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## TEMPLARS Transcripts: Tax Digest Legislative Updates

- National Assembly passes Finance Bill expected to take effect in January 2023:** On 28 December 2022, the Nigerian Senate and House of Representatives passed the Finance Bill 2022 (the Bill). The Bill proposes to introduce significant amendments to various tax, fiscal and regulatory laws in Nigeria including Capital Gains Tax Act, Companies Income Tax Act, Customs, Excise Tariff etc. (Consolidation) Act, Personal Income Tax Act, Petroleum Profits Tax Act, Stamp Duties Act, Value Added Tax Act, Corrupt Practices and other Related Offences Act and the Public Procurement Act. The notable provisions of the Bill are as follows:
  - Imposes capital gains on the disposal of digital assets and incorporeal property generally.
  - Losses arising from the sale of a capital asset to be deducted from gains derived from the sale of another capital of the same class.
  - Grants an investment allowance of 10% and 5% per annum for to medium and large companies engaged in commercial winning, capture, production and utilization of associated and non-associated gas respectively, subject to attaining a cumulative production of 300 billion cubic feet.
  - Introduces a new companies income tax rate of 50% to be imposed on companies that flare gas – including upstream petroleum companies who have not converted to the Petroleum Industry Act (PIA) regime and are not liable to pay Companies Income Tax.
  - Imposes excise duty on all services including telecommunications services provided in Nigeria at rates to be prescribed by the President.
  - Requires every person appointed to deduct VAT at source to remit the collected VAT to the FIRS on or before the 14<sup>th</sup> day of the following month and no longer on or before the 21<sup>st</sup> day.
  - Premium paid to an insurance company in respect of a contract for deferred annuity for an individual or his/her spouse to become an allowable deduction under the Personal Income Tax Act; provided that the premium is not withdrawn before the end of 5 years from the date the premium was paid.

- Designates contributions made to a fund, scheme or arrangement approved by the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) for the purpose of decommissioning and abandonment as allowable deductions under the Petroleum Profits Tax Act.
- Seeks to include Local Governments in the sharing formula with respect to revenue generated from the collection of Electronic Money Transfer Levy under the Stamp Duties Act. The proposed sharing formula is as follows: Federal Government- 15%, State Governments- 50%, Local Governments- 35%.
- Seeks to make provision for the following deductions, among others, in determining the profit of companies in the Lottery and Gaming business; money paid as winnings, prize and funds contribution to the lottery funds, agents commission expenses incurred, taxes and levies paid to relevant regulatory and government authorities as contained in the relevant Federal and State Laws.
- Deleted the exemption of twenty-five percent of incomes in convertible expenses derived from tourists by hotel from taxation.

The Bill has been submitted to the President for presidential assent, after which the Bill will become law.

- **Minister of Finance issues the Excise Duty (Non-Alcoholic, Carbonated and Sweetened Beverages) Regulations 2022:** the Finance Act 2021 introduced an excise tax on non-alcoholic, carbonated and sweetened beverages at a specific rate of N10 per litre. The objective of the tax, amongst other things, is to reduce excessive sugar consumption and consequently, the incidence of non-communicable diseases such as diabetes, heart disease. The Federal Government of Nigeria, through the Minister of Finance, has now issued Regulations for the administration and implementation of the excise tax.

The Regulation provides definitions for the kinds of beverages which are chargeable to and exempt from the payment of the tax. In addition, the Regulation makes provision for payment and filing obligations with respect to manufactured, packaged and imported non-alcoholic beverages.