

Companies Income Tax

(Last reviewed December 2007)

COMPANIES INCOME TAX ACT CAP. 60 L.F.N. 1990 ACT CAP. C21 L.F.N. 2004

PART I- ADMINISTRATION

Section 1. Establishment and constitution of the Board

- (1) There shall continue to be a Board of which the official name shall be the Federal Board of Inland Revenue(hereafter in this Act referred to as the Board) whose operational arm shall be the Federal Inland Revenue Service (hereafter in this Act referred to as the Service)

- (2) The Board shall comprise -
 - (a) an Executive Chairman, who shall be a person within the service experienced in taxation to be appointed by the President
 - (b) the Directors and heads of department of the service
 - (c) the officer from time to time holding or acting in the post of Director with the responsibility for planning research and statistics matters in the Federal Ministry of Finance
 - (d) a member of the board of the National Revenue mobilization allocation and fiscal commission.
 - (e) a member from the Nigerian National Petroleum Corporation not lower in rank than an Executive Director
 - (f) a Director from the national Planning Commission
 - (g) a Director from the Department of customs and Excise
 - (h) the Registrar General of the Corporate Affairs Commission
 - (i) the Legal Adviser to the service
 - (3) Any seven members of the Board, of whom one shall be the chairman or a Director of a Department within the service shall constitute a quorum.
 - (4) the Secretary (who shall be an ex-officio member shall be nominated by the board from within the service
 - (5) Notwithstanding that the Legal Adviser to the Board is at any time a member of the Board, he may appear for and represent the Board in his professional capacity in any proceedings in which the Board is a party; and the Legal Adviser shall not in such circumstances give evidence on behalf of the Board.
 - (6) The Secretary shall summon a meeting of the board whenever the business requiring its attention so warrants, or upon any request of a member; and a majority decision of the members on any matter obtained by him in written correspondence shall be treated in all respects as though it were a decision of the Board in actual meeting unless any member has requested the submission of that matter to such meeting.

Section 2.

- (1) There shall be a technical committee of the board (hereafter in this Act referred to as the technical committee) which shall comprise
 - (a) the Executive Chairman of the Board as Chairman.
 - (b) All the Directors and heads of department of the service
 - (c) the Legal Adviser in the Federal Inland Revenue Service
 - (d) the Secretary to the Board
- (2) the technical committee may co-opt from the service such staff as it may require for the discharge of its functions
- (3) the functions of the technical committee shall be to

- (a) consider all tax matters that require professional and technical expertise and make recommendations to the board
- (b) advise the board on all the powers and duties specifically listed in section 2 of this Act and in the first schedule to this Act and;
- (c) attend to such other matters as may from time to time be referred to it by the board.

Section 3. Powers and duties of the Board

- (1) The due administration of this Act and the tax shall be under the care and management of the Board who may do all such things as may be deemed necessary and expedient for the assessment and collection of the tax and shall account for all amounts so collected in a manner to be prescribed by the Minister.
- (2) Wherever the Board shall consider it necessary with respect to any tax or penalty due, the Board may acquire, hold and dispose of any property taken as security for or in satisfaction of any such tax or penalty or of any judgment debt due in respect of any such tax or penalty and shall account for any such property and the proceeds of sale thereof in a manner to be prescribed by the Minister.
- (3) The Board may sue and be sued in its official name and, subject to an express provision under any subsidiary legislation or otherwise, the Board may authorize any person to accept service of any document to be sent, served upon or delivered to the Board.
- (4) The Board may by notice in the Federal Gazette or in writing-
 - (a) authorize any person within or outside Nigeria to perform or exercise, on behalf of the Board, any power or duty conferred on the Board other than the powers or duties specified in the First Schedule, or to receive any notice or other document to be given or delivered to, or served upon, the Board under or in consequence of this Act and any subsidiary legislation made hereunder; and
 - (b) with the consent of the Minister, authorize the Joint Tax Board to perform or exercise, on behalf of the Board, any power or duty conferred on the Board including the powers or duties specified in the First Schedule.
- (5) In the exercise of the powers and duties conferred upon it, the Board shall be subject to the authority, direction and control of the Minister and any written direction, order or instruction given by him after consultation with the Chairman shall be carried out by the Board: Provided that the Minister shall not give any direction, order or instruction in respect of any particular person which would have the effect of requiring the Board to raise an additional assessment upon such person or to increase or decrease any assessment made or to be made or any penalty imposed or to be imposed upon or any relief given or to be given to or to defer the collection of any tax, penalty or judgment debt due by such person, or which would have the effect of altering the normal course of any proceedings, whether civil or criminal, relating either to the recovery of any tax or penalty or to any offence relating to tax.
- (6) Every claim, objection, appeal, representation or the like made by any person under any provision of this Act or of any subsidiary legislation made there under shall be made in accordance with this Act and subsidiary legislation.
- (7) In any claim or matter or upon any objection or appeal under this Act or under any subsidiary legislation made there under, any act, matter or thing done by or with the authority of the Board, in pursuance of any provisions of this Act or

subsidiary legislation made there under, shall not be thing as not or was not proved to be in accordance with any direction, order or instruction given by the Minister.

Section 4. Signification and execution of powers, duties, etc

- (1) Anything required to be done by the Board, in relation to the powers or duties specified in the First Schedule, may be signified under the hand of the Chairman or of the Secretary.
- (2) Any authorization given by the Board under or by virtue of this Act shall be signified under the hand of the Chairman unless such authority is notified in the Federal Gazette.
- (3) Subject to subsection (1) of this section, any notice or other document to be given under this Act, or under any subsidiary legislation made there under, shall be valid if-
 - (a) it is signed by the Chairman or by any person authorized by him; or
 - (b) such notice or document is printed and the official name of the Board is duly printed or stamped thereon.
- (4) Every notice, authorization or other document purporting to be a notice, authorization or other document duly given and signified, notified or bearing the official name of the Board, in accordance with the provisions of this section, shall be presumed to be so given and signified, notified, or otherwise without further proof, until the contrary is shown.

Section 5. Power to amend the First Schedule.

The Minister may at an time by Order delete any of the powers of duties specified in the First Schedule to this Act or include therein additional powers or duties or otherwise amend such Schedule or substitute a new Schedule therefore.

Section 6. Official secrecy.

- (1) Every person having any official duty or being employed in the administration of this Act shall regard and deal with all documents, information, returns, assessment lists and copies of such lists relating to the profits or items of the profits of any company, as secret and confidential.
- (2) Every person having possession of or control over any documents, information, returns or assessment lists or copies of such lists relating to the income or profits or losses of any person, who at any time communicates or attempts to communicate such information or anything contained in such documents, returns, lists, or copies to any person-
 - (a) other than a person to whom he is authorized by the Minister to communicate it; or
 - (b) otherwise than for the purposes of this Act or of any enactment in Nigeria imposing tax on the income of persons other than companies, shall be guilty of an offence against this Act.
- (3) Any proceedings for an offence against this section may be taken by or in the name of the Board but not by any other person except with the consent of the Attorney-General of the Federation.
- (4) No person appointed under or employed in carrying out the provisions of this Act shall be required to produce in any court any return, document or assessment, or to divulge or communicate to any court any matter or thing coming under his notice in the performance of his duties under this Act except as

may be necessary for the purpose of carrying into effect the provisions of this Act, or in order to institute a prosecution, or in the course of a prosecution for any offence committed in relation to any tax on income or profits in Nigeria.

- (5) Where under any law in force in any Commonwealth 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 authorized officers of the Government in that of such facts as may be necessary to enable the proper relief to be given in case where relief is claimed from the tax in Nigeria or from income tax that country.
- (6) Where any agreement or arrangement with any other country with respect to relief for double taxation of income or profits includes provisions for the exchange of information with that country for the purpose of implementing that relief or prevented by this section shall not prevent the disclosure of such information to the authorized officers of the Government of such country.
- (7) Notwithstanding anything contained in this section, the Board may permit the Auditor-General of the Federation or any officer duly authorized in that behalf by him to such access to any records or documents as may be necessary for General or any such officer shall be deemed to be a person employed in carrying out the provisions of this Act for the purposes of this section.

Section 7. Forms.

The Board may, from time to time, specify the form of returns, claims, statements and notices under this Act.

Section 8. Service and signature of notices.

- (1) Except where it is provided by this Act that service shall be effected either personally or by registered post, the provisions of section 26 of the Interpretation Act (which related to service by post) shall apply to the service of a notice, if such notice is addressed in accordance with the provisions of subsection (3) of this section.
- (2) Where a notice is sent by registered post it shall be deemed to have been served on the day succeeding the day on which the addressee of the registered letter containing the notice would have been informed in the ordinary course of events that such registered letter is awaiting him at a post office, if such notice is addressed in accordance with the provisions of subsection (3) of this section:

Provided that a notice shall not be deemed to have been served under this subsection if the addressee proves that no notification, informing him of the fact that the registered letter was a awaiting him at a post office, was left at the address given on such registered letter.

- (3) A notice to be served in accordance with subsection (1) or (2) of this Act shall be addressed-
 - (a) in the case of a company incorporated in Nigeria, to the registered office of the company or any other known address of the company; and
 - (b) in the case of a company incorporated outside Nigeria either to the individual authorized to accept service of process under the Companies and Allied Matters Act at the address filed with the Registrar-General of companies, if any, or to the registered office of the company wherever it may be situated; and
 - (c) in the case of an individual or body of persons to the last known business or private address of such individual or body of persons.

- (4) Without prejudice to sections 68 and 85(1)(c) of this Act, in any case where service of any notice under this Act has proved impossible the notice may be served by being left at the appropriate office or address as determined under subsection
- (3) of this section or by posting it at office or address or by publishing it in one issue of the Federal Gazette.
- (5) Any person who abstracts any officer of the Board in the exercise of his function e under this Act or who uses violence on such officer shall be guilty of an offence and shall on conviction-
 - (a) in the of a first offence, be liable to imprisonment for six months or to a fine of not less than N2,000 or sentenced to imprisonment and fine; and
 - (b) in the case of a second or subsequent offence and in any case where violence is used on any such officer, be sentenced to imprisonment for six months without the option of a fine.

PART II-IMPOSITION OF TAX AND PROFITS CHARGEABLE

Section 9. Charge of tax.

- (1) Subject to the provisions of this Act, the tax shall, for each year of assessment, be payable at the rate specified in subsection (1) of [section 40](#) of this Act upon the profits of company accruing in, derived from, brought into, or received in, Nigeria in respect of-
 - (a) any trade or business for whatever period of time such trade or business may have been carried on;
 - (b) rent or any premium arising from a right granted or any other person for the use or occupation of any property; and where any payment on account of such a rent as is mentioned in this paragraph is made before the expiration of the period to which it relates and is included for the purposes of this paragraph in the profits to company, then, so much of the payment as relates to any period beginning with the date on which the payment is made shall be treated for these purposes as accruing to the company proportioned form day to day over the last-mentioned period or over the five years beginning with that date, whichever is the shorter;
 - (c) dividends, interest, royalties discounts, charges or annuities;
 - (d) any source of annual profits or gains not falling within the preceding categories;
 - (e) any amount deemed to be income or profits under a provision of this Act or, with respect to any benefit arising from a pension or provident fund, of the Personal Income Tax Act;
 - (f) fees, dues and allowances (whenever paid) for service rendered.
 - (g) any amount of profits or gains arising from acquisition and disposal of short term money instruments like Federal Government securities, treasury bills, treasury or savings certificates debenture certificates or treasury bonds.

- (2) For the purposes of this section, interest shall be deemed to be derived from Nigeria if-
 - (a) there is a liability to payment of the interest by a Nigeria company or a company in Nigeria regardless of where or in what form the payment is made, or
 - (b) the interest accrues to a foreign company or person from a Nigerian company or a company in Nigeria regardless of whichever way the interest may have accrued.
- (3) In this section, "dividend" means-
 - (a) in relation to company not being in the process of being wound up or liquidated, any profits distributed, whether such profits are of a capital nature or not, including an amount equal to the nominal value of bonus shares, debentures or securities awarded to the shareholders, and
 - (b) in relation to company that in being would up or liquidated, any profits distributed, whether in money or money's worth or otherwise, other than those of a capital nature earned before or during the winding-up or liquidation.

Section 10. Identification of a company.

The incorporation number of a company to which the provisions of section 8 apply, shall serve as the identification number of the company and shall be displayed by the company on all business transactions with other companies and individuals and on every document, statement, returns, audited account and correspondence with Revenue Authorities, including the Board of Customs and Excise, Ministries and all Government agencies.

Section 11. Charge of tax on interest relation to foreign and agricultural loans, and contain reliefs.

- (1) Notwithstanding any other provisions of this Act but subject to the provisions of the following subsections, where during any calendar year commencing on or after 1 January, 1971, any foreign loan of an amount (or of an aggregate amount) which is not less than N150,000 is granted by a foreign company to any person carrying on any trade, business, profession or vocation in Nigeria for the purposes of that trade, business, profession or vocation, then any interest derived by the foreign company from that loan (being an interest which by virtue of sub section 10 of this section derived or deemed to be derived from Nigeria) shall-
 - (a) if the loan is not repayable by the borrower until after the expiration of a period of not less than ten years, commencing from the date on which the loan is granted, be exempt from tax;
 - (b) if the loan is not repayable by the borrower until after the expiration of a period of less than ten years but not less than five years, commencing from the date on which the loan is granted, be chargeable to tax for each relevant year of assessment at half the rate of tax specified in [section 40](#) of this Act.
- (2) If, in any case to which subsection (1) of this section applies, any such event as is mentioned in subsection (3) of this section occurs, no tax exemption or tax relief, as the case may be, shall be granted or made under the said subsection (1) or, if any such exemption or relief has been granted or made, it shall be withdrawn.
- (3) The events referred to in subsection (2) of this section are-

- (a) in a case to which paragraph (a) of subsection (1) of this section applies, the loan is repaid to the foreign company within a period of less than eight years;
 - (b) in a case to which paragraph (b) of subsection (1) of this section applies, the loan is repaid to the foreign company within a period of less than four years.
- (4) The President may by order direct that no tax exemption or tax relief shall be made or granted under this section in respect of any foreign loan specified in the order or, if any such exemption or relief has been granted or made, that it shall be withdrawn.
- (5) All such additional assessments and adjustments of assessments shall be made as may be necessary for or in consequence of the withdrawal of any exemption or relief under this section, and may be so made at any time.
- (6) Interest payable on any foreign loan granted on or after 1st April , 1978 shall be exempt from tax as prescribed in Table I in the Third Schedule to this Act.
- (7) Interest on any loan granted by a bank on or after 1st January 1977 to a company engaged in
 - (i) agricultural trade or business, or
 - (ii) the fabrication of any local plant and machinery or
 - (b) as working capital for any cottage industry established by the company under the Family Economic Advancement Program, Shall be exempted from tax, provided the moratorium is not less than eighteen months and the rate of interest on the loan is not more than the base lending rate at the time the loan was granted.
- (8) For the purposes of subsection (7) of this section, where a bank grants loan to a company, it shall disclose to the board the following information:
 - (a) the amount of the loan
 - (b) the moratorium
 - (c) the date repayment is due to commence
 - (d) the amount of repayment, showing capital and interest and
 - (e) the full particulars of the recipient of the loan and its permanent address
- (9) agricultural trade or business, means any trade or business connected with
 - (a) the establishment or management of plantations for the production of rubber, oil palm, cocoa, coffee, tea and similar crops;
 - (b) the cultivation or production of cereal crops, tubers, fruits of all kinds, cotton, beans, groundnuts, sheanuts, beniseed, vegetables, pineapples, bananas and plantains;
 - (c) animal husbandry, that is to say, poultry, piggery, cattle rearing fish farming and deep sea fish-trawling base lending rate means the weighted average of the cost of fund to any bank "foreign company" means any company or corporation (other than a corporation sole) established by or under any law in force in any territory or country outside Nigeria; "foreign loan", in relation to any foreign company, means any loan granted by that company with moneys brought into Nigeria from any territory or country

outside Nigeria, or any loan granted by that company in any territory or country outside Nigeria, in a currency other than Nigerian currency.

- (10) Interest payable on any loan granted by a bank on or after 1st April, 1980 for the purpose of manufacturing goods for export, shall be exempted from tax as prescribed in Table II of the Third Schedule to this Act on the presentation of a certificate issued by the Nigerian Export Promotion Council stating that the level of export specified has been achieved by the company. A company shall be deemed to be engaged in manufacturing for export if, the Nigerian Export Promotion Council certifies that no less than one half of its manufactured goods disposed of in its year of account is sold outside Nigeria and is not re-exported to Nigeria.

Section 12. Full disclosure or agreement to be made.

Any company entering into any agreement (whether oral or written) in respect of any service under paragraph (f) of section 9(1) of this Act shall forthwith make a full disclosure to the Board in writing of the terms of such agreement.

Section 13. Nigerian companies.

