitute chargeable gains under part VIII of chapter two of this Bill —
- (a) gains accruing to —
 - (i) pension funds and assets approved under the Pension Reform Act, and
 - (ii) an individual from disposal of investment held as part of any national provident fund or other retirement benefits schemes established under the provisions of any Act or enactment for employees throughout Nigeria;
 - (b) gains on the disposal of a decoration, awarded for valour or gallant conduct which a person acquires otherwise than for consideration in money or money's worth.
- (3) A company shall be entitled to an additional deduction of 50% in the relevant years of assessment in respect of costs incurred in any two calendar years from 2023 to 2025 on the following —

- (a) wage awards, salary increases, transportation allowance or transport subsidy granted to a low-income worker, which bring the gross monthly remuneration of the worker up to an amount not exceeding ₦100,000.00;

Provided that any additional award or salary increase to an employee earning above ₦100,000.00 as monthly salary shall not qualify for the additional deduction under this subsection; and

- (b) salaries of any new employee constituting a net increase in the average number of new employees hired in 2023 and 2024 calendar years over and above the average net employment in the 3 preceding years, provided that such new employees are not involuntarily disengaged within a period of 3 years post-employment.

- (4) In this section —

"net employment" means the total number of persons employed less the total number of persons disengaged during the calendar year, whether such disengagement is voluntary or not (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 164 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 165: Deductible Donations.

- (1) Subject to the provisions of this section and notwithstanding anything contained in section 20 of this Bill, for the purposes of ascertaining the profits or loss of any company for any period from any source chargeable with tax under chapter two of this Bill, there shall be deducted the amount of any donation made for that period by that company to any fund, body or institution in Nigeria to which this section applies.
- (2) Without prejudice to section 21 of this Bill, any donation made by a company pursuant to subsection (1) of this section may be deducted from the profits of that period notwithstanding that the donation is of a revenue or capital nature.
- (3) This section shall apply to donations made to —
- (a) public funds;
- (b) statutory bodies or institutions;
- (c) religious, charitable, educational and scientific institutions, established in Nigeria;
- (d) bodies recognised under the Diplomatic Immunities and Privileges Act; or
- (e) any pandemic, natural disaster or other public emergency interventions.

- (4) A company making a deduction for a donation shall provide requisite document evidencing the donation to the relevant tax authority.
- (5) The total deduction to be allowed to a company, under this section, for any year of assessment, shall not exceed an amount equal to 10% of the profit before tax of that company for that year.
- (6) In the case of a donation other than in cash, the value for the purpose of this section shall be the lower of the market value at the time of the donation or the consideration paid for the item when it was acquired (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 165 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 166: Deduction for research and development.

- (1) Notwithstanding anything contained in section 20 of this Bill, for the purpose of ascertaining the profit or loss of any company for any period from any source chargeable with tax under chapter two of this Bill, there shall be deducted the amount incurred in that period by that company for research and development.
- (2) The deduction to be allowed to a company under subsection (1) of this section for any year of assessment shall not exceed an amount which is equal to 5% of the turnover for that year.
- (3) Where a company to which this section applies subsequently sells or transfers the outcome of the research and development to another person for exploitation or commercialisation, the proceeds of such sale or transfer shall be taxed under chapter two of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 166 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 167: Priority sectors.

- (1) The sectors listed in the Eleventh Schedule to this Bill are classified as priority sectors for the purposes of economic development tax incentives.
- (2) The period of incentives for any priority sector shall be as provided in the Eleventh Schedule to this Bill.
- (3) The President may direct an amendment to the list contained in the Eleventh Schedule to this Bill, where, in his opinion —
 - (a) any sector is not operating on a scale suitable to the economic requirements of Nigeria, or there are favourable prospects of further development;
 - (b) it is expedient in the public interest to encourage the development or establishment of a sector in Nigeria for the purpose of —
 - (i) generating employment,

- (ii) attracting Foreign Direct Investment inflow,
 - (iii) economic diversification, and
 - (iv) stimulating the growth of some sectors in certain localities
- (c) any sector, product or service within a sector, is considered to have been sufficiently developed to necessitate its removal from the list contained in Eleventh Schedule to this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 167 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 168: Eligibility for economic development incentive certificate.

- (1) An application for economic development incentive certificate may be made by a company incorporated in Nigeria, companies granted exemption from incorporation or by promoters of a company which is yet to be incorporated.
- (2) An application for the issuance of an economic development incentive certificate by a company shall be considered under this section where the qualifying capital expenditure to be incurred by the company on or before production day, if the application is approved, is not below the amount specified in the Eleventh Schedule to this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 168 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 169: Application for economic development incentive certificate.

- (1) Subject to the provisions of this part, every application for economic development incentive certificate shall be addressed to the Executive Secretary of the Nigerian Investment Promotion Commission (NIPC), and shall be in such form as may be specified.
- (2) The application shall —
 - (a) show a commitment of, or the ability to commit, the minimum capital required to invest in the specified priority sector listed in the Eleventh Schedule to this Bill;
 - (b) state whether the company is, or the proposed company when incorporated shall be, a company that the ultimate parent entity is a resident company or non-resident company;
 - (c) give particulars of the assets on which qualifying capital expenditure is incurred or to be incurred by the company, including the source and cost or estimated cost —
 - (i) on or before production day, and
 - (ii) during a period of three years following the production day;

- (d) specify the place in which the assets, in respect of which qualifying expenditure was incurred or to be incurred by the company or proposed company, is situated or to be situated;
 - (e) state the date or probable date of production day of the company or proposed company;
 - (f) specify any product, service, and by-product, not being a priority product, being produced or proposed to be produced by the company or proposed company, and give a reasonable estimate of the quantities and value of such product and by-product during a period of one year from production day;
 - (g) give particulars of the loan and share capital, or the proposed loan and share capital of the company, or proposed company, including the amount and date of each issued shares or proposed issue, and the source from which the capital is to be or has been raised;
 - (h) in the case of a company already incorporated, provide the details of the ownership structure of the company and the nationality of each director of the company; and
 - (i) in the case of a proposed company, provide the name, Tax ID address, and nationality of each promoter of the company and the proposed ownership structure.
- (3) An application shall contain a declaration signed by the applicant that all the information contained in the application is true, and an undertaking to produce proof, if required.
 - (4) The application shall be accompanied by a non-refundable fee of 0.1 % of the qualifying capital expenditure incurred or to be incurred, subject to a maximum of ₦5,000,000.00 and no further fee shall be payable to the NIPC in respect of the application.
 - (5) The NIPC shall recommend the application to the Minister, for approval or otherwise, including the projected tax expenditure impact report in its recommendation.
 - (6) The Minister, acting on the recommendation of the NIPC, may recommend the application to the President for approval.
 - (7) An economic development incentive certificate shall not be issued to a company without the approval of the President.
 - (8) The NIPC shall submit an annual report of the list of sectors and companies that have benefited under this part to the Minister who shall, not later than 30 days, present a copy of the report to the President and the National Economic Council (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 169 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 170: Approval of application.

- (1) A company whose application has been approved in line with section 169 of this Bill, shall be issued an economic development incentive certificate.
- (2) Where a sector is removed from the Eleventh Schedule to this Bill —
 - (a) economic development incentive certificate shall not be issued to a company in relation to that sector with respect to any pending application made under section 169 of this Bill; and
 - (b) a company issued an economic development incentive certificate before the removal shall exhaust its unexpired incentive period only (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 170 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 171: Terms of economic development incentive certificate.**

- (1) Every economic development incentive certificate shall be in accordance with the terms and conditions stipulated in this part.
- (2) An economic development incentive certificate shall specify —
 - (a) conditions of the certificate; and
 - (b) any permissible by-product that may be produced by the company in addition to the priority product and the proportion of the permissible by-product in relation to the priority product, either in quantity or in value or both.
- (3) Where an application for economic development incentive certificate for a proposed company has been approved, its promoters shall incorporate the company, not later than three months after the date of notification of the approval.
- (4) An economic development incentive certificate to be issued to a company to which subsection (3) of this section relates shall be issued only after the company has been incorporated and the certificate shall be effective from the company's production day.
- (5) In the case of an existing company, the NIPC shall, not later than thirty days after the approval of the President, issue the certificate and communicate it to the applicant.
- (6) Notwithstanding anything contained in section 179 of this Bill, where a company to which economic development incentive status has been issued —
 - (a) acquires another company to which an economic development incentive certificate has been issued under this part or its equivalent under the Industrial Development (Income Tax Relief) Act, the

incentive status of both companies shall cease on the expiry date indicated on the economic development incentive certificate of the subsisting company;

- (b) takes over the assets and business of any company which is not a company with an economic development incentive status, such acquisition of asset and business of that company shall be subject to sections 169 and 172 of this Bill;
- (c) is acquired by a company with no economic development incentive status, the economic development incentive status of the acquired company shall not be transferred to the acquiring company except as may be approved in accordance with sections 169 and 172 of this Bill;
- (d) merges with one or more companies that have been issued economic development incentive certificate or its equivalent —
 - (i) the incentive status of the merging companies shall cease on the date of the merger,
 - (ii) the emerging company from the merger may apply for economic development incentive status, and
 - (iii) the expiration date of the economic development incentive certificate to be granted under subsection (6)(d)(ii) of this subsection to the emerging company, shall not be longer than the later date on the economic development incentive certificate of the merging companies (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 171 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 172: Addition of product to the economic development incentive certificate.

- (1) A priority company may, at any time during its incentive period, make an application in writing to the Executive Secretary of the NIPC for its economic development incentive certificate to be amended to add another product to the priority product or products specified in the certificate.
- (2) An application under this section shall specify the additional priority product and the reasons for the application and the provisions of sections 169 and 171 of this Bill shall apply.
- (3) An economic development incentive certificate may be extended for an additional period of 5 years and no more, on the condition that the priority company invests 100% of its profits during the incentive period for expansion of the same product or products (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 172 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 173: Application of economic development incentive certificate.**

- (1) Subject to the provision of section 174 of this Bill, where an economic development incentive certificate is issued to a company and the provisions of chapter two of this Bill has been applied on the company after the effective date of the certificate, appropriate adjustments shall be made to give effect to the provisions of this part.
- (2) No economic development incentive certificate under this Bill shall be issued with a retroactive date (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 173 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 174: Production day and qualifying capital expenditure.**

- (1) A company issued an economic development incentive certificate shall, not later than one month after its production day, apply to the Industrial Inspectorate Department of the Federal Ministry of Industry, Trade and Investment, to certify its production day.
- (2) The Industrial Inspectorate Department shall within one month of certifying the production day, notify the NIPC and the Service of the production day of the company.
- (3) Not later than one month after the production day of the company has been determined and certified under this section, or within such extended time as the Service may allow, the company shall make an application in writing to the Service to certify the amount of the qualifying capital expenditure incurred by the company prior to production day and the company shall supply full particulars of the capital expenditure so incurred.
- (4) In determining the amount of qualifying capital expenditure incurred by the company prior to its production day, any sum derived directly or indirectly by that company from disposal, made before the production day, of any asset on which qualifying capital expenditure has been incurred, shall be deducted from the amount of the qualifying capital expenditure.
- (5) Where the disposal of asset referred to in subsection (4) of this section is by way of a bargain not made at arm's length or to a connected person, the Service shall consider the asset disposed of at its market value in a comparable transaction conducted at arm's length.
- (6) The Industrial Inspectorate Department shall issue a certificate within 14 days after inspection of the assets, to the company certifying the amount of qualifying capital expenditure incurred by the company prior to the production day and during the priority period:

Provided that the Industrial Inspectorate Department may charge a non-refundable fee of 0.1 % of the qualifying capital expenditure incurred or to be incurred, subject to a maximum of N5,000,000.00 and no further fee shall be payable to the Industrial Inspectorate Department in respect of the certification.

- (7) The provisions of chapter two of Nigeria Tax Administration Act which relate to objections and appeals shall apply to any certificate issued by the Service under this section, as if such certificate were a notice of assessment given under the provisions of the Nigeria Tax Administration Act.
- (8) Where the amount of the qualifying capital expenditure incurred by the company prior to production day has been determined and certified by the Service, the Service shall notify the NIPC of the amount.
- (9) Where a certificate issued by the Service under subsection (6) of this section certifies that the company has on or before production day incurred qualifying capital expenditure lower than the amount specified in the Eleventh Schedule to this Bill, the Service shall discountenance such economic development incentive certificate and notify the NIPC accordingly.
- (10) For the purposes of this section, "production day" means in relation to a company —
 - (a) providing services, the date in which the company is ready to provide such priority service on a commercial scale; and
 - (b) engaged in manufacturing, processing, mining, agricultural or any other priority industry, the date in which the company begins to produce the priority product in commercial quantities (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 174 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 175: Cancellation of economic development incentive certificate.

- (1) The NIPC shall cancel an economic development incentive certificate-
 - (a) on the application of the priority company concerned;
 - (b) on the cessation of the priority business or the company being liquidated or wound up; or
 - (c) where the priority company fails to commence production 12 months after the proposed production day.
- (2) The Minister may, on the recommendation of the NIPC, suspend the economic development incentive certificate and require the priority company to, not later than three months, remedy a non-compliance and furnish the details of compliance where-
 - (a) any of the conditions for the grant of economic development incentive certificate was not met; or
 - (b) the Minister is of the opinion that a priority company has contravened any provision of this part or has failed to fulfil any estimate or proposal made in its application for an economic

development incentive certificate or any conditions contained in its certificate.

- (3) Where a priority company fails to remedy the non-compliance or furnish the details of the compliance within the time specified in subsection (2) of this section, the Minister shall, on the recommendation of the NIPC, recommend to the President, the cancellation of the economic development incentive certificate.
- (4) The President may, on the recommendation of the Minister, approve the cancellation of the economic development incentive certificate of the company, and any benefit that has accrued to the priority company from the economic development incentive status may be withdrawn.
- (5) The effective date of cancellation of an economic development incentive certificate of a priority company shall be where the —
 - (a) company has operated for a period less than one year after the production day, the production day;
 - (b) company has operated for a period more than one year after the production day, the date of the last anniversary of the production day; or
 - (c) cancellation is as a result of failure to meet any of the conditions for the grant of economic development incentive certificate, the production day.
- (6) Where the economic development incentive certificate of a company is suspended or cancelled, or where benefits that accrued to the company is withdrawn, the NIPC shall give notice of the cancellation or withdrawal to the Service and the company concerned, specifying the effective date thereof (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 175 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 176: Information.

The NIPC, Federal Ministry of Industry Trade and Investment or the Service may require a priority company to provide information on —

- (a) the local production costs and factory prices of the products of the company;
- (b) the relative cost, including freight and insurance, of imported products equivalent or similar to the priority products produced by the company; or
- (c) any other matter as may be required for the purposes of this part or any provision of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 176 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 177: Publication of economic development incentive certificate.**

The NIPC shall cause to be published in the Official Gazette —

- (a) the name of any company to which an economic development incentive certificate has been issued and the priority sector or product to which the certificate relates;
- (b) the name of any company whose economic development incentive certificate has been cancelled and the effective date of the cancellation; and
- (c) any restriction of the incentive period of a company granted an economic development incentive status (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 177 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 178: Economic development tax credit.**

- (1) The economic development tax credit at the rate of 5% per annum for a period of 5 years shall apply to each eligible Qualifying Capital Expenditure acquired within 5 years effective from the production date.
- (2) Subject to section 57 of this Bill, the economic development tax credit may be utilised to offset the tax payable of any year of assessment during the priority period, except the additional tax payable under that section.
- (3) A company having unutilised tax credit or eligible QCE on which 5% per annum tax credit is yet to be claimed for 5 years, after the end of the priority period, may within 5 years thereafter carry forward such unutilised tax credit and any amount remaining unutilised shall lapse (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 178 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 179: Economic development incentive period.**

The incentive period of a priority company shall commence on the production day of the company, and subject to sections 171, 172 and 175 of this Bill, shall be for a period of five years (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 179 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 180: Books and records for priority products.**

- (1) Where a priority company carries on a non-priority business, the company shall maintain separate records of income and books of account for each business.
- (2) The records of each business certified by an auditor, shall be sufficient to enable the determination of the turnover, income or profits of each class of business.

- (3) Where, in the opinion of the Service, the company has not complied with the provision of this section, all the income of the company shall be deemed non-priority and economic development tax credit shall not be granted (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 180 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 181: Returns of profits.

- (1) All the relevant provisions of chapter two of this Bill and the Nigeria Tax Administration Act, including the filing of returns, shall apply to a company granted economic development incentive status during the priority period.
- (2) The company shall provide evidence of compliance with the minimum qualifying criteria specified in sections 168 and 169, and the Eleventh Schedule to this Bill, accompanied with the annual income tax returns (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 181 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 182: Cancellation or discountenance of economic development tax credit.

- (1) The Service may, not later than six years after the cancellation of an economic development incentive certificate, withdraw or discountenance an economic development tax credit granted under this part, except in the case of fraud where there is no limit to the time for the withdrawal of the economic development tax credit.
- (2) Where an economic development tax credit is withdrawn or discountenanced under subsection (1) of this section, the Service shall, within the time prescribed under the Nigeria Tax Administration Act, issue notice of additional assessment to the company (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 182 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 183: Provisions for Plantation Industry.

- (1) For the purposes of chapter two of this Bill, the trade of a company which operates a plantation to which an economic development incentive certificate has been issued shall be deemed to have commenced on the date when the planting first reaches commercial production.
- (2) Expenditure incurred on the maintenance of a planted area up to the date specified in subsection (1) of this section is deemed to have brought an asset into existence, and the expenditure shall be qualifying plantation expenditure on the date the business commenced, for the purposes of part I of the First Schedule to this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 183 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 184: Exclusion from other reliefs and transition arrangements.**

- (1) Any company granted economic development tax credit, shall not benefit from a similar tax incentive under this Bill or any other law.
- (2) Any company granted an incentive under the Industrial Development (Income Tax Relief) Act shall continue to enjoy the reliefs applicable under the Act for the unexpired period as at the commencement of this Bill.
- (3) Where a company has been granted an economic development incentive under this Bill prior to the applicable sunset for the sector or activity, the company shall continue to enjoy the reliefs applicable under this chapter for the unexpired period as specified under sections 178 and 179 of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 184 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 185: Interpretation.**

"Minister" in this part means Minister charged with the responsibility for Industry, Trade and Investment.

"Relevant authority" in this part means the Industrial Inspectorate Department of the Federal Ministry of Industry, Trade and Investment.

"Sunset" in the context of the eleventh schedule to this part means the period counting from the date of commencement of this Bill after which a sector, industry or activity shall cease to be eligible for the economic development incentive subject to subsection 184 (3) of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 185 stands part of the Bill — Agreed to.

