



■ Land Use Charge ■

## CLASSIFICATION OF DISTRICTS

### AREA CLASSIFICATION

### DETAILS

#### High Value Zone

This is an elitist settlement occupied mainly by men of means. The residents here are mainly top bureaucrats and successful business men.

Population here is very light because of the class of occupants of these buildings. Ability to reside here indicates your social and financial standing in the society.

#### Medium Value Zone

This environment has medium size population of middle level income bracket e.g Residential Estates including Government Residential Estates.

#### Base Value Zone

This is a thickly populated zone mostly occupied by the low income earners. Most of the occupants are informal people such as traders, artisans or junior category of workers. Most of the properties in the heart of the town falls within this category.



## RATES FOR LAND USE CHARGE

AREA CLASSIFICATION	LAND USE	AMNESTY & RATES 2017/2018
<b>High Value Zone</b>	<ul style="list-style-type: none"><li>▪ Residential Buildings</li><li>▪ Commercial Rental Per Apartment</li><li>▪ Hotels</li><li>▪ Event Centres</li><li>▪ Industrial Property/Petrol Station</li><li>▪ Hospitals, Schools etc</li></ul>	<ul style="list-style-type: none"><li>N7,000.00 - N10,000.00</li><li>N7,000.00 - N10,000.00</li><li>N30,000.00-N40,000.00</li><li>N20,000.00-N30,000.00</li><li>N20,000.00-N30,000.00</li><li>N20,000.00-N30,000.00</li></ul>
<b>Medium Value Zone (and all other areas in urban locations)</b>	<ul style="list-style-type: none"><li>▪ Residential Buildings</li><li>▪ Commercial Rental Per Apartment</li><li>▪ Hotels</li><li>▪ Event Centres</li><li>▪ Industrial Property/Petrol Station</li><li>▪ Commercial Rental Unit</li><li>▪ Rental/Industrial/Business</li><li>▪ Hospitals, Schools etc</li></ul>	<ul style="list-style-type: none"><li>N5,000.00</li><li>N5,000.00</li><li>N10,000.00-N20,000.00</li><li>N10,000.00-N20,000.00</li><li>N15,000.00-N25,000.00</li><li>N5,000.00</li><li>N8,000.00</li><li>N10,000.00-N20,000.00</li></ul>
<b>Base Value Zone</b>	<ul style="list-style-type: none"><li>▪ Residential Buildings</li><li>▪ Commercial Rental Per Apartment</li><li>▪ Hospitals, Schools etc</li></ul>	<ul style="list-style-type: none"><li>N1,000.00</li><li>N1,000.00</li><li>N5,000.00 - N10,000.00</li></ul>
<b>Financial Institution</b>	<ul style="list-style-type: none"><li>▪ Commercial Bank</li><li>▪ Micro Finance Bank</li></ul>	<ul style="list-style-type: none"><li>N100,000.00</li><li>N30,000.00</li></ul>
<b>Miscellaneous</b>	<ul style="list-style-type: none"><li>▪ Areas not mentioned e.g. quarry etc.</li></ul>	<ul style="list-style-type: none"><li>N20,000.00-N30,000.00</li></ul>

### **ONDO STATE LAND USE CHARGE PAYMENT MADE EASY (1)**

- LUC** The Ondo State Land Use Charge Law was passed in 2014 by the previous administration.
- LUC** Full implementation using technology is what is commencing now.
- LUC** By law, all arrears from 2014 are expected to be paid, however Mr Governor, Oluwarotimi Odunayo Akeredolu (SAN) has graciously waived the payment of previous years (2014, 2015, 2016) and granted amnesty rates for year 2017 and 2018. This is in order to give a human face to the tax.
- LUC** The LUC is also very convenient to pay. You can pay from any bank ATM, internet banking, mobile banking or the banking hall.
- LUC** For all the absentee landlords or people with country homes in Ondo State but live in Lagos and even abroad, all you need is ask someone to take a picture of the LUC bill and have it sent to you via whatsapp from there you pick the Bill Number and you key that into your bank or the quickteller internet banking platform and you will make payment.
- LUC** Very simple, very easy.

### **LAND USE CHARGE PAYMENT MADE EASY (2)**

- LUC** Enumerators from the office of the Ondo State Board of Internal Revenue will visit your property to deliver a letter titled

*Notice of visit for Ondo State Land Use enumeration exercise*

The letter is to inform the property owner of our intention to visit their property for the purpose of enumeration.