- (1) The profits of a Nigerian company shall be deemed to accrue in Nigeria wherever they have arisen and whether or not they have been brought into or received in Nigeria.
- (2) The profits of a company other than a Nigeria company from any trade or business shall be deemed to be derived from Nigeria
 - (a) if that company has a fixed base in Nigeria to the extent that the profit is attributable to the fixed base
 - (b) if it does not have a fixed base in Nigeria but habitually operate a trade or business through a person in Nigeria authorized to conclude contracts on its behalf or on behalf of some other companies controlled by it or which have controlling interest in it or habitually maintains a stock of goods or merchandise in Nigeria from which deliveries are regularly made by a person on behalf of the company to the extent that the profit is attributable to business or trade or activities carried on through that person
 - (c) if that trade or business or activities involve a single contract for surveys, deliveries, installations or construction; the profit from that contract
 - (d) where the trade or business or activities is between the company and another person controlled by it or which has a controlling interest in it and conditions are made or imposed between that company and such persons in their commercial or financial relations which in the opinion of the board is deemed to be artificial or fictitious, so much of the profits adjusted by the board to reflect arm s length transaction
- (3) for the purposes of subsection 2 of this section a fixed base shall not include facilities used solely for the
 - (a) storage or display of goods or merchandise.
 - (b) facilities used solely for the collection of information.

Section 14. Companies engaged in shipping or air transport.

- (1) Where a company other than a Nigeria company carries on the business of transport by sea or air, and any ship or aircraft owned or chartered by it calls at

any port or airport in Nigeria, its profits or loss to be deemed to be derived from Nigeria shall be the full profits or loss arising from the carriage of passenger, mails, livestock or goods shipped, or loaded into an aircraft, in Nigeria: Provided that this subsection shall not apply to passengers, mails livestock or goods which are brought to Nigeria solely for transshipment or for transfer from one aircraft to another or in either direction between an aircraft and a ship.

- (2) For the purposes of the preceding subsection, where the Board is satisfied that the taxation authority of any other country computes and assesses on a basis not materially different from that prescribed by this Act the profits of a company which operates ships or aircraft, and that authority certifies-
 - (a) the ratio of profits or loss, before any allowance by way of depreciation, of an accounting period to the total sums receivable in respect of the carriage of passengers, mails, livestock or goods; and
 - (b) the ratio of allowances by way of depreciation for the period to that same total, then the full profits or loss of that period shall be taken to be that proportion of the total sums receivable in respect of the carriage of passengers, mails, livestock or goods shipped or loaded in Nigeria which is produced by applying the first-mentioned ratio to that total, and in place of any allowances to be given under the amount produced by applying the second-mention ratio to that same total.
- (3) Where at time of assessment, the provisions of subsection (2) of this section cannot for any reason be satisfactorily applied, the profits to be deemed to be derived from Nigeria may be computed on a fair percentage on the full sum receivable in respect of the carriage of passengers, mails, livestock and goods shipped or loaded in Nigeria: Provided that where any company has been assessed for any year by reference to such percentage, it shall be entitled to claim at any time within six years after the end of such year that its liability for that year be-computed on the basis provided by subsection (2) of this section; and where such claim has been made and a certificate has been produced to the satisfaction of the Board as provided in that subsection, such repayment of tax shall be made as may be necessary to give effect to this proviso, save that, if the company fails to agree with the Board as to the amount of the tax to be so re-computed and re-paid, the Board shall give notice to the company of refusal to admit the claim and the provisions of this Act with respect to objections and appeals shall apply accordingly with any necessary modifications.
- (4) For the purposes of this section, the tax payable by any company for any year of assessment shall not be less than two per cent of the full sum receivable in respect of the carriage of passengers, mails, livestock or goods shipped or loaded into an aircraft in Nigeria.

Section 15. Cable undertakings

Where a company other than a Nigerian Company carries on the business of transmission of messages by cable or by any form of wireless apparatus, it shall be assessable to tax as though it operates ships or craft, and the provisions of the preceding section shall apply mutatis mutandis to the computation of its profits deemed to be derived from Nigeria as though the transmission of messages to places outside passengers, mails, livestock or goods in Nigeria.

Section 16. Insurance companies.

- (1) Notwithstanding anything to the contrary contained in this Act, it is hereby provided that-
 - (a) in the case of an insurance company, whether proprietary or mutual, other than a life insurance company or a Nigeria company, which carries

on business through a permanent establishment in Nigeria, the profits on which tax may be imposed shall be ascertained by taking the gross premiums and interest and other income receivable in Nigeria (less any reinsurance), and deducting from the balance so arrived at, a reserve for unexpired risks at the percentage adopted by the company in relation to its operations as a whole for such risks at the end of the period for which the profits are being ascertained, and adding thereto, a reserve similarly calculated for unexpired risks outstanding at the commencement of such period, and from the net amount so arrived at deducting the actual losses in Nigeria (less the amount recovered in respect thereof under reinsurance), the agency expenses in Nigeria and a fair proportion of the expenses of the head office of the company;

- (b) in the case of a life insurance company, whether proprietary or mutual, other than a Nigerian company, which carries on business through a permanent establishment in Nigeria, the profits on which tax may be imposed shall be the investment income less the management expenses, including commission: Provided that where the profits of such a company accrue in part outside Nigeria, the profits shall be that proportion of the total investment income of the company as the premiums receivable in Nigeria bear to the total premiums receivable, less the agency expenses in Nigeria and a fair proportion of the expenses of the head office of the company: Provided further that, for the purposes of the foregoing proviso, in the case of such an insurance company having its head office outside Nigeria, the Board may substitute some basis other than that therein prescribed for ascertain the required proportion of the total investment income: Provided that any amount distributed in any form as dividend from the actuarial revaluation of unexpired risks or from any other revaluation shall be deemed to be a part of the total profits of the company;
- (c) in the case of an insurance company which is a Nigerian company, the profits on which tax may imposed shall be ascertained in accordance with the foregoing provisions of this section as though the whole investment and premium income of the company were received in Nigeria, and all the expenses and other outgoings of the company were incurred in Nigeria.
- (2) Not more than three months after an actuarial revaluation of the unexpired risks or any other revaluation has taken place, the company shall provide the Board full particulars of the revaluation carried out.
- (3) For the purposes of this section, the term "permanent establishment" in relation to an insurance company, means a branch, management or other fixed place of business in Nigeria, but does not include an agency in Nigeria unless the agent has, and habitually exercise, a general authority to negotiate and conclude contracts on behalf of such company.
- (4) For the purposes of this section, references to insurance company include, references to any insurer registered under or pursuant to the Insurance Act.
- (5) For the purposes of this Act where an insurance company carries on life insurance business in conjunction with insurance business of any other class the life insurance business shall be treated as a separate business from any other class of insurance business carried on by the company

Section 17. Authorized unit trust Scheme

- (1) Where under any, of the provisions of the Investments and Securities Act, a unit trust scheme 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 whatsoever, this Act shall, in respect of the income arising to the trustees of an authorized unit trust, have effect

- (a) as if the trustees were a company whose business consists mainly in the making of investments and the principal part of whose income is derived there from
 - (b) as if the rights of the unit holders were shares in the company ; and
 - (c) as if so much of the income accruing to the trustees as is available for payment to the unit holders were dividends on such shares, and reference in this Act to a company shall be construed in accordance with this subsection.
- (2) For the purpose of [section 32](#) of this Act, the profits of an authorized unit scheme, on which tax may be imposed, shall be ascertained by taking the income accruing to the trustees from all sources of the investment of the unit trust and deducting there from sums disbursed as management expenses, including remuneration for the managers.
 - (3) Where the trustees of a unit trust receive a payment on which the unit trust suffers tax by deduction (not being franked investment income the tax thereon shall be set off against any income assessable on the trustees by an assessment made for the year of assessment in which the receipt, on which the tax deduction was made, to be taken into account in ascertaining the tax payable by the unit trust for the year of assessment.
 - (4) The provisions of [section 53](#) of this Act shall apply to a dividend accruing to the trustees of a unit trust.
 - (5) So much (1) of the profit accruing to the trustees of a unit trust as 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 the provisions of section 21 of the Personal Income Tax Act shall apply to a dividend paid or payable to any member of an authorized unit trust.
 - (6) In this section "authorized unit trust" means as respect a year of assessment, a unit trust scheme that is authorized by the Commission under section 125 of the Investments and Securities Act to carry on the business of dealing in unit trust scheme; unit trust 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 whatsoever "unit holder" means any investor, beneficiary or person who acquired units in a unit trust scheme and who is entitled to a share of the investment subject to the trusts of a unit trust scheme. 'trustee', under a unit trust 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.

Section 18. Profits of a company from certain dividends.

The profits of a company from a dividend received from any other company shall be

- (a) if that other company is resident in a country to which [section 44](#) of this Act applies, the amount of that dividend increased by the amount of any tax imposed in that country relative to that dividend; and

- (b) if that other company is resident in a country to which [section 45](#) of this Act applies, the amount of that dividend as computed under the provisions of subsection (5) of [section 46](#) of this Act: provided that a dividend distributed
 - (i) by a Nigerian company and satisfied by the issue of shares of the company paying the dividend, or
 - (ii) if the company is a Nigerian company, out of any profits exempted from tax by any provision of this Act, or of the Industrial Development (Income Tax Relief) Act; or
 - (iii) if the company is chargeable to tax under the provisions of the Petroleum Profits Tax Act, out of any profits to which [section 60](#) of that Act applies, shall be excluded from the profits of any other company which is a shareholder in such company.

Section 19

Where a dividend is paid out as profit on which no tax payable due to -

- (a) no total profits or
- (b) total profits which are less than the amount of dividend which is paid whether or not the recipient of the dividend is a Nigerian company is paid by a Nigerian company paying the dividend shall be charged to tax at the rate prescribed in subsection 1 of [section 40](#) of this Act 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.

Section 20.

In the case of a company which is neither a Nigerian company nor engaged in a trade or business in Nigeria at any time during a year of assessment-

- (a) no tax shall be charged on it for that year in respect of any dividend received by it from a Nigerian company apart from tax withheld under [section 80](#) of this Act;
- (b) where any dividend is paid out of profits on which no tax is payable due to no total profits or total profits which are less than the amount of dividend which is paid whether the recipient of the dividend is a Nigerian company or not, the company paying the dividend shall be charged to tax at the rate prescribed in subsection (1) of [section 40](#) of this Act as if such dividend is the total profits of the company for the year of assessment which relates to accounts out of which the dividend is declared;
- (c) nothing in this Act shall confer on such company or on the company paying the dividend, a right to repayment of tax paid by reason of the provisions of this section.

Section 21. Certain undistributed profits may be treated as distributed.

- (1) Where it appears to the Board that a Nigerian company controlled by not more than five persons, with a view to reducing the aggregate of the tax chargeable in Nigeria on the profits or income of the company and those persons, has not distributed to its shareholders as dividend, profits made in any period for which accounts have been made up by such company, which profits could have been distributed without detriment to the company's business as it existed at the end of that period, it may direct that any such undistributed profits of such period be treated as distributed.

- (2) Any amount of profits treated as distributed under the provisions of the foregoing subsection shall, for the purposes of this Act and any enactment in Nigeria imposing tax on the incomes of persons other than companies, be deemed to be profits or income from a dividend accruing to those persons who are shareholders in the company in proportion to their shares in the ordinary capital thereof on such day, amount of such profits or income to be taken for assessment in the hands of each such person shall be his due proportion thereof increased by such amount in respect of tax deemed to be deducted at source, as the Board may determine.
- (3) Any direction by the Board under 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 the preceding subsection;
 - (b) the net amount of those profits so deemed to be distributed;
 - (c) the rate of tax deemed to be deducted, being the rate prescribed in subsection (2) of [section 80](#) of this Act;
 - (d) the gross amount which after deduction of tax at the said rate leaves such net amount of those profits; and
 - (e) the net Nigerian rate of tax applicable to those profits, being such rate as would have computed or agreed by the Board under the provisions of subsection (3) of [section 43](#) of this Act if those profits had been distributed by the company as a dividend.
- (4) For the purposes of this section, the Board may give notice to any company which it has reason to believe is controlled by not more than five persons requiring it to supply within such reasonable time limited in such notice, full particulars of its shareholders on any day.
- (5) Any direction by the Board under this section with respect to the profits of any accounting period of a company, shall be made not later than two years after the receipt by the Board of the duly audited accounts of the company for that period.
- (6) A company in respect of which any direction is made under this section shall have a right of appeal in like manner as though for the purposes of Part X of this Act, such direction were an assessment.

Section 22. Article transactions, etc.

- (1) Where the Board is of 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 shall be made as respects liability to tax as it considers appropriate so as to counteract the reduction liability to tax affected, or reduction which would otherwise be affected, by the transaction and any company concerned shall be assessable accordingly.
- (2) For this purpose of this section-
 - (a) "disposition" includes any trust, grant covenant, agreement or arrangement;
 - (b) transactions between persons one of whom either has control over the other or, in the case of individuals, who are related to each other or between persons both of whom are related to each other or between persons, shall be whom are controlled by some other person, shall be deemed to be

artificial or fictitious if in the opinion of the Board 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 company in respect of which any direction is made under this section shall have a right of appeal in like manner as though for the purpose of Part X of this Act such directions were an assessment.

Section 23. Profits exempted.

- (1) There shall exempt from the tax-
 - (a) the profits of any company being a statutory or registered friendly society, in so far as such profits are not derived from a trade or business carried on by such society;
 - (b) the profits of any company being a co-operative society registered under any enactment or law relating to co-operative societies, not being profits from any trade or business carried on by that company other than co-operative activities solely carried out with its members or from any share or other interest possessed by that company in a trade or business in Nigeria carried on by some other persons or authority;
 - (c) the profits of any company engaged in ecclesiastical, charitable or education activities of a public character in so far such profits are not derived from a trade or business carried on by such company;
 - (d) the profits of any company formed for the purpose of promoting sporting activities where such profits are wholly expendable for such purpose, subject to such conditions as the Board may prescribe;
 - (e) the profits of any company being a trade union registered under the Trade Unions Act in so far as such profits are not derived from a trade or business carried on by such trade union;
 - (f) dividend distributed by Unit Trust.
 - (g) the profits of any company being a body corporate established by or under any Local Government Law or Edict in force in any State in Nigeria;
 - (h) the profits of any body corporate being a purchasing authority established by an enactment and empowered to acquire any commodity for export from Nigeria from the purchase and sale (whether for the purposes of export or otherwise) of that commodity;
 - (i) the profits of any company or any corporation established by the law of a State for the purpose of fostering the economic development of that State, not being profits derived from any trade or business carried on by that corporation or from any share or other interest possessed by that corporation in a trade or business in Nigeria carried on by some other person or authority;
 - (j) any profits of a company other than a Nigerian company which, but for this paragraph, would be chargeable to tax by reason solely of their being brought into or received in Nigeria;
 - (k) dividend, interest, rent, or royalty derived by a company from a country outside Nigeria and brought into Nigeria through Government approved channels. For the purpose of this subsection, "Government approved channels", means the Central Bank of Nigeria, any bank or other corporate body appointed by the Minister as authorized dealer under the

Foreign Exchange (Monitoring and Miscellaneous) Act or any enactment replacing that Act;

- (l) The interest on deposit accounts of a foreign non-resident company: provided that the deposits into the account are transfers wholly of foreign currencies to Nigeria on or after 1st January 1990 through Government approved channels;
- (m) The interest on foreign currency domiciliary account in Nigeria accruing on or after 1st January 1990.
- (n) nothing in this section shall be construed to exempt from deduction at source, the tax which a company making payments is to deduct under sections 78,79 or 80 of this Act, such that the provisions of sections 78,79 or 80 of this Act, shall apply to a dividend, interest, rent or royalty which is a part of the profits or income referred to in subsections (1) (a) to (f) and (1) (h) to (l) of this section.
- (o) dividend received from small companies in the manufacturing sector in the first five years of their operation;
- (p) dividend received from investments in wholly export oriented businesses;
- (q) the profits of any Nigerian company in respect of goods exported from Nigeria provided that the proceeds from such export are repatriated to Nigeria and are used exclusively for the purchase of raw materials, plant, equipment and spare parts;
- (r) the profits of a company whose supplies are exclusively inputs to the manufacturing of products for export provided that the exporter shall give a certificate of purchase of the inputs of the exportable goods to the seller of the supplies power to exempt.
- (2) The President may exempt or order-
 - (a) any company or class of companies from all or any of the provisions of this Act; or
 - (b) from tax all or any profits of any company or class of companies from any source, on any ground which appears to it sufficient.
- (3) The President may by order amend, add to or repeal any exemption made by notice or order under the provisions of subsection (2) or (4) of section 9 of the Personal Income Tax Act in so far as it affects a company, and, subject to the foregoing the following notices and order, shall continue in force for all purposes of this Act-
 - (a) the Income Tax Exemption (Interest on Nigerian Public Loans) Notice;
 - (b) the Income Tax (Exemption) (Nigerian Broadcasting Corporation) Order;
 - (c) the Railway Loan (International Bank) (Exemption of Interest) Notice.

PART III - ASCERTAINMENT OF PROFITS

Section 24. Deductions allowed.