Committee's Recommendation:**Clause 186: Exemption from Stamp Duties.**

The following instruments shall be exempted from stamp duties under chapter five of this Bill —

- (a) transfer of shares in Government or legislative stocks or funds of Nigeria;
- (b) any instrument for sale, transfer or other disposition, either absolutely or by way of mortgage, or otherwise, of any ship or vessel or any part, interest, share or property of or in any ship or vessel;
- (c) any instrument on which the duty would be payable by a Nigerian Government or any of its ministries, departments or agencies;
- (d) any instrument in which the duty would be payable by any consular officer arising out of his official functions provided the foreign government he represents grants similar exemption to Nigerian consular officers;

- (e) any instrument executed by or on behalf of a co-operative society registered under any Act or law;
- (f) shares, stocks or securities transferred by a lender to its approved agent or a borrower in furtherance of a Regulated Securities Lending Transaction;
- (g) shares, stocks or securities returned to a lender or its approved agent by a borrower in pursuant of a Regulated Securities Lending Transaction; or
- (h) all documents relating to the transfer of stocks and shares.
- (i) electronic transfer or electronic receipts of money of a sum below N10,000.00 or its equivalent in other currencies, transfers for salary payment and intra-bank self- transfers (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 186 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 187: Exempt supplies.

- (1) The following supplies are exempt from the VAT imposed under chapter six of this Bill —
 - (a) oil and gas exports;
 - (b) crude petroleum oil and feed gas for all processed gas;
 - (c) goods purchased for use in humanitarian donor funded projects;
 - (d) baby products;
 - (e) locally manufactured sanitary towels, pads or tampons;
 - (f) military hardware, software, arms, ammunitions and locally manufactured uniforms supplied to armed forces, para-military and other security agencies of a Nigerian government;
 - (g) shared passenger road-transport service;
 - (h) purchase, hire, rental or lease of tractors, ploughs and other equipment used for agricultural purposes.
 - (i) supplies consumed by an approved entity in the export processing or free trade zones, provided that the supplies are consumed on its approved activity;
 - (j) goods or services supplied to a diplomatic mission, diplomat or person recognised under the Diplomatic Immunities and Privileges Act whose activity is in public interest, and not for profit;

- (k) plays and performances conducted by educational institutions as part of learning;
 - (l) land or building including interest in land or building; and
 - (m) money, stakes or securities including interest in money or securities;
 - (n) Government licences.
- (2) Notwithstanding the provisions of chapter six of this Bill, VAT shall not be collected on the items specified in paragraph 1 of the Twelfth Schedule to this Bill except where the Minister by an order, published in the Official Gazette, specifies the date of collection of VAT on the items listed in the Order (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 187 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 188: Taxable supplies chargeable at zero percent.

- (1) Subject to paragraph 2 of the Twelfth Schedule to this Bill, the following taxable supplies are charged to VAT at the rate of zero percent —
- (a) basic food items;
 - (b) all medical and pharmaceutical products including medicinal herbal products;
 - (c) educational books and materials;
 - (d) fertilizers;
 - (e) locally produced agricultural chemicals;
 - (f) locally produced veterinary medicine;
 - (g) locally produced animal feeds;
 - (h) live cattle, goats, sheep and poultry;
 - (i) agricultural seeds and seedlings;
 - (j) electricity generated by generation companies (GENCOs) and supplied to National Grid or Nigeria Bulk Electricity Trading Company (NBET);
 - (k) electricity transmitted by Transmission Company of Nigeria (TCN) to Electricity Distribution Companies (DISCOs);
 - (l) medical services;
 - (m) tuition relating to nursery, primary, secondary or tertiary education;

- (n) exported goods excluding oil and gas;
- (o) exported services;
- (p) exported incorporeal property; and
- (q) medical equipment (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 188 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 189: Exemption by Order of the President.

Where, a government or an agency of a government in Nigeria has entered into an agreement with the government of another country or a donor agency for the provision of developmental financing for any project in Nigeria, and such agreement provides for the exemption of supplies made under the project from VAT, the President may, by an order published in the Official Gazette, give effect to the exemption (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 189 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 190: Interpretation.

For the purposes of this part and chapter six of this Bill —

"Baby Products" means products made for the use of babies from birth to 3 years of age and described below —

- (a) baby activity and entertainment products e.g. baby safety car and home accessories, high chairs, cots/bassinets/baskets/cribs etc. along with parts and accessories;
- (b) baby bathtub, sponges, towels, etc. baby grooming kit, baby creams, powders, lotions etc.;
- (c) baby carriage and parts e.g. carriers/slings/bouncers/swing/rockers etc, along with parts and accessories;
- (d) baby garments and clothing of any material;
- (e) feeding products, e.g. feeding bottle, feeding bottle warmers and related accessories;
- (f) plates, spoons, cups, sippy cups etc., breast pumps and accessories, nursing and feeding pillows etc.;
- (g) sanitary wares e.g. diapers, wipes and related products, diaper bags, potty and toilet training devices, baby mattress waterproof cover, baby toiletries, changing table and mat; and

(h) others, e.g. baby monitors along with parts and accessories;

"Basic Food Items" means an agriculture-based or aquatic-based staple food including —

(a) locally produced table honey;

(b) white bread and brown bread;

(c) cereals including maize, rice, wheat, millet, barley, sorghum, oats, fonio and finer millet, in the form of grain, flour, crop, whether raw or semi-processed, whether in bulk or retail;

(d) cooking oils including, vegetable oil, soya oil, palm oil, groundnut oil, shea butter, beniseed oil, olive oil, coconut oil; provided that they are of a type and grade suitable for culinary purposes, and do not contain any substance such as, fragrance, which will make them unsuitable for culinary use;

(e) culinary herbs including, curry, thyme, onions, ginger, mint, whether raw or processed;

(f) fish of all kinds other than ornamental, whether live, fresh, frozen, smoked or dried;

(g) flour and starch including, corn flour, plantain flour, cassava flour, beans flour, wheat flour, rice flour, yam flour, cassava flakes (garri), whether bleached or unbleached, refined or unrefined; provided that it is suitable for culinary purposes;

(h) fruits including, pineapples, oranges, mangoes, guavas, grape fruit, banana, pawpaw, etc., whether fresh or dried;

(i) live or raw meat from cow, goat, lamb, pig, poultry, whether butchered or in parts, fresh or frozen, and including poultry eggs;

(j) milk, whether fresh or processed into liquid or powdered form;

(k) nuts for human consumption such as, groundnut, walnut, cashew nut, hazelnut, kolanut, tigernuts, coconut, etc. whether raw, roasted, dried, fried, boiled or seasoned, cracked or in the shells;

(l) pulses for human consumption including, beans, lentils, peas, chickpeas, tamarind, etc., whether raw, roasted, fried, boiled, salted or in their shells;

(m) tubers (roots) of yam, cocoyam, potatoes, water-yam, cassava, etc. whether in raw form, flakes or flour for human consumption;

(n) salt for only culinary use, means fine salt and salt in retail packs, and excludes industrial salt;

(o) vegetables including pepper, melon, lettuce, okra, cabbage, carrot, etc., whether fresh, dried or ground;

- (p) water means natural water and table water, including spring water, rain water, pipe borne water or well water excluding —
 - (i) sparkling or flavoured water,
 - (ii) water sold in restaurants, hotels, eateries, lounges, cafes, canteens and other similar settings, and
 - (iii) water sold by contractors, caterers or similar persons;

"Educational Books" means physical or electronic books used to implement instruction and facilitate learning in educational institutions providing pre-primary, primary, secondary, tertiary, special, adult, vocational, technical science or religious education, including booklets, brochures, pamphlets and leaflets; newspapers, journals and periodicals, children's books, picture and painting books, music (printed, duplicated or manuscript), maps, charts and topographical plans, covers, cases and other articles supplied together with the books;

"Educational Materials" means materials used for instructional purposes, for active learning, assessment and administration, including physical or electronic materials used to implement instruction and facilitate learning in educational institutions providing pre-primary, primary, secondary, tertiary, special, adult, vocational, technical science, or religious education;

"Equipment" refers to tools, which may be devices, machines or specialised industrial vehicles that assist a person in achieving an action beyond the normal capabilities of a human;

"exported goods" means goods produced or procured for commercial purposes by a person in Nigeria and supplied to a person outside Nigeria;

"Farming Machinery and implements and farming transportation Equipment" means equipment used exclusively for farming or for any other agricultural production including tractors, ploughs, harrows, ridgers, harvesters, and equipment of the same kind;

"Fertilisers" means all fertilisers for agricultural purposes;

"humanitarian donor funded projects" includes projects undertaken by Non-Governmental Organisations and religious and social clubs or societies recognised by law whose activity is not for profit and in the public interest;

"Locally produced agricultural or veterinary medicines" means —

- (a) drugs and vaccines produced in Nigeria for the treatment of animals, fish and plants including veterinary pharmaceuticals in various prescription presentations; veterinary nutraceuticals in various prescription presentations; veterinary biological vaccines, anti-sera, plasma, bacterins, hormones, toxoids, etc.; veterinary biosecurity e.g. disinfectants, antiseptics, feed sanitizers and water sanitizers;

- (b) drugs and vaccines produced in Nigeria for treatment of fishes including dietary supplements for fishes including feed grade amino acids as single biochemical e.g. lysine, methionine, tryptophan; feed grade minerals as single entity; feed grade vitamins as single entity; feed grade enzymes; feed grade inorganic compounds as single entity e.g. calcium phosphate, vaccines for fishes including killed vaccines; attenuated vaccines; deoxyribonucleic vaccines; acid (DNA) vaccines; recombinant vector vaccines; subunit vaccines; genetically modified vaccines; synthetic peptide vaccines;
- (c) drugs and vaccines produced in Nigeria for treatment of plants such as chemical crop protection products commonly referred as pesticides or agro-chemical including insecticides; rodenticides; fungicides; herbicides; anti-sprouting products and similar products;

"Locally produced animal feeds" means feeds for poultry, cattle, fish, etc.;

"Machinery" refers to a mechanical device or the parts that operate together to perform a single task, including the accessories necessary to the working of a machine;

"Medical Equipment" refers to devices requiring calibration, maintenance, repair, user-training and decommissioning, medical equipment used for the specific purposes of diagnosis and treatment of disease or rehabilitation following disease or injury, used either alone or in combination with any accessory, consumable or other piece of medical equipment, including veterinary equipment and devices, excluding cosmetology or fitness devices and other similar devices;

"Medical Products" refer to articles, instruments, apparatus, machine or software used in the prevention, diagnosis or treatment of illness or disease, or for detecting, measuring, restoring, correcting or modifying the structure or function of the body for some health purpose which include implantable, disposable or single-use medical devices but excludes cosmetology or fitness devices and other similar devices;

"Medical services" means healthcare services for both humans or animals, rendered by a qualified health practitioner, excluding cosmetology, spa, gymnasium or similar services;

"Pharmaceutical products" refer to components or finished products of both modern and traditional medicine intended for human use in the diagnosis, cure, mitigation, or treatment of disease or injury, and prevention of disease provided such products are approved by the relevant regulatory authority;

"Plant" refers to an assemblage of fixtures, tools, machinery, and apparatus which are necessary to carry on a trade or industrial business, including land, buildings, specialised structures, and equipment purchased off a shelf as a whole or an accumulation of parts which form a plant following a process of construction, installation, assemblage and transformed into a state for usage at the site of business;

"Purchase" means to obtain, acquire or take possession of a given asset, property, item or right by paying money or money's worth;

"utilisation of gas in downstream petroleum operations" refers to the marketing and distribution of natural gas for commercial purposes, and includes its use in power

generation, liquefied natural gas production, gas to liquid production or fertiliser plants, and gas distribution pipelines;

"Shared passenger road-transport service" means passenger road-transport service which is available for use by the general public excluding leased, hired or rented motor vehicles, transportation apparatus for business or private use, car or ride hailing;

"Stake" means amount wagered on a game.

"Water" refers to natural water and table water i.e. spring water, rain water, pipe borne water, well water and all-natural water of the same kind, all table water other than sparkling or flavoured water; except water sold —

- (a) in restaurants, hotels, eateries, lounges, cafes, canteens and other similar settings; and
- (b) by contractors, caterers and other similar vendors (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 190 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 191: Business Restructuring.

- (1) The following rules shall apply in the event of restructuring of trades or businesses—
 - (a) in the case of a merger of two or more trades or businesses —
 - (i) a new trade or business shall not be deemed to have commenced because of the merger, and the provisions of this Bill as they relate to cessation of trade or business shall not apply to the trade or business that ceased because of the merger,
 - (ii) assets of the merging trades or businesses shall be deemed to have been transferred at the residue of the qualifying capital expenditure on the day following the merger,
 - (iii) the provisions of the First Schedule to this Bill shall apply on the remaining useful life of the asset transferred because of the merger,
 - (iv) unutilised capital allowance on the assets transferred shall be available for the use of the new or surviving trade or business,
 - (v) unabsorbed losses of the merging entities shall be available to the surviving trade or business provided that such losses were incurred by the merged trade or business, and

- (vi) taxes deducted at source in respect of the merged trades or businesses shall be available to the merged trade or business;
- (b) in the case of a sale or transfer of a trade or business which results into the cessation of a trade or business —
 - (i) the provisions of part V of chapter two of this Bill as regards cessation of trade, business, profession or vocation shall apply to the trade or business that was sold or transferred,
 - (ii) for the purposes of the First Schedule to this Bill, the asset sold or transferred shall be recognised at the value at which they are sold or transferred,
 - (iii) unutilised capital allowance on the assets sold or transferred shall not be available for use in the new or surviving trade or business,
 - (iv) unabsorbed losses of the old business shall not be available for use in the new or surviving trade, business, profession or vocation, and
 - (v) taxes deducted at source from the old trade or business, shall not be available for use by the new or surviving trade or business;
- (c) in the case of a sale or transfer of a business asset which does not result into the cessation of the trade or business, and where the parties agreed to sell or transfer the asset for an amount not exceeding the sum of the residue of the qualifying capital expenditure and unutilised capital allowance of the asset —
 - (i) capital allowance under the provisions of the First schedule to this Bill shall apply to the residue of the asset only,
 - (ii) the unutilised capital allowance on the asset sold or transferred shall be available for use by the buying trade or business,
 - (iii) the trade or business that sold or transferred the assets shall not claim any part of the unutilised capital allowance pertaining to the asset sold or transferred, and
- (4) The relevant tax authority shall be notified of any restructuring of a trade, business, profession or vocation prior to commencing such arrangement.
- (5) Reference to a trade or business in this section include references to any part of the trade or business (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 191 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 192: Artificial Transactions.

- (1) Where a relevant tax authority is of the opinion that a disposition is not given effect to, or that a transaction which reduces or may reduce the amount of tax payable, is artificial or fictitious, it may disregard any such disposition or transaction, or direct that such adjustments be made with respect to liability to tax as it considers appropriate, to counteract the reduction of liability to tax and issue an assessment or additional assessment accordingly.
- (2) The provisions relating to objections and appeals under chapter four of the Nigeria Tax Administration Act shall apply to a direction made under this section.
- (3) For the purpose of this section —
 - (a) "disposition" includes any trust, grant, covenant, agreement or arrangement; and
 - (b) a transaction between connected persons shall be deemed to be artificial or fictitious if, in the opinion of the relevant tax authority, the transaction has not been made at arm's length (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 192 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 193: Transactions between related parties to be at arm's length.

- (1) A company involved in an arrangement with a related party shall —
 - (a) ensure that the terms and conditions for which the arrangement is carried out is at arm's length; and
 - (b) report the arrangement in the form and manner prescribed by the relevant tax authority.
- (2) Where, in the opinion of a relevant tax authority, a company has entered into an arrangement with a related party which is not at arm's length, it may effect necessary adjustments to bring the arrangement in conformity to arm's length terms as provided under the Transfer Pricing Regulations.
- (3) The relevant tax authority may make rules or regulations for the administration of this section.
- (4) For the purposes of this section —
 - (a) an "arrangement" includes any agreement, understanding, scheme, financial or commercial relation, transaction or series of transactions; and

- (b) "arm's length terms and conditions" means such terms and conditions obtainable if the transaction or arrangement was between unrelated parties dealing in comparative circumstances (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 193 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 194: Waivers or refund of liability or expenses.

- (1) Where a deduction has been allowed under the provisions of this Bill in respect of any liability or any expense incurred and the liability is waived or released or such expense is refunded in whole or in part, the amount of that liability or expense which is waived, released or refunded, shall be an income on the day of the waiver, release or refund.
- (2) Where any liability or expenditure of capital nature is waived, it shall constitute a chargeable gain for the purposes of Part VIII of chapter two of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 194 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 195: Supplemental.

- (1) In this Bill, references to incomes, profits or gains charged or chargeable to tax include references to profits, incomes or gains taxed or taxable by deduction at source.
- (2) For the purposes of any computation under this Bill, any method of apportionment adopted shall be just and equitable and consistently applied under similar circumstances (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 195 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 196: Power to make regulation.

The Service may, with the approval of the Minister, make regulations to give effect generally to the provisions of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 196 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 197: Repeals.

From the commencement of this Bill, the following enactments are repealed (repealed enactments) —

- (a) Capital Gains Tax Act, Cap. C1, LFN, 2004;
- (b) Casino Act, Cap. C3, LFN, 2004;

- (c) Companies Income Tax Act, Cap. C21, LFN, 2004;
- (d) Deep offshore and Inland Basin Act, Cap. D3, 2004;
- (e) Industrial Development (Income Tax Relief) Act, Cap. I17, LFN, 2004;
- (f) Income Tax (Authorised Communications) Act, Cap. I4, LFN, 2004;
- (g) Personal Income Tax Act, Cap. P8, LFN, 2004;
- (h) Petroleum Profits Tax Act, Cap. P13, 2004;
- (i) Stamp Duties Act, Cap. S8, LFN, 2004;
- (j) Value Added Tax Act, Cap. V1, LFN, 2004; and
- (k) Venture Capital (Incentives) Act, Cap. V2, LFN 2004 (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 197 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 198: Consequential amendments.

- (1) The Petroleum Industry Act, No 6. 2021 is amended by deleting —
 - (a) part I - X of chapter four;
 - (b) the Fifth and Sixth Schedules;
 - (c) paragraphs 6, 9, 10, 11 and 12, of the Seventh Schedule;
 - (d) subparagraph 6 of paragraph 14 of part IV of the Seventh Schedule;
- (2) The Nigeria Export Processing Zones Act, Cap. N107, LFN 2004 is amended by deleting sections 8 and 18 (1) (a).
- (3) The Oil and Gas Free Trade Zone Act, Cap. O5, LFN 2004 is amended by deleting sections 8 and 18 (1) (a).
- (4) The National Information Technology Development Agency Act, No. 60, 2007 is amended by deleting sections 12(2)(a) and 16, and the Third Schedule.
- (5) The Tertiary Education Trust Fund (Establishment, Etc.) Act, 2011 is amended by deleting sections 1, 2, and 3 (3).
- (6) The National Agency for Science and Engineering Infrastructure (Establishment) Act, Cap. N3, LFN, 2004 is amended by deleting section 20(2), paragraphs (b)(i) and (b)(ii).
- (7) The Customs, Excise Tariffs, etc. (Consolidation) Act Cap. 49 LFN 2004 is amended by deleting section 21(2).