An estimated date of visit will be stated on the letter.

### **LAND USE CHARGE PAYMENT MADE EASY (3)**

- LUC** The Enumerators from the office of the Ondo State Board of Internal Revenue will come back on the promised date or soon thereafter to do the following:

1. To take pictures of the exterior of the property and
2. Obtain the name of the property owner.

- LUC** Members of the Nigerian Institution of Estate Surveyors and Valuers Ondo State Chapter will also come to your premise to value the property. They will do the following:

1. Ask for name of property owner
2. Take measurement of the building
3. Ask for name of property occupier if different from property owner
4. Ask for number of rooms in the building.

*Please note: do not allow anyone into your personal living quarters.*

## **LAND USE CHARGE PAYMENT MADE EASY (4)**

- LUC** After the enumeration, the Ondo State Board of Internal Revenue Staff will come back to deliver your land use charge bill to your house. The bill is fully printed, no hand writing on it.
- LUC** After receipt of your bill, you are expected to pay within 30days
- LUC** You can pay into any of the banks listed behind the land use charge bill.
- LUC** After payment at the bank, you are expected to go to the nearest tax Station to your location to collect your Electronic Treasury Receipt (e. receipt).
- LUC** If you do not have the time to go to the tax Station, the enumerators will come back to deliver your .receipt to your house eventually.
- LUC** This completes the process of payment.



(3)

PAY YOUR  
**LAND USE CHARGE**  
FROM THE **ATM**



LAND USE CHARGE ATM CODE

**04345901**

- STEP 1:** INSERT YOUR ATM CARD
- STEP 2:** ENTER YOUR “PIN”
- STEP 3:** SELECT “QUICKTELLER”
- STEP 4:** SELECT “MAKE A PAYMENT”
- STEP 5:** SELECT “BILL PAYMENT”
- STEP 6:** SELECT “OTHERS”
- STEP 7:** ENTER “ATM CODE” **04345901**
- STEP 8:** ENTER “BILL NUMBER/CUSTOMER  
REFERENCE NUMBER”
- STEP 9:** “MAKE PAYMENT”

TAX BRINGS DEVELOPMENT  
...*PAY YOUR TAX*



**DON'T GET CAUGHT  
ON THE WRONG SIDE OF THE  
LAW**

## What the Law Says

It shall be the duty of every citizen to declare his income honestly to the appropriate and lawful agencies and pay his tax promptly.

**- Section 24(f) of the constitution of the Federal Republic of Nigeria 1999**

A taxable person shall file with the relevant tax authority the returns within 90 days from the commencement of every year of assessment.

**- Section 41 Subsection 3 of the Personal Income Tax (PITA) 104 of 1993**

### What you need to do

Visit any of the Ondo State Internal Revenue Service offices or any branch of Ondo State Government designated Revenue collecting banks, obtain and complete the required tax form for your self assessment and make payment in line with the assessment.

### Failure to file returns

A person who fails to furnish a return as required by the Law is guilty of an offence and liable on conviction to a fine or imprisonment or both.

**- Section 86(l) of Personal Income Tax Act (PITA)**

## Tax evaders will be Prosecuted



**ONDO STATE BOARD OF INTERNAL REVENUE**  
Quarters 75, Alagbaka Estate, Akure p.m.b 790

e-mail:

Phone:

**Pay your tax. It is your civic responsibility. It is the law**

4.

## Reliefs (Allowances) and Tax Rates

- 4 (1) A consolidated relief allowance shall be granted on income at a flat rate of N200,000 plus 20% of gross emolument.
- 4 (2) TAX EXEMPT: The following deductions are tax exempt-
  - (a) National Housing Fund Contribution
  - (b) National Health Insurance Scheme
  - (c) Life Assurance premium
  - (d) National Pension Scheme
  - (e) Gratuities
- 4 (3) After the relief allowance and exemptions had been granted in, accordance with paragraphs 1 and 2 of this schedule, the balance of income shall be taxed as specified in the following tax table-

### Tax Income Rates

Graduated Tax rates' with consolidated allowance of N200,000+20% of Gross Income, subject to minimum tax of 1% of Gross Income whichever is higher.

