OYO STATE PRESUMPTIVE TAX SYSTEM VIA EXECUTIVE ORDER N0 005 OF 2023

Presumptive Tax is Personal Income Tax on individuals who are in business that is chargeable under the Personal Income Tax Act Cap P8 LFN 2004 as amended. Presumptive Tax is not another type of tax but a method of assessing to tax those business operators whose incomes it is impracticable in the opinion of the relevant tax authority to assess to tax on account of failure to keep proper accounting records and documents. This Presumptive Tax Regime covers businesses in informal sector of the economy such as artisans, sellers of primary products, food canteens, etc.

APPLICATION OF THE PRESUMPTIVE TAX SYSTEM

The Presumptive Tax System shall apply to the following categories of taxable persons:

1. Individuals and entities not covered under the Pay-As-You-Earn or Direct Assessment provisions of the Revenue Administration Law of Oyo State.
2. Individuals and entities whose income for all practical purposes cannot be ascertained.
3. Individuals and entities whose financial records of business undertakings are not kept in a manner to enable proper assessment of income tax payable to be readily ascertainable.

ADMINISTRATION AND COMPLIANCE OF PRESUMPTIVE TAX SYSTEM

1. Oyo State Internal Revenue Service shall be responsible for administering and enforcing the presumptive tax system.
2. All individuals and entities subject to the presumptive tax system shall register with the Oyo State Internal Revenue Service within 60 days of the publication of this Order.
3. Taxable persons shall file annual returns on or before 90 days from the commencement of each year.
4. The Oyo State Internal Revenue Service shall prescribe the mode and procedures for payment of presumptive tax.
5. Upon payment of all tax assessments, the taxable persons shall be issued a Tax Clearance Certificate.

BENEFITS / INCENTIVES UNDER THE PRESUMPTIVE TAX SYSTEM

1. Presumptive tax helps to expand the tax base.
2. It also helps to reduce tax evasion.
3. Taxable persons who maintain up-to-date records and file returns within the specified period shall be granted a rebate of 2% of the tax payable.

However, any taxable person who falls under the informal sector of the economy and fails or neglects to make payment of the tax due shall be liable to pay the sum and a penalty equal to 10% per annum.

Kindly note that, going forward, it is imperative for the taxable person to maintain some form of records in order to exit from the presumptive tax regime and be assessed to tax accordingly

MODE OF PAYMENT

Payment can be made either through any of the designated banks approved by the State Government or in any of the designated Point of Sale (POS) or through the online payment platform via the link <https://payment.oyostatebir.com> and the payment code is 4010001.