- (8) The National Lottery Act No: 2005 is amended by deleting sections 35A, 35B and 35C.
- (9) The Nigerian Minerals and Mining Act No. 20, 2007 is amended by deleting sections 28 and 33.
- (10) The Nigeria Start-up Act, No.32, 2022 is amended by deleting sections 25 (2), (3), (4) and 29 (3).
- (11) The Export (Incentives and Miscellaneous Provisions) Act, Cap.E19 LFN 2004 is amended by deleting section 11(1).
- (12) The Cybercrime (Prohibition, Prevention, etc.) Act 2015 is amended by deleting Section 44 (2) (a) and (4) (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 198 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 199: Revocation and consequential amendment of subsidiary legislation.

- (1) The Value Added Tax Act (Modification) Order 2021 is revoked.
- (2) The Companies Income Tax (Significant Economic Presence) Order 2020 is amended by deleting paragraph 2.
- (3) The Petroleum (Drilling and Production) Regulations 1969 is amended by deleting regulations 60B, 60C, 61 (1), (2), (4) and 62 (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 199 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 200: Savings provisions.

Without prejudice to the provision of section 6 of the Interpretation Act —

- (a) the repealed enactments specified in section 197 and the amended enactments specified in section 198 of this Bill shall not affect anything done under the enactments;
- (b) a notice, guideline, rule, order, regulation, circular or other subsidiary legislations made or issued under any provision of the repealed or amended enactments by this Bill, shall continue to be in force as if they had been made or issued by the relevant authority or person under this Bill except to the extent that it is inconsistent with the provisions of this Bill;
- (c) an enforcement process or legal proceedings commenced or pending prior to the commencement of this Bill, in connection with imposition of tax, contravention or non-compliance with the repealed or amended enactments, shall continue and be disposed of, as if it was commenced under this Bill; and

- (d) anything made or done, or having effect as if made or done, before the date of commencement of this Bill under any provision of the repealed or amended enactments by the relevant tax authority, and having any continuing or resulting effect with respect to the taxation of a taxable person or any matter connected, shall be treated as if it was done or performed by the relevant tax authority under this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 200 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 201: Exercise of Powers, Duties and Obligations.

The performance of the duties and obligations, as well as the exercise of powers and rights conferred by this Bill shall, to the extent not provided in this Bill, be in accordance with the provisions of the Nigeria Tax Administration Act (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 201 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 202: Supremacy clause.

- (1) This Bill shall take precedence over any other law with regards to the imposition of tax, royalty, levy, on services or any other tax, where the provisions of any other law is inconsistent with the provisions of this Bill, the provisions of this Bill shall prevail and the provisions of that other law shall, to the extent of the inconsistency, be void.
- (2) Notwithstanding the provisions contained in any other law -
- (a) taxable income, allowable deductions, reliefs or allowances for the purposes of ascertaining tax due shall be determined only in accordance with this Bill.
- (b) any income or profits, gains, assets or transaction which is chargeable to tax under this Bill shall not be subject to any other tax of a similar nature imposed on the same taxpayer or tax base.
- (c) the Minister may issue regulations or guidelines published in the official gazette for the effective implementation of this subsection.
- (3) A person or agency of Government saddled with a duty or obligation under this Bill or under any other law shall, for the purposes of giving effect to imposition of any tax, levy, royalty, on services, carry out such duty or obligation in accordance with this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 202 stands part of the Bill — Agreed to.

Committee's Recommendation:

Clause 203: General Interpretation.

In this Bill —

"accounting period" means a period for which accounts have been made up (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "accounting period" be as defined in the interpretation to this Bill — Agreed to.

"ad valorem" means the value of a transaction or property (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "ad valorem" be as defined in the interpretation to this Bill — Agreed to.

"agency of Government" includes a Ministry, department, statutory body, public authority and an institution of the Federal, State and Local Government (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "agency of Government" be as defined in the interpretation to this Bill — Agreed to.

"aggregate covered tax paid" means the addition of the income taxes paid by a company for a year of assessment under this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "aggregate covered tax paid" be as defined in the interpretation to this Bill — Agreed to.

"agricultural trade or business" means —

- (a) primary crop production comprising the production of raw and semi-processed crops of all kinds, but excluding any intermediate or final processing of crops or any other associated manufactured or derivative crop product;
- (b) primary livestock production comprising the production of live animals and their direct produce such as live or raw meat, live or raw poultry, fresh eggs and milk of all kinds, but excluding any other associated manufactured or derivative livestock product;
- (c) primary forestry production comprising the production of timbers of various kinds such as firewood, charcoal, uncultivated materials gathered and other forestry products of all kinds, including seeds and saplings, but excluding the intermediate and final processing of timber and any other manufactured or derivative timber product; and
- (d) primary fishing production comprising the production of fish of all kinds, including ornamental fish, but excluding any intermediate or final processing of any other manufactured or derivative fish product (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "agricultural trade or business" be as defined in the interpretation to this Bill — Agreed to.

"assessable income" means assessable income determined under the provisions of chapter two of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "assessable income" be as defined in the interpretation to this Bill — Agreed to.

"approved agent" any person approved by the Securities and Exchange Commission to function as an intermediary for the conduct of a Regulated Securities Lending Transaction (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "approved agent" be as defined in the interpretation to this Bill — Agreed to.

"authorised officer" means an officer who has been authorised by a tax authority to perform any function under or in pursuant to this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "authorised officer" be as defined in the interpretation to this Bill — Agreed to.

"bank" — a bank as defined under the Banks and Other Financial Institutions Act, Cap. B3, Laws of Federation of Nigeria, 2004 (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word "bank" be as defined in the interpretation to this Bill — Agreed to.

"banking" business conducted or services offered by a bank (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word "banking" be as defined in the interpretation to this Bill — Agreed to.

"beneficial owner" person who has ownership, control, rights, indirect benefit or beneficial interest over shares or clients, or over income, goods, services or assets subject to tax, or on whose behalf a transaction is carried out (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "beneficial owner" be as defined in the interpretation to this Bill — Agreed to.

"borrower" in a Regulated Securities Lending Transaction means an approved borrower (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word "borrower" be as defined in the interpretation to this Bill — Agreed to.

"building" means any structure permanently affixed to land for all or most of the useful life of that structure and shall include a house, garage, dwelling apartment, hospital and institutional building, factory, warehouse, theatre, cinema, store, mill building and similarly fixed structure affording protection and shelter, but excludes any fixtures or structures that can easily be removed from such land, such as radio

and television masts, transmission lines, cell towers, vehicles, mobile homes, caravans and trailers (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word “building” be as defined in the interpretation to this Bill — Agreed to.

"chargeable gains" has the meaning given in section 33 of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “chargeable gains” be as defined in the interpretation to this Bill — Agreed to.

"commencement of business" the starting of operation of a business (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “commencement of business” be as defined in the interpretation to this Bill — Agreed to.

"commencement date" means the date that an entity carries out its first transaction which shall be the earliest of the date it —

- (a) begins to market or first advertises its products or services for sale;
- (b) obtains an operating license from a regulatory authority in Nigeria;
- (c) first sale or purchase;
- (d) execute its first trading contract after incorporation;
- (e) issues or receives its first invoice;
- (f) delivers or receives its first consignment of goods; or
- (g) first renders services to its customers (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “commencement date” be as defined in the interpretation to this Bill — Agreed to.

"company" a company or corporation, established by or under any law in force in Nigeria or elsewhere (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word “company” be as defined in the interpretation to this Bill — Agreed to.

"compensating payments" means any payments made in lieu of interest or dividend pursuant to a Regulated Securities Lending Transaction (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “compensating payments” be as defined in the interpretation to this Bill — Agreed to.

"connected persons" includes in the case of —

- (a) individuals, the individuals are married or are relatives;
- (b) a trustee in relation to a settlement, the trustee and the settlor, or the spouse or a relative of the settlor;
- (c) a partnership, a person is related to the person, or spouse or a close relative of the person with whom he is in partnership;
- (d) a company —
 - (i) a person is connected to a company of which he, or his spouse or a close relative has control;
 - (ii) a company is connected to another company where the same person has control over both companies, or connected persons acting separately have control over the companies
 - (iii) a company is connected to two or more persons who acting together, or through a person acting on their directions exercise control the company;
 - (iv) two companies are connected where one company participates directly or indirectly in the management, control or capital of the other company, or the same persons participate directly or indirectly in the management, control or capital of a company and another company;
- (e) other cases, two persons are connected where —
 - (i) one may reasonably be expected to act in accordance with the directions, requests, suggestions, or wishes of the other person,
 - (ii) both persons may reasonably be expected to act in accordance with the directions, requests, suggestions, or wishes of a third person, or
 - (iii) one person has the practical ability to control the business decisions of another person:

Provided that two persons are not connected solely by reason of the fact that one person is the employee or client of the other, or both persons are employees or clients of a third person (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "connected persons" be as defined in the interpretation to this Bill — Agreed to.

"constituent entity" any company, permanent establishment or business unit that is a member of a multinational enterprise (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “constituent entity” be as defined in the interpretation to this Bill — Agreed to.

"conveyance on sale" means the transfer of interest in real property, being land and building, only (Hon. James Abiodun Faleke— Ikeja Federal Constituency).

Question that the meaning of the words “conveyance on sale” be as defined in the interpretation to this Bill — Agreed to.

"digital assets" digital representation of value that can be digitally exchanged, including, but not limited to, crypto assets, utility tokens, security tokens, non-fungible tokens (NFT), such other similar digital representation or derivatives of any of the listed or similar assets and any other asset as may be defined by the relevant regulatory authority (Hon. James Abiodun Faleke— Ikeja Federal Constituency).

Question that the meaning of the words “digital assets” be as defined in the interpretation to this Bill — Agreed to.

"disposal of assets" has the meaning assigned to it under section 35 (1) of this Bill (Hon. James Abiodun Faleke— Ikeja Federal Constituency).

Question that the meaning of the words “disposal of assets” be as defined in the interpretation to this Bill — Agreed to.

"economic development incentive certificate" means a certificate issued under this Bill certifying, among other things, a company to be a priority company, or any such certificate as amended under this Bill (Hon. James Abiodun Faleke— Ikeja Federal Constituency).

Question that the meaning of the words “economic development incentive certificate” be as defined in the interpretation to this Bill — Agreed to.

"effective tax rate" the rate produced by dividing the aggregate covered tax paid by a company for a year of assessment by the qualifying profits before tax of the company, determined under regulations issued pursuant to section 57 of this Bill (Hon. James Abiodun Faleke— Ikeja Federal Constituency).

Question that the meaning of the words “effective tax rate” be as defined in the interpretation to this Bill — Agreed to.

"employment" includes any appointment or office, whether public or otherwise, for which remuneration is payable (Hon. James Abiodun Faleke— Ikeja Federal Constituency).

Question that the meaning of the word “employment” be as defined in the interpretation to this Bill — Agreed to.

"entertainment" includes any exhibition and performance in which admission of people is subject to payment by such persons but does not include the following —

- (a) play on stage and performance which are carried out by government-approved educational institutions as part of learning;
- (b) sport, game or other cultural performance sponsored by Government;
- (c) entertainment sponsored by a charitable, educational, medical, scientific or cultural institution of a public character; and
- (d) entertainment organised by a non-profit making, charitable, educational, medical, scientific or cultural society registered under the law where the entertainment is in furtherance of the objectives of the society (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word “entertainment” be as defined in the interpretation to this Bill — Agreed to.

"executor" includes any person administering the estate of a deceased person (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word “executor” be as defined in the interpretation to this Bill — Agreed to.

"exported service" means a service rendered to a non-resident person outside Nigeria by a taxable person regardless of where the service is rendered, provided that a service rendered to the Nigerian permanent establishment of a non-resident person shall not qualify as exported service (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “exported service” be as defined in the interpretation to this Bill — Agreed to.

"family income" refers to any income accruing to a family from all sources (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “family income” be as defined in the interpretation to this Bill — Agreed to.

"finance lease" a lease arrangement where the lessee effectively assumes most of the risks and rewards associated with asset ownership (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “finance lease” be as defined in the interpretation to this Bill — Agreed to.

"financial institutions" includes depository institutions, custodial institutions, investment institutions and insurance companies (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “financial institutions” be as defined in the interpretation to this Bill — Agreed to.

"financial services" includes depository services, custodial services, investment services and insurance services (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "financial services" be as defined in the interpretation to this Bill — Agreed to.

"foreign company" a non-resident company or any company other than a Nigerian Company (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "foreign company" be as defined in the interpretation to this Bill — Agreed to.

"goods" for the purposes of chapter six of this Bill, means all forms of tangible properties, movable or immovable (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word "goods" be as defined in the interpretation to this Bill — Agreed to.

"government" the Federal Government, State Government or the Federal Territory and the Local Government Council (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word "government" be as defined in the interpretation to this Bill — Agreed to.

"gross turnover" the gross inflow of economic benefits during the period arising in the course of the operating activities of an entity when those inflows result in increases in equity including sales of goods, supply of services, receipt of interest, rents, royalties or dividends other than increases relating to contributions from equity participants (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "gross turnover" be as defined in the interpretation to this Bill — Agreed to.

"hire purchase" financial arrangement in which a person acquires immediate use of an asset by making regular instalment payments over a specified period and may gain ownership of the asset upon the completion of the payments (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "hire purchase" be as defined in the interpretation to this Bill — Agreed to.

"import" bringing in goods and services from another country or from an export processing zone (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word "import" be as defined in the interpretation to this Bill — Agreed to.

"importer" any person who imports goods (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word “importer” be as defined in the interpretation to this Bill — Agreed to.

"individual" includes a corporation sole and a body of individuals but does not include a company, partnership, community, family, trustee or executor, or any body of trustees, executors or legal arrangements (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word “individual” be as defined in the interpretation to this Bill — Agreed to.

"income from investing activities" includes dividend, interest, royalty and any other income of similar nature (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “income from investing activities” be as defined in the interpretation to this Bill — Agreed to.

"income tax" any tax chargeable under chapters two or three of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “income tax” be as defined in the interpretation to this Bill — Agreed to.

"instrument" includes any document relating to transactions consummated through conventional, electronic or other means (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word “instrument” be as defined in the interpretation to this Bill — Agreed to.

"investor in gas pipeline" means a person issued a gas transportation pipeline licence by the Nigerian Midstream and Downstream Petroleum Regulatory Authority, with the exclusive right to own, construct, operate and maintain a gas transportation pipeline within a route, for its own account and with third party access provisions, or as a common carrier (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “investor in gas pipeline” be as defined in the interpretation to this Bill — Agreed to.

"invoice" includes any document issued as evidence of demand for payment (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word “invoice” be as defined in the interpretation to this Bill — Agreed to.

"land" means the earth's crust, or parcelled plots (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word “land” be as defined in the interpretation to this Bill — Agreed to.

"lender" in a Regulated Securities Lending Transaction means an approved lender (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word "lender" be as defined in the interpretation to this Bill — Agreed to.

"Limited Liability Partnership" shall be as described in the Companies and Allied Matters Act, 2020 (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "Limited Liability Partnership" be as defined in the interpretation to this Bill — Agreed to.

"manufacturer" means any person who engages in the production of goods who manufactures for or on behalf of other persons (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word "manufacturer" be as defined in the interpretation to this Bill — Agreed to.

"manufacturing" a process by which a commodity is finally produced, including assembling, bottling, mixing, blending, grinding, cutting, bending, twisting and joining or any other similar activity (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word "manufacturing" be as defined in the interpretation to this Bill — Agreed to.

"Minister" the Minister in charge of finance (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word "Minister" be as defined in the interpretation to this Bill — Agreed to.

"mining operations" any trade or business, other than petroleum operations, involving the exploitation or extraction of mineral resources situated in the territory of the Federal Republic of Nigeria (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "mining operations" be as defined in the interpretation to this Bill — Agreed to.

"minimum effective tax rate" rate of 15% (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "minimum effective tax rate" be as defined in the interpretation to this Bill — Agreed to.

"MNE" means multinational enterprise (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the abbreviation "MNE" be as defined in the interpretation to this Bill — Agreed to.

"MNE Group" any Group that includes two or more enterprises the tax residence for which is in different jurisdictions, or includes an enterprise that is resident for tax purposes in one jurisdiction and is subject to tax with respect to the business carried out through a permanent establishment in another jurisdiction (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "MNE Group" be as defined in the interpretation to this Bill — Agreed to.

"mortgage" means a security by way of deposit of real property for the payment of any definite and certain sum of money advanced including any agreement accompanied with a deposit or pledging of title deeds for making a mortgage, or any other security as aforesaid of any land, estate, or property comprised in title deeds (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word "mortgage" be as defined in the interpretation to this Bill — Agreed to.

"multinational enterprise" a company that carries on business in more than one country or jurisdiction through subsidiary companies, associated companies, permanent establishments or any other business units located in those countries or jurisdictions (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "multinational enterprise" be as defined in the interpretation to this Bill — Agreed to.

"multinational group" means MNE Group (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "multinational group" be as defined in the interpretation to this Bill — Agreed to.

"National Minimum Wage" means the extant minimum Wage prescribed by the National Minimum Wage Act (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "National Minimum Wage" be as defined in the interpretation to this Bill — Agreed to.

"Nigeria" means the Federal Republic of Nigeria, and when used in a geographical sense, includes the territorial waters of the Federal Republic of Nigeria, and any area outside the territorial waters, including the continental shelf, which in accordance with international law has been or may hereafter be designated, under the law of the Federal Republic of Nigeria, as an area within which the right of the Federal Republic of Nigeria with respect to the seabed, its subsoil, its superjacent waters and their natural resources may be exercised now and in the future (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word "Nigeria" be as defined in the interpretation to this Bill — Agreed to.

"Nigerian company" a company —

- (a) formed, registered or incorporated under any law in Nigeria;
- (b) whose central place of management or control is Nigeria; or
- (c) whose effective place of management or control is Nigeria (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “Nigerian company” be as defined in the interpretation to this Bill — Agreed to.

"non-resident" means non-resident person, individual or company, as the context requires (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “non-resident” be as defined in the interpretation to this Bill — Agreed to.

"non-resident individual" means an individual that, in any year of assessment —

- (a) is not domiciled in Nigeria;
- (b) has no permanent place available for his domestic use in Nigeria;
- (c) has no place of habitual abode in Nigeria;
- (d) has no substantial economic and immediate family ties in Nigeria;
- (e) sojourns in Nigeria for a period or periods amounting to an aggregate of less than 183 days in a 12-month period inclusive of annual leave or temporary period of absence; and
- (f) is not serving as a diplomat or diplomatic agent of Nigeria in another country (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “non-resident individual” be as defined in the interpretation to this Bill — Agreed to.

"official gazette" means the Federal Government Gazette or the Gazette of any State in the Federation (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “official gazette” be as defined in the interpretation to this Bill — Agreed to.