Income to be taxed	Rate of tax (%)
For every Naira of the First N300,000	7.00
For every Naira of the next N300,000	11.00
For every Naira of the next N500,000	15.00
For every naira of the next N500,000	19.00
For every Naira of the next N1,600,000	21.00
For every income above N3,200,000	24.00

5.

## Procedures for administering Direct Assessment

- I. All taxable persons should file their returns within 90days from the beginning of every year including amount of tax payable PITA (S.44)
- II. Tax Authorities shall assess the taxable persons thereafter PITA (S.54)
- III. Notice of Assessment shall be served on the taxable persons. For corporate bodies see guidelines as published by FIRS.
- IV. Payment of tax assessed and notified should be made within 2 months from the date of service. PITA (S.68)
- V. Receipts must be obtained for all payments made.

6.

## Objections and Appeals

- For any objection in respect of tax assessed, the objection must be filed within 30days of receipt of the notice of assessment specifying grounds of objection. PITA (S.58) (2).
- On receipt of notice of objection the relevant tax authority may require the person giving the notice to produce such particulars, books and documents deemed fit within reasonable time.
- Where it is resolved, agreed tax liability should be paid within 30days.
- Where it is not resolved an appeal should be made within 30days to the Body of Appeal Commissioners or to the court.

7.

## Procedures for obtaining Tax Clearance Certificate

- i. Every applicant must request in writing, attaching evidence of tax payment.
- ii. Tax clearance shall be issued or denied within 14days of the receipt of the application.

8.

## Procedure for obtaining Refunds in the Event of Overpayment

Where an overpayment is established, the taxpayer is entitled to a refund as prescribed by the law. Such request must be in writing and made within 6years after the end of the year of assessment to which it relates. PITA (S.84).

9.

## Offences, Penalties and Sanctions Offences and Penalties

- i. Incorrect returns – 10% of the correct tax and double the amount of tax undercharged.
- ii. False statement and returns – N5,000.00 or 5years imprisonment or both fine and imprisonment.

**10.**

## Other rights and responsibilities

All taxpayers have the right to self assessment, right to receive detailed information on any assessment, right to object and appeal on any assessment. The tax authority has the responsibility to ensure that adequate and proper taxes are assessed and collected from the tax paying public.

**11.**

## Relevant Authorities

- i. The Federal Inland Revenue Service has jurisdiction over the following:
  - Residents of the Federal Capital Territory
  - Staff of the Armed Forces, Nigeria Police, Ministry of Foreign Affairs and non residents.
- ii. The States Boards of Internal Revenue have jurisdiction over individuals within their state.  
Contact information for the relevant tax stations in the State are as stated overleaf:

# INTRODUCTION

Employers Of labour are expected to use these PAYE guidelines as the standard for making tax deductions and tax payments to tax offices in respect of their employees on a monthly basis.

The guidelines apply to all incomes (i.e. emoluments which includes salary and allowances) of an employee derived or deemed to be derived from Nigeria whether or not such income is received in Nigeria.

All Employers of Labour, Agent and Consultants should ensure that all employees make full disclosure of all their incomes at the beginning of the year (whether or not such income is received in Nigeria or nor) when tax forms 'A' are completed by them before returning same to the tax office.

Such disclosure should encompass as required by law all incomes earned, accruable, derived or accumulated in Nigeria. This includes disclosure of income paid both in Nigeria and outside Nigeria as well as full disclosure of ALL salaries and allowances paid either in cash or in kind.

Employers of Labour, Tax Agents and Consultants, and Employees who engage in incomplete disclosure of income are liable to being charged for concealment of information with intent to defraud the Government of Nigeria, an act chargeable under the criminal code of Nigeria.

NOTE: FOOTNOTES – JTB.....Creating a Tax Friendly Environment

The Board hereby urges all employers of labour both in the public and private sectors, to fully implement the contents of these guidelines in order to ensure a hitch free Pay-As-You-Earn (PAYE) Tax Scheme operation.

## DEFINITION OF TERMS

2.1 "Assessable Income" refers to the income of an employee for each year of assessment from each and every source of his income.

2.2 "Employment" includes any service rendered by person in return for gains or profits including appointment or office, whether public or otherwise, for which remuneration is payable, and "employee" and "employer" shall be construed accordingly: the gain or profit from an employment shall be deemed to be derived from Nigeria if the duties of the employment are wholly or partly performed in Nigeria, or the employer is in Nigeria, whether the gains or profits are received in Nigeria or not.