Save where the provisions of subsection (2) or (3) of [section 14](#) or 16 of this Act apply, for the purpose of ascertaining the profits or loss of any company of any period from any source chargeable with tax under this Act, there shall be deduction all expenses for that

period by that company wholly, exclusive, necessarily and reasonable incurred in the production of those production of those profits including, but without otherwise expanding or limiting the generality of the foregoing-

- (a) any sum payable by way of interest on any money borrowed and employed as capital in acquiring the profits;
- (b) rent for that period, and premiums the liability for which was incurred during that period, in respect of land or building occupied for the purposes of acquiring accommodation occupied by employees of the company, to a maximum of 100 % of the basic salary of employees
- (c) in the case of any property-holding company-
 - (i) expenses attributable to the maintenance of the property,
 - (ii) directors' remuneration, which shall not exceed N10,000 per annum in respect of each director, and the number of directors to be so remunerated shall in no case exceed three;
- (d) any outlay or expenses incurred during the year in respect of
 - (i) salary, wages, or other remuneration paid to the senior staff and executives
 - (ii) cost to the company of any benefit or allowance provided for the senior staff and executives which shall not exceed the limit of the amount prescribed by the collective agreement between the company and the employees and approved by the Federal Ministry of Employment Labor and Productivity and the productivity prices, and income board as the case may be Provided that in respect of residential accommodation the amount of deduction allowed shall be the lesser of the amount of the annual basic salary of the employee to whom the building or flat, as the case may be, is allocated as residential accommodation and the amount specified under paragraph (b) (i) or (b) (ii) of this subsection.
- (e) any expenses incurred for repair of premises, plant, machinery or fixtures employed in acquiring the profits, or for the renewals, repair or alteration of any implement, utensil or article so employed;
- (f) bad debts incurred in the course of a trade or business proved to have become bad during the period for which the profits are being ascertained, and doubtful debts to the extent that they are respectively estimated to the satisfaction of the Board to have become bad during the said period notwithstanding that such bad or doubtful debts were due and payable before the commencement of the said period. Provided that
 - (i) where in any period a deduction under this paragraph is to be made as respects any particular debt, and a deduction has in any period been allowed either under the Companies Income Tax Act 1961 or this Act in respect of the same debt, the appropriate reduction shall be made in the deduction to be made for the period question,
 - (ii) all sums recovered during the said period on account of amounts previously written off or allowed either under the Companies Tax Act 1961 or this Act in respect of bad or doubtful debts shall for the purposes of this Act be deemed to be profits of the trade or business of that period,
 - (iii) it is proved to the satisfaction of the Board that the debts in respect of which a deduction is claimed either were included as a receipt of the trade or business in the profits of the year within which they were incurred, or were advances not falling within the provisions of the trade or

business in the profits of the year within which they were incurred, provision or were advances, not falling within the Provisions of paragraph (a) of [section 23](#) of this Act made in the course of normal trading or business operations;

- (g) any contribution to a pension, provident or other retirement benefits fund, society or scheme approved by the Joint Tax Board under the powers conferred upon it by paragraph (g) of section 85 of the Personal Income Tax Act , subject to the provisions of the fourth schedule to this Act and to any conditions imposed by the Board; and any contribution other than a penalty made under the provisions of any enactment establishing a national provident fund or other retirement benefits scheme for employees throughout Nigeria;
- (h) in the case of the Nigeria Railway Corporation such deductions as are allowed under the provisions of the Authorized Deductions Nigerian Railway Corporation) Rules, which Rules shall continue in force for all purposes of this Act;
- (i) in the case of profits from a trade or business, any expense or part thereof
 - (i) the liability for which was incurred during that period wholly, exclusively, necessarily and reasonably for the purposes of such trade or business and which is not specifically referable to any other period or periods, or
 - (ii) the liability for which was incurred during any previous period wholly, exclusively, necessarily and reasonably for the purpose of such trade or business and which is specifically referable to the period of which the profits are being ascertained;
 - (iii) the expenses proved to the satisfaction of the board to have been incurred by the company on research and development for the period including the amount of the levy paid by it to the National Science Technology Fund.
- (j) such other deduction as may be prescribed by the Minister by any rule.

Section 25. Deductible donations.

- (1) Subject to the provisions of this section and notwithstanding anything contained in [section 24](#) of this Act, for the purpose of ascertaining the profits or loss of any company for any period from any source chargeable with tax under this Act, 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 27](#) of this Act, it is hereby declared for the avoidance of doubt that the provisions of subsection (1) of this section shall have effect if, but only if, the donations are made out of the profits of the company, and are not expenditure of a capital nature.
- (3) Except to such extent (if any) as the National Council of Minister may by order in the Federal Gazette otherwise direct, any deduction to be allowed to any company, under subsection (1) of this section, for any year of assessment shall not exceed an amount which is equal to ten per cent of the total deduction is made under this section.
- (4) There shall be excluded from the sum allowable as a deduction under this section, any outgoings and expenses which are allowable as deductions under [section 24](#) of this Act.
- (5) This section shall apply to-

- o (a) the public funds;
 - o (b) the statutory bodies and institutions;
 - o (c) the ecclesiastical, charitable, benevolent, educational and scientific institutions, established in Nigeria, which are specified in the Fifth Schedule to this Act.
- (6) The Minister may by order in the Federal Gazette amend the said Schedule in any manner whatever: Provided that no fund, body or institution shall be added to that Schedule, in exercise of the powers conferred under the foregoing provisions of this subsection, unless the fund is a public fund established in Nigeria, or the body or institution is a statutory body or institution of a public character, established in Nigeria.
 - (7) In this section references to donations made by a company do not include references to any payments made by the company for valuable consideration.

Section 26. Deduction for Research and Development.

- (1) Notwithstanding anything contained in [section 24](#) of this Act, for the purpose of ascertaining the profit or loss of any company for any period from any source chargeable with tax under this Act, there shall be deducted the amount of reserve made out of the profits of that period by that company for research and development.
- (2) The deduction to be allowed to any company under subsection (1) of this section for any year of assessment shall not exceed an amount which is equal to ten per cent of the total profits of that company for that year as ascertained before any deduction is made under this section and [section 25](#) of this Act.
- (3) Companies and other organization engaged in research and development activities for commercialization shall be allowed 20% investment tax credit on their qualifying expenditure for that purpose.

Section 27. Deductions not allowed.

Notwithstanding any other provision of this Act, no deduction shall be allowed for the purpose of ascertaining the profits of any company in respect of-

- (a) capital repaid or withdrawn and an expenditure of a capital nature;
- (b) any sum recoverable under an insurance or contract of indemnity;
- (c) taxes on income or profits levied in Nigeria or elsewhere , other than tax levied outside Nigeria on profits which are also chargeable to tax in Nigeria where relief for the double taxation of those profits may not be given under any other provision of this Act;
- (d) any payment to a savings, widows and orphans, pension, provident or other retirement benefit fund, society or scheme except as permitted by paragraph (e) of [section 24](#) of this Act;
- (e) the depreciation of any asset;
- (f) any sum reserved out of profits, except as permitted by paragraph (d) of [section 24](#) or 25 of this Act or as may be estimated to the satisfaction of the Board, pending the determination of the amount, to represent the amount of any expense deductible under the provisions of that section the liability for which the income is being ascertained;

- (g) any expense of any description incurred within or outside Nigeria for the purpose of earning management fee unless prior approval of a agreement giving rise to such management fee has been obtained from the Minister;
- (h) any expense whatever incurred within or outside Nigeria as management fee under any agreement entered into after the commencement of this section except to the extent as the Minister may allow;
- (i) any expense of description incurred outside Nigeria for and on behalf of any company except of a nature and to the extent as the Board may consider allowable.

Section 28. Waiver of refund of liability or expenses.

When a deduction has been allowed to a company under the provisions of [section 24](#) or 25 of this Act in respect of any liability of, or any expense incurred by that company and such liability is waived or released or such expense is refunded to the company, in whole or in part, then the amount of that liability or expense which is waived, released or refund as the case may be shall be deemed to be profits of the company on the day on which such waiver, release or refund was made or given.

PART IV - ASCERTAINMENT OF ASSESSABLE PROFITS

Section 29. Basis for computing assessable profits.

- (1) Save as provided in this section, the profits of any company for each year of assessment from such source of its profits (hereinafter referred to as "the assessable profits") shall be the profits of the year immediately preceding the year of assessment from each such source: Provided that in respect of any company which makes up its accounts to any date between 1st January and 31st March, 1980, the profits to be assessed to tax-
 - (a) in 1980 year of assessment, shall be the profits of the period from the beginning of the accounting year to 31st December, 1979; and
 - (b) in 1981 year of assessment, shall be the profits for 1st January to the end of the company's accounting year in 1980.
- (2) When the Board is satisfied that a company has made or intends to make up account of its trade or business to some day other than the 31st day of December, it may direct that the assembled profits of that company shall be computed on the amount of the profits of the ending on that day in the year preceding the year of assessment: Provided that where the assessable profits of a company have been computed by reference to accounts made up to a certain day, and such company fails to make up an account to the of the corresponding day in the year following the assessable profits that company for the year of assessment in which such failure occurs and for two years of assessment next following shall be computed on such basis as the Board in its discretion may decide new trade or business.
- (3) The assessable profits of any company from any trade or business for the year of assessment in which it commenced to carry on such trade or business (or in the case of a company other than a Nigerian company, for the year of assessment in which it commenced to carry on such trade or business in Nigeria) and for the two following years of assessment (which year are in this subsection

respectively referred to as "the first year", and "the third year") shall be ascertained in accordance with the following provisions-

- (a) for the first year the assessable profits shall be the profits of that year;
- (b) for the second year the assessable profits shall, unless such notice as hereinafter mentioned is given, be the amount of the profits of one year from the date of the commencement of the trade or business as determined for the purposes of paragraph (a) of this subsection;
- (c) for the third year the assessable profits shall, unless such notice as hereinafter mentioned is given, be computed in accordance with subsection (1) of this section;
- (d) a company shall be entitled, on giving notice in writing to the Board within two years after the end of the second year, to require that the assessable profits both for the second year and the third year (but not for one or other only of those years) shall be profits of the respective years of assessment: Provided that the company may, by notice in writing given to the Board within twelve months after the end of third year revoke the notice, and in such case, the assessable profits both for the second year and the third year shall be computed as if the first notice had never been given Provided that if the base period for the second or third year is the period of nine months from 1st April to 31st December, 1980, the profits of that basis period shall be grossed up as if they were the profits of twelve months;
- (e) where such notice as aforesaid has been given or revoked, such additional assessments or such reductions of assessments or repayments of as shall be made as may necessary to give effect to paragraph (d) of this subsection: Provided that if the company fails to agree with the Board as to the amount of any reduction of an assessment or repayment of tax, the Board shall give notice to the company of refusal to admit such reduction or repayment and the provisions of Part X of this Act shall apply accordingly with any necessary modifications as though such notice were an assessment.

Cessation of trade business.

- (4) Where a company permanently cease to carry on a trade or business (or in the case of a company other than a Nigerian company, permanently ceases to carry on a trade or business in Nigeria) its assessable profits there from shall be-
 - (a) as regard the year of assessment in which the cessation occurs, the amount of the profits of that year;
 - (b) as regards the year of assessment preceding that in which the cessation occurs, the amount of the profits as computed in accordance with the foregoing subsections, or the amount of the profits such year, which ever is the greater:
 - (c) Provided that where the profits of such year is for a period of nine months from 1st April to 31st December, 1980, the profits shall be grossed up as if they were the profits of twelve months; and
 - (d) the company shall not be deemed to derive assessable profits from such trade or business for the year of assessment following that in which the cessation occurs.

- (5) Where the provisions of subsection (1) of this section apply, such additional assessment or, on a claim being made but the company for this purpose in writing, such reductions of assessments or repayments of tax shall be made as may be necessary to give effect to these provisions: Provided that, if the company fails to agree with the Board as to the amount of any reduction of an assessment or repayment of tax, the Board shall give notice to the company of refusal to admit the claim to such reduction or repayment and the provisions the Act shall apply accordingly with any necessary modifications as though such notice were an assessment.

Apportionment of profits.

- (6) Where in the case of any trade or business it is necessary in order to arrive at the profits of any year of assessment or other period to allocate or apportion to specific periods or loss of any period for which accounts have been made up, or to aggregate any such profits or loss or apportioned parts thereof, it shall be lawful to make such allocation, apportionment or aggregation, and any apportionment under this section shall be made in proportion to the number of days in the respective periods unless the Board, having regard to any special circumstances, otherwise directs.

Receipts and payments after cessation of a trade or business.

- (7) Where after the date on which a company has permanently ceased to carry on a trade or business (as determined for the purpose of subsection (4) of this section) the company, its receivers or liquidators, receive or pay any sum which would have been included in or deducted from the profits of that trade or business if it had been deemed for all purposes of this Act to have been received or paid prior to that date, such sum shall be deemed for all purposes of this Act to have been received or paid by the company on the last day before such cessation occurred.

Certain partnership.

- (8) Where a company is engaged in a trade or business in partnership with any other person in Nigeria, that trade or business shall be deemed to constitute a separate source of profits, and the assessable profits of the company from that source shall be determine the provisions of the Personal Income Tax Act in like manner as would be the assessable income of any individual partner in that partnership: Provided that, with respect to any assets of such partnership, where any annual, initial or balancing allowance or charge would fall to be given to or made upon the company for any year under the provisions of the Fifth Schedule to that Act, if the company were an individual partner in that partnership, such allowance or charge shall be given or made as though due under the provisions of the Second Schedule and in place of any other allowance or charge arising there under with respect to the same asset.

Trade or business sold or transferred.

- (9) Where a trade or business carried on by a company is sold or transferred to a Nigerian company for the purposes of better organization of that trade or business or the transfer of its management to Nigeria and any asset employed in such trade or business is sold or transferred, if the Board is satisfied that one company has control over the other or that both are controlled by some other person or are

members of a recognized group of companies, the Board may in its discretion direct that-

- (a) the provisions of subsection (3) and (4) of the section shall not apply to such trade or business; and
- (b) for the purposes of the Second Schedule to this Act, each such asset shall be deemed to have been sold for an amount equal to the residue of the qualifying expenditure thereon on the day following such sale or transfer; and
- (c) the company acquiring each such asset shall not be entitled to any initial allowance with respect to that asset under the said Schedule and any allowances deemed to have been received by the vendor company under the provisions of this paragraph- Provided that the Board in its discretion-
 - (i) may require either company directly affected by any such direction which is under consideration by the Board to guarantee or give security, to the satisfaction of the board, for payment in full of all tax due or to become due by the company selling or transferring such trade or business, and
 - (ii) may impose such conditions as it sees fit on either or both the companies directly affected, and in the event of failure by either company to carry out or fulfill such guarantee or conditions, the Board may revoke the direction and make all such additional assessments or repayments of tax as may be necessary so as to give effect to such revocation; and for the purposes of this subsection, reference to a trade of business shall include references to any part thereof.

Trade or business transferred under Part II of the Companies and Allied Matters Act.

- (10) Where, in pursuance of Chapter 3 of Part II of the Companies and Allied Matters Act, a company (hereinafter in this subsection referred to as "the re-constituted company") is incorporated under that Act to carry on any trade or business previously carried on in Nigeria by a foreign company and the assets employed in Nigeria by the foreign company in that trade or business vest in the re-constituted company, then, if the Board is satisfied that the trade or business carried on by the reconstituted company immediately after the incorporation of that company under the Act is not substantially different in nature from the trade or business previously carried on in Nigeria by the foreign company, the following provisions of this subsection shall have effect, that is-
 - (a) the provisions of subsections (3) and (4) of this section shall not apply to the trade or business carried on by the reconstituted company;
 - (b) for the purposes of the Second Schedule to this Act, the assets so vested in the re-constituted company shall be deemed to have been sold to it, on the day of the incorporation of that company, for an amount equal to the residue of the qualifying expenditure thereon on the day following the day on which the trade or business previously carried on in Nigeria by the foreign company ceased; and
 - (c) the re-constituted company shall not be entitled to any initial allowances as respects those assets and shall be deemed to have received all allowances given to the foreign company in respect of those assets under the Second Schedule to this Act and any allowances deemed to

have been received by the foreign company under the provisions of this paragraph or subsection (9) of this section; and

- (d) subject to subsection (11) of this section, the amount of any loss incurred during any year of assessment by the foreign company in the said trade or business previously carried on by it in Nigeria, being a loss which has not been allowed against any assessable profits or income of that company for any such year, under the provisions of this Act or the corresponding provisions of the Companies Income Tax Act 1961 or the Income Tax Act, shall be deemed to be a loss incurred by the reconstituted company in its trade or business during the year of assessment in which its trade or business commenced; and the amount of that loss shall, in accordance with [section 31](#) of this Act, be deducted from the assessable profits of the reconstituted company;
- (e) no deduction shall be made under paragraph (d) of this subsection in respect of any loss to which that paragraph relates-
 - (i) except to the extent, (if any) to which it is proved by the re-constituted company to the satisfaction of the most senior officer in the Industrial Inspectorate Division of the Federal Ministry of Industries (hereinafter after in this subsection referred to as "the director") that the loss was not the result of any damage or destruction caused by any military or other operations connected with the civil war in which Nigeria was engaged and which ended on 15th January 1970: Provided that the President may by order direct that, to the extent specified in the order, a deduction under paragraph (d) of this subsection shall be made in respect of a loss which was the result of any damage or destruction caused by any military or other operations connected with the said civil war;
 - (ii) unless within three years after the incorporation of the re-constituted company a claim for the deduction is lodged by that company with the Director and a copy of the claim is forwarded by that company to the Board; and
- (f) any deduction to which paragraph (d) of this subsection applies shall be made as far as possible from the amount, if any, of the assessable profits of the re-constituted company for the year of assessment in which its trade or business commenced and, so far as it cannot be so made, then from the amount of the assessable profits of the next year of assessment, and so on but such deductions shall not be made against the profits of the company after the fourth year from the commencement of such business, and in this subsection "foreign company" means a company incorporated outside Nigeria before 18th November, 1968, and having on that date an established place of business in Nigeria.

Board may call for returns and information relating to certain assets, etc.