"official market rate" means currency exchange market rate approved by the Central Bank of Nigeria (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “official market rate” be as defined in the interpretation to this Bill — Agreed to.

"operating lease" an arrangement involving the transfer of the right to use an asset by the lessor in return for rental payments from lessee over an obligatory period but

the asset is not wholly amortised during the period (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “operating lease” be as defined in the interpretation to this Bill — Agreed to.

"owner" in respect of any goods, aircraft, vessel, vehicle, plant or any other goods, a person, other than an officer acting officially or agent, who holds out himself to be the owner, or the person in possession of beneficial interest in, or having control of or power of disposition over the goods, aircraft, vessel, vehicle, plant or other goods (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word “owner” be as defined in the interpretation to this Bill — Agreed to.

"partnership" an association, or a body of two or more persons who have agreed to combine their rights, powers, property, labour or skill for the purpose of carrying on a trade or business and sharing the profit (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word “partnership” be as defined in the interpretation to this Bill — Agreed to.

"permanent establishment" taxable presence of a non-resident person, and shall include permanent establishment as defined in section 17 of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “permanent establishment” be as defined in the interpretation to this Bill — Agreed to.

"permissible by-products" means goods or services described in a certificate issued under section 170 of this Bill being goods or services necessarily or ordinarily produced in the course of producing a priority product (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “permissible by-products” be as defined in the interpretation to this Bill — Agreed to.

"persons" includes a company, partnership, community, family, individual, executor, trustee and legal arrangement (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word “persons” be as defined in the interpretation to this Bill — Agreed to.

"personal representatives" means the legal personal representatives of a deceased person (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “personal representatives” be as defined in the interpretation to this Bill — Agreed to.

"policy of insurance" means an instrument by which a contract of insurance is made or agreed to be made, or is evidenced, excluding cover notes, slips or other documents made in anticipation of the issue of an insurance policy, and documents embodying alterations of the terms or conditions of an insurance policy, and the expression "insurance" includes assurance (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "policy of insurance" be as defined in the interpretation to this Bill — Agreed to.

"policy of life insurance" means a policy of insurance upon any life or lives or upon any event or contingency relating to or depending upon any life or lives (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "policy of life insurance" be as defined in the interpretation to this Bill — Agreed to.

"policy of insurance against personal injury" means a policy of insurance for any payment agreed to be made as compensation for personal injury, including policies of insurance or indemnity against liability incurred by employers in consequence of claims made upon them by workmen who have sustained personal injury (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "policy of insurance against personal injury" be as defined in the interpretation to this Bill — Agreed to.

"policy of marine insurance" means any formal contract whereby an insurer undertakes to indemnify an insured against losses incident to marine adventure, and includes any contract relating to insurance of a ship or the machinery or fittings belonging to the ship whilst under construction or repair or on trial (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "policy of marine insurance" be as defined in the interpretation to this Bill — Agreed to.

"priority company" means a company issued an economic development incentive certificate (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "priority company" be as defined in the interpretation to this Bill — Agreed to.

"priority business" in relation to a priority company, means the production and sale of its relevant priority product or products (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "priority business" be as defined in the interpretation to this Bill — Agreed to.

"priority industry" means any trade or business of any kind specified in the Eleventh Schedule to this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “priority industry” be as defined in the interpretation to this Bill — Agreed to.

"priority product" means goods or service of any kind specified in the Eleventh Schedule of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “priority product” be as defined in the interpretation to this Bill — Agreed to.

"practical ability to control" shall include voting rights, management contracts, sole distributorship or representative arrangements, and the like (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “practical ability to control” be as defined in the interpretation to this Bill — Agreed to.

"public character" with respect to any organisation or institution means organisation or institution —

- (a) that is registered in accordance with relevant law in Nigeria; and
- (b) does not distribute or share its profit in any manner to members or promoters (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “public character” be as defined in the interpretation to this Bill — Agreed to.

"public fund" any fund set up by any Government or a governmental body in Nigeria to finance a specific service, project, or obligation of Government to the public (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “public fund” be as defined in the interpretation to this Bill — Agreed to.

"real estate investment" a company duly approved by the Securities and Exchange Commission to operate as a real estate investment scheme in Nigeria (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “real estate investment” be as defined in the interpretation to this Bill — Agreed to.

"receipt" includes a note, memorandum, writing or electronic inscription whereby money, a bill of exchange or promissory note for which money is acknowledged or expressed to have been received, deposited or paid, or whereby a debt or demand, or any part of a debt or demand is acknowledged to have been settled, satisfied or discharged, or which signifies or imports any such acknowledgement, and whether the same is or is not signed with the name of a person (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word “receipt” be as defined in the interpretation to this Bill — Agreed to.

"regulated Securities Lending Transaction" any securities lending transaction conducted pursuant to rules made by the Securities and Exchange Commission (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "regulated Securities Lending Transaction" be as defined in the interpretation to this Bill — Agreed to.

"related parties" has the same meaning as connected persons (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "related parties" be as defined in the interpretation to this Bill — Agreed to.

"relative" means brother, sister, ancestor or lineal descendant (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word "relative" be as defined in the interpretation to this Bill — Agreed to.

"relevant priority product" in relation to any priority company, means priority product and the permissible by-products specified in a priority certificate (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "relevant priority products" be as defined in the interpretation to this Bill — Agreed to.

"relevant tax authority" is in accordance with the Thirteenth Schedule to this Bill and section 3 of the Nigeria Tax Administration Act (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "relevant tax authority" be as defined in the interpretation to this Bill — Agreed to.

"remainder of assessable profit" means the total assessable income of an individual less the deductions under section 28 (2) of this Bill (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "remainder of assessable profit" be as defined in the interpretation to this Bill — Agreed to.

"remainder of assessable profit" means the total assessable profit of a company less the deductions under subsection (5) of section 27 of this Bill, in the case of a company (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "remainder of assessable profit" be as defined in the interpretation to this Bill — Agreed to.

"rent" means payments of any kind, received or receivable, paid or payable, for the use of, or the right to use property or equipment of any kind, and shall include remuneration for the use, letting, hire or use in any other form of movable or immovable property (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word “rent” be as defined in the interpretation to this Bill — Agreed to.

"resident" means resident person, individual or company, the context requires (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word “resident” be as defined in the interpretation to this Bill — Agreed to.

"resident company" means a Nigerian company (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “resident company” be as defined in the interpretation to this Bill — Agreed to.

"resident individual" means an individual that, in any year of assessment —

- (a) is domiciled in Nigeria,
- (b) has a permanent place available for his domestic use in Nigeria,
- (c) has place of habitual abode in Nigeria,
- (d) has substantial economic and immediate family ties in Nigeria,
- (e) sojourns in Nigeria for a period or periods amounting to an aggregate of not less than 183 days in a 12-month period inclusive of annual leave or temporary period of absence, or
- (f) serves as a diplomat or diplomatic agent of Nigeria in another country (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “resident individual” be as defined in the interpretation to this Bill — Agreed to.

"Service" the Nigeria Revenue Service established under the Nigeria Revenue Service (Establishment) Act (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word “Service” be as defined in the interpretation to this Bill — Agreed to.

"small company" a business that earns gross turnover of ₦100,000,000.00 or less per annum with total fixed assets not exceeding ₦250,000,000.00 (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “small company” be as defined in the interpretation to this Bill — Agreed to.

"tax" any imposition, duty, levy, royalty or revenue accruing to government in full or in part under this Bill or any other law (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word "tax" be as defined in the interpretation to this Bill — Agreed to.

"trade or business" any activity or venture from which income is generated, for whatever scale or period it is carried on, but does not include employment (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "trade or business" be as defined in the interpretation to this Bill — Agreed to.

"transaction at arm's length" a transaction on normal open market commercial terms (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "transaction at arm's length" be as defined in the interpretation to this Bill — Agreed to.

"tax ID" is as provided for under the Nigeria Tax Administration Act (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "tax ID" be as defined in the interpretation to this Bill — Agreed to.

"taxable person" includes a company, individual or body of individuals, family, community, corporations sole, trustee, executor or any other legal arrangement, or a person who carries out an economic activity, a person exploiting tangible or intangible property for the purpose of obtaining income therefrom by way of trade or business or a person or agency of government acting in that capacity (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "taxable person" be as defined in the interpretation to this Bill — Agreed to.

"taxable supplies" means any transaction for sale of goods or the performances of a service, for a consideration (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words "taxable supplies" be as defined in the interpretation to this Bill — Agreed to.

"vehicle" includes for the purpose of this Bill every description of conveyance for the transportation by land of human beings or goods (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word "vehicle" be as defined in the interpretation to this Bill — Agreed to.

"vessel" means a mode of transportation or conveyance by water, of human beings or goods (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the word “vessel” be as defined in the interpretation to this Bill — Agreed to.

"year of assessment" government tax year being 1st of January to 31st of December of any year (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the meaning of the words “year of assessment” be as defined in the interpretation to this Bill — Agreed to.

Question that Clause 203 stands part of the Bill — Agreed to.

Committee’s Recommendation:

Clause 204: Short Title.

This Bill may be cited as the Nigeria Tax Bill, 2025 (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that Clause 204 stands part of the Bill — Agreed to.

SCHEDULES

FIRST SCHEDULE

CAPITAL ALLOWANCE

Interpretation

1. For the purposes of this part —

"acquisition cost" includes all cost incurred in bringing an asset to its first use;

"basis period" for an allowance means the basis period for assessable profit or income, provided that in the case of a trade or business —

- (a) where there is an interval between the end of the basis period for one year of assessment and the basis period for the next year of assessment, then the interval shall be part of the second basis period; or
- (b) where there is an interval between the end of the basis period for the year of assessment preceding that in which the trade or business permanently ceases to be carried on by a company or an individual and the basis period for the year in which it ceases, the interval shall form part of the first basis period;

"concession" includes any right or lease in connection with exploration or exploitation of any mineral deposit of a wasting nature;

"lease" includes an agreement for a lease where the term to be covered by the lease has begun, any tenancy and any agreement for the letting or hiring out of an asset, but does not include a mortgage, and the expression

"leasehold interest" shall be construed accordingly and —

- (a) where, with the consent of the lessor, a lessee of an asset remains in possession thereof after the termination of the lease without a new lease being granted to him, that lease shall be deemed for the purposes of this part to continue so long as he remains in possession as aforesaid; and
- (b) where, on the termination of a lease of an asset, a new lease of that asset is granted to the lessee, the provisions of this part shall have the effect as if the second lease were a continuation of the first lease;

"mining operation" means the process of extracting valuable minerals, metals, ores, or other geological materials of a wasting nature from the earth's surface or beneath the ground and includes coal mines, metal mines, gemstone mines, salt mines, uranium mines, quarry mines, open pit mines, underground mines, subsea mines, placer mines, solution mines;

"qualifying capital expenditure" means, subject to the express provisions of this part, expenditure incurred in a basis period for the acquisition, refurbishment and improvement of the value of the asset which is —

- (a) capital expenditure (qualifying plant and equipment expenditure), incurred on —
 - (i) plant,
 - (ii) machinery ,
 - (iii) manufacturing Industrial plant,
 - (iv) construction plant,including plant, machinery and equipment in use in agricultural trade or business;
- (b) capital expenditure (qualifying building expenditure) incurred on the construction of buildings, structures or works of a permanent nature, other than expenditure which is included in subparagraphs (a), (c) or (d) of this definition;
- (c) capital expenditure (qualifying mast expenditure) incurred on tall upright pole erected on, or fastened to land or other structure;
- (d) capital expenditure (qualifying mining expenditure), other than expenditure which is included in subparagraph (a) of this definition, incurred in connection with, or in preparation for, the working of a mine or other source of mineral deposits of a wasting nature, on the —
 - (i) acquisition of deposits, or rights in or over the deposits, or on the purchase of information relating to the existence and extent of the deposit,
 - (ii) searching for or discovering and testing deposits, or winning access thereto, or
 - (iii) construction of any work or building which is likely to be of little or no value when the source is no longer worked or, where the source is worked under a concession, which is likely to become valueless when the concession

comes to an end to the person working the source immediately before the concession comes to an end;

- (e) capital expenditure (qualifying agriculture expenditure) incurred —
 - (i) in connection with a plantation, on the clearing of land for planting, planting other than replanting, maintenance of the plantation and other pre-production expenses in connection with that plantation shall be qualifying agriculture expenditure, incurred on the first day on which the trade or business commences,
 - (ii) in respect of ranching on —
 - (1) structures used primarily for ranching,
 - (2) raising herds of animals for the purpose of breeding, and does not include raising of animals for the purpose of sale,
 - (3) animals that function as apparatus with which a trade is carried on and the life expectancy is more than 5 years;
- (f) capital expenditure (qualifying intangible assets expenditure), incurred in respect of research and development of —
 - (i) equipment and facilities, patents, licences, secret formulas or process,
 - (ii) information concerning the development of industrial, commercial or scientific process, technical feasibility or products or processes, or
 - (iii) the discovery and testing of products or processes for future market use and such other similar costs which has brought into existence an asset;
- (g) capital expenditure (qualifying motor vehicle expenditure), incurred on —
 - (i) a fleet of buses of not less than three used for public transportation,
 - (ii) public transportation inter-city new mass transit coach of twenty-five seats and above operated by a private establishment, or
 - (iii) other motor vehicles;
- (h) capital expenditure (qualifying heavy transportation expenditure), incurred on —
 - (i) aircraft engine and fuselages,
 - (ii) pipeline and cables,
 - (iii) vessels,
 - (iv) ships engine, or

- (v) train engine, railway carriages or train tracks and coaches;
- (i) capital expenditure (qualifying software expenditure) incurred on the acquisition of software or other such capital outlays on electronic applications;
- (j) capital expenditure (qualifying furniture and fittings expenditure), incurred on furniture and fittings including those used in vessels, ships, aircrafts, trains, plants, and buildings for the purposes of trade or business;

"trade or business" under this part, means trade or business or that part of a trade or business, the profits of which are assessable under this Bill.

*Application of capital allowance to assets acquired
under hire-purchase or finance lease agreement*

2. This part shall apply in relation to any asset acquired by any hirer or lessee under a hire-purchase or finance lease agreement subject to the following modifications —
- (a) the qualifying capital expenditure in any basis period shall, in relation to any asset so acquired under that agreement, be limited to the amount of the instalments paid by the hirer or lessee up to that basis period, excluding any interest paid under the agreement;
 - (b) the "owner" of the asset shall be construed to be the hirer or lessee under the hire-purchase or finance lease agreement; and
 - (c) the person letting the asset to the hirer or lessee under the agreement shall not be entitled to an allowance under sections 27 and 28 of this Bill.

Provisions relating to mining expenditure

3. Under this part, qualifying mining expenditure in respect of mining operation is the amount incurred for the purchase of information relating to the existence and extent of mineral deposits, searching for or discovering and testing deposits, or winning access in a relevant basis period notwithstanding that the expenditure has not brought into existence an asset, provided that the mining operations consist of the working of a mine.

Relevant interest

4. (1) Under this part, where an asset consists of a building, structure or works, the owner shall be taken to be the owner of the relevant interest in the building, structure or works.
- (2) The expression "relevant interest" under this part means, in relation to an expenditure incurred on the construction of a building, structure or works, the interest in that building, structure or works which the person who incurred the expenditure was entitled.
- (3) Where qualifying building or mining expenditure on the construction of a building, structure or works has been incurred, the owner is entitled to two or more interests therein, and one of those interests is an interest which is reversionary on all the others, that interest shall be the relevant interest for the purposes of this part.

Qualifying building expenditure

5. Under this Schedule, "qualifying building expenditure" means expenditure incurred on the construction of buildings, structures or works of a permanent nature, in regular use for the purpose of trade or business and includes a building, structure or works used —
- (a) as a mill, factory, warehouse, workshop, or other similar building;
 - (b) as a structure used in connection with any such buildings;
 - (c) as a housing estate;
 - (d) as a dock, port, wharf, pier, jetty or other similar building structure;
 - (e) for the operation of a railway, or for the supply of water or electricity; and
 - (f) for the running of a plantation or for the working of a mine or other source of mineral deposits of a wasting nature;

Capital Allowance

6. In a basis period for a year of assessment, a person has incurred qualifying expenditure wholly and exclusively for the purposes of its trade or business, there shall be made to the person for each year of assessment in the basis period for which that asset was used for the purposes of that trade or business, an allowance (capital allowance) at the rate specified in Table I of this part,

Provided that —

- (a) there shall be recorded in the capital allowance computation schedule for statistical purposes 1 % of qualifying capital expenditure until the asset is disposed which being a notional amount, shall not increase or reduce the amount of capital allowance claimable; and
- (b) where the basis period for any year of assessment is a period of less than one year, the allowance for that year of assessment shall be granted proportionately.

Asset to be in use at end of basis period

7. A capital allowance in respect of qualifying expenditure incurred in respect of an asset shall be made to a person for a year of assessment if at the end of a basis period, the person —
- (a) is the owner of the asset; and
 - (b) used the asset for the purposes of its trade or business.

Residue

8. (1) The residue of a qualifying expenditure, in respect of an asset, at any date, is the total qualifying expenditure incurred on or before the date, in respect of that asset, less the total of capital allowance made, in respect of that asset, before that date.
- (2) For the purpose of this paragraph, capital allowance shall only be made for an asset that is in use for the purpose of the trade or business at the end of the basis period of the year of assessment.

Disposal under qualifying expenditure

9. Under this part —

- (a) a building, structure or works of a permanent nature is disposed where the —
- (i) relevant interest therein is sold,
- (ii) interest, being an interest depending on the duration of a concession comes to an end, on the coming to an end of that concession,
- (iii) leasehold interest terminates without the person who holds it acquiring the reversionary interest, which is the right of the owner of the underlying title to possess the land when the leasehold scheme expires, or
- (iv) building, structure or works of a permanent nature is demolished or destroyed or without being demolished or destroyed, ceases to be used for the purposes of a trade or business carried on by the owner;
- (b) plant, machinery or fixture is disposed, if it is sold, discarded or ceases to be used for the purposes of a trade or business carried on by the owner; and
- (c) an asset in respect of which qualifying mining expenditure is incurred is disposed, if it is sold or ceases to be used for the purposes of the mining operation of the person.

Value of an Asset

10. (1) The value of an asset at the date of its disposal shall be the proceeds of the sale of the asset or the relevant interest, or if it was disposed without being sold, the amount which, in the opinion of the relevant tax authority, the asset or the relevant interest may realise in the open market at that date.
- (2) For the purpose of this paragraph, where an asset is disposed in such circumstances that insurance or compensation monies are received by the owner, the asset or the relevant interest, shall be treated as having been sold, and as if the net proceeds of the insurance or compensation monies were the net proceeds of the sale.
- (3) Subparagraph (2) of this paragraph shall not apply where the compensation monies received by the owner is used for the replacement of the asset lost or destroyed, and the allowances to be granted under this Schedule, in respect of the new asset, shall where the compensation received together with the residual or scrap value of the old asset, where applicable, is —

- (a) greater than the cost of the new asset acquired, be limited to the residue of the old asset; and
 - (b) lower than the cost of the new asset, be —
 - (i) the amount claimable in respect of the residue of the old asset, and
 - (ii) full allowance in respect of the additional asset acquired, being the amount with which the cost of that new asset acquired exceeds the compensation together with the residual or scrap value.
- (4) Where the relevant interest in an asset is disposed not by way of bargain made at arm's length or where the sale is between connected persons, the value of the asset shall be determined by reference to the arm's length price of the asset.