2.3 "Emoluments" means total emoluments including all allowances, salaries, wages, perquisites, bonuses and compensation.

'2.4 Fringe Benefits or Benefits-in-Kind' means benefits accruable to an employee when an:

(a) Employer's asset is put in the Employee's use (for tax purposes, the deemed value of such benefit accruing to the employee is 5% of the acquisition cost if known or 5% of the market value of the asset at the time of acquisition)

(b) Employers rents or hires an asset which he puts into the use of an employee (for tax purposes, the employee will be charged with the difference between the amount incurred by the employers and any amount refunded to the employer by the employee)

2.5 'Taxable Emolument' means emoluments reduced by tax-free emoluments;

2.6 "Total Income" means in relation to an individual for a year of assessment, his aggregate assessable income for that year after the additions and deductions as allowed in the statute are factored in

2.7 "Year of Assessment" means the period of 12 months commencing on the first day of January of a year.

In line with section 3 (1) of PITA, LFN 2004

## INCOME CHARGEABLE TO TAX

3.1 An employee's income chargeable to tax is the income for the year, from ALL sources inside or outside Nigeria, including any salary, wage, fee, allowance or gain from employment, compensations, bonuses, premiums, benefits and other perquisites allowed, given or granted by any person to an employee,

(a) So much of any such of any sums as may be admitted by the relevant tax authority to represent reimbursement to the employee or expenses incurred by him in the performance of his duties, and from which it is not intended that the employee should make any profit or gain,

(b) Leave grant, subject to maximum of 10 percent of annual basic salary

3.2 The Board emphasizes that fringe benefits and/or benefits in kind of an employee are taxable whether they are monetized or in kind.

## TAX RATES, RELIEFS AND ALLOWANCES

(1) A consolidated relief allowance shall be granted on income at a flat rate of N200,000 plus 20 per cent of gross income.

(2) Tax Exempt: The following deductions are tax exempt -

- a National Housing Fund Contribution
- b National Health Insurance Scheme
- c Life Assurance Premium
- d National Pension Scheme
- e Gratuities

(3) After the relief allowance and exemptions had been granted in accordance with paragraphs 1 and 2 of this schedule, the balance of income shall be taxed as specified in the following tax table:

### Tax Income Rates

Graduated Tax rates with consolidated allowance of ₦200,000+20 per cent of Gross Income, subject to minimum tax of 1 per cent of Gross Income whichever is higher.

1. First N300,000 @ 7 per cent
2. Next N300,000 @ 11 per cent
3. Next N500,000 @ 15 per cent
4. Next N500,000 @ 19 per cent
5. Next N1,600,000 @ 21 per cent
6. Above N3,200,000 @ 24 per cent

Citation 35. This Act may be cited as the Personal Income Tax Amendment Act 2011

## PROCEDURES FOR ADMINISTERING PAYE

5.1 The law stipulates that an employer is answerable for PAYE deducted or to be deducted and paid to government.

5.2 Collection of Tax form by Employers:

Tax forms 'A' will be supplied free of charge to employees through their employers. Employers should approach the relevant Tax Officers in their various States (including the FCT) where they operate to collect tax Form 'A', for distribution to their employees.

5.3 Completion of Tax Forms collected by employees

5.3.1 Employers should certify the correctness of the salaries and allowances declared in the forms by their employees to ensure that correct reliefs are granted the employee

5.3.2 Employees whose forms are not fully completed and certified by their employers may experience delay in getting their tax deduction cards.

5.4 Submission of End of Year Returns

- 5.4.1 End of Year Returns must be submitted not later than 31<sup>st</sup> January of that year. The year's returns must show the name of employees, total emoluments, total reliefs granted and tax paid by the employees
- 5.4.2 Submission of evidence of payment (Receipts) to the tax office
- 5.4.3 Granting of reliefs for employees and return of same to employers.

## PROCEDURES FOR OBTAINING TAX CLEARANCE CERTIFICATE

- 6.1 Any employee who wants a Tax Clearance Certificate (TCC) should submit an application for a TCC accompanied with a certificate of payment and tax (Form 61(P)) showing 3 years tax payment for the 3 preceding years.
- 6.2 A Tax Clearance Certificate will be issued to all employees on request subject to the End of Year Returns for that year showing evidence of payment of tax for the three preceding years.
- 6.3 The Tax office will issue a TCC within 14 days from the date of receipt of the application from an employee or state reasons for denial
- 6.4 Application for Tax Clearance Certificates by employers on behalf of employees should be accompanied by fully completed and certified Forms 61(P).  
**Only the relevant tax offices are authorized to process such applications**
- 6.5 Such applications should reach the Tax Offices at least two weeks in advance of collection. Applications must be accompanied by, among other basic requirements, the relevant tax returns in respect of these employees
- 6.6 Please note that unless the above requirements are met, applications made will not be processed.

