



# FEDERAL INLAND REVENUE SERVICE

## INFORMATION CIRCULAR

NO: 9305  
DATE: 5<sup>TH</sup> NOVEMBER, 1993

### SUBJECT: VAT ON IMPORTS

*This Circular is issued as supplement to the information Circular No. 9304 of 20<sup>th</sup> August, 1993 on Value Added Tax. It throws more light on the administration of VAT on imports and they are intended to ease compliance. The circular is to educate specifically importers of goods and services into Nigeria, including those imports brought in through postal services.*

#### 1. Introduction

1.1 This Circular is not a substitute for the Value Added Tax Act Cap V1 LFN 2004 (as amended). It is therefore not a legal document but simply a guide to ease compliance with the procedure and requirements in the administration of Value Added Tax (VAT) on imports.

1.2 Value Added Tax is a consumption tax on economic operations including imports which in this context means goods and services brought from abroad into Nigeria.

*“Nigeria”, for the purpose of this Circular, means “the Federal Republic of Nigeria including any area outside the territorial waters of the Federal Republic of Nigeria which in accordance with international law has been or may hereafter be designated under the laws of the Federal Republic of Nigeria concerning the continental shelf, as an area within which the rights of the Federal Republic of Nigeria with respect to the sea-bed and their natural resources may be exercised.”*

1.3 Imported goods may be tangible (i.e. raw materials, industrial input and finished goods) or intangible.

#### 1.4 **VAT Point of Import**

The VAT point of imported goods is the relevant port or border post. Where the goods are imported by post at the post office or the place where the goods are received in Nigeria. In the case of intangible assets, the VAT point of import is the place in Nigeria where payment is due.

#### 2. Registration

All non-exempted goods imported into Nigeria will be charged with VAT whether or not

- The goods have attracted customs duty.
- The person importing the goods is registered for VAT.

Normally, private citizens who are themselves final consumers will not be expected to register for VAT.

All commercial importers are regarded as making supplies for a consideration in Nigeria (either by selling the goods or using them as inputs) and will be registrable under normal rules.

. Unregistered persons cannot claim VAT refund for VAT paid on import.

### 3. **Vatable Imported Service**

Any service received from outside Nigeria other than those listed in **appendix 1** to this Circular (i.e. list of exempted goods and services) attract VAT at the normal rate of 5%. In other words, Value Added Tax is calculated and payable on the amount due to the foreign supplier of items such as consultancy services, patent, royalty, franchise etc. VAT on imported services can be expended through the income statement (statement of Profit or Loss).

### 4. **Exempted Goods and Services**

Goods and Services exempted from VAT when sold or bought are also generally exempted from VAT on importation.

The list of exempted goods and services are as given below. They have been expanded to align them with the product code assigned to each of them by the Nigeria Customs Service as contained in **appendix 1** to the Circular. All non-oil exports, goods and services purchased by diplomats and goods purchased for use in humanitarian donor funded projects are zero-rated.

#### (i) **Goods Exempted**

- a. All medical and pharmaceutical products;
- b. Basic food items;
- c. Books and educational materials;
- d. Baby products;
- e. Fertilizer, locally produced agricultural and veterinary medicine, farming machinery and farming transportation equipment;
- f. All Exports;
- g. Plant and machinery imported for use in the Export Processing Zone;
- h. Plant, machinery and equipment purchased for utilization of gas in downstream petroleum operations;
- i. Tractors, ploughs and agricultural equipment and implements purchased for agricultural purposes

#### (ii) **Services Exempted**

- a. Medical Services;

- b. Services rendered by Community Banks, Peoples Banks and Mortgage Institutions; and
- c. Plays and performances conducted by educational institutions as part of learning.
- d. All exported services

## 5. **Determination of Value**

The value of imports on which VAT is payable is governed by the following provisions:

- (i) **Basis of Value:** The taxable value of goods imported into Nigeria is normally the price payable in money for the goods (if there is no other consideration) plus, if not already included in the price, the following:
  - (a) any customs duty or levy payable on importation;
  - (b) any excise duty or other charges payable on imports into Nigeria (except the VAT itself) and
  - (c) all commission, packing, transport and insurance costs incurred up to the period of legal entry of the goods into Nigeria.

In other words, VAT is to be charged in addition to customs duties and all other charges that may be made at the port. It is to be calculated on the total of the cost, insurance and freight (CIF) plus customs duties and all other charges on the imported goods.

- (ii) Amount expressed in foreign currency is to be converted into naira using the rate of exchange adopted by the Nigeria Customs Service (NCS)
- (iii) Where no price in money is payable, for the goods or the price payable at importation is not the sole consideration, the taxable value of the goods is the open market value.