Apportionment

11. (1) Where a qualifying asset is disposed, sold, or purchased together with a non-qualifying asset, the proportion of the value of the asset, on a just apportionment, attributable to the qualifying asset shall, for the purposes of this part, be the value of or the price paid for the asset.
- (2) For the purposes of subparagraph (1) of this paragraph, assets purchased or disposed in one bargain shall be deemed to be purchased or disposed together, notwithstanding that separate prices are or purport to be agreed for each of the assets, or that there are or purport to be separate purchases or disposals of the assets.
- (3) The provisions of subparagraph (1) of this paragraph shall apply, with any necessary modifications, to the sale or purchase of the relevant interest in an asset together with any other asset or relevant interest in any other asset.

Reference to asset to include part of an asset

12. Any reference in this part to an asset shall be construed, whenever necessary, to include reference to a part of an asset or an undivided part of the asset in the case of joint interests, and when so construed, any necessary apportionment shall be made as may, in the opinion of the relevant tax authority, be just and reasonable.

Extension of application of "in use"

13. (1) For the purpose of this part, an asset shall be deemed to be in use during a period of temporary disuse.
- (2) For the purpose of paragraph 6 and 7 of this part where an asset acquired for the purposes of a trade or business has not been used for the trade or business carried on by the owner, the asset shall be deemed to be in use, for the purposes of that trade or business on the date on which the expenditure was incurred, provided that where an allowance has been made in consequence of this subparagraph and the first use to which the asset is put is not for the trade or business, additional assessments shall be made to counteract the benefit obtained from the giving of the allowance.

- (3) The approval of the relevant tax authority shall be obtained for the purpose of subparagraph (2) of this paragraph.

Exclusion of certain expenditure

14. Under this part, the following shall not be treated as qualifying expenditure —
- (a) expenditure allowed for deduction under section 20 of this Bill; and
- (b) excess amount incurred on assets acquired in foreign currency and paid for with foreign currency obtained from the unofficial foreign exchange market at a rate above the prevailing official market rate on the date of the acquisition.

Application to leases

15. (1) Where in a basis period, the owner of an asset leases the asset to another person under an operating lease, the provisions of this part shall apply, as though such expenditure were incurred for the purpose of a trade or business carried on by the owner or lessor.
- (2) Where an asset is acquired for use by a hirer or lessee under a hire purchase or finance lease contract for the purpose of a trade or business carried on by such hirer or lessee, the hirer or lessee shall be deemed to be the owner of the asset and the provisions of this part shall apply to the hirer or lessee, to the exclusion of the hiree or lessor under the contract.
- (3) For the purposes of this paragraph in relation to the trade or business, the basis period for any year of assessment shall be taken to be the year immediately preceding that year of assessment.

Asset used or expenditure incurred partly for the purposes of a trade or business

16. (1) Where the owner of an asset partly uses the asset for a trade or business, the allowance computed in accordance with the provisions of this part, shall, as may be reasonable, be apportioned to the trade or business.
- (2) Where the relevant tax authority is of the opinion that the basis of apportionment is not just and reasonable, having regard to all the circumstances and to the provisions of this part of this Schedule, the relevant tax authority shall make necessary adjustments as may be deemed fit.

Disposal without change of ownership

17. Where an asset in respect of which qualifying expenditure has been incurred is disposed in such circumstances that the owner retains ownership, for the purposes of determining the amount of capital allowance, the owner shall be deemed to have bought the asset immediately after the disposal for a price equal to the residue of the qualifying expenditure at the date of the disposal.

Application of this schedule to professions and vocations

18. In this part of this Schedule, references to a trade or business include references to a profession or vocation

Partnerships

19. (1) Where a trade or business is carried on by persons in a partnership, the trade or business of the partnership is treated as a single enterprise and any allowance that applies to the individual partners are computed as if the single enterprise conducted all the trade or business activities performed by the individual partners involved in that trade or business during the period.
- (2) Where a partner joins or leaves the partnership during a basis period, it shall be treated as if the business ceased at that time and recommenced immediately thereafter, and the provisions of paragraph (17) of this part shall apply in respect of the assets transferred to the new business.
- (3) Capital allowances related to assets shall be apportioned among the partners in their profit-sharing ratio at the end of the basis period.
- (4) Where capital allowance is required to be recomputed as a result of the application of subparagraph (2) of this paragraph, all such additional assessments or repayments of tax shall be made as may be necessary to give effect to the provisions of this paragraph.
- (5) Where the application of this paragraph is inconsistent with any of the provisions of the other paragraphs of this part, the provisions shall apply with such modifications as the relevant tax authority may consider necessary and prescribe rules embodying those modifications.

Allowance made

20. Any reference in this part to an allowance made includes a reference to an allowance which would have been made but for an insufficiency of assessable profit or income against which to make it.

Claims for allowance

21. (1) An allowance shall not be made to a person for a year of assessment unless it is claimed by the person for that year or where the relevant tax authority is of the opinion that it would be just to the taxpayer and reasonable to do so.
- (2) Where an allowance is not claimed in the year of assessment in the basis period for which that asset was used for the purposes of that trade or business, it shall be carried forward to subsequent period(s).

Manner of making allowance

22. (1) An allowance to be made to a person under the provisions of this part shall be subtracted from the remainder of the assessable profits or income for the relevant year of assessment.

- (2) For the purpose of this paragraph, the remainder of the assessable profits or income of a person for a year of assessment shall be determined by giving full effect to the provisions of section 27 of this Bill in the case of a company, and section 28 of this Bill in the case of an individual, as it relates to the deduction of a loss.
- (3) Where a deduction under subparagraph (2) of this paragraph cannot be fully made for a year of assessment due to no remainder or insufficient remainder of assessable profit or income, the deduction, or the part not yet made, shall be treated as a deduction for the next year, and for succeeding years until fully utilised.

TABLE I

Capital allowance

<i>Class</i>	<i>Rate</i>	<i>Qualifying Capital Expenditure</i>
1.	10%	(i) Building Expenditure
		(ii) Agricultural Expenditure
		(iii) Mast Expenditure
		(iv) Intangible assets Expenditure
		(v) Heavy Transportation Expenditure
2.	20%	(i) Plant Expenditure
		(ii) Agricultural Equipment Expenditure
		(iii) Furniture and Fittings Expenditure
		(iv) Mining Expenditure
		(v) Other Equipment Expenditure
3.	25%	(i) Motor Vehicle Expenditure
		(ii) Software Expenditure
		(iii) Other Capital Expenditure

Transitional rules for capital allowances

23. (1) Where a capital allowance has been granted in respect of an asset before the commencement of this Bill, the remaining basis periods in which allowance may be made under this part, shall be the number of years of assessment for which allowance is to be made under this part less the number of years of assessment for which allowance has previously been made.
- (2) Where capital allowances were granted, in respect of an asset before the commencement of this Bill, for years of assessment equal to or greater than the

number of years allowable under this Bill, a single allowance shall be granted for the residue upon the commencement of this Bill provided that there shall be recorded in the capital allowance computation schedule for statistical purposes, 1% of the qualifying capital expenditure until the asset is disposed which being a notional amount shall not increase or reduce the amount of capital allowance claimable under this Bill.

- (3) In respect of qualifying capital expenditure on which capital allowance has been fully granted before the coming into effect of this Bill, capital allowance shall not be granted under this Bill on the amount required to be retained in the books under the repealed enactment.

PART II

CAPITAL ALLOWANCE FOR UPSTREAM PETROLEUM OPERATIONS UNDER THE PETROLEUM INDUSTRY ACT

Interpretation

1. (1) For the purpose of this part —
- (a) "concession" includes a petroleum exploration licence, petroleum prospecting licence, petroleum mining lease, any right, title or interest in or to petroleum in the ground and any option of acquiring any such right, title or interest;
- (b) "lease" includes an agreement for a lease where the term to be covered by the lease has begun, any tenancy and any agreement for the letting or hiring out of an asset, but does not include a mortgage, and all cognate expressions, including "Leasehold Interest", shall be construed accordingly and where —
- (i) with the consent of the lessor, a lessee of any asset remains in possession after the termination of the lease without a new lease being granted, that lease shall be deemed for the purpose of this part to continue so long as the lessee remains in possession, and
- (ii) on the termination of a lease of any asset, a new lease of that asset is granted to the lessee, the provisions of this part shall have effect as if the second lease were a continuation of the first lease;
- (c) "qualifying expenditure" means, expenditure incurred for the purpose of hydrocarbon tax in an accounting period, which is capital expenditure, referred to as —
- (i) "qualifying plant expenditure" incurred on plant, machinery and fixtures directly for upstream petroleum operations applicable to crude oil for petroleum mining leases or petroleum prospecting licences,
- (ii) "qualifying pipeline and storage expenditure" including floating production systems incurred directly or gathering pipelines for

upstream petroleum operations applicable to crude oil for petroleum mining leases or petroleum prospecting licences,

- (iii) "qualifying building expenditure" other than expenditure, which is included in subparagraph (c)(i), (ii) or
- (iv) of this paragraph, incurred directly on the construction of buildings, structures or works of a permanent nature for upstream petroleum operations applicable to crude oil for petroleum mining leases or petroleum prospecting licences, or
- (iv) "qualifying drilling expenditure", tangible and intangible, other than expenditure which is included in subparagraph (1)(c)(i) or (ii) of this paragraph, incurred directly in connection with upstream petroleum operations for petroleum mining leases or petroleum prospecting licences, in view of searching for or discovering and testing petroleum deposits, or winning access, or the construction of any works or buildings which are likely to be of little or no value when the upstream petroleum operations for which they were constructed ceased,

Provided that qualifying expenditure shall not include any sum which may be deducted under section 68 of this Bill or have benefited from capital allowance under any other provisions of this Bill or prior to the acquisition of the asset by another entity;

- (2) Expenditure incurred by a company before its first accounting period, ascertained without the qualification for being deductible under section 68 of this Bill, shall be deemed to be qualifying expenditure incurred by it on the first day of its first accounting period.
- (3) Where the asset referred to in subparagraph (d) has been disposed by the company before the beginning of its first accounting period, any loss incurred by the company on the disposal of such asset shall not allowed on commencement of its accounting period and any profit realised by the company on such disposal shall be liable to income tax in its first accounting period.

Provisions relating to pre-production expenditure

2. For the purpose of this part, where —

- (a) expenditure has been incurred before the first accounting period and the expenditure would have been treated as a qualifying expenditure in any of the classes of qualifying expenditures stated in subparagraph (1)(c), then it shall be so classified; and
- (b) the expenditure before the first accounting date ought to have been treated as allowable deduction in an accounting period, it shall be allowed but fully amortised over a period of five years.

Relevant interest

3. (1) Under this part, where an asset consists of a building, structure or works, the owner shall be taken to be the owner of the relevant interest in such building, structure or works.
- (2) The relevant interest under this part means, in relation to any expenditure incurred on the construction of a building, structure or works, the interest in such building, structure or works to which the company which incurred the expenditure was entitled.
- (3) Where a company incurs qualifying building expenditure or qualifying drilling expenditure on the construction of a building, structure or works, the company is entitled to two or more interests, and one of those interests is an interest which is reversionary on all the others, that interest shall be the relevant interest for the purpose of this part.
- (4) Where the owner of the relevant interest is not the licensee or lessee, the qualifying capital expenditure and the capital allowance accruing therefrom shall be to the benefit of the holder of the licence or lease.

Capital Allowance

4. (1) Where in any accounting period, a company has incurred qualifying expenditure wholly and exclusively for the purpose of upstream petroleum operations applicable to crude oil carried on by it, there shall be due to that company as from the accounting period in which the expenditure was incurred, an allowance at the appropriate rate specified in the table to this part.
- (2) Notwithstanding the provisions of subparagraph (1) of this paragraph, there shall be recorded in the capital allowance computation schedule for statistical purposes until the asset is disposed, 1% of the qualifying capital expenditure, which being a notional amount, shall not increase or reduce the amount of capital allowance claimable under this part.
- (3) Any asset or part of it in respect of which capital allowance has been granted, shall not be disposed, except on the authority of a certificate of disposal issued by the Commission.

Asset to be in use

5. Subject to paragraph 15 of this part, a capital allowance in respect of qualifying expenditure incurred on an asset shall be due to a company for any accounting period if at the end of the accounting period it was the owner of that asset and the asset was in use for the purpose of the upstream petroleum operations applicable to crude oil carried on by it.

Residue

6. The residue of a qualifying expenditure, in respect of an asset, at any date, is the total qualifying expenditure incurred on or before the date, by the owner, in respect of that asset, less the total of any capital allowance made, in respect of that asset, before that date.

Disposal of qualifying capital expenditure

7. Under this part —

- (a) a building, structure or works of a permanent nature is disposed where any of the following events occur-
 - (i) the relevant interest is sold,
 - (ii) that interest, being an interest depending on the duration of a concession, comes to an end at the end of that concession,
 - (iii) that interest, being a leasehold interest, comes to an end and the possession of the building, structure or works of a permanent nature reverts to the holder of the reversionary interest, or
 - (iv) the building, structure or works of a permanent nature are demolished, destroyed or, without being demolished or destroyed, cease to be used for the purpose of upstream petroleum operations applicable to crude oil carried on by the owner;
- (b) plant, machinery or fixtures are disposed if they are sold, discarded or cease to be used for the purposes of upstream petroleum operations applicable to crude oil carried on by the owner; and
- (c) assets in respect of which qualifying drilling expenditure is incurred are disposed if they are sold or cease to be used for the purpose of the upstream petroleum operations applicable to crude oil of the company incurring the expenditure, either on the company ceasing to carry on the operations, or on such company receiving insurance or compensation money therefrom.

Value of an asset or interest in a petroleum prospecting licence or petroleum mining lease

8. (1) The value of an asset or interest in a petroleum prospecting licence or petroleum mining lease at the date of its disposal shall be the net proceeds of the sale of the asset or of the relevant interest, or, where it was disposed without being sold, the amount which, in the opinion of the Service, the asset or the relevant interest may realise in the open market at that date, less the amount of expenses which the owner might reasonably be expected to incur if the asset were so sold.
- (2) For the purpose of this paragraph, where an asset is disposed of in the circumstances that insurance or compensation money are received by the owner, the asset or the relevant interest shall be treated as having been sold and as if the net proceeds of the insurance or compensation money were the net proceeds of the sale.
- (3) Subparagraph (2) of this paragraph shall not apply where the compensation monies received by the owner is used for the replacement of the asset lost or destroyed, and the allowance to be granted under this part, in respect of the new asset, shall where the compensation received together with the residual or scrap value of the old asset, where applicable, is —
- (a) greater than the cost of the new asset acquired, be limited to the residue of the old asset; and

- (b) lower than the cost of the new asset, be —
 - (i) the amount claimable in respect of the residue of the old asset, and
 - (ii) full allowance in respect of the additional asset acquired, being the amount with which the cost of that new asset acquired exceeds the compensation together with the residual or scrap value.

Part of an asset

9. Any reference in this part to any asset shall be construed whenever necessary, to include a reference to a part of an asset or an undivided part of the asset in the case of joint interests, and when so construed, any necessary apportionment shall be made in a manner, which in the opinion of the Service, is just and reasonable.

Apportionment

10. (1) Any reference in this part to the disposal, sale or purchase of any asset or interest includes a reference to the disposal, sale or purchase of that asset, together with any associated asset, whether or not qualifying expenditure has been incurred on such associated asset.
- (2) Where an asset is disposed, sold, or purchased together with another asset, the proportion of the value of the assets, on a just apportionment, attributable to the first mentioned asset shall, for the purposes of this part, be the value of, or the price paid for the assets.
- (3) For the purpose of subparagraph (2) of this paragraph, assets or interest purchased or disposed in one bargain shall be deemed to be purchased or disposed together, notwithstanding that separate prices are or purport to be agreed for each of the assets, or that there are or purport to be separate purchases or disposals of the assets.
- (4) The provisions of subparagraph (2) of this paragraph shall apply, with modifications, to the sale or purchase of the relevant interest in any asset together with any other asset or relevant interest in that other asset provided that the provisions for apportionment in this paragraph shall not apply in the sale or disposal of concessions or interest in a part of the asset.

Exclusion of certain expenditure

11. Where any company has incurred expenditure which is allowed to be deducted under any provision of this Bill, other than a provision of this part, such expenditure shall not be treated as qualifying expenditure.

Asset used or expenditure incurred partly for the purpose of petroleum operations

12. (1) The following provisions of this paragraph shall apply where either or both of the following conditions apply with respect to any asset, the —
- (a) owner of the asset has incurred in respect of the asset a qualifying expenditure partly for the purpose of upstream petroleum operations applicable to crude oil carried on by him and partly for other purposes; or

- (b) asset in respect of which the owner has incurred qualifying expenditure is used partly for the purpose of upstream petroleum operations applicable to crude oil carried on by such owner and partly for other purposes.
- (2) Any allowance which would be due if both expenditures were incurred wholly and exclusively for the purposes of the upstream petroleum operations applicable to crude oil and if the asset were used wholly and exclusively for the purposes of such operations, shall be computed in accordance with the provisions of this part.
- (3) The allowances computed in accordance with subparagraph (2) shall be treated, as in the opinion of the Service is, just and reasonable having regard to all circumstances and to the provisions of this part.

Disposal without change of ownership

13. (1) Where an asset in respect of which qualifying expenditure has been incurred is disposed in such circumstances that the owner retains the ownership, for the purposes of determining the amount of capital allowance, the owner shall be deemed to have bought the asset immediately after the disposal for a price equal to the residue of the qualifying expenditure at the date of the disposal.
- (2) Capital allowance shall be for the computation of hydrocarbon tax and not for cost recovery purposes in production sharing contracts, which shall have their own provisions under the model contract.

Capital allowance rates

14. (1) Qualifying expenditure shall be subject to the rates below —
- | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|
| Qualifying Capital Expenditure | 1st | 2nd | 3rd | 4th | 5th |
| Qualifying Plant Expenditure | 20% | 20% | 20% | 20% | 20% |
| Qualifying Pipeline Expenditure | 20% | 20% | 20% | 20% | 20% |
| Qualifying Building Expenditure | 20% | 20% | 20% | 20% | 20% |
| Qualifying Drilling Expenditure | 20% | 20% | 20% | 20% | 20% |
- (2) Exploration expenditure and the first two appraisal wells expenditure in the same field are to be treated as deductible costs 100% in the year incurred, while for additional exploration expenditures and appraisal expenditures in the same field relating to pre-production period are to be amortised and deducted on commencement of accounting period at a capital allowance of 20% per annum.