## **PROCEDURES FOR OBTAINING REFUNDS IN THE EVENT OF OVERPAYMENT**

Where an overpayment of tax by an employee is established, he is entitled to tax refund as may be directed by the tax authority. The employer may be directed to refund the overpayment to the employee within the year of assessment during which period the employee obtained his tax relief. Set-off overpayment in a current year may also be available in the next year of assessment provided that full taxes have been paid and remitted for the current and previous years of assessment.

## **OFFENCES, PENALTIES AND SANCTIONS**

An attempt to wilfully cover, conceal or evade taxes is a criminal act and therefore, offences are as prescribed under the Criminal Code of Nigeria. In addition, there are specific offences as stated in the tax laws and stiff penalties prescribed where an employer or employee commits such an offence. Some of such offences include:

### **8.1 Some offences and related sanctions**

<b>Offence</b>	<b>Penalty</b>
Under Deduction	10% penalty plus interest at prevailing bank commercial rate
Non Remittance	10% penalty plus interest at prevailing bank commercial rate
Non Deduction	10% penalty plus interest at prevailing bank commercial rate
Late Remittance	10% penalty plus interest at prevailing bank commercial rate
False and Incorrect	N5,000 and/or 5 years imprisonment Statement of Returns

**8.2 An employer commits an offence when he fails to register with a tax Office within six months of commencing a business for the purpose of deducting income tax from his employees with or without formal notification or direction by the relevant tax authority.**

**8.3** It is an offence to make to incorrect or false statements and returns or failing to comply with the requirements of a notice served on an employer. It also includes understating any income liable to tax, preparing false accounts, unlawfully refusing or neglecting to pay tax.

**8.4** Regulation 19 of the PAYE Regulations 2002, stipulates that: where an offence under these Regulations or the Act is committed by a body corporate or firm or other association of individuals

- (a) Every director, manager, secretary or officer of the body corporate;
- (b) Every partner or officer of the firm; or
- © Every person concerned in the management of the affairs of the body corporate;  
shall be severally liable for the commission of the offence.

## **ADDITIONAL PAYE**

# *Assessment*

Where an employer fails to disclose all emoluments paid to an employee or under deducts, or under remits tax from employees, the tax authority may assess such income to tax for the proceeding six (6) years in the hand of the employer.

*Right*  
OF OBJECTION  
AND APPEAL

An employee can object and/or appeal against an assessment raised by the tax office if he is aggrieved within 30 days from the service upon him of a notice of assessment. Such an aggrieved employee must state his grounds of objection before the tax authority can review the assessment and make amendments where necessary.



## RELEVANT TAX AUTHORITIES

For the purpose of Personal Income Tax Administration (PAYE):

- 11.1 The Federal Inland Revenue Service has jurisdiction over the following:
  - 11.1.1 Residents of the Federal Capital Territory
  - 11.1.2 Staff of the Armed Forces, Nigeria Police, Ministry of Foreign Affairs and non residents
- 11.2 The States Boards of Internal Revenue have jurisdiction over individuals within their State.
- 11.3 Contact information for the relevant taxstations in the State are as stated below:

S/N	TAX STATIONS	ADDRESSES

## A Guide on Pay-As-You-Earn (PAYE)

### Computation based on Personal Income Tax (Amendment) Act, 2011.

#### Step 1.

##### Compute consolidated Salary/Gross Emolument (CS)

Determine Consolidated salary or the gross emolument of the Taxpayer per annum.

#### Step 2.

##### Compute Consolidated Relief Allowance (CRA)

Provide relief allowance of N200,000.00 or 1% of the Consolidated salary/Gross emolument whichever is higher plus 20% of the consolidated salary.

#### Step 3.

##### Tax Exempt Items (TEI)

Ascertain taxpayer's contribution or involvement in any of the following Tax Exempt items.

