



REVENUE HOUSE

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PUBLIC NOTICE TO FEDERAL AND STATE MINISTRIES, DEPARTMENTS AND AGENCIES, LOCAL GOVERNMENT COUNCILS, CORPORATE ORGANIZATIONS AND OTHER COLLECTING AGENTS ON PAY-AS-YOU EARN (P.A.Y.E) MONTHLY REMITTANCES AND RETURNS

1. MANDATORY PAYMENT:

Notice is hereby given to all Federal and State Government Ministries, Departments, Agencies, Local Government Councils of the Federation and all other Collecting agents on the mandatory direct electronic(e-) Payment of Pay-As-You Earn (P.A.Y.E) to accounts of Federal Inland Revenue Service (FIRS) and States Internal Revenue Services (SIRS) as appropriate.

Collecting agents are also requested to submit schedules along with the payments as shown under item 5 in approved templates in electronic form (Ms-Excel) to the relevant tax offices of the FIRS while those for the States should be sent to the respective State Internal Revenue Services. This is without prejudice to the submission of Employers Declaration and form H1 which should be submitted at the end of each year.

The administrative arrangement spelt out above is predicated on the provision of Financial Regulation 334 (I1) of the Financial Regulations 2008 which specifies that all government establishments shall make monthly returns of PAYE to FIRS within 21 days after the end of the month of Account.

Over the years, huge arrears of taxes accumulated by Federal, States, Local Government Councils and all other collecting agents all over the country have impacted negatively on the nation's revenue profile. It is also a known fact that the nation needs a sustained flow of revenue for her development purposes.

Furthermore, tax arrears have arisen from the following practices:

- (a) Failure to charge the correct rates of Personal Income Tax (PIT) on resultant chargeable incomes of employees; and
- (b) Partial or non-remittance of PAYE deductions made from employees' salaries/emoluments.

2. RELEVANT LAWS

Total compliance with the relevant provisions of the tax laws will be a safeguard against accumulation of arrears and ensure availability of funds for sustainable national development. The relevant tax laws include but not limited to:

Section 81 of the Personal Income Tax Act Cap P8 LFN 2004 as amended, which enunciates the obligation of the employer to deduct income tax from the emoluments of employees under the PAYE scheme.

It should be noted that failure to comply with the various provisions of the tax laws quoted above attracts sanctions ranging from payments of penalties and interest to imprisonment. The years of imprisonment so prescribed are not an alternative but an addition to the payment of tax, penalty and interest.

In fact, Section 40 of the FIRS (Establishment) Act 2007 states that *any person who is obliged to deduct*

any tax under this Act or the laws in the First Schedule to the Act (Inclusive of Companies Income Tax Act, Capital Gains Tax Act, Value Added Tax Act, Stamp Duties Act, Taxes and Levies, Approved List of Collection, etc) but fails to deduct or having deducted fails to pay to the Service within thirty days from the date the amount was deducted or the time the duty to deduct arose, is guilty of an offence. The law also stipulates that the offender on conviction is liable to pay the tax withheld or not remitted in addition to a penalty of 10 percent per annum of the tax withheld or not remitted and interest at the prevailing Central Bank of Nigeria's minimum rediscount rate and imprisonment for a period of not more than 3 years.

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

For the avoidance of doubt, FIRS has jurisdiction over Personal Income Tax including PAYE of all individuals/employees resident in the FCT, Abuja, persons employed in the Nigerian Armed & Police Forces, officers of the Nigerian Foreign Service and income of non-residents derived in Nigeria; while the States Internal Revenue Services have

jurisdiction over Personal Income Tax including PAYE for all residents within their States.

PAYE should be deducted from the emoluments of individuals resident in the FCT, members of the Armed Forces, Police, officers of the Nigerian Foreign Service and persons resident outside Nigeria who derive income or profit in Nigeria, in accordance with the provisions of PITA. The deductions so made should be paid directly to FIRS accounts through the collecting banks.

PLEASE NOTE THAT ON NO ACCOUNT SHOULD ANY TAX PAYMENT DUE TO THE FEDERAL INLAND REVENUE SERVICE BE MADE TO AN ACCOUNT OTHER THAN THAT OF THE RELEVANT FIRS ACCOUNT IN THE COLLECTING BANKS, AS THIS IS A CONTRAVENTION OF THE TAX LAWS, WHICH ATTRACTS APPROPRIATE SANCTIONS.

Payments to States Internal Revenue Services should be made to the relevant States with accompanied schedules as shown under item 5 for PAYE.

The reliefs and rates applicable for PAYE are as stated in the Personal Income Tax Act Cap P8 LFN 2004 (as amended).

3. MANDATORY TIN GENERATION

A key element of PAYE schedule is the unique Taxpayer Identification

Number (TIN) for both the employers/collecting agents and the employees. TIN is readily generated at relevant tax offices of FIRS all over the country subject to submission of appropriate information.

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

(I) COMPANIES

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

(II) INDIVIDUALS

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

(III) ENTERPRISES

- a. Name
- b. Registration No.
- c. Business Address

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

4. SUBMISSION OF RETURNS

Submission of returns for amounts deducted from emoluments of employees should be made to the Relevant Tax Authority. Returns of PAYE paid to relevant tax authorities should be made not later than the 30th day of the month following the month of payment. Failure shall attract appropriate sanctions. The returns to the relevant tax authority should be reported as follows for FIRS and SIRS respectively:

- (a) **Monthly Returns of PAYE**
To: Tax Controller / State Monitor, Relevant Tax Office of the Federal Inland Revenue Service
- (b) **Monthly Returns of PAYE**
To: Chairman, relevant State Internal Revenue Service

Particulars to be Disclosed in Returns to be Submitted

- (a) **In case of FIRS**
Name of Organisation/
Ministry/State/Local Govt
Type of Tax (PAYE)
Total Amount Remitted
Month and Year of Remittance
- (b) **In case of SIRS**
Name of Organisation/
Ministry/State/Local Govt
Type of Tax (PAYE)
Total Amount Remitted
Month and Year of Remittance

5. SCHEDULE TO BE ATTACHED TO PAYMENTS

PAYE SCHEDULE

Cover Page PAYE SCHEDULE
TAXPAYER/AGENT NAME: _____
ADDRESS: _____
TAXPAYER/AGENT TIN: _____
TRANSACTION AMOUNT: _____
TRANSACTION DATE: _____

Inner Page/Attachment

Staff TIN	Staff Name	Basic Salary	Allowances	Transaction Date (DD/MM/YY)	Tax Amount	Period Covered
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6. NECESSITY OF ONLINE PAYMENT

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

7. CONCLUSION

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

Government Councils and other collecting agents are enjoined to be alive to their obligations by complying with the tax laws to ensure availability of funds for development.

For further clarifications, please contact:

Executive Chairman
Federal Inland Revenue Service,
Revenue House,
15 Sokode Crescent,
Wuse Zone 5, Abuja.

Or

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Signed: Executive Chairman
Federal Inland Revenue Service,