## 6. **Classification of Goods by Product Code**

Goods imported into Nigeria are classified by product codes as contained in the NCS Harmonised System Code for the purpose of VAT collection. Only the product codes of exempted items are listed in this Circular. They are as contained in **appendix 1**.

Any other imported items outside those listed in appendix 1 are Vatable.

## 7. **Designated Points of Entry**

The list of designated points of entry into Nigeria are as contained in **appendix II** to this Circular. They include ports for arrival and departure of ship by sea, airports in Nigeria for arrival and departure of aircrafts and certain border routes in Nigeria as approved border stations for the arrival and departure by land.

## 8. **Rated**

The rate of VAT for imports is 5%. Exports are zero-rated while there are exempted goods and services as contained in **appendix IV**.

## 9. **The Right of Appeal**

If an importer disagrees with an assignment of the VAT payable on an imported consignment, he has a right of appeal to Federal Inland Revenue Service.

. The taxpayer, if not satisfied, can make further appeal through the dispute resolution procedure provided in the law.

## 10. **Assessment**

For importations other than by post, VAT assessment becomes due when the Nigeria Customs Service (NCS) legally accepts the import declaration on entry of goods or, where port of entry is not involved, at the time of legal importation.

## 11. **Returns**

An importer of taxable or non taxable goods and services is to render a return to the relevant tax office closest to him on VAT form 002 (see appendix III) on or before 21<sup>st</sup> day of the month following that in which the import was made.

The return is to be used to cross check the monthly return to be rendered by the Nigeria Customs Service (NCS).

## 12. **Payment**

An importer does not have to wait for the rendering of returns before paying his VAT – since the VAT must be paid along with customs duties and other charges before the goods can be cleared at the ports. The NCS's **Bill of Entry** is designed to accommodate the column for the assessment of VAT on the import (**see appendix IV**).

In other words, the VAT for each imported consignment must be paid to the designated collecting bank at the same time the customs duties are being paid.

## 13. **Input Tax**

The VAT payer who imports for sales or as input to further production or processes can claim as credit the input tax paid on his import along with those paid on goods purchases in Nigeria.

The claim for input tax must be made on the VAT returns form for the month the importation was effected. The input tax to be allowed as a deduction from output tax shall be limited to the tax on goods purchased or imported directly for resale and goods which form the stock in trade used for the direct production of any new product on which the output tax is charged.

If an importer imports goods that are not to be used for business, he still has to pay VAT.

## 14. **Evidence of Input Tax**

To claim credit for input tax, an importer must submit acceptable evidence such as:

- i. The Bill of Entry;

- ii. The Treasury Receipt issued by the Nigeria Customs Service;
- iii. The attested invoice issued by the manufacturer or the supplier or exporter of the goods as the case maybe.

These are documentary evidences required to claim input tax and conduct VAT audit and investigation where applicable.

15. **Rendition of Collection Return by the NCS**

The Nigeria Customs Service is to render, on monthly basis, returns of VAT which it has collected and paid to the Central Bank of Nigeria.

These returns are to be rendered by each point of entry (as defined in paragraph 7 above) to the nearest tax office of FIRS on or before 21<sup>st</sup> day of the month next following that for which the returns is submitted.

In making the returns, the Nigeria Customs Service in each point of entry must include:

- i. the number of the Bill of entry.
- ii. the total value on which VAT was charged
- iii. the VAT charged
- iv. the remittances

The return required by each point of entry (NCS) is to be rendered on VAT Form 006 as contained in **appendix V**.

16. **For Further Information**

For more information on this Circular and other aspects of the VAT, please contact:

- i. the tax office of FIRS nearest to you for enquiries and forms;
- ii. the Nigeria Customs Service (NCS) for import VAT inquiries, or
- iii. The Executive Chairman  
Federal Inland Revenue Service  
Revenue House,  
Plot 15 Sokode Crescent  
Wuse Zone 5, Abuja.

Or

Visit our website: [www.firs.gov.ng](http://www.firs.gov.ng)

Email: [enquiries@firs.gov.ng](mailto:enquiries@firs.gov.ng)