- National Housing Fund Contribution
- National Health Insurance Scheme
- Life Assurance Premium
- National Pension scheme
- Gratuities

#### Step 4.

##### Ascertain Taxable Income

Compute taxable income based on steps 1 to 3 above, which is, consolidated salary less Total Relief i.e Chargeable Income = CS – (CRA – TEI)

#### Step 5.

##### Apply Income Tax Rates (Tax Band)

Apply the following Tax Rates (tax band) to the chargeable Income to arrive at the Tax payable per annum.

- First N300,000.00 @ 7%
- Next N300, 000.00 @ 11%
- Next N500,000.00 @ 15%
- Next N500,000.00 @19%
- Next N1,600,000.00 @ 21%
- Above N3,200,000.00 @ 24%

#### Step 6.

##### Determine the minimum Tax Payable

Where the chargeable income obtained in step 5 above is lower than 1% of the consolidated salary or Gross emolument then, 1% of Consolidated Salary shall be the Tax payable per annum

#### Step 7.

##### Determine Monthly Tax Payable

The tax payable per annum is spread over the 12months in a year.



#### Sample computation of Tax liability

Pay-As-You-Earn (PAYE) Computation based on 2011 Federal Consolidated Public Service Salary Structure (CONPSS), for a public servant on Grade 1 step 1 that contributes to Pension and Housing fund only.

N	N
GL 1/1 Consolidated Salary	226,800.00
Less: Consolidated Relief	
(200,000+20%X226,800)	245,360.00
Pension Contribution	
(8%X226,800)	18,144.00
NHF	
(2.5%X226,800)	5,670.00
Total Relief	(268,040.00)
Changeable Income	(42,374.00)
Minimum Tax (Annual) 1% of 226,800.00	2268.00
Monthly Tax	2268/12
	189.00

(ii) Pay-As-You-Earn (PAYE) Computation based on 2011 Federal Consolidated Public Service salary Structure (CONPSS), for a public servant on Grade 16 step 3 that contributes to Pension and Housing fund only.

	N	N
GL 16/3		2,373,301.00
Consolidated Salary		
Less:		
Consolidated Relief		
(N200,000+ 20%X2,373,301)	674,660.20	
Pension Contribution		
(8%X2,373,301)	189,864.08	
NHF		
(2.5%X2,373,301)	59,332.53	
Total Relief		(923,856.81)
Taxable Income		1,449,444.20
1 <sup>st</sup>	300,000@7%	=21,000.00
Next	300,000.00@11%	=33,000.00
Next	500,000.00@15%	=75,000.00
Balance of	349,440.20@19%	=66,394.40
Annual Tax		195,394.40
Monthly Tax		16,282.87

(ii) Tax Computation for a Taxpayer on Twenty Four Million Naira (N24,000,000.00) gross income that contributes to Pension Housing fund only.

	N	N
Consolidated Salary		24,000,000.00
Less: Consolidated Relief		
(240,000+20%X24,000,000.00)	5,040,000.00	
Pension Contribution		
(8%X24,000,000.00)	1,920,000.00	
NHF		
(2.5%X24,000,000.00)	<u>600,000.00</u>	
Total Relief		<u>(7,520,000.00)</u>
Taxable Income		<u>16,480,000.00</u>
1 <sup>st</sup>	300,000@7%	=21,000.00
Next	300,000.00@11%	=33,000.00
Next	500,000.00@15%	=75,000.00
Next	500,000.00@19%	=95,000.00
Next	1,600,000.00@21%	=336,000.00
Balance of	13,280,000.00@24%	=3,187,200.00
Annual Tax		<u>3,747,200.00</u>
Monthly Tax		<u>312,266.67</u>

\* (Higher of  
N200,000.00 or  
1% of  
N24,000,000.00)



## TAX CLEARANCE CERTIFICATE (TCC)

### 1. What is TCC?

Tax clearance is a document issued to an individual or organization by the relevant Tax Authority on application as an evidence of settlement of tax liabilities.

### 2. Period of issuance of TCC

The TCC is expected to be issued within 2 weeks of application by the taxpayer and it shows that the taxpayer has been cleared of all the tax liabilities for the past (3) years preceding the current years of assessment.

Where TCC is not issued within 2 weeks period, a notice of refusal is issued to the taxpayer.

The TCC is issued **free of charge** once all taxes are paid.

### 3. Information on TCC

The TCC contains information on a taxpayer for the past 3 years as follows:

- i. Chargeable Income
- ii. Tax payable
- iii. Tax Paid
- iv. Tax outstanding or alternatively a statement to the effect that no tax is due
- v. Taxpayer Identification Number.