Extension of application of "in use"

15. (1) For the purpose of this part, an asset shall be deemed to be in use during a period of temporary disuse.
- (2) For the purpose of paragraphs 4 and 5 of this part, where an asset acquired for the purpose of petroleum operations has not been used for the petroleum operations carried on by the owner, the asset shall be deemed to be in use for the purposes of that petroleum operations on the date on which such expenditure was incurred, provided that where an allowance has been given in consequence of this subparagraph and the first use to which the asset is put is not for the petroleum

operations, or it is not put to use within five years from the date the expenditure was incurred, capital allowance claimed on such assets shall be withdrawn and the amount assessed to tax (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the provisions of the First Schedule stand part of the Bill — Agreed to.

SECOND SCHEDULE

EXPORT PROCESSING AND FREE TRADE ZONE ENTITIES

- (1) This schedule applies to the export processing and free trade zones (the zones) and approved export processing and free trade zone entities, (the entities).
- (2) In this Schedule,
 - (a) "export processing zone entity" means an approved and licensed enterprise under the Nigeria Export Processing Zones Act Cap. N107, Laws of the Federation of Nigeria, 2004; and
 - (b) "export free zone entity" means an approved and licensed enterprise under Oil and Gas Free Zones Authority Act Cap. O5, Laws of the Federation of Nigeria, 2004.
- (3) Subject to paragraph 4 of this Schedule and the provisions of Section 57, the profits of an export processing zone entity are fully exempt from tax where —
 - (i) not less than 100% of its sales arise from the export of goods or services produced by such entity, or serve as inputs into goods or services exclusively for export; or
 - (ii) the goods and services are sold to persons engaged in upstream, midstream or downstream petroleum or gas operations.
- (4) Where at least 75% of goods or services produced by a licensed entity in a year of assessment is exported, or serve as inputs into goods or services, at least 75% of which are exported, tax shall not apply to the licensed entity in respect of such goods or services sold within the customs territory.
- (5) Where, in a year of assessment, more than 25% of the sales of a licensed entity occur in the customs territory, the whole profits of the entity shall be taxed in Nigeria and all other reliefs granted under this Bill and the law of the relevant zone shall not apply.
- (6) Notwithstanding the provisions of this Schedule or any other law, an export processing or export free zone entity shall comply with all relevant provisions of the Nigeria Tax Administration including those requiring —
 - (a) registration;
 - (b) filing of tax returns; and
 - (c) deduction of tax at source.

- (7) Where an entity in a zone contracts out manufacturing services or any of its approved activity within the zone to a related or connected resident company that is not an entity in the zones, all income derived from the sale by the entity in the zone, of the goods produced shall be treated as the income of the related or connected resident company, except the Service is satisfied that the transaction provided was conducted at arm's length.
- (8) Where a resident company, which is not an entity in the zones, provides services other than manufacturing services to a related or connected entity in the zones, the provisions of the Transfer Pricing Regulations shall apply to the transaction.
- (9) Services rendered to an export processing or export free zone entity by a person in the custom territory or services consumed by a free zone entity within the custom territory shall be chargeable to applicable taxes.
- (10) For the purpose of this section, licensed entities shall be required to provide evidence of export proceeds, either in cash inflow or imported raw materials or equipment, as a condition to claim the tax incentives (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the provisions of the Second Schedule stand part of the Bill — Agreed to.

THIRD SCHEDULE

DEDUCTIBLE INTEREST

- (1) Notwithstanding any provisions of chapter two of this Bill, where a Nigerian company or permanent establishment of a non-resident company in Nigeria, incurs any expenditure by way of interest or of similar nature in respect of debt issued by a connected person, the excess interest thereon shall be a disallowable deduction for the purpose of chapter two this Bill.
- (2) For the purposes of paragraph (1) of this Schedule, the excess interest shall mean an amount of total interest paid or payable to a connected person in excess of 30% of earnings before interest, taxes, depreciation and amortisation of the Nigerian company in that accounting period.
- (3) Nothing contained in paragraph (1) of this Schedule shall apply to a Nigerian subsidiary of a foreign company which is engaged in the business of banking or insurance.
- (4) Where for any assessment year, the interest expenditure is not wholly deducted against income, the interest expenditure that has not been deducted, shall be carried forward to the following assessment year or assessment years, and it shall be allowed as a deduction against the profits, if any, of any business carried on by it and assessable for that assessment year to the extent permitted in accordance with paragraph (2) of this Schedule,

Provided that interest expenditure shall not be carried forward under this paragraph for more than five assessment years immediately succeeding the assessment year for which the excess interest expenditure was first computed (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the provisions of the Third Schedule stand part of the Bill — Agreed to.

FOURTH SCHEDULE

INDIVIDUALS' INCOME TAX RATES

After the relief allowance and exemptions had been granted in accordance with subsection (1) of section 30 of this Bill, the taxable income ascertained shall be taxed at the following rates-

- (a) First ₦800,000 at 0%;
- (b) Next ₦2,200,000 at 15%;
- (c) Next ₦9,000,000 at 18%;
- (d) Next ₦13,000,000 at 21%;
- (e) Next ₦25,000,000 at 23%; and
- (f) Above ₦50,000,000 at 25% (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the provisions of the Fourth Schedule stand part of the Bill — Agreed to.

FIFTH SCHEDULE

INCOME FROM SETTLEMENTS, TRUSTS AND ESTATES

- (1) Notwithstanding any provisions of chapter two of this Bill, where a Nigerian company or permanent establishment of a non-resident company in Nigeria, incurs any expenditure by way of interest or of similar nature in respect of debt issued by a connected person, the excess interest thereon shall be a disallowable deduction for the purpose of chapter two this Bill.
- (2) For the purposes of paragraph (1) of this Schedule, the excess interest shall mean an amount of total interest paid or payable to a connected person in excess of 30% of earnings before interest, taxes, depreciation and amortisation of the Nigerian company in that accounting period.
- (3) Nothing contained in paragraph (1) of this Schedule shall apply to a Nigerian subsidiary of a foreign company which is engaged in the business of banking or insurance.
- (4) Where for any assessment year, the interest expenditure is not wholly deducted against income, the interest expenditure that has not been deducted, shall be carried forward to the following assessment year or assessment years, and it shall be allowed as a deduction against the profits, if any, of any business carried on by it and assessable for that assessment year to the extent permitted in accordance with paragraph (2) of this Schedule,

Provided that interest expenditure shall not be carried forward under this paragraph for more than five assessment years immediately succeeding the assessment year for which the excess interest expenditure was first computed (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the provisions of the Fifth Schedule stand part of the Bill — Agreed to.

SIXTH SCHEDULE

PRODUCTION ALLOWANCES AND COST PRICE RATIO LIMIT*Production Allowance*

1. (1) There shall be a production allowance for crude oil production by leases which are converted oil mining leases based on a conversion contract and their renewals, which shall be the lower of US \$2.50 per barrel and 20% of the fiscal oil price.
- (2) There shall be a production allowance per field for crude oil production by a company for leases granted after the commencement of the Petroleum Industry Act and determined as follows —
 - (a) for onshore areas, the lower of US \$8.00 per barrel and 20% of the fiscal oil price per barrel up to a cumulative maximum production of 50 million barrels from commencement of production and the lower of US \$4.00 per barrel and 20% of the fiscal oil price thereafter; and
 - (b) for shallow water areas, the lower of US \$8.00 per barrel and 20% of the fiscal oil price, up to a cumulative maximum production of 100 million barrels from commencement of production and the lower of US \$4.00 per barrel and 20% of the fiscal oil price thereafter.
- (3) The detailed procedures for determining the production allowances shall be established in regulations.
- (4) Any allowance for crude oil shall also apply to condensates and liquid natural gas liquids under section 65 (2) (a) of this Bill.

Cost Price Ratio (CPR) Limit

2. (1) All costs prescribed under section 68 of this Bill and under Part II of the First Schedule to this Bill, excluding those related to section 68(1)(a), (b) and (h), in an accounting period the sum of which is eligible for deduction under the hydrocarbon tax shall be subject to a cost price ratio limit of 65% of gross revenues determined at the measurement points.
- (2) Where, as a result of subparagraph (1) of this paragraph, any excess costs incurred is not allowed for deduction for that year of assessment —
 - (a) the costs may be allowed for deduction for the purposes of ascertaining the profits of the company for subsequent years of assessment provided that the total costs to be deducted shall not exceed the actual costs incurred;
 - (b) the total costs to be allowed as deduction in those subsequent years shall be such an amount that if added to the sum of the total costs to be allowed as deduction under subparagraph (1) of this paragraph shall not exceed the specified cost price ratio limit of 65%; and
 - (c) where under paragraph 2 (2) (b) of this paragraph, any cost exceeds the cost price ratio limit upon the termination of upstream petroleum operations

related to crude oil, such costs shall not be deductible for the purpose of calculation of the hydrocarbon tax (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the provisions of the Sixth Schedule stand part of the Bill — Agreed to.

SEVENTH SCHEDULE

PETROLEUM ROYALTY

PART I

ADMINISTRATION OF ROYALTIES

Royalties on petroleum production

1. (1) The Service shall administer royalties payable in accordance with the provision of the Nigeria Tax Administration Act.
- (2) All production of petroleum, including production tests is liable to royalty on a non-discriminatory basis, payable by the licensee or lessee.

Royalties to be paid in cash

2. Royalties shall be paid by the licensee or lessee in cash in accordance with the Nigeria Tax Administration Act, based on the fiscal oil price and fiscal gas price determined by the Commission, or realisable price determined in accordance with section 113 of this Bill in the case of production sharing contract under part III of chapter three of this Bill.

Provision of monthly schedule to the Service

3. The Commission shall provide to the Service a monthly schedule of production and chargeable volume by each company engaged in petroleum operations determined for the field at the measurement points or deemed measurement points, fiscal oil price and fiscal gas price determined for the field at the measurement points, and other relevant information for the determination of royalties.

PART II

DETERMINATION OF CHARGEABLE VOLUMES AND PRICES FOR ROYALTIES

Measurement Point for the determination of production volumes

4. The measurement of crude oil, condensates, natural gas and natural gas liquids, and the procedures for determining production and chargeable volumes for royalties purposes shall be in accordance with the Seventh Schedule to the Petroleum Industry Act and applicable regulations or guidelines issued by the Commission.

Determination of price for royalty

5. The fiscal oil price applicable to crude oil and condensates, and the fiscal gas price applicable to natural gas and natural gas liquids for the field at the measurement points shall be as

determined by the Commission in accordance with the Seventh Schedule to the Petroleum Industry Act and applicable regulations or guidelines issued by the Commission.

PART III

ROYALTIES FOR PART I OF CHAPTER THREE OF THIS BILL

Determination of royalties for part I of chapter three of this Bill

6. (1) Royalties payable shall be determined on a monthly basis, in the case of —
- (a) crude oil and condensates, the royalties shall be based on production in accordance with subparagraph (2) of this paragraph and by price in accordance with subparagraph (3); and
 - (b) natural gas and natural gas liquids, the royalties shall be based on production in accordance subparagraph (4),

Provided that condensates shall be treated as crude oil and natural gas liquids shall be treated as natural gas for the purpose of this part.

Royalty based on production

- (2) For the purpose of this paragraph —
- (a) royalties based on production shall be calculated on a field basis;
 - (b) the royalty shall be at a rate per centum of the chargeable volume of the crude oil and condensates produced from the field area in the relevant month on terrain basis as follows —
 - (i) onshore areas — 15%,
 - (ii) shallow water (up to 200m water depth) — 12.5%,
 - (iii) deep offshore (beyond 200m water depth) — 7.5%; and
 - (iv) frontier basins — 7.5%;
 - (c) for deep offshore fields with a production during a month of not more than 50,000 bopd, the royalty rate shall be 5% and the share of the production above 50,000 bopd shall be at the royalty rate specified in clause (b) of this subparagraph;
 - (d) royalties for onshore fields and shallow water fields, including marginal fields, with crude oil and condensate production not more than 10,000 bopd during a month shall be at a rate per centum of the chargeable volume of the crude oil and condensates produced from the field area per production day during a month on tranchised basis as follows —
 - (i) for the first 5,000 bopd — 5%, and

- (ii) for the next 5,000 bopd, for the share of production over 5,000 bop — 7.5%,

Provided that for fields with crude oil and condensate production more than 10,000 bopd during a month, the share of the production over 10,000 bopd during a month shall be at the royalty rates specified under clause (b) of this subparagraph.

- (f) with respect to clauses (c) and (d) of this subparagraph, where a single field covers two or more petroleum mining leases, the royalty shall be determined based on the total production from the field;
- (g) royalty based on production for natural gas and natural gas liquids shall be at a rate of 5% of the chargeable volume and royalty rate for natural gas produced and utilised in-country shall be 2.5% of the chargeable volume; and
- (h) where a field is located partially in onshore and in shallow water or partially in shallow water and deep offshore areas, the weighted average royalty shall be calculated in accordance with regulations.

Royalty by price

- (3) There shall be payable, in addition to the royalty set out in subparagraph (2) of this paragraph for onshore, shallow water and deep offshore —

- (a) a royalty by price with respect to crude oil and condensates at the rates set out below —
 - (i) below US \$50 per barrel — 0%,
 - (ii) at US \$100 per barrel — 5%,
 - (iii) at US \$150 per barrel and above — 10%, and
 - (iv) between US \$50 and US \$100 per barrel and between US \$100 and US \$150 per barrel, the royalty by price shall be determined based on linear interpolation, as an example, if in 2020 the price is US \$75 per barrel, the royalty by price shall be 2.5%, and the price levels mentioned in sub-clauses (i), (ii) (iii) and (iv) of this clause shall apply to the year 2020, and at the beginning of 2021 and of each succeeding calendar year these price levels shall be increased by 2% relative to the values of the previous year;
- (b) there shall be no royalty by price for frontier acreages; and
- (c) royalty derived from "royalty by price" shall be for the credit of the Nigerian Sovereign Investment Authority.

PART IV

DETERMINATION OF ROYALTIES FOR PART II AND III OF CHAPTER THREE OF THIS BILL

Royalty based on production

7. (1) Subject to subparagraph (2) of this paragraph, royalties payable shall be determined on a monthly basis, which shall be at a rate per centum of the chargeable value of the crude oil and casing head petroleum spirit produced from the relevant area in the relevant period as follows —

(a)	onshore areas	—	20%;
(b)	offshore areas up to 100 metres water depth	—	18.5%;
(c)	offshore areas above 100 up to 200 metres water depth	—	16.5%;
(d)	offshore areas beyond 200 metres water depth	—	10%;
(e)	frontier basin	—	7.5%; and
(f)	inland basin	—	7.5%.

Royalty for Onshore and shallow Offshore Production Sharing Contracts

- (2) The following royalties for onshore and shallow offshore Production Sharing Contracts shall be applicable —

(a)	Onshore —	
(i)	for production below 2 thousand barrels of oil per day	— 5 . 0 %, ,
(ii)	for production between 2 and 5 thousand barrels of oil per day	— 7 . 5 %, ,
(iii)	for production between 5 and 10 thousand barrels of oil per day— 15%,	
(iv)	for production above 10 thousand barrels of oil per day	— 20 %, ;
(b)	Offshore up to water depth of 100 metres —	
(i)	for production below 5 thousand barrels of oil day	— 2 . 5 %, ,

- (ii) for production between 5 and 10 thousand barrels of oil per day—
7.5%
- (iii) for production between 10 and 15 thousand barrels of oil per day—
12.5%
- (iv) for production above 15 thousand barrels of oil per day — 18.5%
- (c) Offshore between water depth of 100 and 200 metres —
 - (i) for production below 5 thousand barrels of oil per day — 1.5%,
 - (ii) for production between 5 and 10 thousand barrels of oil per day — 3.0%,
 - (iii) for production between 10 and 15 thousand barrels of oil per day—
5%,
 - (iv) for production between 15 and 25 thousand barrels of oil per day —
10.0%,
 - (v) for production above 25 thousand barrels of oil per day — 6.67%.

Royalty by price

- (3) Royalty by price is adopted in order to allow for royalty reflexivity based on changing prices of crude oil, condensates and natural gas, and shall be payable in addition to royalty based on production specified in subparagraph 1 of this paragraph as follows —
 - (a) the royalty based on price shall be identical for the various water depths beyond 200m water depth including frontier acreages for crude oil and condensates;
 - (b) the royalty rates shall be based on increase that exceeds US\$20 per barrel, and shall be determined separately for crude oil and condensates as follows —
 - (i) from US\$ 0 and up to US\$ 20 per barrel — 0%,
 - (ii) above US\$ 20 and up to US\$ 60 per barrel — 2.5%,
 - (iii) above US\$60 and up to US\$ 100 per barrel — 4%,
 - (iv) above US\$ 100 and up to US\$ 150 per barrel — 8%, and
 - (v) above US\$ 150 — 10%;

- (c) royalty based on production for natural gas shall be at a rate per centum of the price received by a licensee, lessee or marginal field holder in the relevant area, or at a price not less than the fees prescribed for gas flare penalties in the applicable regulations whichever is greater, but does not include any flare or waste gas appropriated by the Government of the Federation for its own use or for any purpose approved by it, as follows —
- (i) onshore areas — 7 percent,
- (ii) offshore areas — 5 percent; and
- (d) all natural gas liquids extracted from natural gas and spiked into the oil stream shall be treated as oil and all natural gas extracted and processed, except volumes flared or utilised for the purpose of oil and gas production operations in the particular field, shall be liable to royalty at a rate per centum of the price received equivalent to the rate prescribed in clause (c) of this subparagraph or at a price not less than the fees prescribed for gas flare penalties in the applicable regulations whichever is greater (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the provisions of the Seventh Schedule stand part of the Bill — Agreed to.

EIGHTH SCHEDULE

SOLID MINERALS ROYALTY

- (1) Any person who extracts any solid mineral shall pay royalty in accordance with the provisions of this Bill and the Nigeria Tax Administration Act.
- (2) The royalties shall be computed at the rates specified in Table I of this Schedule on the value of the solid mineral resource.
- (3) The value of each solid mineral resource extracted shall be determined using the official selling price specified by the Federal Ministry of Solid Minerals or ruling prices on an international trading platform or market for solid minerals.