- (11) For the purposes of subsection (9) and (10) of this section, the Board may by notice require any person (including a company to which any assets have vested in pursuance of Chapter 3 of Part II of the Companies and Allied Matters Act) to prepare and deliver to the Board any returns specified in the notice or any such information as the Board may require about the assets; and it shall be the duty of that person to comply with the requirements of any such notice within the period specified in the notice, not being a period of less than twenty-one days from the service thereof.

- (12) No merger, take-over, transfer or restructuring of the trade or business carried on by a company shall take place without having obtained the Board's direction under sub-section (9) of this section and clearance with respect to any tax that may be due and payable under the Capital Gains Tax Act.

Section 30. Board's power to assess and charge on turn-over of trade or business

- (1) Notwithstanding [section 40](#) of this Act, where in respect of any trade or business carried on in Nigeria by any company (whether or not part of the operations of the business are carried on outside Nigeria) it appears to the Board that for any year or assessment, the trade or business produces either no assessable profits or assessable profits which in the opinion of the Board are less than might be expected to arise from that trade or business or, as the case may be, the true amount of the assessable profits of the company cannot be readily ascertained, the Board may, in respect of that trade or business, and notwithstanding any other provisions of this Act if the company is a-
 - (a) Nigerian company, assess and charge that company for that year of assessment on such fair and reasonable percentage of the turn-over of the trade or business as the Board may determine;
 - (b) if that company is a company other than a Nigerian company and
 - I. that company has a fixed base of business in Nigeria assess and charge that company for that year of assessment on such a fair and reasonable percentage of that part of the turnover attributable to that fixed base,
 - II. that company operates a trade or business through a person authorized to conclude contracts on its behalf or on behalf of some companies controlled by it or which have controlling interests in it or habitually maintains a stock of goods or merchandise in Nigeria from which deliveries are regularly made by a person on behalf of the company assess to extent that the profit is attributable to the business or trade carried on through that person
 - III. that company executes one single contract involving surveys, deliveries, installation or construction assess and charge that company on a fair and reasonable for that year of assessment on such a fair and reasonable percentage of that of the turnover of the contract and.
 - IV. the trade or business is between the company and another person controlled by it or which has controlling interests in it and conditions are imposed between the company and such person in their commercial or financial relations which in the opinion of the board is deemed to be artificial and fictitious, assess and charge on a fair and reasonable percentage of that part of the turnover as may be determined by the board.
- (2) The provisions of this Act as to notice of assessment, additional assessment, appeal and other proceedings shall apply to an assessment or additional assessment made under this section as they apply to an assessment or additional assessment made under any other section of this Act.

PART V-ASCERTAINMENT OF TOTAL PROFITS

Section 31. Total profits from all sources.

- (1) The total profits of any company for any year of assessment shall be the amount of its total assessable profits from all sources for that year together with any additions thereto to be made in accordance with the provisions of the Second Schedule to this Act, less any deductions to be made or allowed in accordance with the provisions of this section, section 32 and of the said Schedule (2) Subject to the provisions of subsection (4) of this section, there shall be deducted-
 - (a) the amount of a loss which the Board is satisfied has been incurred by the company in any trade or business during any preceding year of assessment: Provided that-
 - (i) in no circumstances shall the aggregate deduction from assessable profits or income in respect of any such loss exceed the amount of such loss, and
 - (ii) a deduction under this section for any particular year of assessment shall not exceed the amount, if any, of the assessable profits, included in the total profits for that year of assessment, from the trade or business in which the loss was incurred and shall be made as far as possible from the amount of such assessable profits of the first year of assessment after that in which the loss was incurred and, so far as it cannot be so made, then from such amount of such assessable profits of the next year of assessment, and so on; but such deductions shall not be made against the profit of the company after the fourth year from the year of commencement of such business,
 - (iii) the period for carrying forward any loss in subparagraph (ii) of this paragraph shall be limited to four years after which period any such loss shall lapse;
 - (b) the amount of any loss which, under paragraph (d) of subsection (10) of section 29 is deemed to be a loss incurred by the company during the year of assessment in which its trade or business commenced, so however that any deduction in respect of that loss shall be made as provided under paragraph (f) of that subsection.
- (3) The amount of any loss incurred by a company engaged in an agricultural trade or business for the year assessment in which it commenced to carry on such trade or business shall be deduction as far as possible from the assessable profits of the first year of assessment after that in which the loss was incurred and so far as it cannot be so made, then from such amount of such assessable profits of the next year of assessment, and so on (without limit as to time) until the loss has been completely set off against the company's subsequent assessable profits.
- (4) For the purposes of subsection (2) of this section, the loss incurred during any year of assessment shall be computed, where the Board so decides, by reference to the year ending on a day in such year of assessment which would have been adopted under subsection (2) of [section 29](#) of this Act for the computation of assessable profits for the following year of assessment if such profits had arisen.

- (5) Where under the provisions of subsection (6) of [section 29](#) of this Act for the purpose of computing the profits of a period the profits of which are assessable profits from that source for any year, it has been necessary to allocate or apportion to specific periods which fall within that whole period both profits and losses, then no deduction shall be made under the provisions of subsection (2) of this section in respect of the loss or apportioned part thereof referable to any such specific period except to the extent such loss or part thereof exceeds the aggregate profits apportioned to the remaining specific period or periods within that whole period.

Section 32. Reconstruction investment allowance.

- (1) , where-

a company has incurred an expenditure on plant and equipment there shall be allowed to that company an investment allowance as provided in subsection (2) of this section and shall be in addition to an initial allowance under the second schedule to this Act

- (2) The rate at which investment allowance is to be allowed for the purpose of subsection (1) above shall be 10 per cent of the actual expenditure incurred on such plant and equipment.
- (3) Any provisions of the Second Schedule applicable to an initial allowance shall also apply to an investment allowance under this section, except that an investment allowance shall not be taken into account in ascertaining the residue of qualifying expenditure, in respect of an asset, for the purpose of the said Schedule.
- (4) If in the case of any qualifying expenditure incurred on the new asset, any such event as is mentioned in the next following subsection occurs within a period of five years beginning with the date on which the expenditure was incurred, no investment allowance shall be made in respect of the expenditure or if such allowance has been made before the occurrence of the event it shall be withdrawn.
- (5) The events referred to in subsection (4) of this section are any sale or transfer of the asset representing the expenditure made by the company incurring the expenditure otherwise than to a person acquiring the asset for a chargeable purpose or for scrap; any appropriation of the asset representing the expenditure made by the company incurring the expenditure to a purpose other than a chargeable purpose; any sale, or transfer or other dealing with the asset representing the expenditure by the company incurring the expenditure, being a case where it appears that the expenditure was incurred in contemplation of the asset being so dealt with, and being a case where it is shown either
 - (i) that the purpose of obtaining tax allowances was the sole or main purpose of the company for incurring the expenditure or for so dealing with the asset, or
 - (ii) that the incurring of the expenditure and the asset being so dealt with were not bona fide business transactions or were artificial or fictitious transactions, and were designed for the purpose of obtaining tax allowances.
- (6) A company incurring any expenditure in respect of which an investment allowance has been made and has not been withdrawn shall give notice to the Board if, to the knowledge of the company, any of the events as is mentioned in

subsection (5) of this section occurs at any time before the expiration of five years beginning with the date when the expenditure was incurred.

- (7) Any notice of a sale or transfer given under subsection (6) of this section shall state the name and address of the person to whom the sale or transfer is made.
- (8) Where an asset in respect of which an investment allowance has been made is sold or transferred it shall be the duty of the purchaser or transferee, and of the personal representatives of any such person on being required to do so by any officer duly authorized by the board to give that officer all such information as he may require, and as they have or can reasonably obtain, about any sale or transfer of the asset representing the expenditure or about any other dealing with the asset.
- (9) Any person who, without reasonable excuse, fails to comply with this section shall be guilty of an offence and liable on conviction to a penalty not exceeding N100 plus the amount of tax lost by the granting of the investment allowance made in respect of the expenditure in question.
- (10) All such additional assessments and adjustments of assessments shall be made as may be necessary in consequence of the withdrawal of any investment allowance, and may be so made at any time.
- (11) For the purposes of this section-

"artificial or fictitious transactions" has the same meaning as in [section 22](#) of this Act; "chargeable purpose" means the purpose of putting the assets to use such that profits accrue or are intended to accrue there from and will be chargeable tax; "initial allowance" has the same meaning as in the Second Schedule to this Act; "qualifying expenditure" has the same meaning as in the Second Schedule of this Act.

"chargeable purpose" means the purpose of putting the assets to use such that profits accrue or are intended to accrue there from and will be chargeable to tax;

"Initial allowance" has the same meaning as in the Second Schedule to this Act;

"qualifying expenditure" has the same meaning as in the Second Schedule of this Act.

Section 33. Payment of Minimum tax.

- (1) Notwithstanding any other provisions in this Act, where in any year of assessment the ascertainment of total assessable profits from all sources of a company results in a loss or where a company's ascertained total profits results in no tax payable or tax payable which is less than the minimum tax there shall be levied and paid by the company the minimum tax as prescribed in subsection (2) of this section.
- (2) For the purposes of subsection (1) of the section, the minimum tax to be levied and paid shall -
 - (a) if the turnover of the company is N500,000 or below and the company has been in business for at least 4 calendar years, be-
 - (i) 0.5 per cent of gross profits; or
 - (ii) 0.5 per cent of net assets; or
 - (iii) 0.25 per cent of paid up capital or
 - (iv) 0.25 per cent of turnover of the company for the year, whichever is higher.
 - (b) For the purposes of this section and the Second Schedule to this Act, the capital allowance for any assessment year in which a minimum tax is

payable shall be computed and the amount so computed, together with any unabsorbed allowance brought forward from the previous year, shall be deducted as far as possible from the assessable profits of the assessment year and, so far as it cannot be completely deducted, the amount by which the total amount of the capital allowance exceeds the amount of assessable profit of the assessment year shall be carried forward to the next assessment year.

- (c) if the turn-over is higher than N500,000, be whatever is payable in paragraph (a) of this subsection plus such additional tax on the amount by which the turn-over is in excess of N500,000 at a rate which shall be 50 per cent of the rate used in paragraph (a) (iv) of this subsection.
- (3) The provisions of this section shall not apply to-
 - (a) a company carrying on agricultural trade or business as defined in subsection (9) of [section 11](#) of this Act:
 - (b) a company with at least 25 per cent imported equity capital; and
 - (c) any company for the first four calendar year of its commencement of business 4 (a) Nothing in this section shall be construed as preventing the Board from levying tax on a company by an assessment based on the profits of the company in any year of assessment at the rate specified in [section 40](#) of this Act and the tax so levied shall be paid or payable by the company, so however, that the tax payable under subsection (1) of this section shall be the amount by which the amount computed under subsection (2) of this section exceeds the amount that is levied and payable under [section 40](#) of this Act.

Section 34. Rural investment allowance

Where a company incurs capital expenditure on the provisions of facilities such as electricity, water, tarred road or telephone, for the purposes of a trade or business which is located at least 20 kilometers away from such facilities, provided by the Government there shall be allowed to such company in addition to an initial allowance under Second Schedule to this Act an allowance (hereafter called rural investment allowance). At the appropriate per cent as set forth in subsection (2) of this section of the amount of the of such expenditure Provided that where an allowance has been given in pursuance of this section, no investment allowance under [section 32](#) of this Act shall be due or be given in respect of the same asset or in addition to the allowance given under this section

- (2) The rate of the rural investment allowance for the purposes of this section shall be as follows:
 - (a) No facilities - 100%
 - (b) No electricity - 50%
 - (c) No water - 30%
 - (d) No tarred road - 15%
 - (e) No telephone - 5%
- (3) For the purposes of this section, the rural investment allowance shall be made against the profits of the year in which the date of completion of the said investment falls and the allowance or any fraction thereof shall not be available for carry forward to any subsequent year whenever full effect cannot be given to the allowance owing to there being no assessable profits or assessable profits less than the total allowance for the year the investment was made

Section 35. Export Processing Zone allowance

- (1) A company which has incurred an expenditure in its qualifying building and plant equipment in an approved manufacturing activity in an Export Processing Zone shall be granted 100 per cent capital allowance in any year of assessment.
- (2) A company granted capital allowance under subsection (1) of this section shall not be entitled to an investment allowance under this Act
- (3) The, profit or gains of a 100% export oriented undertaking established within and outside an Export Free Zone shall be exempt from tax for the first three consecutive assessment years provided that -
 - (i) the undertaking is 100% export oriented,
 - (ii) the undertaking is not formed by splitting or breaking up or reconstructing a business already in existence;
 - (iii) it manufactures, produces and exports articles during the relevant year and the export proceeds form 75% of its turnover;
 - (iv) the undertaking is not formed by transfer of machinery or plants, previously used for any purpose to the new undertaking or where machinery or plant previously used for any purpose is transferred does not exceed 25% of the total value of the machinery or the undertaking;
 - (v) the undertaking repatriates at least 75% of the export earnings to Nigeria and places it in a domiciliary account in any registered and licensed bank in Nigeria.
- (4) For the purpose of subsection (3) of this section, only the tax written down value of the assets shall be carried forward at the end of the tax holidays.
- (5) In this section Export Processing Zone and] have the meanings assigned to them in the Nigerian Export Processing Zone Act

Section 36. Mining of solid mineral

A new company going into the mining of solid minerals shall be exempt from tax for the first three years of its operation.

Section 37.

25 per cent of incomes in convertible currencies derived from tourists by a hotel shall be exempt from tax provided that such income is put in a reserved fund to be utilized within five years for the building expansion of new hotels, conference centers and new facilities for the purpose of tourism development.

Section 38.

- (i) A company which engages wholly in the fabrication of spare parts, tools and equipment for local consumption and export shall be allowed 25% investment tax credit on its qualifying capital expenditure;
- (ii) A company which purchases a locally manufactured plant, machinery or equipment for use in its business shall be allowed 15% investment tax credit on such fixed asset bought for use.

Section 39. Gas utilization (downstream operations)

- (i) A company engaged in gas utilization (downstream operations) shall be granted the following incentives, that is-
 - (a) an initial tax free period of three years which may, subject to the satisfactory performance of the business, be renewed for an additional period of two years;

- (b) as an alternative to the initial tax free period granted under paragraph (a) of this subsection, an additional investment allowance of per 35 per cent - which shall not reduce the value of the asset, so however that a company which claims the incentive provided under this paragraph shall not also claim the incentive provided under paragraph (b) (ii)) of this subsection;"
- (c) accelerated capital allowances after the tax free period, as follows, this is-
 - (i) an annual allowance of 90 percent with 10 percent retention, for investment in plant and machinery,
 - (ii) an additional investment allowance of 15 percent which shall not reduce the value of the asset;
- (d) tax free dividend during the tax free period, where-
 - (i) the investment for the business was in foreign currency, or
 - (ii) the introduction of imported plant and machinery during the period was not less than 30 percent of the equity share capital of the company;
- (e) interest payable on any loan obtained with the prior approval of Minister for a gas project, shall be deductible.
 - (2) The tax free period of a company shall start on the day the company commences production as certified by the Ministry of petroleum Resources
 - (3) In this section-

'gas utilization" means the marketing and distribution of natural gas for commercial purpose and includes power plant, liquefied natural gas, gas to liquid plant, fertilizer plant, gas transmission and distribution pipelines;

'tax free period" means the tax free period referred to in subsection (1) (a) of this section.

PART VII Rates of tax, deduction of tax from dividends and relief for double taxation

Section 40.

- (1) There shall be levied and paid for each year of assessment in respect of the total profits of every company tax at the rate of thirty kobo for every naira.
- (2) In addition to any levy made pursuant to subsection (1) of this section, there shall, as from the assessment year commencing on 1st January, 1989 be levied and paid a special levy of fifteen per cent on excess profits of every company including banks and for the purpose of this subsection, excess profits means the difference between total profits as computed in accordance with [section 27](#) of this Act and standard profits as calculated in accordance with the provisions of subsection (3) of this section.
- (3) For the purposes of subsection (2) of this section, "standard profits" means

- (a) in the case of every Nigerian company the addition of the amounts arrived at after applying the percentages specified in this sub-paragraph to the amount of capital employed at the end of the accounting period, that is to say
 - (i) Paid-up Capital: 40 per cent
 - (ii) Capital or Statutory Reserve: 20 per cent
 - (iii) General Reserve: 20 per cent
 - (iv) Long Term Loan: 20 per cent, or
 - (v) the amount of six million naira, whichever is greater;
 - (b) in the case of every company other than a Nigerian company and as respects any year of assessment commencing on 1st January, 1989 the amount of fifteen per cent of the turnover of the company for that year being turnover attributable to any part of the operations of the company carried out in Nigeria, or the amount of six million naira, whichever is greater.
- (4) A company which is yet to commence business after at least 6 months of incorporation shall for each year it obtains a tax clearance certificate pay a levy of
 - (a) N500 for the first year; and
 - (b) N400 for every subsequent year before a tax clearance certificate is issued.
- (5) The provisions of Parts VII and XIV of this Act shall apply to subsection (3) of this section.
- (6) For the purposes of paragraph (a) of subsection (4) of this section, any unabsorbed capital allowance brought forward shall be suspended until normal assessment is made; but a notional allowance shall be deemed to have been granted for the assessment year in which a turnover tax is payable.
- (7) Where in any of the basis period for the year of assessment in which a company commenced business and the next following four years of assessment as determined under the provisions of [section 29](#) of this Act, a Nigerian company engaged in manufacturing or agricultural production, mining of solid mineral or wholly export trade earns total gross sales (turn-over) of below one million naira, there shall be levied and paid by such company tax at the rate of twenty kobo on every naira of the total profits.
- (8) Notwithstanding the provisions of subsection (7) of this section, where a Nigerian company engaged in the trade and business specified in that subsection commenced business before 1st January, 1988 and makes a gross sales (turn-over) of below five hundred thousand naira there shall be levied and paid by such company for each of the assessment years 1988, 1989 and 1990 tax at the rate of twenty kobo on every naira of the total profits.
- (9) The provisions of subsections (7) and (8) of this section shall not apply to a company formed to acquire the whole or any part of the trade or business previously carried on by another company.
- (11) Where a company has incurred an expenditure on electricity, water tarred road or telephone for the purpose of trade or business carried on by the company which is located at least 20 kilometers away from electricity, water, tarred road or telephone facilities which are provided by the Government, the company shall be allowed a relief here in this Act called investment tax relief for each year

expenditure is incurred on each such facility at the following rate of the expenditure

- (a) No facilities - 100%
 - (b) No electricity - 50%
 - (c) No water - 30%
 - (d) No tarred road - 15%
 - (e) No telephone - 5%
- (12) For the purposes of subsection 11 of this section a company shall not be allowed to claim the investment tax relief for more than three years and the relief shall not be available to a company already granted the pioneer status

Section 41. Replacement of obsolete plant and machinery

Where a company has incurred an expenditure for the replacement of an obsolete plant and machinery, there shall be allowed to that company, 15% investment tax credit¹¹.