### 4. Requirement for the Issuance of TCC to an Individual.

An individual requesting for TCC is expected to do the following:

- i. Register with the office of FIRS/State Internal Revenue Service to obtain Taxpayer Identification Number (TIN).
- ii. Fill form A and pay the tax assessed at the relevant tax office (Direct Assessment)
- iii. Provide photocopy of the

employee Identity Card

- iv. Fill form 61 (P) (PAYE)
- v. Provide 2 months (January & December) pay slip for each year (PAYE)
- vi. All documents to be stamped with official stamp
- vii. Submit an application letter to the office of the chairman.

### 5. Uses of TCC

The transaction specifically mentioned in the Act which requires the production of TCC are:

- a) Application for Government loan for industry or business
- b) Registration of motor vehicle
- c) Application for firearms licence
- d) Application for foreign exchange or exchange control permission to remit funds outside Nigeria
- e) Application for certificate of occupancy
- f) Application for award of contracts

- by Government, its agencies and registered companies
- g) Application for approval of building plans
  - h) Application for trade licence
  - i) Application for transfer of real property
  - j) Application for import and export licence
  - k) Application for agent licence
  - l) Application for pools or gaming licence
  - m) Application for registration as a contractor
  - n) Application for distributorship
  - o) Confirmation of appointment by government as chairman or member of a public board, institution, commission, company or to any other similar position made by the government
  - p) Stamping of guarantor's form for a Nigerian passport
  - q) Application for registration of a limited liability company or of a

- business
- r) Application for allocation of markets stall
- s) Appointment or election in to public office
- t) For change of ownership of vehicle by the vendor
- u) Application for plot of land
- v) Any other transaction as may be determined from time to time.

## 6. Other highlights on TCC

To identify a genuine Tax Clearance Certificate, the following parameters would apply:

- i. It must be issued by a designated tax office/tax authority having jurisdiction over residence or address of the taxpayer.
- ii. It must be signed by duly authorized signatory in the relevant Tax Authority.
- iii. There must be no alteration to the contents of the TCC.

# WHY MUST YOU PAY TAX

**It is your civic responsibility. It is the law.** Tax is a major source of Government revenue.

**Section 24(f) of the constitution of the Federal Republic of Nigeria 1999 states that:**

“ It shall be the duty of every citizen to declare his income honestly to the appropriate and lawful agencies and pay his tax promptly”.

**In addition, section 41 (3) of the Personal Income Tax Act [ PITA ] 104 of 2011 [ as amended] states that:**

“ A taxable person shall file with the relevant tax authority within 90 days from the commencement of every year of assessment”

**Section 81 (2) states that:**

“Every employer shall be required to file a return with the relevant tax authority of all emoluments paid to its employees, not later than 31<sup>st</sup> January of every year in respect of all employees in its employment in the preceding year”.

# TAX RATES, RELIEFS AND ALLOWANCES

## "SIXTH SCHEDULE"

### INCOME TAX TABLE

- 1) A consolidated relief allowance shall be granted on income at a flat rate of N200,000 plus 20 per cent of gross income.
- 2) Tax Exempt: The following deductions are tax exempt -
  - (a) National Housing Fund Contribution
  - (b) National Health Insurance Scheme
  - (c) Life Assurance Premium
  - (d) National Pension Scheme
  - (e) Gratuities
- 3) After the relief allowance and exemptions had been granted in, accordance with paragraphs 1 and 2 of this schedule, the balance of income shall be taxed as specified in the following tax table:

### Tax Income Rates

	Graduated Tax rates with consolidated allowance of N200,000+20 percent of Gross Income whichever is higher.
1	First N300,000 @ 7 per cent
2	Next N300,000 @ 11 per cent
3	Next N500,000 @ 15 per cent
4	Next N500,000 @ 19 per cent
5	Next N1,600, 000 @ 21 per cent
6	Above N3,,200,000 @ 24 per cent

This Act may be cited as the Personal Income Tax (Amendment Act 2011)

### Withholding Tax Table

	Rates		
	Activities	Individuals	Company
1	Dividend, Interest, Rent, Director's Fee	10%	10%
		10%	15%
3	commission, professional Services, Consultancy Services	5%	5%
		5%	5%
5	Construction	5%	5%