<i>S/No.</i>	<i>Minerals</i>	<i>Ad Valorem (%)</i>
1	Antimony Ore	7.5
2	Amethyst	10
3	Aquamarine	10
4	Barytes	10
5	Bauxite	7.5
6	Bentonite	10
7	Beryllium	10
8	Bismuth	7.5
9	Bitumen/ Tar Sand	7.5
10	Chalcopyrite	7.5
11	Chromite	10
12	Clay	10
13	Coal	7.5

14	Columbite Ore (< 10% Nb ₂ O ₅)	7.5
15	Columbite Concentrate (> 10% Nb ₂ O ₅)	7.5
16	Copper Ore	7.5
17	Corundum	10
18	Crystal Quartz	10
19	Diatomite	10
20	Dolomite	10
21	Emerald	10
22	Feldspar	10
23	Flourite	10
24	Garnet	10
25	Gold Concentrate	15
26	Granite Blocks	10
27	Granite Aggregates	10
28	Granite Dust	10
29	Graphite	10
30	Gypsum	10
31	Ilmenite	7.5
32	Industrial Quartz	10
33	Iron Ore	7.5
34	Kaolin (Crude)	10
35	Kaolin (Pulverized)	10
36	Laterite	10
37	Lead/zinc Ore (< 55%pb) < 30% Zn)	7.5
38	Lead/zinc Concentrate (> 55%pb), > 30% Zn)	7.5
39	Limestone (Crude)	10
40	Lithium Ore	10
41	Magnesite	7.5
42	Marble Aggregates	10
43	Marble Blocks	10
44	Manganese	7.5
45	Molybdenum	7.5
46	Monazite	10
47	Mica	10
48	Nickel	10
49	Phosphate	10
50	Pyrite	7.5
51	Ruby	10
52	Rutile	7.5
53	Salt	10
54	Sand	10
55	Sapphire	10
56	Shale	10
57	Silica Sand	10
58	Silver Ore	7.5
59	Soda Ash/trona	10
60	Spodumene	10
61	Talc	10
62	Tantalite (Crude) (< 30% Ta ₂ O ₅)	7.5

63	Tantalite Concentrate (> 30 % Ta ₂ O ₅)	7.5
64	Tin Ore (< 50 % Sn)	7.5
65	Tin Concentrate (> 50 % Sn)	7.5
66	Topaz	10
67	Tourmaline (Green)	10
68	Tourmaline (Pink & Blue)	10
69	Wolframite	7.5
70	Zircon	10
71	Zircon Sand	10
72	Moganite	10
72	Any Other Mineral	10

(Hon. James Abiodun Faleke— Ikeja Federal Constituency).

Question that the Provisions of the Eight Schedule stand part of the Bill — Agreed to.

NINTH SCHEDULE

DUTIABLE INSTRUMENTS

<i>S/No.</i>	<i>Name of Instruments</i>	<i>Type</i>	<i>New Rate</i>	<i>Persons liable to Pay Duty</i>	<i>Exemptions</i>
1	Agreement or Contract accompanied with a deposit (see Mortgage)	Ad Valorem	0.375 %	Mortgagee	Relates to property less than ₦10,000,000
2	Agreement for sale of real property (see Conveyance on sale)	Ad Valorem	1.5 %	Transferee	
3	Annuit y (see Conveyance on Sale)	Ad Valorem	1.5 %	Transferee	
4	Assignment (by way of security or of any security) (see Mortgage)	Ad Valorem	0.375 %	Mortgagee	Relates to property less than ₦10,000,000
5	Irrevocable Assignment (upon a sale or otherwise) (see Conveyance)	Ad Valorem	1.5 %	Transferee	
6	Bill of Exchange - Of any other Kind (Local & Foreign)	Ad Valorem	0.10 %	Payee	
7	Bonds (Repayment of money & Transfer Stocks)	Ad Valorem	0.375 %	Party taking security	
8	Capital Duty on Nominal Shares	Ad Valorem	0.75 %	Company	

9	Capital Duty on LoanAd Valorem 0.125% Borrower capital				<ul style="list-style-type: none"> • Overdraft at the bank • Loan raised for a period not exceeding 12 months • Loan obtained for onward disbursement to any other person in an on l e n d i n g arrangement
10	Capital Duty on Loan Ad Valorem 0.1% Lender Capital issued wholly or partly for the purpose of c o n v e r t i n g or consolidating existing capital				
11	Contract notes for Ad valorem 0.08% Transferee marketable security				Contract note sent by a broker or agent to his principal where the principal is himself acting as a broker or agent for a principal.
12	Contract notes Ad valorem 0.08% Transferee (Continuation note)				
13	Contract note (Option Ad valorem 0.04% Transferee note)				
14	Contract note Ad valorem 0.04% Transferee (following a duly stamped option note)				
15	Conveyance or Ad Valorem 1.5% Transferee transfer on sale				<ul style="list-style-type: none"> • Where the property has a value of ₦10,000,000 or less • Where the transfer is between associated companies holding at least 90% shareholding in each other or through a third party, provided it had been stamped upon initially purchase

16	Conveyance or transfer by way of security of any property or security (see Mortgage)	Ad Valorem	0.375%	Mortgagee	Relates to property less than ₦10,000,000
17	Conveyance or transfers (dispositions inter vivos except to entity created by Act for the benefit of Nigeria) (see Conveyance or transfer on sale)	Ad Valorem	1.5%	Transferee	
18	Covenant (payment of money or transfer or re-transfer of stock) (see mortgage)	Ad Valorem	0.375%	Mortgagee	Relates to property less than ₦10,000,000
19	Covenant on annuity (original creation and sale) (see conveyance)	Ad Valorem	1.5%	Transferee	
20	Covenant on annuity (not original creation and sale) (see Bond, Covenant)	Ad Valorem	0.375%	Party taking security	
21	Defeasance (of any conveyance, apparently absolute but intended only as a security for money or stock) (see Mortgage)	Ad Valorem	0.375%	Mortgagee	Relates to property less than ₦10,000,000
22	Demise (see Lease)	Ad Valorem	Up to 7 years 0.78% . Above 7 years = 3%	Lessee	Property of an annual value less than ₦1,000,000
23	Further charge of further security	Ad Valorem	0.375%	Mortgagee	
24	Marketable security (all types)	Ad Valorem	0.225%		
25	Mortgage, Bond, Debenture, Covenant (See bonds)	Ad Valorem	0.375%	Party taking security	
26	Mutual disposition (see Exchange)	Ad Valorem	1.5%	Transferee	
27	Partition or Division (see Conveyance on sale)	Ad Valorem	1.5%	Transferee	

28	Policy of insurance (life insurance) (on premium)	Ad Valorem	0.075 %	Policy Holder	
29	Policy of insurance (of any other kind)	Ad Valorem	0.075 %	Policy Holder	
30	Promissory note (see Bill of Exchange)	Ad valorem	0.1 %		
31	Reconveyance (of any security) (see Mortgage)	Ad Valorem	0.375 %	Mortgagee	Relates to property less than ₦10,000,000
32	Superannuation annuity (see Bond, Covenant)	Ad Valorem	0.375 %	Party taking security	Relates to property less than ₦10,000,000
33	Transfer (see Conveyance)	Ad Valorem	1.5 %	Transferee	
34	Transfer of Mineral Assets	Ad Valorem	2 %	Transferee	
35	Agreement or Contracts (all types)	Fixed duty	₦1,000	Beneficiary of service	<ul style="list-style-type: none"> • Relates to a subject, the value of which is less than ₦1,000,000. • Is for the hire of any labourer, employee, artificer, manufacturer or menial servant. • Is made for or relating to the sale of any goods, wares or merchandise, including a Hire Purchase Agreement.
36	Agreement or Memorandum of Agreement under hand	Fixed duty	₦500	Beneficiary of service	(See Agreement)
37	Bill of Exchange - Payable on Demand	Fixed duty	₦500	Payee	
38	Bill of Lading	Fixed duty	₦500		Master's Copy
39	Cheque leaf (Bill of Exchange)	Fixed duty	₦50	Account owner	
40	Counterpart or Duplicate	Fixed duty	₦500	(Same as original)	
41	Draft for money (see Bill of Exchange)	Fixed duty	₦50	Payee	
42	Guarantee	Fixed duty	₦500	Guarantor	
43	Letter of credit (see Bill of Exchange)	Fixed duty	₦500		
44	Order (for the payment of money) (see Bill of Exchange)	Fixed duty	₦50	Payee	

45	Policy of marine insurance	Fixed duty	₦500	Policy Holder	Cover notes, slips or other instruments made in anticipation of a formal marine insurance policy
46	Policy of insurance against personal injury	Fixed duty	₦500	Policy Holder	Insurance policies on personal or household effects.
47	Receipt (for value from ₦10,000)	Fixed duty	₦50	(Same as liable for underlying transaction)	
48	Electronic receipt or Transfer of ₦10,000 upwards	Fixed duty	₦50	Transferor	Money paid into one's own account or transferred electronically between accounts of the same owner within the same bank

(Hon. James Abiodun Faleke— Ikeja Federal Constituency).

Question that the provisions of the Ninth Schedule stand part of the Bill — Agreed to.

TENTH SCHEDULE

EXCISE DUTY ON SERVICES — Deleted.

<i>Item</i>	<i>Ad Valorem</i>	<i>Specific Rate</i>
Telecommunication services - post-paid, pre-paid and all services regulated by Nigerian Communications Commission (NCC)	5%	
Gaming, gambling, betting, lotteries and similar services within the definition under section 57 of this Bill.	5%	
Exchange of currencies	The amount by which the actual exchange rate of the transaction exceeds the prevailing official market rate	
All other services	0%	

(Hon. James Abiodun Faleke— Ikeja Federal Constituency).

Question that Clause 191 stands part of the Bill — Agreed to.

Committee's Recommendation:

Leave out the Tenth Schedule (Hon. James Abiodun Faleke— Ikeja Federal Constituency).

Agreed to.

ELEVENTH SCHEDULE

LIST OF PRIORITY SECTORS

<i>S/No.</i>	<i>Sub-sector</i>	<i>Economic Development Incentive Status</i>	<i>Priority Product/service</i>	<i>Threshold</i>	<i>Sunset</i>
AGRICULTURE AND FOOD					
1.		Manufacture of starches and starch products.	Starches from rice, maize, potatoes, wheat, cassava; Wet corn milling; Glucose, glucose syrup, maltose, inulin; Gluten.	₦500m	15 years
2.	Aquaculture	Marine and Freshwater fishing and all forms of aquaculture.	All fish, shellfish and all aquatic species	₦500m	20 years
		Aquaculture processing	Fish processing and preservation	₦500m	20 years
3.		Manufacture of tea products.	Blending of tea.	₦500m	20 years
ENERGY					
4.	Refining of Crude Oil and gas.	Manufacture of refined petroleum products.	Oil-based lubricating oils/grease: hydraulic/engine oil, gear oil, low power oil, brake fluid; Motor fuel: gasoline, kerosene, diesel; Fuel: Light, medium and heavy fuel oil, refinery gases (hydrogen, methane, ethane, propane, butane); Aviation fuel; Products for road covering: asphalt.	₦100b	20 years
5.	Manufacture of Electrical Equipment and Electronics.	Manufacture of electric motors, generators, transformers and electricity	Distribution transformers; Power generators; Transmission and	₦20b	20 years

	distribution and control apparatus.	distribution regulators; Electric motors, power circuit breaker, surge suppressors (for distribution level voltage); Control panels, for electric power distribution; Electrical relays; Ducts for electrical switchboard apparatus, electric fuses, power switching equipment.		
6	Manufacture of batteries and accumulators.	Primary cells and primary batteries; Electric accumulators; Lead acid batteries; NiCad batteries; NiMH batteries Lithium batteries; Dry cell batteries; Wet cell batteries	₦20b	20 years
7	Manufacture of wiring and electrical lighting equipment.	Manufacture of discharge, incandescent, fluorescent, ultra-violet, infra-red bulbs Electric wires; Fibre optic cables; Insulated wire and cables made of steel, copper and aluminium	₦10b	12 years
8	Manufacture of domestic appliances.	Refrigerators, freezers, oven, cookers, dishwashers, washing and drying machine, vacuum cleaners, floor polisher, blenders, juicers, electric shavers, electric toothbrush, tin openers, microwave, toasters, coffee makers, air conditioners	₦5b	15 years
9	Manufacture of electronic components.	Electrical capacitors, resistors, condensers; Carbon and graphite electrodes; welding electrodes; Diodes, transistors, light emitting diodes; Inverters, rectifying	₦5b	15 years

			apparatus, fuel cells, photovoltaic modules, regulated and unregulated power supplies, solar home systems;		
			Uninterrupted power supplies, surge protectors.		
10	Manufacture of Electrical Equipment and Electronics	Manufacture of irradiation, electromedical and electrotherapeutic equipment	Irradiation apparatus and tubes, CT Scanners, PET scanners, magnetic resonance imaging (MRI) equipment, medical ultrasound equipment, electrocardiographs, electromedical endoscopic equipment, medical laser equipment, pacemakers, hearing aids	₦20b	15 years
11	Electricity and gas supply.	Electric power generation, transmission and distribution.	Operation of generation facilities that produce electric energy including thermal, nuclear, hydroelectric, gas turbine, and renewable; Operation of transmission systems that convey electricity from generation facility to distribution systems; Operation of distribution systems (i.e. consisting of lines, poles, meters and wiring) that convey electric power received from generation facility or the transmission system to the final consumer.	₦100b	20 years
12	Electricity and gas supply	Production of gas including gas utilisation (downstream operations).	Production of gaseous fuels with a specified calorific value, by purification, blending and other processes from gases of various types including natural gas; Transportation, distribution and supply of gaseous fuels	₦100b Separate power from gas	20 years
13	Renewable Energy		Production and manufacture of renewable energy equipment and	₦100b	20 years

apparatus

MINING AND QUARRYING

14	Mining of Coal	Mining and processing of coal.	Coal	₦10b	20 years
15	Mining of metal Ores.	Mining and processing of lead, zinc, iron ore and gold.	Lead, zinc, iron ore and gold.	₦10b	20 years
16	Quarrying and Mining of other Minerals.	Quarrying of limestone and mining of barite, bitumen and bentonite.	Limestone, barite, bitumen, and bentonite.	₦5b	20 years
17	Mining of lithium, rare earth	Mining of lithium, rare earth	Lithium, rare earth.	₦10b	20 years

HEALTH

18		Manufacture of medical and dental equipment and supplies.	Surgical drapes and sterile string and tissue; Surgical Instruments including disposables; Dental fillings and cements, dental wax and other dental plaster preparations; Bone reconstruction cements; dental laboratory furnaces; Laboratory ultrasonic cleaning machinery; Laboratory sterilisers; Distilling apparatus, centrifuges; Medical, surgical, dental or veterinary furniture (operating tables, examining tables, hospital beds, dentists chair); Bone plates and screws, syringes, needles, catheters, cannulae; Dental instruments; Orthopaedic and prosthetic devices; medical thermometers.	₦5b	20 years
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CREATIVE SECTOR AND COMMUNICATIONS TECHNOLOGY

19	Motion picture, video and television programme	Production and post- production of digital content for motion	Digital movies, animation, videos, television programmes, commercials;	₦5b	15 years
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	production, distribution and exhibition.	picture, videos, television programmes, commercials, distribution and exhibition.	Online distribution; Exhibition.		
20	Music production	Music production, distribution, publishing, manufacture of musical equipment, instruments and accessories		₦250m	20 years
BUILDING AND OPERATION OF UTILITY PROJECTS					
21	Building and operation of utility projects.	Long-distance pipelines, communication and power lines; power plants; Waterways, harbour and river works, ports; Dams; Refineries; Petrochemical plants;		₦200b	20 years
CHEMICAL AND BUILDING MATERIALS					
22	Manufacture of chemical and pharmaceutical products.	Manufacture of basic chemicals, fertilisers and nitrogen compounds.	Organic and inorganic basic chemicals. Associated nitrogen products: nitric and sulphonitric acids, ammonia, ammonium chloride, ammonium carbonate, nitrites and nitrates of potassium. Polyethylene terephthalate, Amorphous-Polyethylene Terephthalate.	₦20b	15 years
23		Manufacture of pesticides and agrochemicals.	Insecticides, rodenticides, fungicides, herbicides.	₦5b	15 years
24		Manufacture of pharmaceuticals and medical chemicals.	Medicinal active substances to be used for their pharmacological properties in the manufacture of medicaments: antibiotics, basic vitamins, salicylic and o-acetylsalicylic acids; Medicaments - antisera	₦2b	15 years

			and other blood functions, vaccines; Processing of blood; Medical diagnostic preparations; Radioactive in-vivo diagnostic substances; Biotech pharmaceuticals; Medical impregnated wadding, gauze, bandages, dressing.		
25	Manufacture of non-metallic products	Manufacture of glass and glass products.	Flat glass (toughened or laminated, wired, coloured or tinted);	₦2b	15 years
26	Manufacture of non-metallic products	Manufacture of refractory products	Laboratory, hygienic or pharmaceutical glassware Refractory mortars, concretes; Refractory ceramic goods: refractory bricks, blocks, tiles, heat insulating ceramic goods; Laboratory wares: crucibles, nozzles, tubes, pipes, retorts, muffles; Refractory articles containing magnesite, dolomite.	₦5b	15 years
27		Manufacture of lime, plaster.	Quicklime, slaked lime and hydraulic lime; Plasters of calcined gypsum; Calcined dolomite; Powdered and pre-mixed mortar;	₦2b	15 years
STEEL AND METAL					
28	Manufacture of basic Metals, Iron and Steel.	Manufacture of basic iron and steel.	Ferro-alloys, ferrous products by direct reduction of iron and other spongy ferrous products, iron of exceptional purity, granular iron and iron powder, steel in ingots and other primary forms, semi-finished products of steel, hot-rolled and cold-rolled flat rolled products of steel, steel bars and rods and solid	₦5b	15 years

			and open sections of steel, wires of steel, sheet piling, railway track materials, seamless and welded tubes and pipes of steel, tube fittings of steel; flat sheets; angle bar.		
			Operation of blast furnaces, steel converters, rolling and finishing mills/ foundries.		
29		Manufacture of other non-ferrous metals.	Aluminium; aluminium alloys; Lead, zinc, tin, copper, chrome, manganese, nickel from ores or oxides; Lead, zinc, tin, copper, chrome, manganese, nickel from electrolytic refining; Lead, zinc, tin, copper, chrome, manganese, nickel alloys; mattes of nickel; uranium; uranium from pitchblende or other ores.	₦5b	12 years
30	Manufacture of fabricated metal products excluding machinery and equipment.	Manufacture of tanks, reservoirs, containers of metal, nails and other fabricated metals.	Metal containers for compressed or liquefied gas, silos and similar containers of metal for storage or manufacturing use, boilers and radiators.	₦5b	12 years
TRANSPORTATION					
31	Manufacture of motor vehicles and components and other transport equipment	Manufacture of motor vehicles and components.	<p>Passenger cars, buses, vans, coaches, truck, tractors; fire engines; armoured vehicle;</p> <p>Motor vehicle engines, chassis, bodies, out fittings;</p> <p>Parts and accessories for motor vehicles: brakes, batteries, gearbox, axles, road wheels, suspension shock absorbers, radiators, silencers, exhaust pipes, catalytic converters, clutches, steering wheels, steering columns, steering boxes,</p>	₦50b	15 years

		safety belts, airbags, doors, bumpers, car seats, alternators, spark plugs, ignition wiring harnesses, power window and door systems, voltage regulators.		
32	Manufacture of motorcycles, tricycles and components.	Motorcycles, mopeds and cycles fitted with an auxiliary engine; Engines, parts and accessories for motorcycles; Motorised and non-motorised tricycles; Engines, parts and accessories for tricycles.	₹20b	12 years
33	Building of ships, boats and floating structures for transportation.	Commercial vessels (passenger vessels, ferry boats, cargo ships, tankers, tugs), warships, fishing boats and fish-processing factory vessels; Sail boats, motor boats.	₹5b	15 years
34	Manufacture of aircraft and components.	Aeroplanes for the transport of goods or passengers, helicopters; Drones and UAD; Parts and accessories of aircraft: fuselages, wings, doors, control surfaces, landing gears, fuel tanks, nacelles, airscrews, helicopter rotors and propelled rotor blades, aircraft motors and engines, parts of turbo jets and turboprops, aircraft seats; Conversion of aircraft and aircraft engines.	₹50b	15 years
35	Manufacture of railway locomotives and rolling stock	Electric, diesel, steam and other rail locomotives; Self-propelled/non-self-propelled railway coaches, vans, trucks, maintenance/service vehicles and Wagons-Specialised parts of railway locomotives;	₹10b	20 years

			mechanical and electromechanical signalling, safety and traffic control equipment for railways, railway car seats.		
36	Maintenance, repair and overhaul.	Maintenance, repair and overhaul aircrafts.	Repair, maintenance and overhaul of aircraft and aircraft engines.	₦10b	15 years
37	Transportation .	Rail, Land, Pipeline and water transportation.	<p>Passenger rail transport: inter and intra urban service.</p> <p>Freight rail transportation: mainline rail network and short-line freight rail.</p> <p>Freight transport by road: stock haulage; refrigerated;</p> <p>Transportation via pipelines: gases, liquids, slurry and other commodities.</p> <p>harbour operation and other auxiliary activities such as docking, pilotage, vessel salvage.</p> <p>Inland passenger water transportation: transport of passenger via rivers, canals, lakes and other inland waterways including inside harbours and ports.</p>	₦5b	15 years
INDUSTRIAL MACHINERY					
38		Manufacture of power-driven hand tools.	Circular or reciprocating saws, drills and hammer drills, hand held power sanders, pneumatic nailers, buffers, routers, grinders, staplers, pneumatic rivet guns, planers, shears and nibblers, impact wrenches, power actuated nailers.	₦5b	10 years
39		Manufacture of general-purpose machinery.	Industrial refrigerating or freezing equipment, industrial air conditioning machines, non-domestic fans; Packaging and wrapping	₦10b	10 years