Section 42. Relief from the tax.

- (1) Every Nigerian company shall be entitled to relief from the tax in the manner and to the extent hereinafter provided.
- (2) Relief from the tax shall be given at a rate equal to the full rate of tax upon the first N6,000 of the total profits of such a company: Provided that where the Board is of opinion that any remuneration charged in the accounts of a company in respect of any director's services to the company is excessive in relation to those services or the nature or extent of the trade or business carried on, it may direct that the whole or any part of that remuneration be treated as forming part of the total profits of the company for the purpose of determining the amount by which the profits to be relieved of tax shall be reduced under the foregoing provisions of this subsection.
- (3) No relief shall be granted under this section to any company formed to acquire the whole or any part of trade or business previously carried on by another company.
- (4) Where a company has applied any profits in respect to which relief has been given under the provisions of this section either
 - (a) in payment of any dividend, other than a dividend in the form of shares arising from the capitalization of profits; or
 - (b) in reduction of paid-up share capital; or
 - (c) in making any loan to any director of the company; the Board in its discretion may make such assessments to tax upon the company as will counteract the benefit of such relief attributable to the profits so applied.
- (5) Where a company to which relief has been given under the provisions of this section is wound up or liquidated for purposes which include, in the opinion of the Board, the transfer of the benefit of such relief to the shareholders, such assessments to tax shall be made upon the receiver or liquidator in the name of the company as will counteract the benefit of all such relief which is not counteracted by assessment under the provisions of the preceding subsection.

Section 43. Dividends and tax on interim dividends paid by Nigerian companies.

- (1) In respect of every dividend paid by a Nigerian company, being a dividend to which the proviso to section 18 applies, the company shall issue to each of its

shareholders a certificate setting out the amount thereof which such shareholder is entitled and describing the profits out of which the dividend is paid, and the company shall not be entitled to deduct tax from any such dividend on payment thereof.

- (2) For the purposes of this section, the net Nigerian rate of tax applicable to a dividend shall be the rate computed or agreed by the Board in the following manner where the accounting period of a company out of the profits of which a dividend is declared to be wholly payable coincides with any single basis period of that company for a year of assessment (as determined under the provisions of Part IV of this Act) the net Nigerian rate of tax applicable to that dividend shall be computed by dividing the tax payable by the company for that year of assessment after deduction of any relief given under the provisions of section 44 or 46 by the distributable profits, as shown by the accounts of the company, arising during that period, before deduction of any tax but after deduction of any profits specified in subsection (1) of this section; in any other case, the net Nigerian rate of tax applicable to the dividend shall be determined by the Board as may appear to it to be just and equitable: Provided that in no case shall the net Nigerian rate of tax applicable to a dividend exceed the rate specified by [section 40](#) of this Act for the year of assessment in which payment of the dividend becomes due.
- (3) Within fourteen days thereof every Nigerian company shall supply full particulars to the Board of each dividend declared, and on request of the Board shall supply a list of the shareholders to whom the dividend is payable showing their respective shares therein.
- (4) In the event that the net Nigerian rate of tax applicable to a dividend has not agreed or computed by the Board before the date on which payment of that dividend becomes due, the certificate to be given for the purposes of subsection (2) of this section shall so specify, and no repayment out of tax deducted from that dividend shall be made to any shareholder until that rate has been finally determined.
- (5) Nothing in this section shall be construed as requiring a company to deduct tax from a dividend that is not paid in money.
- (6) Notwithstanding the foregoing provisions of this section, every company paying dividend to its shareholders shall pay tax at the prescribed rate in subsection (1) of [section 40](#) of this Act to the Board prior to the payment of the dividend. The tax so paid shall be a deposit against the tax due from the company on the profits out of which the dividend is paid: Provided that the provisional tax paid under [section 59](#)(1) of this Act shall be taken into account in determining the amount of tax due under this subsection.

Section 44. Relief in respect of Commonwealth income tax

- (1) If any Nigerian company which has paid, by deduction or otherwise, or is liable to pay, tax under this Act for any year of assessment on any part of its profits proves to the satisfaction of the Board that it has paid, by deduction or otherwise, or is liable to pay, Commonwealth income tax for that year in respect of the same part of its profits, it shall be entitled to relief from tax paid or payable by it under this Act on that part of its profits at a rate thereon to be determined as follows-
 - (a) if the Commonwealth rate does not exceed one-half of the rate of tax under this Act, the rate at which relief is to be given shall be the Commonwealth rate of tax;

- (b) in any other case the rate at which relief is to be given shall be half the rate for tax under this Act.
- (2) If any company, other than Nigerian company which had paid, by deduction or otherwise, or is liable to pay, tax under this Act for any year of assessment on any part of its profits proves to the satisfaction of the Board that it has paid, by deduction or otherwise, or is liable to pay, Commonwealth income tax for that year of assessment in respect of the same part of its profits, it shall be entitled to relief from tax paid or payable by it under this Act on that part of its profits at a rate thereon to be determined as follows-
 - (a) if the Commonwealth rate of tax does not exceed the rate of tax under this Act, the rate at which relief is to be given shall be one-half of the Commonwealth rate of tax;
 - (b) if the Commonwealth rate of tax exceeds the rate of tax under this Act, the rate at which relief is to be given shall be equal to the amount by which the rate of tax under this Act exceeds one-half of the Commonwealth rate of tax.
- (3) For the purposes of this section-

"Commonwealth income tax" means any tax on income or profits of companies charged under a law in force in any country within the Commonwealth or in the Republic of Ireland which provides for relief from tax charged both in that country and Nigeria in a manner corresponding to the relief granted by this section; "the rate of tax" under this Act of a company for any year assessment means the rate determined by dividing the amount of tax imposed for that year (before the deduction of any double taxation relief granted by this Part) by the amount of the total profits of the company for that year, and the Commonwealth rate of tax shall be determined in a similar manner.

- (4) Any claim for relief from tax for any year of assessment under this section shall be made not later than six years after the end of that year, and if the claim is admitted, the amount of the tax to be relieved shall be re-paid out of the tax paid for that year of assessment or set-off against the tax which the company is liable to pay for that year of assessment: Provided that if the company fails to satisfy the Board as to the amount of the tax to be relieved, the Board shall give notice of refusal to admit the claim and the provisions of Part XI shall apply accordingly with any necessary modifications as though such notice were an assessment.

Section 45. Double taxation arrangements.

- (1) If the Minister by order declares, that arrangements specified in the order have been made with the Government of any country outside Nigerian with a view to affording relief from double taxation in relation to tax imposed on profits charged but this Act and any tax of a similar character imposed by the laws of that country, and that it is expedient that those arrangements should have effect, the arrangements shall have effect notwithstanding anything in this Act.
- (2) On the making of an order under this section with respect to arrangements made with the Government of any Commonwealth country or the Republic of Ireland, [section 44](#) of this Act shall cease to have effect as from the beginning of the first year of assessment for which the arrangements are expressed to apply except in so far as the arrangements otherwise provide.

- (3) Where any arrangement have effect by virtue of this section, any obligation as to secrecy in this Act shall not prevent the disclosure to any authorized officer of the Government with which the arrangements are made of such information as is required to be disclosed under the arrangements.
- (4) The Minister may make rules for carrying out the provisions of any arrangements having effect under this section.
- (5) An order made under the provisions of subsection (1) of this section may include provisions for relief from tax for periods commencing or terminating before the making of the order and provisions as to profits which are not themselves liable to double taxation.

Section 46. Method of calculating relief to be allowed for double taxation.

- (1) The provisions of this section shall have effect where, under arrangements having effect under [section 45](#) of this Act, foreign tax payable in respect of any profits in the country with the Government of which the arrangements are made is to be allowed as a credit against tax payable in respect of those profits under this Act, and in this section, "foreign tax" means any tax payable in that country which under the arrangements is to be so allowed.
- (2) The amount of the tax chargeable in respect of the profits which are liable to both tax and foreign tax shall be reduced by the amount of the credit admissible under the terms of the arrangement: Provided that no credit shall be allowed to a company for a year of assessment unless during some part of that year it was a Nigerian company.
- (3) The credit shall not exceed the amount which would be produced by computing, in accordance with the provisions of this Act, the amount of the profits which are liable to both tax and foreign tax, and then charging that amount to tax at a rate ascertained by dividing the tax chargeable (before the deduction of any double taxation relief granted by this Part of the Act) on the total profits of the company entitled to the profits by the amount of the total profits.
- (4) With prejudice to the provisions of subsection (3) of this section, the total credit to be allowed to a company for a year of assessment for foreign tax under all arrangements having effect under [section 45](#) of this Act shall not exceed the total tax payable by it for that year of assessment.
- (5) In computing the amount of the profits-
 - (a) no deduction shall be allowed in respect of foreign tax (whether in respect of the same or any other profits);
 - (b) where tax chargeable depends on the amount received in Nigeria, the said amount shall be increased by the appropriate amount of the foreign tax in respect of the profits; and
 - (c) where the profits include a dividend and under the arrangements foreign tax not chargeable directly or but deduction in respect of the dividend is to be taken into account in considering whether any, and if so what, credit is to be given against tax in respect of the dividend, the amount of the profits shall be increased by the amount of the foreign tax not so chargeable which falls to be taken into account in computing the amount of the credit, but notwithstanding anything in the preceding provisions of this subsection a deduction shall be allowed of any amount by which the foreign tax in respect of the profits exceeds the credit thereof.

- (6) Paragraphs (a) and (b) of subsection (5) of this section, but not the remainder thereof shall, apply to the computation of total profits for the purpose of determining the rate mentioned in subsection (3) of this section, and shall apply thereto in relation to all profits in respect of which credit falls to be given for foreign tax under arrangements for the time being in force under [section 45](#) of this Act.
- (7) Where-
 - (a) the arrangements provide, in relation to dividends of some classes but not in relation to dividends of other classes, that foreign tax not chargeable directly or by deduction in respect of dividends is to be taken into account in considering whether any, and if so what, credit is to be given against tax in respect of the dividends; and
 - (b) a dividend is paid which is not of a class in relation to which the arrangement so provide, then, if the dividend is paid to a company which controls, directly or indirectly, not less than one-half of the voting power in the company paying the dividend, credit shall be allowed as if the dividend were a dividend of a class in relation to which the arrangements so provide.
- (8) Credit shall not be allowed under the arrangements against tax chargeable in respect of the profits of a company for any year of assessment if the company elects that credit shall not be allowed in the case of those profits for that year.
- (9) Any claim for an allowance by way of credit shall be made not later than two years after the end 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.
- (10) Where the amount of any credit given under the arrangements is rendered excessive or insufficient by reason of or elsewhere, nothing in this 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, being an assessment or claim made not later than two years from the time when all such assessments, adjustments and other determinations have been made, whether in Nigeria or elsewhere, as are material in determining whether any, and if so what, credit falls to be given.

PART VIII - PERSONS CHARGEABLE, AGENTS LIQUIDATORS. ETC.

Section 47. Chargeability of tax.

A company shall be chargeable to tax-

- (a) in its own name; or
- (b) in the name of any principal officer, attorney, factor, agent or representative of the company in Nigeria in like manner and to like amount as such company would be chargeable; or
- (c) in the name of a receiver or liquidator, or of any attorney, agent or representative thereof in Nigeria, in like manner and to like amount as such company would have been chargeable if no receiver or liquidator had been appointed.

Section 48. 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 Act for the assessment of the company and payment of the tax.

Section 49. Power to appoint agent.

- (1) The Board may by notice in writing appoint any person to be the agent of any company and the person so declared the agent shall be agent of such company for the purposes of this Act, and may be required to pay any tax which is or will be payable by the company from any moneys which may be held by him for, or due by or to become due by him to, the company whose agent he has been declared to be, and in default of such payment the tax shall be recoverable from him.
- (2) For the purposes of this section, the Board may require any person to give information as to any moneys, funds or other assets which may be held by him for, or of any moneys due by him to, any company.
- (3) The provisions of this Act with respect to objections and appeals shall apply to any notice given under this section as though such notice were an assessment.

Section 50. Indemnification of manager, etc. or agent.

Every person answerable under this Act for the payment of tax on behalf of a company may retain out of any money coming into his hands on behalf of such company so much thereof as shall be sufficient to pay such tax, and shall be and is hereby indemnified against any person whatsoever for all payments made by him in pursuance and by virtue of this Act.

Section 51. Company wound-up.

Where a company is being wound-up, the liquidator of the company to the shareholders thereof unless he has made provisions 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 laws in force in any part of Nigeria relating to the tax of individuals.

Section 52.

- (1) Whether or not a company is liable to pay tax for a year of assessment and whether or not a return has been filed under [section 55](#) of this Act a company shall upon a notice from the Board file with the Board in the prescribed form, within such reasonable time as may be stipulated in such notice a return of income for the year of assessment designated therein together with the audited accounts and information stipulated in subsection 1 (a) and (b) of [section 55](#) of this Act.
- (2) . Every company whose turn over is one million naira and above shall file self-assessment return within six months of its accounting period provided that a company whose turnover is below one million naira shall file a self-assessment return as from 1998 year of assessment.

Section 53. Self assessment by companies of tax payable

Every company filing a return under [section 58](#) of this Act or requested by notice of the Board to file a return under [section 59](#) of this Act shall-

- (a) In the return compute the tax payable by the company for the year of assessment; and
- (b) forward with the tax return, evidence of direct payment of the whole or part of tax due into a bank designated for the payment of tax.

Section 54.

Notwithstanding anything to the contrary in any law an income tax assessment under [section 52](#), 53 or 55 of this Act shall be made in the currency in which the transaction giving rise to the assessment was effected.

PART IX-RETURNS

Section 55. Returns and provisional accounts.

- (1) Every company, including a company granted exemption from incorporation, shall, at least once a year without notice or demand therefore, file a return with the Board in the prescribed form and containing prescribed information together with the following information
 - (a) the audited accounts, tax and capital allowances computations and a true and correct statement in writing containing the amounts of its profits from each and every source computed in accordance with the provisions of this Act and any rules made there under ;
 - (b) such particulars as may by such form of return be required for the purpose of this Act and any rules made there under with respect to such profits, allowances, reliefs, deductions or otherwise as may be material under or by virtue of this Act and such rules.
- (2) Such form of returns shall contain a declaration which shall be signed by a director or secretary of the company that the return contains a true and correct statement of the amount of its profits computed in respect of all sources in accordance with this Act and any rules made there under and that the particulars given in such returns are true and complete.
- (3) Every company shall file with the Board its audited accounts and returns
 - (a) in the case of a company that has been in business for more than eighteen months, not more than six months after the close of the company's accounting year;
 - (b) in the case of a newly incorporated company, within eighteen months from the date of its incorporation or not later than six months after the end of its first accounting period as defined in [section 29](#) (3) of this Act, whichever is earlier;
- (4) Any company which fails to comply with the provisions of this section shall be liable to pay as penalty an amount of-
 - (a) N2,500.00 in the first month in which the failure occurs; and
 - (b) N500.00 for each subsequent month in which the failure continues.
- (5) Where an offence under this section by a company is proved to have been committed with the consent or connivance of, or to be attributed to any neglect on the part of, any director, manager, secretary or other similar officers, servant or agent of the company (or any person purporting to act in any such capacity) he as well as the company shall be deemed to be guilty of the offence and shall on conviction be liable to a fine of N2,000 or imprisonment for six months, or both.
- (6) For the purpose of this section-
 - (a) every company shall designate a representative who shall answer every query relating to the company's tax matters;

- (b) a person designated by a company pursuant to paragraph (a) of this subsection shall be from members of the person knowledgeable in the field of taxation as may be approved, from time to time, by the Board.

Section 56.

A company which files return under [section 53](#) of this Act within the time specified for filing of the return shall, if there is no default in the payment arrangement, be granted a bonus one percent of the tax payable.

Section 57.