Telephones: 08159490002, 08159490001, 08159490000

## APPENDIX I

### **LIST OF ITEMS EXEMPTED FROM VAT**

- (a)
  - (i) **Medicament:** Harmonised System (H.S.) Codes No 3003.10 to 3003.90
  - (ii) **Pharmaceutical Products:** H/S Chapter 30
- (b) **Basic Food Items**
  - (i) Beans (H.S. Code No 07.13)
  - (ii) Yam tuber (H.S. Code No 07.14)
  - (iii) Cassava (H.S. Code No 07.14)
  - (iv) Maize/Millet (H.S. Code No 11.03 and 11.04)
  - (v) Rice (H.S. Heading 10.06)
  - (vi) Milk (H.S. Code No 04.01 to 04.02)
  - (vii) Fish (H.S. Code No 03.02 – 03.03 and 03.05)
  - (viii) Infant food (H.S. Code No. 1901.10)
- (c)
  - (i) **Books** – H.S., Chapter 49
  - (ii) **Educational Materials**  
Laboratory Equipment (H.S. Code No 84.19, 6909, and 70.17)
- (d) **Newspapers and Magazines** – H.S. Chapter 49
- (e) **Baby Products:**
  - (i) Feeding bottles (H.S. Code No 70.13 or 3923.30)
  - (ii) Carriages (H.S. Code No 8715.00)
  - (iii) Clothes (H.S. No 61.11 and 6209)
  - (iv) Napkins (H.S. Code No 4818.40)
- (f) **Commercial Vehicles and Spare Parts** (H.S. Headings 8701 to 8713)
- (g)
  - (i) **Agricultural Equipments**  
(H.S. Headings 84.31, 84.32, 84.33, 84.34, 84.35, 84.36, 84.37)
  - (ii) **Veterinary Medicine Equipment**  
(HS. Chapter 30, H.S. Code No 90.18, 94.02)
  - (iii) Fertilizer and Farming transportation equipments.

## **APPENDIX II**

### **DESIGNATED POINT OF ENTRY**

<b>List of the Sea Port</b>	<b>List of the International Airports</b>
1. Nigeria Customs Service. Apapa Port, Wharf Road, Apapa	1. Murtala Mohammed International Airport, Ikeja – Lagos.
2. Nigeria Customs Service Tin Can Island Port, Apapa, Lagos.	2. Aminu Kano Internationa Airport, Kano.
3. Nigeria Customs Service Custom House, Calabar, Cross River State.	3. Nnamdi Azikiwe International Airport – Abuja.
4. Nigeria Customs Service, Custom House, Area I Port Harcourt, Rivers State.	4. Port Harcourt International Airport, Omogwa, AreaII, Port Harcourt, Rivers State.
5. Nigeria Customs Service Custom House, Area III Onne – Port Harcourt	5. Sultan Abubakar International Airport, Sokoto, Sokoto State.
6. Nigeria Customs Service Custom House, Warri, Delta State.	6. Maiduguri International Airport, Maiduguri, Borno State.
	7. Kaduna International Airport. Kaduna, Kaduna State.
	8. Calabar International Airport, Calabar, Cross River State.



## BORDER STATIONS/POSTS

- |  |   |
|--|---|
| <p><b>A. Cross River State</b></p> <p>1. Custom Station,<br/>Mfum, Cross River State</p> <p>2. Custom Station(All Border Stations)<br/>Ikang, Cross River State.</p> <p>3. Custom Station,<br/>Ekang, Cross River State.</p>                                       | <p>10. Custom Station,<br/>Wuro –Boki.<br/>Adamawa State.</p> <p>11. Custom Station,<br/>Gurin,<br/>Adamawa State.</p>  |
| <p><b>B. Lagos State</b></p> <p>4. Nigeria Customs Service<br/>Customs House,<br/>Seme Border,<br/>Badagry – Lagos.</p> <p>5. Custom Station (All Border Stations)<br/>Hulky – Sentinel<br/>Via Badagry.</p> <p>6. Custom Station,<br/>Owode,<br/>Via Badagry.</p> | <p><b>D. Kebbi State</b></p> <p>12. Custom Station<br/>Kamba,<br/>Kebbi State.</p> <p>13. Custom Station,<br/>Kangiwa<br/>Kebbi State<br/>.</p> <p>14. Custom Station,<br/>Bagudo,<br/>Kebbi State.</p> <p>15. Custom Post,<br/>Yauri,<br/>Kebbi State.</p>   |
| <p><b>C. Adamawa State</b></p> <p>7. Custom Station,<br/>Mubi – Sahuda,<br/>Adamawa State.</p> <p>8. Custom Station,<br/>Belel,<br/>Admawa State.</p> <p>9. Custom Station, (All Border Stations)<br/>Wuro – Alaji,<br/>Adamawa State.</p>                         | <p><b>E. Sokoto State</b></p> <p>16. Custom Station<br/>Ilela,<br/>Sokoto State.</p> <p>17. Custom Station,<br/>Gada, Sokoto State<br/>(All Border Stations)</p> <p>18. Custom Station,<br/>Sabobini,<br/>Sokoto State.</p> <p><b>F. Benue State</b></p> <p>19. Custom Station,<br/>Katsina-Ala (Border Station)<br/>Benue State.</p> |

20. Custom Station,  
Jato-Aka  
(Border Station)  
Benue State.

**G. Borno State**

21. Custom Station,  
Kiriwa,  
Borno State.
22. Custom Station,  
Banki, Borno State.
23. Custom Station,  
Gamboru,  
Borno State.
24. Custom Station (All Border Station)  
Baga Doro,  
Borno Station.
25. Custom Station,  
Mallam Fatori, Borno State
25. Custom Station,  
Dutse, Borno State.
26. Custom Station,  
Sigal – Borno State.
27. Custom Station,  
Julbe, Borno State.
28. Custom Station,  
Wulgo, Borno State.

