



REVENUE HOUSE

16 SOKODE CRESCENT, WUSE, ZONE 5 PMB 33, GARKI ABUJA

**PUBLIC NOTICE TO FEDERAL AND STATE MINISTRIES, DEPARTMENTS AND AGENCIES, LOCAL GOVERNMENT COUNCILS, CORPORATE ORGANIZATIONS AND OTHER COLLECTING AGENTS ON WITHHOLDING TAX MONTHLY REMITTANCES AND RETURNS**

**1. MANDATORY PAYMENT:**

Notice is hereby given to all Federal and State Government Ministries, Departments, Agencies, Local Government Councils of the Federation, corporate organizations and all other Collecting Agents on the mandatory direct electronic (e-) Payment of Withholding Tax (WHT) to Federal Inland Revenue Service (FIRS) accounts and States Internal Revenue Services (SIRS) as appropriate.

Collecting agents are also requested to submit schedules along with the payments as shown under item 6 in approved templates in electronic form (Ms-Excel) to the relevant tax offices of the FIRS; while those for the States should be sent to the respective State Internal Revenue Services.

The administrative arrangement spelt out above is predicated on the provisions of the Financial Regulations as follows:

- *Financial Regulations 334 (I) to (III) specify the role of Accounting Officers in making provision for WHT on supplies and Services, remittances as and when due to bank accounts of the relevant tax authority.*
- *Financial Regulations 334 (IV) stipulates that in the event of failure to provide for and remit the tax to FIRS or a State Internal Revenue Service as appropriate, the tax shall be recovered from the Statutory allocation of the defaulting government agency.*

Over the years, huge arrears of taxes accumulated by Federal, States, Local Government Councils

and all other collecting agents all over the country have impacted negatively on the nation's revenue profile. It is also a known fact that the nation needs a sustained flow of revenue for her development projects.

Furthermore, tax arrears have arisen from the following practices:

- (a) Failure to charge correct rates of WHT on transactions;
- (b) Misclassification of transactions resulting in under-remittance;
- (c) Illegal retention of WHT funds after deduction have been duly made and illegal use of such funds.

## 2. LEGAL INSTRUMENTS

Total compliance with the relevant provisions of the Tax Laws will be a safeguard against accumulation of arrears and ensure availability of funds for sustainable national development. The relevant tax laws include:

- *Section 40 of the Federal Inland Revenue Service (Establishment) Act 2007, which imposes a general obligation on agents to deduct and remit taxes in accordance with specific provisions of the various tax laws*
- *Sections 79, 81 and 82 of the Companies Income Tax Act Cap. C21 LFN 2004*

*(as amended) which impose obligation to deduct and remit WHT on payments made under the Act;*

- *Section 56 (1) & (3) of the Petroleum Profits Tax Act Cap. P13 LFN 2004, which imposes an obligation to deduct and remit WHT on payments made by persons covered by the Act; and*
- *Sections 69, 73 and 74 of the Personal Income Tax Act Cap. P8 LFN 2004 (as amended), which impose obligation to deduct and remit WHT from payments made to persons covered by the Act (individuals, enterprises, partners in a partnership);*

It should be noted that failure to comply with the various provisions of the tax laws quoted above attracts sanctions ranging from payments of penalties and interest to imprisonment.

In fact, Section 40 of the FIRS (Establishment) Act 2007 states that *any person who is obliged to deduct any tax under this Act or the laws in the First Schedule to the Act (Inclusive of Companies Income Tax Act, Capital Gains Tax Act, Value Added Tax Act, Stamp Duties Act, Taxes and Levies, Approved List of Collection, etc) but fails to deduct or having deducted fails to pay to the Service within thirty days from the date the amount was deducted or the time the duty to deduct arose, is guilty of an offence.* The law also stipulates that *the offender on conviction is liable to pay the tax withheld or not remitted in addition*



*to a penalty of 10 percent per annum of the tax withheld or not remitted and interest at the prevailing Central Bank of Nigeria's minimum rediscount rate and imprisonment for a period of not more than 3 years.*

Note that the years of imprisonment prescribed is not an alternative but it is in addition to the payment of tax, penalty and interest.

Also, under Section 24 of the FIRS (Establishment) Act 2007, *the Accountant General of the Federation has the power to deduct at source from the budgetary allocation, unremitted taxes due from any Ministry or Government Agency.*

For the avoidance of doubt, FIRS has jurisdiction over the under listed categories of Withholding Taxes;

- (a) Withholding Tax on all incorporated companies;
- (b) Withholding Tax on persons, individuals, enterprises, partners in a partnership resident in the Federal Capital Territory, Abuja;
- (c) Withholding Tax on all non-resident companies and individuals;

While the States Internal Revenue Services have jurisdiction for Withholding Taxes for all individuals and enterprises resident within their States.