- (1) Every company operating in a Nigerian stock exchange shall, not later than seven days after the end of each calendar month, file with the Board or any other relevant tax authority, a return in the prescribed form of its transactions during the preceding calendar month.
- (2) A company filing a return shall, where its transactions involve
 - (a) an offer in the primary market, state in the return
 - (i) the type of offer
 - (ii) the services rendered,
 - (iii) the amount of tax deducted at source, and
 - (iv) the amount of value added tax payable;
 - (b) operations in the secondary market, state in the return
 - (i) the number and value of transactions carried out during the relevant calendar month,
 - (ii) the commission received or paid,
 - (iii) the amount of tax deducted at source, and
 - (iv) the amount of value added tax payable."

Section 58. Board may call for further returns.

The Board may give notice in writing to any company when and as often as it thinks necessary requiring it to deliver within a reasonable time limited by such notice fuller or further returns respecting any matter as to which a return is required or prescribed by this Act.

Section 59. Extension of period of making returns.

- (1) A company may apply in writing to the Board for an extension of the time within which to comply with the provisions of sections 52, 55(3) and 60 of this Act, provided the company
 - (a) makes the application before the expiration of the time stipulated in those sections for making the returns; and
 - (b) shows good cause for its inability to comply with those provisions.
- (2) If the Board is satisfied with the cause shown in an application under subsection (1) of this section it may in writing grant the extension of time for making the application to such time as it may consider appropriate.

Section 60. Power to call for returns, books, documents and information.

- (1) For the purpose of obtaining full information in respect of the profits of any company, the Board may give notice to any person requiring him, within the time limited by such notice, to-

- (a) complete and deliver to the Board, any return specified in such notice;
 - (b) attend personally before an officer of the Federal Inland Revenue Department for examination with respect to any matter relating to such profit;
 - (c) produce of cause to be produced for examination at the place and time stated in such notice, which time may be from day-to-day for such period as the Board may consider necessary, for the purpose of such examination any books, documents, accounts and returns which the Board may deem necessary; or
 - (d) give orally or in writing any other information including name and address specified in such notice: Provided that a person engaged in banking including any person appointed to carry the Federal Savings Bank Act into effect shall not be required to disclose any information unless a disclosure is required in a letter signed by the Chairman of the Board.
- (2) For the purposes of paragraphs (a) to (d) of subsection (1) of this section, the time limited by such notice shall not be less than seven days from the date of service of such notice, so however that an officer of the Board not below the rank of a Chief Inspector of Taxes may act in any of the cases stipulated in paragraph (a) or (c) or (d) of this subsection, without giving any of the required notices act out in this section.
 - (3) Any person engaged in banking in Nigeria who contravenes the provisions of this section shall, in respect of each offence, be liable on conviction to a fine of N5,000 in the case of a body corporate, and in the case of an individual to a fine of N500.
 - (4) Nothing in the foregoing provisions of this section or in any other provisions of this Act shall be construed as precluding the board from verifying by tax audit any matter relating to the profits of a company or any matter relating to entries in any books documents accounts or returns as the board may from time to time specify in any guidelines issued by the board

Section 61. Information to be delivered by bankers.

- (1) Without prejudice to the foregoing section, every person engaged in banking including any person charged with the administration of the Federal Saving Bank Act shall, prepare a return at the end of each month specifying the names and addresses of new customers of the bank and shall not later than the seventh day of the next following month deliver the return to a tax authority of the area where the bank operates, or where such customer is a company to the Federal Board of Inland Revenue.
- (2) Subject to the foregoing provisions of this section, for the purposes of obtaining relative to taxation, the Board may give notice to any person including a person engaged in banking business in Nigeria and any person charged with the administration of the Federal Savings Bank Act to provide within the time stipulated in the notice, information including the name and address of any person specified in the notice: Provided that a person engaged in banking business in Nigeria including any person charged with the administration of the Federal Savings Bank Act shall not be required to disclose any further information under this section unless such disclosure is required by a notice signed by the Chairman of the Board.

Section 62. Return deemed to be furnished by the authority.

A return, statement or form purporting to be furnished under this Act by or on behalf of any person shall for all purposes be deemed to have been furnished by that person or by his authority, as the case may be, unless the contrary is proved, and any person signing any such return, statement or form shall be deemed to be cognizant of all matters therein.

Section 63. Books of account.

- (1) If a company chargeable with tax fails or refuses to keep books or accounts which, in the opinion of the Board, are adequate for the purposes of income tax, the Board may by notice in writing require it to keep such records, books and accounts as the Board considers to be adequate in such form and in such language as may be specified in the said notice and, subject to the provisions of the next succeeding subsection, the company shall keep records, book sand accounts as directed.
- (2) Any direction of the Board made under this section shall be subject to objection and appeal in like manner as an assessment save that any decision of the Appeal Commissioners thereon shall be final.
- (3) On hearing such appeal the Appeal Commissioners may confirm or modify such direction.

Section 64. Power to enter and search premises

- (1) Where in respect of any trade or business carried on in Nigeria by any company (whether or not part of the operations is carried on outside Nigeria) the Board
 - (a) is satisfied that there is reasonable ground for suspecting that an offence involving any form of total or partial non-disclosure of information or any irregularity or offence in connection with, or in relation to tax, has been committed and
 - (b) in the opinion of the Board, evidence of it is to be found in the premises, registered office, any other office, or place of management of the company or in the residence of the principal officer, factor agent or representatives of the company, the Board may authorize an officer of the Board to enter if necessary by force the premises, registered office or place of management or the residence of the principal officer, factor, or agent or representative of the company, if necessary, by force, at any time from the date of such authorization by the Board and conduct a search.
- (2) An authority to enter the premises, registered office, place of management or residence of principal officer, agent or factor of a company, to conduct a search shall be in the form contained in sixth Schedule to this Act, and such authority shall be sufficient warrant to search, seize and remove any records and document found on such premises, office or residence of principal officer, agent or factor of the company, whether or not belonging to the company.
- (3) On entering the premises with a warrant under this section, the officer may seize and remove anything whatsoever found therein which he has reasonable cause to believe may be required for the purpose of arriving at a fair and correct tax chargeable on the company or as evidence for the purposes of proceedings in respect of such an offence as is mentioned in subsection (1) of this section.
- (4) For the purpose of this section, an officer authorized by the Board to execute any warrant of search under this section may call to his assistance a police officer and it shall be the duty of the police officer when so required to aid and assist in

the execution of any warrant to obtain document for the purposes of the tax chargeable or to be charged on the company and of the proceedings in respect of the offence referred to in section (1) of this section.

- (5) Where an entry to a premises has been made with a warrant under this section and the officer making the entry has seized anything under the authority of the warrant, he shall if so required by a person showing himself either -
 - (a) to the principal officer of the company; or
 - (b) Any other person who has had the possession or custody of those things, provide that principal officer or person with the list of items seized or surrendered.
- (6) It shall be the responsibility of any person on whom such warrant as mentioned in subsection (2) of this section is served to -
 - (a) cooperate fully with the person or persons authorized to conduct a search by allowing easy access to the premises to be searched and to the items or documents that may be required for the exercise;
 - (b) answer all questions and queries put to him in the cause of the search;
 - (c) put in accessible position and facilitate the removal of all items that may be required to assist the exercise.
- (7) Any principal officer, agent, factor or representative of the company on whom a warrant of search is served and who refuses to cooperate with the person or persons authorized to search or does anything tantamount to failure to cooperate or engages in act or acts resulting in abuse, physical assault or similar misbehavior shall be guilty of an offence and on conviction be liable to a fine of N10,000 or to imprisonment of not less than 6 months or to both such fine and imprisonment.
- (8) Either prior to or during or after a warrant of search is being or has been served or executed on a principal officer, factor or agent of the company, such principal officer, factor or agent may also be called upon to an interview before an officer of the Board to answer any query or question in connection with the activities of the company as would enable the Board to arrive at a fair and correct tax liability of the company."

PART X-ASSESSMENTS

Section 65. Board to make assessments.

- (1) The Board shall proceed to assess every company chargeable with tax as soon as may be after the expiration of the time allowed to such company for the delivery of the audited accounts and return provided for in [section 55](#) of this Act or otherwise as it appears to the Board practicable so to do.
- (2) Where a company has delivered audited accounts and return, the Board may-
 - (a) accept the audited accounts and return and make an assessment accordingly; or
 - (b) refuse to accept the return and, to the best of its judgments, determine the amount of the total profits of the company and make an assessment accordingly.

- (3) Where a company has not delivered a return and the Board is of the opinion that such company is liable to pay tax, the Board may, according to the best of its judgment, determine the amount of the total profits of such company and make an assessment accordingly, but such assessment shall not affect any liability otherwise incurred by such company by reason of its failure or neglect to deliver a return.
- (4) Nothing in this section shall prevent the Board from making an assessment upon a company for any year before the expiration of the time within which such company is required to deliver a return or to give notice under the provisions of [section 55](#) of this Act, if the Board or any officer of the Federal Inland Revenue Department duly authorized by the Board considers such assessment to be necessary for any reason of urgency.
- (5) In this section, the reference to a return shall be construed as a reference to the accounts and return submitted pursuant to [section 55](#) of this Act.

Section 66. Additional assessments.

- (1) If the Board discovers or is of the opinion at any time that any company liable to tax has not been assessed or has been assessed at a less amount than that which ought to have been charged, the Board may, within the year of assessment or within six years after the expiration thereof and as often as may be necessary, assess such company at such amount or additional amount, as ought to have been charged, and the provision of this Act as to notice of assessment, appeal and other proceedings shall apply to such assessment or additional assessment and to the tax charged there under: Provided that where any form for fraud, willful default or neglect has been committed by or on behalf of any company in connection with any tax imposed under this Act or under the companies Income Tax Act 1961 the Board may at any time and as often as may be necessary, assess such company at such amount or additional amount as may be necessary for the purpose of making good any loss of tax attributable to the fraud, willful default of neglect.
- (2) For the purpose of computing under subsection (1) of this section the amount or the additional amount which ought to have been charged, all relevant facts consistent with the proviso to [section 76](#) of this Act shall be taken into account even though not known when any previous assessment or additional assessment on the same company for the same year was being made or could have been made.

Section 67. Lists of companies assessed.

- (1) The Board shall, as soon as possible, prepare lists of companies assessed to tax.
- (2) Such lists, herein called the assessment lists, shall contain the names and the address of the companies assessed to tax, the name and address of any person in whose name any such company is chargeable, the amount of the total profits of each company, the amount of tax payable by it, and such other particulars as may be determined by the Board.
- (3) Where complete copies of all notices of assessment and of all notices amending assessments are filed in the offices of the Board they shall constitute the assessment lists for the purposes of this Act.

Section 68. Service of notice of assessment.

The Board shall cause to be served on or sent by registered post to each company, or person in whose name a company is chargeable, whose name appears on the assessment lists, a notice stating the amount of the total profits, the tax payable, the place at which such payment should be made, and setting out the rights of the company under the next following section.

Section 69. Revision of assessment in case of objection.

- (1) If any company disputes the assessment it may apply to the Board, by notice of objection in writing, to review and to revise the assessment made upon it.
- (2) An application under subsection (1) shall
 - (a) be made within thirty days from the date of service of the notice of assessment; and
 - (b) contain the ground of objection to the assessment, that is -
 - (i) the amount of assessable and total profits of the company for the relevant year of assessment; and
 - (ii) the amount of tax payable for the year, which the company claims should be stated on the notice of assessment.
- (3) If the Board is satisfied that, owing to the absence from Nigeria, the person in whose name and assessment is made is unable to make an application within the thirty days specified in subsection (2) of this section, it shall extend the time for making the application to such time as may be reasonable in the circumstances.
- (4) On receipt of the notice of objection referred to in subsection (1) of this section, the Board may require the company giving the notice of objection to furnish such particulars as the Board may deem necessary and to produce all books or other documents relating to the profits of the company, and may summon any person who may be able to give evidence respecting the assessment to attend for examination by an officer of the Federal Inland Revenue Department on oath or otherwise.
- (5) In the event of any company assessed, which has objected to an assessment made upon it, agreeing with the Board as to the amount at which it is liable to be assessed, the assessment shall be amended accordingly, and notice of the tax payable shall be served upon such company: Provided that if an applicant for revision under the provisions of subsection (1) of this section fails to agree with the Board the amount at which the company is liable to be assessed, the Board shall give notice of refusal to amend the assessment as desired by such company and may revise the assessment to such amount as the Board may, according to the best of its judgment, determine and give notice of the notice of refusal to amend the revised assessment and, wherever requisite, any reference in this Act to an assessment or to an additional assessment shall be treated as a reference to an assessment or to an additional assessment as revised under the provisions of this proviso.

Section 70. Errors and defects in assessment and notice.

- (1) No assessment, warrant or other proceeding purporting to be made in accordance with the provisions of this Act shall be quashed or deemed to be void or voidable, for want of form, or be affected by reason of a mistake, defect or omission therein, if the same is in substance and effect in conformity with or according to the intent and meaning of this Act or any enactment amending the same, and if the company assessed or intended to be assessed or affected thereby is designated therein according to common intent and understanding.

- (2) An assessment shall not be impeached or affected-
 - (a) by reason of a mistake therein as to-
 - (i) the name of a company liable or of a person in whose name a company is chargeable, or
 - (ii) the description of any profits, or
 - (iii) the amount of tax charged;
 - (b) by reason of any variance between the assessment and the notice thereof: Provided that in cases of assessment the notice thereof shall be duly served on the company intended to be charged or the person in whose name such company is chargeable and such notice shall contain, in substance and effect, the particulars on which the assessment is made.

Section 71. Establishment and constitution of body of Appeal Commissioners.

- (1) The Minister may establish by notice in the Federal Gazette, a body of Appeal Commissioners.
- (2) The body of Appeal Commissioners shall consist of not more than twelve persons, none of whom shall be a public officer and one of whom shall be designated as chairman by the Minister.
- (3) Each Appeal Commissioner-
 - (a) shall be appointed by notice in the Gazette by the Minister from among persons appearing to him to have had experience and shown capacity in the management of a substantial trade or business or the exercise of the profession of law or accountancy in Nigeria;
 - (b) shall subject to the provisions of this subsection hold office for a period of three years from the date of his appointment;
 - (c) may at any time resign as an Appeal Commissioner by notice in writing address to the Minister, and on the request of the Minister he may continue to act as an Appeal Commissioner after the date of his resignation, and sit at any further hearing in any case in which he has already sat before to hear an appeal, until a final decision has been given with respect to such appeal;
 - (d) shall cease to be an Appeal Commissioner upon the Minister determining that his officer be vacant and upon notice of such of such determination being published in the Federal Gazette; or upon the acceptance of a political appointment.
 - (e) shall be paid such remuneration and allowances as may be determined by the Minister with the approval of the National Council of Ministers.
- (4) Without prejudice to the generality of paragraph (d) of subsection (3) of this section, if the Minister is satisfied that an Appeal Commissioner-
 - (a) has been absent from two consecutive meetings of the body of Appeal Commissioners (other than any meeting at which, by virtue of subsection (2) of [section 73](#) of this Act, he may not sit) without the written permission of the Chairman of the Board; or
 - (b) in incapacitated by physical or illness; or

- (c) has failed to make any declaration and give notice in accordance with subsection (2) of [section 73](#) of this Act;
 - (d) has been convicted of a felony, or of an offence under any enactment in Nigeria imposing tax on income or profits, the Minister shall make a determination that his office as an Appeal Commissioner is vacant.
- (5) Where for any reason there is an insufficient number of Appeal Commissioners to hear one or more particular appeals, the Minister may make an ad hoc appointment in writing, from among persons of the kind mentioned in paragraph (a) of subsection (3) of this section, of a person to be an Appeal Commissioner for the purpose of his hearing such appeal or appeals.
- (6) The Minister shall designate a public officer to be Secretary to the body of Appeal Commissioners and the officer address of the Secretary shall be published in the Federal Gazette.
- (7) Those persons duly appointed as Appeal commissioners and Secretary to the body of Appeal Commissioners for the purposes of the Companies Income Tax Act 1961, and holding office as such immediately before the date of commencement of this Act shall be deemed to have been appointed or designated, as the case may be, to like officers under the provisions of this section, and the Appeal Commissioners so deemed to be appointed shall constitute the body of Appeal Commissioners on that date.
- (8) the board of Appeal Commissioners shall remain in office until a new board is sworn in.

Section 72 .Appeals to Appeal Commissioners.

- (1) Any company which, being aggrieved by an assessment made upon it, has failed to agree with Board in the manner provided in subsection 5 of [section 69](#) of this Act, may appeal against the assessment to the Appeal Commissioners upon giving notice in writing to the Board and to the Secretary to such Appeal Commissioners within thirty days after the date of service upon such company of notice of the refusal of the Board to amend the assessment as desired.
- (2) A notice of an appeal against an assessment, to be given under subsection (1) of this section shall specify the following particulars-
 - (a) the official number of the assessment and the year of assessment for which it was made;
 - (b) the amount of the tax charged by assessment;
 - (c) the amount of the total profits upon which such tax was charged as appearing in the notice of assessment;
 - (d) the date upon which the appellant was served with notice of refusal by the Board to amend the assessment as desired;
 - (e) the precise grounds of appeal against the assessment, but such grounds shall be limited to the grounds stated by the appellant in its notice of objection; and
 - (f) an address for service of any notices, precepts or other documents to be given to the appellant by the Secretary to the Appeal Commissioners: Provided that at any time, the appellant may give notice to such Secretary and to Board, by delivering the same or by registered post, of a change of such address but any such notice shall not be valid until delivered or received.