40	Other	Manufacture of Manufacturing agricultural and forestry machinery.	<p>machinery; Fire extinguishers Ploughs, harvesters, threshers, planters, tractors used in agriculture and forestry, mowers, manure spreader, seeder, harrows, sorter, milking machines, spraying machines for agricultural use, poultry-keeping machinery, bee-keeping machinery, equipment for preparing fodder, machines for cleaning, sorting or grading eggs, fruits.</p>	₱10b	15 years
41		Manufacture of metal- forming machinery and machine tools.	<p>Machine tools for working metals and other materials (wood, bone, stone, hard rubber, hard plastics, cold glass); Machine tools for turning, drilling, milling, shaping, planning, boring, grinding; - Stamping or pressing machine tools; Punch presses, hydraulic presses, hydraulic brakes, drop hammers, forging machines; Draw-benches, thread rollers or machines for working wires; Stationary machines for nailing, stapling, gluing; Stationary rotary or rotary percussion drills, filing machines, riveters, sheet metal cutters; Presses for the manufacture of particle board; Electroplating machinery.</p>	₱5b	10 years
42		Manufacture of machinery for metallurgy	<p>Machines and equipment for handling hot metals (converters, ingot moulds, ladles, casting machines); Metal-rolling mills and</p>	₱5b	10 years

			rolls for such mills.		
43		Manufacture of machinery for food and beverage processing.	Agricultural dryers; Machinery for dairy industry, grain milling industry, bakery industry; Presses, crushers for fruit juices; Machines and equipment to process diverse foods; Machines for extraction or preparation of animal or vegetable fats and oils.	₦5bn	11 years
44	Other Manufacturing	Manufacture of machinery for paper and paperboard production	Machinery for making pulp; Paper and paperboard making machines; Dryers for wood, paper, paper pulp, paper or paperboard.	₦5b	10 years
ENVIRONMENT					
45	Waste management	Waste treatment, disposal and material recovery.	Conversion of waste to useable materials; Treatment of organic waste for disposal; Operation of facilities for treatment of hazardous waste; Treatment and disposal of toxic live or dead animals or contaminated waste; Processing of metal and non-metal waste and scrap and other articles into secondary raw materials, involving a mechanical or chemical transformation process.	₦2b	12 years
TEXTILE PRODUCTION					
46	Manufacture of textiles and Leather.	Preparation, spinning of textile fibres, weaving of textile and manufacture of made-up textiles.	Yarn or thread for weaving or sewing; Broad woven textiles, cotton-type, woollen-type, worsted-type, silk-type fabrics including from synthetic yarns; Knitted and crocheted fabrics-pile and terry fabrics, net and window furnishing type fabrics;	₦2b	12 years

			Twine, cordage, rope and cables of textile fibres;		
			Products of rope or netting: fishing net, insecticide treated nets;		
			Synthetic filament tow, staple fibres, filament yarn, monofilament;		
			Synthetic hair threads, weave-ons and attachments.		
47	Manufacture of sportswear		Manufacture of sportswear, sports apparels.	₦500m	20 Years
48	Manufacture of Leather Production.	Manufacture of leather products	Footwear, boxes, wallets, belt, shirts, trousers, bags etc. Leather-chamois dressed, parchment dressed, patent or metallised, composition leather.	₦2b	12 years
OTHER MANUFACTURING					
49	Manufacture of pulp, paper and paper products	Manufacture of pulp and paper.	Bleached, semi-bleached or unbleached paper pulp manufactured by mechanical, chemical or semi- chemical processes;	₦1b	10 years
		Manufacture of household and personal hygiene paper products	Cotton-linters pulp; Removal of ink and pulp from waste paper; Paper and paperboard for further industrial processing; Creped or crinkled paper. Wall paper; Sanitary towels, tampons and diapers		
SERVICES					
50	Business process outsourcing.	Setting up of Regional/Global shared services centres in Nigeria for the provisions and management of technical services.	Shared services centres.	₦2b	10 yea

(Hon. James Abiodun Faleke— Ikeja Federal Constituency).

Question that the provisions of the Eleventh Schedule stand part of the Bill — Agreed to.

TWELFTH SCHEDULE

ITEMS ON WHICH TAX IS SUSPENDED UNDER SECTION 187 OF This Bill

Items on which Value Added Tax may be suspended or delayed

1. Charging and collection of VAT on the following items shall commence on the date indicated by the Minister, or suspended where it is expedient to do so in the public interest, by an Order issued in the Official Gazette —
 - (a) petroleum products;
 - (b) renewable energy equipment;
 - (c) compressed natural gas (CNG);
 - (d) commercial aircrafts, commercial aircraft engines and spare parts; and
 - (e) airline transportation tickets issued and sold by commercial airlines registered in Nigeria.

Items on which the Minister may vary the classification

2. The following items may be classified as exempt or zero-rated supplies by an order issued by the Minister in the Official Gazette —
 - (a) all equipment, components and infrastructure related to the conversion and installation or expansion of Compressed Natural Gas (CNG) and Liquefied Petroleum Gas (LPG), including conversion kits; and
 - (b) all services relating to the conversion and installation of Compressed Natural Gas (CNG) and Liquefied Petroleum Gas (LPG).

Interpretation

3. For the purposes of this Schedule —

"petroleum products" means automotive gas oil, aviation turbine kerosene, premium motor spirit, household kerosene and locally produced liquefied petroleum gas;

"renewable energy equipment" means equipment used in producing renewable, green or low-carbon energy from renewable resources, such as sunlight, wind, the movement of water, and geothermal heat;

"compressed natural gas" means fuel gas mainly composed of methane (CH₄), compressed to less than 1% of the volume it occupies at standard atmospheric pressure (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the provisions of the Twelfth Schedule stand part of the Bill — Agreed to.

THIRTEENTH SCHEDULE

DETERMINATION OF RESIDENCE

Foreign employments

1. An individual, not being a person to whom section 3 (1) (a) (iv) of the Nigeria Tax Administration Act applies, who holds a foreign employment on 1st January in a year of assessment, or who first becomes liable to income tax in Nigeria for that year by reason of his entering that employment during that year, shall be deemed to be resident for that year —
 - (a) where the duties are wholly performed outside Nigeria, in the territory in which the principal office of his employer is situated on that day or on the day his foreign employment commences, as the case may be; and
 - (b) where the duties are performed or exercised in Nigeria for a foreign employer, in the place of residence, and in the absence of such, in the place where the person usually resides.

Nigerian employment

2. An individual who holds a Nigerian employment on 1st January in a year of assessment, or who first becomes liable to income tax in Nigeria for that year by reason of his entering that employment during that year, shall be deemed to be resident for that year in the territory in which he has a place or principal place of residence on that day or, as the case may be, on the day on which he enters upon the full duties of that employment in Nigeria,

Provided that if the individual is on leave from a Nigerian employment on 1st January in a year of assessment he shall be deemed to be resident for that year by reference to his place or principal place of residence immediately before his leave began.

Other employments

3. (1) An employee whose remuneration is subject to income tax in Nigeria for a year of assessment, but who has no place or principal place of residence in the territory of a State in Nigeria for that year under the provisions of paragraphs 2 of this Schedule, shall be deemed to hold a foreign employment, and if he has no territory of residence in a State for that year under the provisions of paragraph 1 of this Schedule, shall be deemed to be a person to whom section 3(1)(a)(iv) of the Nigeria Tax Administration Act applies.

- (2) This paragraph shall apply to an employee who is subject to income tax in Nigeria for a year of assessment, but whose place of residence is in the Exclusive Economic Zone of Nigeria or territorial waters of Nigeria beyond the littoral States and has no principal place of residence in any of the littoral States.

Partnership

4. (a) Engaged in the performance or exercise of the duty of the partnership, be the territory in Nigeria of the office where he performs or exercises the duty of the partnership;
- (b) dormant partner in the partnership, be the territory in Nigeria which he usually resides; and
- (c) A dormant partner that does not reside in a territory in Nigeria, be deemed to be a person to whom section 3 (1) (a) (iv) of the Nigeria Tax Administration Act refers.

Pensions

5. (1) An individual whose only source of earned income arising in Nigeria on 1st January in a year of assessment was a pension, and who had a place or principal place of residence on that day shall be deemed to be resident for that year in the territory in which that place or principal place of residence was situated on that day.
- (2) An individual whose only source of earned income arising in Nigeria on 1st January in a year of assessment was a pension, and who had no place of residence on that day, shall be deemed to be resident for that year, if the pension is-
- (3) An individual whose only source of earned income arising in Nigeria on 1st January in a year of assessment was a Nigerian pension, and who had no place of residence on that day shall, if the pension is payable by more than one government, or payable by a person other than a government or if there are two or more pensions arising in different territories to the individual on that day, be subject to section 2(1)(a)(iv) of the Nigeria Tax Administration Act.

Other earned income

6. An individual, other than a corporation sole or body of individuals, who has a source of earned income in Nigeria for a year of assessment, other than an employment or a pension, shall be deemed to be resident for that year in the territory in which he had a place or principal place of residence on 1st January in that year- provided that —
- (a) where the source of the income is first acquired by the individual during the year of assessment, and he had no place or principal place of residence on the first day of that year, he shall be deemed to be resident for that year in the territory where he first establishes a place of residence during that year; and

- (b) in any other case where the individual had no place or principal place of residence, he shall be deemed to be resident for that year in any territory from which his earned income arising in Nigeria is derived, or the territory from which any part of the earned income is derived, if the income is derived from more than one territory.

Unearned income

7. An individual, other than a corporation sole or body of individuals, who has no source of earned income in Nigeria for a year of assessment but who has one or more source of unearned income in Nigeria for that year shall be deemed to be resident for that year in the territory in which he has a place or principal place of residence on 1st January of that year, provided that where —
- (a) all the unearned income of the individual for that year arises in one territory, and he has no place of residence on that day, he shall be deemed to be resident for that year in that territory;
- (b) the unearned income of the individual arises for that year in more than one territory, and he has no place of residence on that day, he shall be deemed to be resident for that year in the territory from which any part of the unearned income arises.

Application

8. (1) Where the territory of residence of an individual for a year of assessment may be determined under more than one of the preceding paragraphs of this Schedule, it shall be determined by the first-numbered paragraph which is applicable to his circumstances.
- (2) Where, by reason of sub-paragraph (1) of this paragraph, or otherwise, a determination of residence of an individual for a year of assessment falls to be revised, and the tax authority that raised an assessment is other than that territory in which the individual is finally determined to be resident for that year, the first-mentioned tax authority shall discharge any assessment made by it on the income of the individual for that year.

Corporation sole or body of individuals

9. A corporation sole or body of individuals other than a family or community shall be deemed to be resident for a year of assessment in the territory in which its principal office in Nigeria is situated on 1st January in that year or, if it has no office in Nigeria on that day, in a territory in which any part or the whole of its income liable to tax in Nigeria arises for that year.

Family income

10. Income of a family shall be taxed only by the territory in which the member of that family who customarily receives that income in the first instance in Nigeria usually resides.

Trust

11. Income of a trustee of any settlements or trusts, or estates or to an executor of any estate of a deceased person, shall be taxed only by the territory in which the settlor or the person creating the trust is resident and to the extent provided in the Sixth Schedule to this Bill.

Interpretation

12. In this Schedule —

"dormant partner" in relation to a partnership means a partner that does not take active part in the performance of the duties of the partnership;

"earned income" in relation to an individual, means income derived by him from a trade, business, profession, vocation or employment earned on or exercised by him and a pension derived by him in respect of a previous employment;

"foreign employment" means an employment the duties of which are wholly performed outside Nigeria save during any temporary visit of the employee to Nigeria or performed or exercised in Nigeria for a foreign employer;

"Nigerian employment" means any employment, not being a foreign employment, the duties of which are wholly or partly performed in Nigeria;

"Nigerian pension" means a pension in respect of past service under, and payable by, a resident person or a government in Nigeria;

"place of residence" in relation to an individual, means a place available for his domestic use in Nigeria on a relevant day, and does not include any hotel, rest house or other place at which he is temporarily lodging unless no permanent place is available for his use on that day;

"principal place of residence" in relation to an individual with two or more places of residence on a relevant day, not being both within any one territory means in the case of an individual —

- (a) with no source of income other than a pension in Nigeria, that place where he usually resides;
- (b) who has a source of earned income other than a pension in Nigeria, that place where on a relevant day is nearest to his usual place of work;
- (c) who has a source or sources of unearned income in Nigeria, that place where he usually resides; or

- (d) who works in the branch office or operational site of a company or other body corporate, the place at which the branch office or operational site is situate, provided that operational site shall include Oil Terminals, Oil Platforms, Flow Stations, Factories, Quarries, Construction Site with a minimum of 50 workers, etc. (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the provisions of the Thirteenth Schedule stand part of the Bill — Agreed to.

FOURTEENTH SCHEDULE

EXEMPTION FOR AGRICULTURAL BUSINESSES

<i>Sub-Sector</i>	<i>Activity</i>	<i>Exempted Products</i>
Crop Production	Growing of perennial and non-perennial crops	
Livestock	Raising and breeding of animals in ranches and farms	Cattle, swine/pigs, sheep, goat, and poultry, including processed eggs.
	Livestock processing	Meat and poultry processing
Forestry	Plantation of rubber and acacia trees	Latex and gum arabic
Dairy	Manufacture of dairy products	Fresh liquid milk, pasteurised, sterilised, homogenised and/or ultra-heat treated; Dried or concentrated milk; Cream from fresh liquid milk, pasteurised, sterilised, homogenised; Milk or cream in solid form; Cheese, curd and lactose.
Cocoa processing	Processing of cocoa	Cocoa, cocoa butter, cocoa fat, cocoa oil; Chocolate.
Animal feeds	Manufacture of animal feeds	Animal feed, edible oils and by-products, concentrates, grain mill products, and feed supplements.

(*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Question that the provisions of the Fourteenth Schedule stand part of the Bill — Agreed to.

Explanatory Memorandum:

(*This memorandum does not form part of this Bill but is intended to explain its purport*)

This Bill repeals certain tax Acts and enacts the Nigeria Tax Act to provide for taxation of income, transactions and instruments (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Agreed to.

Long Title:

A Bill for an Act to Repeal the Capital Gains Tax Act, the Casino Act, the Companies Income Tax Act, the Deep Offshore and Inland Basin Production Sharing Contracts Act, the Industrial Development (Income Tax Relief) Act, Income Tax (Authorised Communications) Act, Personal Income Tax Act, Stamp Duties Act, Value Added Tax Act and the Venture Capital (Incentives) Actm

to Amend the Nigeria Export Processing Zones Act, the Oil and Gas Free Trade Zone Act, the National Information Technology Development Agency Act, Petroleum Industry Act, Tertiary Education Trust Fund (Establishment, etc.) Act, the National Agency for Science and Engineering Infrastructure Act, the Customs, Excise Tariffs, etc. (Consolidation) Act, the National Lottery Act, the Nigerian Minerals and Mining Act, the Nigeria Start-up Act, the Export (Incentives and Miscellaneous Provisions) Act, the Cybercrime (Prohibition, Prevention, etc.) Act. To Revoke the Value Added Tax Act (Modification) Order 2021, to Amend the Companies Income Tax (Significant Economic Presence) Order 2020 and the Petroleum (Drilling and Production) Regulations 1969. To Consolidate the the Legal Frameworks Relating to Taxation and Enact the Nigeria Tax Act to Provide for Taxation of Income, Transactions and Instruments, and for Related Matters (HB. 1759) (*Hon. James Abiodun Faleke— Ikeja Federal Constituency*).

Agreed to.

Chairman to report Bill.

(HOUSE IN PLENARY)

Mr Speaker in the Chair, reported that the House in Committee of the Whole considered the Report of the Committee on Finance on a Bill for an Act to Repeal Certain Acts on Taxation and Consolidate the Legal Frameworks Relating to Taxation and Enact the Nigeria Tax Act to Provide for Taxation of Income, Transactions and Instruments, and for Related Matters (HB.1759) and approved Clauses 1 - 156, rejected Clause 157 - 163, approved Clauses 164 - 204, approved Schedules 1- 9, rejected Schedule 10, approved Schedules 11 - 14, the Explanatory Memorandum, and the Long Title of the Bill.

Question that the House do adopt the Report of the Committee of Supply — Agreed to.

9. Adjournment

That the House do adjourn till Tuesday, 18 March, 2025 at 11.00 a.m. (Hon. Julius Ihonvbere — House Leader).

The House adjourned accordingly at 12.48 p.m.

Abbas Tajudeen
Speaker