### **3. PREVAILING TAX RATES FOR WHT PAYMENTS**

The current rates for Withholding Tax are as follows:

<b>S/N</b>	<b>Types of Payments</b>	<b>Rates (Companies) %</b>	<b>Rates (Individuals) %</b>
1.	Interest, Rents & Dividend	10	10
2.	Royalties	10	5
3.	Building and Construction	5	5
4.	All types of contracts and agency arrangement, other than sales in the ordinary course of business.	5	5
5.	Consultancy & Professional Services	10	5
6.	Management Services	10	5
7.	Technical Services	10	5
8.	Commission	10	5
9.	Directors fees	10	10



All Schedule Officers in charge of Accounts are therefore enjoined to deduct WHT at appropriate rates. PLEASE NOTE THAT ON NO ACCOUNT SHOULD ANY TAX DUE TO THE FEDERAL INLAND REVENUE SERVICE BE MADE TO AN ACCOUNT OTHER THAN THAT OF THE RELEVANT FIRS ACCOUNT IN THE COLLECTING BANKS, AS THIS IS A CONTRAVENTION OF THE TAX LAWS, WHICH ATTRACTS APPROPRIATE SANCTIONS.

**Payments to States Internal Revenue Services should be made to the relevant States with schedules as shown under item 6 for WHT.**

#### **4. MANDATORY TIN GENERATION [For Taxes Administered by FIRS]**

A key element of WHT schedule is the unique Taxpayer Identification Number (TIN) for both the collecting agents and the beneficiaries. TIN is readily generated at relevant tax offices of FIRS all over the country subject to submission of appropriate information relating to the supplier/contractor.

The relevant information needed for this purpose for companies, individuals and enterprises are as follows:

##### **(I) COMPANIES**

- a. Name of Company
- b. Incorporation Number

- c. Business Address
- d. Date of Incorporation
- e. Line of Business
- f. Email Address
- g. Phone Number

##### **(II) INDIVIDUALS**

- a. Name of Taxpayer
- b. ID Type and Number (Work ID, National ID, Drivers License or International Passport)
- c. Taxpayer's Address
- d. Line of Business
- e. Email Address
- f. Phone Number

##### **(III) ENTERPRISES**

- a. Name
- b. Registration No.
- c. Business Address
- d. Date of Registration of Business
- e. Line of Business
- f. Email Address
- g. Phone Number

All State Government Ministries, Departments, Agencies, Local Government Councils and other collecting agents are required to ensure that all contractors under the jurisdiction

of FIRS provide their TIN before engaging in any transaction with such entities.

**5. SUBMISSION OF RETURNS**

Submission of returns for amounts deducted from contracts/supplies and salaries at source should be made to the Relevant Tax Authority. Returns of

Withholding Taxes paid to relevant tax authorities should be made not later than the 30<sup>th</sup> of the month following the month of payment. The returns to the relevant tax authority should be reported as follows for FIRS and SIRS respectively.

The returns should be made to the Tax Controller/State Monitor of the relevant tax office for FIRS returns and to the Chairman of the relevant State Internal Revenue Service for returns in respect of all State Internal Revenue Services.

**(a) Monthly Returns of WHT**

**To:**

**Tax Controller/State Monitor  
Name of relevant Tax Office  
Federal Inland Revenue Service  
Town/State**

Name of Organization/Ministry/

State/Local Govt.

Type of Tax (WHT)

Total Amount Remitted

Month and Year of Remittance

**(b) Monthly Returns of WHT**

**To**

**Chairman, State Internal Revenue Service.**

Name of Organisation/Ministry/

State/Local Govt.

Type of Tax (WHT)

Total Amount Remitted

Month and Year of Remittance

**6. SCHEDULES TO BE ATTACHED TO PAYMENTS**

Schedules attached to payments made will facilitate the processing of the returns and issuance of credit notes with respect to withholding tax.

Payments to relevant tax jurisdiction should be accompanied with the following schedule.

**WITHHOLDING TAX SCHEDULE**

Cover Page WITHHOLDING TAX SCHEDULE

TAXPAYER/AGENT NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

TAXPAYER/AGENT TIN: \_\_\_\_\_

TRANSACTION DATE: \_\_\_\_\_

Inner Page/Attachment

Beneficiary TIN	Beneficiary Name	Beneficiary Address	Invoice No.	Contract Date (DD/MM/YY)	Contract Description	Contract Amount	Contract Type	WHT Rate	WHT Amount	Period Covered
-----------------	------------------	---------------------	-------------	--------------------------	----------------------	-----------------	---------------	----------	------------	----------------



## **7. FIRS ONLINE**

Furthermore, the e-payment policy of the Federal Government represents another effort in institutionalizing accountability, transparency and efficiency in the polity. In this direction, a taxpayer can make payment to FIRS through the designated collecting banks. State MDAs and Local Government Councils are required to take advantage of e-payment platform and print out the e-ticket as an acknowledgment of remittance from the collecting bank whenever payment is made.

## **8. CONCLUSION**

In view of the enormous government projects to be funded even in the face of dwindling oil revenue, the Federal and State Ministries, Departments, Agencies, Local Government Councils and other

collecting agents are enjoined to be alive to their obligations by complying with the Tax Laws.

For further clarifications, please contact the Coordinating Director, Field Operations Group or the Coordinating Director, Standard and Compliance Group, or the Office of the Executive Chairman, Federal Inland Revenue Service, Revenue House, Plot 15 Sokode Crescent, Wuse Zone 5, P.M.B 33 Garki, Abuja.

Or

Visit our website: [www.firs.gov.ng](http://www.firs.gov.ng)  
Email: [enquiries@firs.gov.ng](mailto:enquiries@firs.gov.ng)  
Telephones: 08159490002,  
08159490001, 08159490000

**Signed:** Executive Chairman  
Federal Inland Revenue Service