- (3) All notices or documents to be given to the Appeal Commissioners shall be addressed to the Secretary to the Appeal Commissioner in writing at any time before the hearing of such appeal.
- (4) A company may discontinue any appeal by it under this section on giving notice to the Secretary to the Appeal Commissioners in writing at any time before the hearing of such appeal.
- (5) Notwithstanding that notice of appeal against an assessment has been given by a company under this section, the Board may revise the assessment in agreement with the company, and upon notice of such agreement being given in writing by the Board to the a Secretary to the Appeal Commissioner at any time before the hearing of the appeal, such appeal shall be treated as being discontinued.
- (6) Upon the discontinuance of any appeal under the provisions of this section, the amount or revised amount of the assessment, as the case may be deemed to have been agreed between the Board and the company under the provisions of subsection (3) of [section 69](#) of this Act.

Section 73. Procedure before Appeal Commissioners etc.

- (1) As often as may be necessary, Appeal Commissioners shall meet to hear appeals in any town in which is situated an office of the Federal Inland Revenue Department and, subject to the provisions of the next following subsection, at any such meeting-
 - (a) any three or more Appeal Commissioners may hear and decide an appeal; and
 - (b) the chairman of the body of Appeal Commissioner shall preside and where the chairman is absent, the Appeal Commissioners present shall elect one of their number to be the chairman for the meeting.
- (2) An appeal Commissioner having a direct or indirect financial interest in any company including the holding of or the beneficial interest in any shares, stock or debentures issued by such company) or being a relative of any person having any appeal by such company is pending before the body of Appeal Commissioners, declare such interest to the other Commissioners and give notice to the Board in writing of such interest relationship and interest and he shall not sit at any meeting for the hearing of that appeal. The like provisions shall apply when the Appeal Commissioner is a legal practitioner or an accountant, and the company is or has been a client of that Appeal Commissioner.
- (3) The Secretary to the Appeal Commissioners shall give seven clear day's notice to the Board and to the appellant of the date and place fixed for the hearing of each appeal except in respect of any adjourned hearing for which the Appeal Commissioners have fixed a date at their previous hearing.
- (4) All notices, precepts and documents, other than decisions of the Appeal Commissioners, may be signified under the hand of the Secretary.
- (5) All appeals before Appeal Commissioners shall be held in camera.
- (6) Every company so appealing shall be entitled to be represented at the hearing of the appeal: Provided that, if the person intended by the company to be its representative in any appeal is unable for good cause shown to attend the hearing thereof, the Appeal Commissioners may adjourn the hearing for such reasonable time as they think fit, or admit the appeal to be made by some other person or by way of written statement.

- (7) The onus of proving that the assessment complained of is excessive shall be on the appellant.
- (8) At the hearing of any appeal, if the representative of the Board proves to the satisfaction of the Appeal Commissioners or the court hearing the appeal in the first instance that-
 - (a) the appellant has (contrary to subsection (1) of [section 55](#) of this Act), for the year of assessment concerned failed to prepare deliver to the Board the statement mentioned in that subsection;
 - (b) the appeal is frivolous or vexatious or is 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 Appeal Commissioners or, as the case may be, the court may adjourn the hearing of the appeal to any subsequent day and order the appellant to deposit with the Board, before the day of the adjourned hearing an amount, on account of the tax charge by the assessment under appeal, equal to the tax charged upon the appellant for the preceding year of under appeal, whichever is the lesser plus a sum equal to ten per cent of the said deposit, and if the appellant fails to comply with the order, the assessment against which it has appealed shall be confirmed and the appellant shall have further right of appeal whatsoever with respect to that assessment.
- (9) The Appeal commissioners may confirm, reduce, increase or annul the assessment or make such order thereon as they see fit.
- (10) Every decision of the Appeal commissioners shall be recorded in writing by their chairman and a certified copy of such decision shall be supplied to the appellant or the Board, by the Secretary, upon a request made within three months of such decision.
- (11) Where, upon the hearing of an appeal-
 - (a) no accounts, books or records relating to profits were produced by or on behalf of the appellant; or
 - (b) such accounts, were so produced but the Appeal Commissioner rejected the same on the ground that it had been shown to their satisfaction that they were incomplete or unsatisfactory; or
 - (c) the appellant or his representative, at the hearing of appeal, has neglected or refused to comply with a precept delivered or sent to him by the Secretary to the Appeal Commissioners without showing any reasonable excuse; or
 - (d) the appellant or any person employed, whether confidentially or otherwise, by the appellant or his agent (other than his legal practitioner or accountant acting for him in connection with his ability to tax) has refused to answer any question put to him by the Appeal Commissioners, without showing any reasonable cause, the chairman of the Appeal commissioners shall record particulars of the same in his written decision.
- (12) The Minister may make rules prescribing the procedure to be followed in the conduct of Appeals Commissioners.

Section 74. Procedure following decision of Appeal Commissioners

- (1) Notice of the amount of the tax chargeable under the assessment as determined by the Appeal Commissioners shall be served by the Board upon the company or upon the person in whose name such company is chargeable.
- (2) Where the tax chargeable upon a company for a year of assessment in accordance with a decision of the Appeal Commissioners does not exceed N400 no further appeal by the company shall lie from that decision except with the consent of the Board.
- (3) An award or judgment of the Body of Appeal Commissioners shall be enforced as if it were a judgment of the Federal High Court upon registration of a copy of such award or judgment with the Chief Registrar of the Federal High Court by the Party seeking to enforce the award or judgment.
- (4) Notwithstanding that an appeal is pending, tax shall be paid in accordance with the decision of the Appeal Commissioners within one month of notification of the amount of the tax payable in pursuance of subsection (1) of this section.

Section 75. Appeals to Court.

- (1) Subject to [section 74](#) (2) of this Act, any company which having appealed against an assessment made upon it to the Appeal Commissioners under [section 72](#) of this Act is aggrieved by the decision of such body may appeal against such decision on point of law to the Federal High Court upon giving notice in writing to the Secretary to the Appeal Commissioners within thirty days after the date on which such decision was given. Such notice shall set out all the grounds of law on which the decision is being challenged.
- (2) If the Board is dissatisfied with the decision of the Appeal Commissioners, it may appeal against such decision to the Federal High Court on a point of law by giving notice in the Appeal Commissioners within thirty days after the date on which such decision was given.
- (3) Upon receipt of a notice of appeal under subsection (1) or (2) of this section, the Secretary to the Appeal Commissioners shall compile the record of proceedings and judgment before the Appeal Commissioners and staff cause the same to be transmitted to the Chief Registrar of the Federal High Court along with all the exhibits tendered at the hearing before the Appeal Commissioners.
- (4) The provisions of subsections (6), (7) and (9) of [section 73](#) of this Act and of subsection (1) of [section 74](#) of this Act shall apply to an appeal under this section with any necessary modifications.
- (5) If upon the hearing of any appeal from a decision of the Appeal Commissioners given under the provisions of [section 73](#) of this Act, a certified copy of that decision is produced before the Federal High Court and such decision contained a record by reference to-
 - (a) paragraph (a) of subsection (11) of that section, the Federal High Court shall dismiss such appeal; or
 - (b) paragraph (b) of subsection (11) of that section, the Federal High Court may dismiss such appeal upon such prima facie evidence, with respect to the accounts, books or records having been complete or unsatisfactory, as to the Federal High Court may seem sufficient; or
 - (c) paragraph (c) or (d) of subsection (11) of that section, the Federal High Court shall dismiss such appeal unless it considers that the cause of the neglect or refusal was reasonable.

- (6) The cost of the appeal shall be in the discretion of the judge hearing the appeal and shall be a sum fixed by the judge.
- (7) An appeal against the decision of a judge shall lie to the court of Appeal-
 - (a) at the instance of the company, where the decision of the judge is to the effect that the tax chargeable upon the company for the relevant year of assessment exceeds N1,000; and
 - (b) at the instance of or with the consent of the Board, in any case: Provided that no costs shall be awarded against the company in any appeal instituted by the Board under this subsection unless such decision of the judge was to the effect mentioned in paragraph (a) of this subsection.
- (8) The Chief Judge of the Federal High Court may make rules providing for the procedure in respect of appeals made under this section and until such rules are made the rules applicable in civil appeal case from Magistrates Courts to the High Court of Lagos State shall apply with such modifications as the Chief Judge of the Federal High Court may direct.

Section 76. Assessments to be final and conclusive.

Where no valid objection or appeal has been lodged within the time limited by [section 69](#), 72 or 75 of this Act, as the case may be, against an assessment as regards the amount of the total profits assessed thereby, or where the amount of total profits has been agreed to under subsection (5) of the [section 69](#) of this Act, or where the amount of such total profits has been determined on objection, revision under the proviso to subsection (5) of [section 69](#) of this Act, or on appeal, the assessment as made, agreed to, revised or determined on appeal, as the case may be, shall be final and conclusive for all purposes of this Act as regards the amount of any such total profits; and if the full amount of the tax in respect of any such final and conclusive assessment is not paid within the appropriate period or periods prescribed in this Act, the provisions thereof relating to the recovery of tax, and to any penalty under [section 85](#) of this Act, shall apply to the collection and recovery thereof subject only to the set-off of the amount of any tax repayable under any claim, made under any provision of this Act, which has been agreed to by the Board or determined on any appeal against a refusal to admit any such claim: Provided that-

- (a) where an assessment has become final and conclusive any tax overpaid shall be repaid;
- (b) nothing in [section 69](#) of this Act shall prevent the Board 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 subsection (3) of [section 69](#) of this Act by agreement or otherwise on appeal.

PART XII-COLLECTION, RECOVERY AND PAYMENT OF TAX

Section 77. Time within which tax (including provision tax) is to be paid.

- (1) Notwithstanding any other provision of this section, every company shall, not later than three months from the commencement of each year of assessment, pay provisional tax of an amount equal to the tax paid by such company in the immediately preceding year of assessment in one lump sum

- (2) Tax charged by any assessment which is not or has not been the subject of an objection or appeal by the company shall be payable (after the deduction of any amount to be set-off for the purposes of collection under any provision of this Act) at the place stated in the notice of assessment within two months after service of such notice upon the company Provided that-
 - (a) if such period of two months expires before the 14th day of December within the year of assessment for which the tax has been charged and the aggregate tax to be set off and of any tax paid for that year within such period then payment of any balance of such tax may be made not later than that day.
 - (b) where the assessment notice is served on the company within the approved period of payment of provisional tax, the tax shall be paid within two months after the end of the approved period, but if such period of two months expires before the 14th day of December within the year of assessment for which the tax has been charged then the payment of any balance of such tax may be made not later than that day.
 - (c) the Board in its discretion may extend the time within which payment is to be made.
- (3) Subject to the provisions of subsection (3) [section 74](#) of this Act, collection of tax in any case where notice of an objection or appeal has been given by the company shall remain in abeyance until such objection or appeal is determined, saved that the company shall have paid the provisional tax as provided in subsection (1) of this section or the tax not in dispute, whichever is higher.
- (4) Upon the determination of an objection or appeal, the Board shall serve upon the company a notice of the tax payable as so determined, and that tax shall be payable within one month of the date of service of such notice upon the company. Provided that if such period of one month expires after the 14th day of December within the year of assessment for which the tax has been charged and the condition specified in proviso (a) to subsection (2) of this section are satisfied with respect to the amount of tax charged as so determined, then any balance of the tax payable may be paid not later than that day.
- (5) A person filing self assessment shall pay the tax due within two months from the date of filing the assessment in one lump sum or such number of monthly installments (not being more than six) as may be approved by the board
 - (a) Provided further that where a request for installments expires after the 30th day of November within the year of assessment for each the tax have been charged, the payment of any balance of such tax may be made not later than that day.
 - (b) provided further that where a request for installment payment has been made, the request shall be accompanied with proof of payment of the first installment to the designated bank.
- (6) The provisions of subsection (1) of this section shall not apply to a company that files a self assessment for the year of assessment.
- (7) Where a company is required to file a return within the time allowed under section 52 or specified under [section 55](#) of this Act the tax as computed or shown in the return when filed shall be payable within two months from the date of filing the return, and the provisions of [section 85](#) of this Act shall apply to the collection of the tax.
- (8) Notwithstanding anything to the contrary in any laws, income payable under [section 52](#), 53 and 55 of this Act shall be paid to the Board in the currency in

which the income giving rise to the tax derived and paid to the company making the return

Section 78. Deduction of tax from interest, etc.

- (1) Where any interest other than interest on inter-bank deposits or royalty becomes due from one company to another company or to any person to whom the provisions of the Personal Income Tax Act apply, the company making such payment shall, at the date when payment is made or credited, whichever first occurs deduct there from tax at the rate prescribed in subsection (2) of this section and shall forthwith pay over to the Board the amount so deduct.
- (2) The rate at which tax is to be deducted in this section shall be 10 per cent.
- (3) For the purposes of this section, person authorized to deduct tax includes government departments, parastatals, statutory bodies, institutions and other establishments approved for the operation of Pay As You Earn system.
- (4) The tax, when paid over to the Board, shall be final tax due from a non-resident recipient of the payment.
- (5) In accounting for the tax so deducted to the Board, the company shall state in writing the following particulars, that is to say-
 - (a) the gross amount of the interest or royalty;
 - (b) the name and address of the recipient; and
 - (c) the amount of tax being accounted for.

Section 79. Deduction of tax on rent

- (1) Where any rent becomes due from or payable by one company to another company or to any person to whom the provisions of Personal Income Tax Act apply, the company paying such rent shall, at the date when the rent is paid or credited, whichever first occurs, deduct there from tax at the rate prescribed under subsection (2) of this section and shall forthwith pay over to the Board the amount so deducted.
- (2) The rate at which tax is to be deducted under this section shall be 10 per cent.
- (3) For the purposes of this section, persons authorized to deduct tax include government departments, parastatals, statutory bodies, institutions and other establishments approved for the operation of Pay As You Earn system.
- (4) The tax, when paid over to the Board, shall be the final tax due for a non-resident recipient of the payment.
- (5) In accounting for the tax so deducted to the Board, the company shall state in writing the following particulars, that is to say-
 - (a) the gross amount of the rent payable per annum;
 - (b) the name and address of the recipient and the period in respect of which such rent has been paid or credited;
 - (c) the address and accurate description of the property concerned; and
 - (d) the amount of tax being accounted for.
- (6) Any reference to rent in this section shall be construed whenever necessary as including payments for the use or hire of any equipment, payments for charter

vessels, ship or aircraft and all such other payments for the use or hire of movable and immovable property.

Section 80. Deduction of tax from dividend.

- (1) Whereby dividend of such other distribution becomes due from or payable by a Nigerian company to any other company or to any person to whom the provision of the Personal Income Tax Act apply, the company paying such dividend or making such distribution shall, at the date when the amount is paid or credited whichever occurs first, deduct there from tax at a rate prescribed under subsection (2) of this section, and shall forthwith pay over to the Board the amount so deducted.
- (2) The rate at which tax is to be deducted in this section shall be ten per cent.
- (3) Dividend received after the deduction of tax shall be regarded as franked investment income of the company receiving the dividend and shall not be charged to further tax as part of the profits of the recipient company. However, where such income is redistributed and tax is to be accounted for on the gross amount of distribution in accordance with subsection (1) of this section, the company may off-set the withholding tax which it has itself suffered on the same income.
- (4) The tax, when paid over to the Board, shall be the final tax due from a non-resident recipient of the Payment.
- (5) In accounting for the tax so deducted to the Board, the company shall state in writing the following particulars, that is to say-
 - (a) the gross amount of the dividend or such other distribution;
 - (b) the name and address of the recipient;
 - (c) the accounting period or periods of the company in respect of the profits out of which the dividend or distribution is declared to be payable and the date on which payment is due; and
 - (d) the amount of tax so deducted.

Section 81. Deduction of tax at source

- (1) Income tax assessable on any company whether or not an assessment has been made, shall, if the Board so directs, be recoverable from any payments made by any person to such company.
- (2) Any such direction may apply to any person or class of persons specified in such direction, either with respect to all companies or a company or class of companies, liable to payment of income tax.
- (3) Any direction under subsection (1) of this section shall be in writing addressed to the person or be published in the Federal Gazette and shall specify the nature of payments and the rate at which tax is to be deducted
- (4) In determining the rate of tax to be applied to any payments made to a company, the Board may take into account-
 - (a) any assessable profits of that company for the year arising from any other source chargeable to income tax under this Act; and
 - (b) any income tax or arrears of tax payable by that company for any of the six preceding years of assessment.

- (5) Income tax recovered under the provisions of this section by deduction from payments made to a company shall be set-off for the purposes of collection against tax charged on such company by an assessment, but only to the extent that the total of such deductions does not exceed the amount of the assessment and provided the assessment is for the period to which such payments relate under the provisions of [section 29](#) of this Act.
- (6) Every person required under any provisions of this Act to make any deduction from payments made to any company shall account to the board in such manner as the Board may prescribe for the deduction so made.
- (7) The Minister of Finance on the advice of the Board may make Regulations for the carrying out of the provisions of this section.

Section 82. Penalty for failure to deduct tax.

Any person who being obliged to deduct any tax under [section 78](#), 79, 80 or 81 of this Act fails to deduct or having deducted fails to pay to the Board within thirty days from the date the amount was deducted or the time to duty to deduct arose, shall be guilty of an offence and shall be liable on conviction to a fine of 200% of the tax not withheld or not remitted as the case may be

Section 83.

Where the person referred to under section 82 is a Ministry Department, parastatal, institution or an agency of the Federal or a state Government or is a local Government the board may authorize the Accountant-General of the Federation in writing to deduct from the allocation of such Federal Ministry, Department, parastatal, institution or agency of the state Government or local Government such amount of tax deductible plus interest at the prevailing commercial rate.

Section 84.

Income tax deducted under sections 78, 79, 80 and 81 of this Act shall be paid to the board in the currency in which such deduction was made.

Section 85. Addition for non-payment of tax and enforcement of payment.

- (1) Subject to the provisions of subsection (3) of this section, if any tax is not paid within the periods prescribed in [section 77](#) of this Act-
 - (a) a sum equal to ten percent per annum of the amount of tax payable shall be added thereto, and the provisions of this Act relating to the collection and recovery of tax shall apply to the collection and recovery of such sum;
 - (b) the tax due shall carry interest at bank lending rate from the date when the tax becomes payable until it is paid and the provisions of this Act relating to collection and recovery of tax shall apply to the collection and recovery of the interest.
 - (c) the Board shall serve a demand note upon the company or person in whose name and company is chargeable, and if the payment is not made within one month from the date of service of such demand note, the Board may proceed to enforce payment as hereinafter provided;
 - (d) an addition 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 Act.
- (2) Any company which without lawful justification or excuse, the proof whereof shall lie on the company, fails to pay the tax within the period of one month prescribed in paragraph (b) of subsection (1) of this section, shall be guilty of an offence against this Act.

- (3) The Board may, for any good cause shown, remit the whole or any part of the addition due under subsection (1) of this section.

Section 86. Power to distrain for non-payment of tax.

- (1) Without prejudice to any other power conferred on the Board for the enforcement of payment of tax due from a company, an assessment has become final and conclusive and a demand note has, in accordance with the provisions of this Part of this Act, been served upon the company or upon the person in whose name the company is chargeable, then, if payment of the tax is not made within the time limited by the demand note, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due-
 - (a) distrain the taxpayer by his goods or other chattels, bond or other securities;
 - (b) distrains upon any land, premises, or place in respect of which the taxpayer is the owner and, subject to the following provisions of this section, 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 Fourth schedule to this Act, and such authority shall be sufficient warrant and authority to levy by distress the amount of tax due.
- (3) For the purposes of levying any distress under this section, any officer authorized in writing by the Board may execute any warrant of distress and if necessary break open any building or place in the day time for the purpose of levying such distress, and he may call to his assistance any police required to aid and assist in the execution of any warrant of distress and in levying the distress.
- (4) Things distrained under this section may, at the cost of the taxpayer, be kept for fourteen days and at the end of that time if the amount due in respect of the tax and the cost and charges of and incidental to the distress are not paid, they may, subject to subsection (6) of this section, sold at any time thereafter.
- (5) Out of the proceeds of any such sale there shall, in the first place, be paid the cost or charges of and incidental to the (sale and keeping of the) distress, and disposal there under and in the next place the amount due in respect of tax; and the balance (if any) shall be payable to the taxpayer upon demand being made by him or on his behalf within one year of the date of the sale.
- (6) Nothing in this section shall be construed so as to authorize the sale of any immovable property without an order of a High Court, made on application in such form as may be prescribed by rules of court.

Section 87. Action for tax by Board and refusal of clearance where tax is in default.

- (1) Tax may be sued for and recovered in a court of competent jurisdiction at the place stated in the notice of assessment as being the place at which payment should be made, by the Board in its official name with full cost of action from the company charged therewith as a debt due to the Government of the Federation.
- (2) For the purposes of this section, a court of competent jurisdiction shall include a magistrate's court, which court is hereby invested with the necessary jurisdiction, provided that the amount claimed in any action does not exceed the amount of the jurisdiction of the magistrate concerned with respect to actions for debt.

- (3) In any action brought such subsection (1) of this section, the production of a certificate signed by any person duly authorized by Chairman of the Board giving the name and address of the defendant and the amount of tax due shall be sufficient evidence of the amount so due and sufficient authority for the court to give judgment for the said amount.
- (4) In addition to any other powers of collection and recovery provided in this Act, the Board may, where the tax charged on the profits of any company which carries on the business of ship owner or charterer has been in default for more than three months, whether such company is assessed directly or in the name of some other person, issue to the Department of Customs and Excise or other authority by whom clearance may be granted, a certificate containing the name or names of the said company and particulars of the tax in default, and on receipt of such certificate, the said Department of Customs and Excise or other authority shall be empowered and is hereby required to refuse clearance from any port in Nigeria to any ship owned wholly or partly or chartered by such company until the said tax has been paid.
- (5) No civil or criminal proceeding shall be instituted or maintained against the said Department of Customs and Excise or other authority in respect of a refusal of clearance under this section, nor shall the fact that a ship is detained under this section affect the liability of the owner, charterer, or agent to pay harbor dues and charges for the period of detention.

Section 88.

- (1) The court, before which the Board has sued a company for non-payment, of tax, may issue a bench warrant on a director or other officer of the company to compel the director or officer to appear at every proceeding on the case until the final disposal of the case.
- (2) Where the Board has obtained judgment against a company for non-payment of tax and the judgment debt remains unpaid six months after the judgment, the court may, on the application of the Board, issue a bench warrant on a director or other officer of the company to compel the director or officer to appear in court and show cause why the judgment debt has not been paid.

Section 89. Remission of tax.

The President may remit, wholly or in part, the tax payable by any company if he is satisfied that it will be just and equitable to do so.

Section 90. Relief in respect of error or mistake.

- (1) If any company which has paid tax for any year of assessment alleges that any assessment made upon it for that year was excessive by reason of some error or mistake in the return, statement or account made by or on behalf of the company for the purposes of the assessment, it may, at any time not later than six years after the end of the year of assessment within which the assessment was made, make an application in writing to the Board for relief.
- (2) On receiving any such application the Board shall inquire into the matter and shall, subject to the provisions of this section, give by way of repayment of tax such relief in respect of the error or mistake as appears to be reasonable and just: Provided that no relief shall be given under this section in respect of an error or mistake as to the basis on which the liability of the applicant ought to have been computed where the return, statement or account was in fact made on the basis or in accordance with the practice of the board generally prevailing at the time when the return, statement or account was made.

- (3) In determining any application under this section, the Board shall have regard to all the relevant circumstances of the case, and in particular shall consider whether the granting of relief would result in the exclusion from charge to tax of any part of the profits of the company, and for this purpose the Board may take into consideration the liability of the company and assessments made upon it in respect of other years.
- (4) A determination by the Board under this section shall be final and conclusive.

Section 91. Repayment of tax.

- (1) Save as is otherwise in this Act expressly provided, no claim for repayment of tax shall be allowed unless it is made in writing within six years after the end of the year of assessment to which it relates.
- (2) The Board shall give a certificate of the amount of any tax to be repaid under any of the provisions of this Act or under any order of a court of competent jurisdiction and upon the receipt of the certificate, the Accountant-General of the Federation shall cause repayment to be made in conformity therewith.

PART XIII -OFFENCES AND PENALTIES

Section 92. Penalty for offences.

- (1) Any person guilty of an offence against this Act or any person who contravenes or fails to comply with any of the provisions of this Act or of any rule made there under for which no other penalty is specifically provided, shall be liable on conviction to a fine of N200, and without prejudice to section 55 (4) or (5), where such offence is the failure to furnish a statement or information or to keep records required, a further sum of N40 for each and every day during which such failure continues, and in default of payment to imprisonment for six months, the liability for such further sum to commence from the day following the conviction, or from such day thereafter as the court may order.
- (2) Any person who
 - (a) fails to comply with the requirements of a notice served on him under this Act; or
 - (b) without sufficient cause fails to attend in answer to a notice or summons served on him under this Act or having attended fails to answer any question lawfully put to him, shall be guilty of an offence against this Act.
- (3) Notwithstanding any of the provisions of the Criminal Procedure Act or any other applicable law, a magistrate may dispense with personal attendance of the defendant if he pleads guilty in writing or so pleads by a legal practitioner.
- (4) In the case of failure by a company to comply with the requirements of any notice given by the Board under the provisions of [section 55](#) or 58 of this Act for the purpose of the tax to be charged upon the company for any year of assessment, the Board may, in lieu of the institution of proceedings under subsection (2) of this section, impose a penalty upon the company of an amount equal to the tax chargeable upon the company for the preceding year of assessment: Provided that
 - a. written notice of the penalty shall be served upon the company; and

- b. any amount of such penalty remaining unpaid thirty days after service of such notice may be sued for and recovered in a court of competent jurisdiction by the Board in its official name with full costs of action from the company liable thereto as a debt due to the Government of the Federation; and
- c. a certificate signed by an officer of the Federal Inland Revenue Department duly authorized by the Board setting out the name and address of such company, the date of service of the said notice, and the amount of the penalty remaining unpaid, shall be sufficient authority for the court to give judgment for that amount; and
- d. the Board may remit the whole or any part of such penalty, whether before or after judgment, for any reason which appears to it to be adequate.

Section 93. Penalty for making incorrect return.

- (1) Every company which, and every other person who, without reasonable excuse
 - a. makes an incorrect return by omitting or understating any profits liable to tax under this Act; or
 - b. gives any incorrect information in relation to any matter or thing affecting the liability of any company to tax, shall be guilty of an offence and shall be liable on conviction to a fine of N200 and double the amount of tax which has been undercharged in consequence of such incorrect return or information, or would have been so undercharged if the return or information had been accepted as correct.
- (2) No company or other person shall be liable to any penalty under this section unless the complaint concerning such offence was made in the year of assessment in respect of or during which the offence was committed or within six years after the expiration thereof.
- (3) The Board may compound any offence under this section, and may before judgment stay or compound any proceedings there under.
- (4) For the purposes of this section, a return shall be deemed to be made both by the company and any other person signing such return on behalf of the company.

Section 94. False statements and returns.

- (1) Any person other than a company who
 - a. for the purpose of obtaining any deduction, set-off, relief or repayment in respect of tax for any company, or who in any return, account or particulars made or furnished with reference to tax, knowingly makes any false statement or false representation; or
 - b. aids, abets, assists, counsels, incites or induces any other person
 - (i) to make or deliver any false return or statement under this Act, or
 - (ii) to keep or prepare any false accounts or particulars concerning any profits on which tax is payable under this Act, or unlawfully to refuse or neglect to pay tax. shall be guilty of an offence and shall

be liable on conviction to a fine of N1,000 or to imprisonment for five years, or to both such fine and imprisonment.

- (2) The Board may compound any offence under this section and with the leave of the court may before judgment stay or compound any proceedings there under.

Section 95. Penalties for offences by authorized and unauthorized persons.

Any person who

- (a) being a person appointed for the due administration of this Act or employed in connection with the assessment and collection of the tax who
 - i. demands from any company an amount in excess of the authorized assessment of the tax, or
 - ii. withholds for his own use or otherwise any portion of the amount of the tax collected, or
 - iii. renders a false return, whether orally or in writing, of the amount of tax collected or received by him, or
 - iv. defrauds any person, embezzles any money, or otherwise uses his position as to deal wrongfully with the Board; or
- (b) not being authorized under this Act to do so, collects or attempts to collect the tax under this Act, shall be guilty of an offence and be liable on conviction to a fine of N600 or to imprisonment for three years or to both such fine and imprisonment.

Section 96. Tax to be payable notwithstanding proceedings for penalties.

The institution of proceedings for, or the imposition of a penalty, fine or term of imprisonment under this Act shall not relieve any company from liability to payment of any tax for which it is or may become liable.

Section 97. Prosecution to be with the sanction of the Board.

No prosecution in respect of an offence under section 93 94 or 95 may be commenced except at the instance of or with the sanction of the Board.

Section 98. Saving for criminal proceedings.

The provisions of this Act shall not affect any criminal proceedings under any other enactment.

Section 99. Place of an offence.

An offence under this Act shall be deemed to occur in the town where the registered office of the company is situated or at such other place as the Board may decide.

PART XIV-MISCELLANEOUS

Section 100. Power to alter rate of tax, etc.

The President may, by order, revoke or vary for any year of assessment-

- (a) the rate of tax specified in section 40; and
- (b) any rate of any annual or initial allowance specified in the Second Schedule, save that with respect to an initial allowance any such variation may be expressed to apply to qualifying expenditure incurred after the date of such order or some later specified date.

Section 101. Tax clearance certificate.

- (1) Whenever the Board is of the opinion that tax assessed on profits or income of a person has been fully paid or that tax is due on such profits or income, it shall issue a tax clearance certificate to the person within two weeks of the demand for such certificate by that person or if not give reasons for the denial.
- (2) Any Ministry, department or agency of Government or any commercial bank either whom any person has any dealing with respect to any of the transactions mentioned in subsection (4) of this section, shall demand from such person a tax clearance certificate of three years immediately preceding the current year of assessment.
- (3) A tax clearance certificate shall disclose in respect of the last three years of assessment-
 - (a) total profits or chargeable income;
 - (b) tax payable;
 - (c) tax paid;
 - (d) tax outstanding or alternatively a statement of the effect that no tax is due.
- (4) The provisions of subsection (1) of this section shall apply in relation to the following that is-
 - (a) application for government loan for industry or business;
 - (b) registration for motor vehicles;
 - (c) application for firearms license;
 - (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 and its agencies and registered companies;
 - (g) application for trade license;
 - (h) application for approval of building plans;
 - (i) application for transfer of real property;
 - (j) application for import or export license;
 - (k) application for plot of land;
 - (l) application for buying agent license;
 - (m) application for pools or gaming license;
 - (n) application for registration as a contractor;
 - (o) application for distribution;
 - (p) stamping of guarantor's form for Nigerian passport;
 - (q) application for registration of a limited liability company or of a business names; and
 - (r) application for allocation of market stalls.
 - (s) stamping of statement of the nominal share capital of a company to be registered and any increase in the registered share capital of any company

- o (t) stamping of statement of the amount of loan capital
- (5) An applicant for exchange control permission to remit funds to a non-resident recipient in respect of income accruing from rent, dividend, interest, royalty, fees, or any other similar income shall be required to produce a tax clearance certificate to the effect that tax has been paid on funds in respect of which the application is sought or that no tax is payable whichever is the case.
- (6) When a person who has deducted any tax under any provisions of this Act fails to pay the tax so deducted to the appropriate tax authority, no tax clearance certificate may be issued to that person even if he has fully discharged his own tax liability under this Act.
- (7) where a person is able to produce evidence that he suffered tax by deductions at source and that the assessment year to which the tax relates falls within the period covered by the tax clearance certificate such a person may not be denied a tax clearance certificate. Provided that any balance of tax after credit has been given for the tax so deducted has been fully paid.

Section 102. Conduct of proceedings

Any officer of the Federal Inland Revenue Department duly authorized in writing in that regard by the Chairman of the Board, may conduct any prosecution or other proceeding arising under this Act in any court in the Federation.

Section 103. Power to pay reward.

The Board may with approval of the Commissioner, pay rewards to any person, not being a person employed in the Federal Inland Revenue Department in respect of any information which may be of assistance to the Board in the performance of its duties under this Act.

Section 104. Repeals, transitional provisions. etc.

- (1) Subject to this section and without prejudice to the provisions of section 6 of the Interpretation Act, the Companies Income Tax Act 1961 shall, except where other provisions are made in that behalf in this Act, cease to have effect with respect to tax on the income or profits of companies for all years of assessment beginning after the 31st day of March 1977.
- (2) Anything made or done, or having effect as if made or done, before the date of commencement of this Act under or pursuant to any provision of the Companies Income tax Act by the Board and having any continuing or resulting effect with respect to the taxation of the profits of a company or any matter connected therewith shall be treated and for all purposes shall have effect as if it were made or done by the Board under the corresponding provision of this Act.
- (3) All rules, notices or other subsidiary legislation made under the Companies Income Tax Act 1961 shall continue to have effect as if made under the corresponding provisions of this Act.
- (4) All references in the Personal Income Tax Act and in any other enactment to provisions of the Companies Income Tax Act 1961 shall be construed as references to the corresponding provisions of this Act.

Section 105. Interpretation

- (1) In this Act, unless the context otherwise requires-

"Board" means the Federal Board of Inland Revenue referred to in section 1 of this Act;

"company" means any company or corporation (other than a corporation sole) established by or under any law in force in Nigeria or elsewhere;

"foreign company" means any company or corporation (other than a corporation sole) established by or under any law in force in any territory or country outside Nigeria;

"Joint Tax Board" means the Joint Tax Board established under the provisions of any enactment regulating the taxation of incomes of person of other than companies Nigeria;

"Minister" means the Minister charged with responsibility for finance;

"Nigeria company" means any company incorporated under the Companies and Allied matters Act or any enactment replaced by that Act;

"officers of the board" includes any officer of the Federal Inland Revenue Service;

"persons" includes a company or body of persons;

"tax" means the tax impose by this Act;

"year of assessment" means a period of twelve months commencing on 1st January.

- (2) Any reference in this Act to any section Part or Schedule not otherwise identified is a reference to that section Part or Schedule of this Act.

Section 106. Short title and application.

- (1) This Act may be cited as the Companies Income Tax Act.
- (2) This Act shall, except where other provision is made in that behalf in this Act, apply in respect of tax charged for the year of assessment commencing on 1st April 1977 and each succeeding year of assessment.