**H. Ogun State**

30. Custom House,  
Idiroko, Ogun State.
31. Custom House,  
Ijoffin, Ogun State.
32. Custom House  
Idopotu, Ogun State  
Ogun State.
33. Custom House (All Border Station)

35. Custom House,  
Ijoun,  
Ogun State
36. Custome House,  
Imeko, Ogun State
37. Custom House,  
Ifoyintedo,  
Ogun State.

**I. Kwara State**

38. Custom Station,  
Chikanda, Kwara State
39. Custom Station  
(Border Station)  
Okuta, Via Bukoro,  
Kwara State.

**J. Jigawa State**

40. Customs Post,  
Maigatari  
Jigawa State.
41. Customs Post,  
Galadi,  
Jigawa State.
42. Customs Post,  
Dangwanki,  
Jigawa State.

43. Customs Post,  
Jeke - Birniwa  
Jigawa State.

**K. Taraba State**

44. Custom Station,  
Takum,  
Taraba State.

- |     |  |     |   |
|-----|--|-----|---|
|     | Alari, Ogun State.                       | 45. | Custom Station,<br>Gembu, Taraba State.       |
| 34. | Custom House<br>Ohunse, Ogun State.      | 47. | Custom Station,<br>Bissaula,<br>Taraba State. |
| 46. | Custom Station<br>Abong,<br>Taraba State |     |   |

**L. Niger State**

- 48. Custom Station,  
Babana, Niger State.
- 49. Custom Post,  
Wawa Patrol Base,  
Niger State.
- 50. Custom Post,  
Kontangora,  
Niger State.
- 51. Custom Post,  
Suleja, Niger State.
- 52. Custom Post,  
Luma, Niger State.

**M. Yobe State**

- 53. Custom Station,  
Geidam, Yobe State.
- 54. Custom Station (All Border Station)  
Gashua, Yobe State.
- 55. Custom Station,  
Nguru, Yobe State.

**N. Oyo State**

- 56. Custom Border Station,  
Ijio – Aiyegun,  
Oyo State.
- 57. Custom Border Station,  
Igbo Koko, Via Iseyin,  
Oyo State.
- 58. Custom Border Station,

Agbaruru, Via Iseyin,  
Oyo State.

59. Custom Station,  
Saki – Oyo State

**O. Akwa Ibom State**

60. Custom Station  
Oron,  
Akwa Ibom State.

# APPENDIX III

FORM VAT 002

NIGERIA

**IMPORTANT, Please read the "VAT Information" circular before completing this return. If in doubt contact local VAT office.**

## FEDERAL INLAND REVENUE SERVICE VALUE ADDED TAX RETURN

For Official Use Only

VAT Identification Number		1	
Name: _____ Address: _____		Return to LOCAL VAT OFFICE FEDERAL INLAND REVENUE SERVICE	
This return covers <input type="checkbox"/> Month	Start Month _____	End Month _____	This return and payment due on or before 14th day of month following the month specified.
THIS RETURN MUST BE COMPLETED AND SENT TO LOCAL VAT OFFICE EVEN IF NO VATABLE SUPPLIES HAVE OCCURRED.			
<b>(Sales/Income)</b> Total VATable supplies made for the period (including VAT.) <div style="float: right; border: 1px solid black; width: 100px; text-align: center; background-color: yellow;">2</div>			
Less: Zero - rated supplies included above. <div style="float: right; border: 1px solid black; width: 100px; text-align: center; background-color: yellow;">3</div>			
<b>VAT ON SUPPLIES MADE BY YOU.</b>	Total Supplies subject to VAT		4
	VAT charged by you		5
	Add: Adjustments		6
<b>TOTAL OUTPUT TAX</b>			7
<b>(Purchases/Expenses)</b> VAT on total vatiable supplies received for which invoicing requirements have been met. <div style="float: right; border: 1px solid black; width: 100px; text-align: center; background-color: yellow;">8</div>			
<b>DEDUCTION OF VALUE ADDED TAX ON PURCHASES MADE BY YOU</b>	Add: VAT Adjustments		9
	-----		10
	Total VAT payable by you.		11
Less: VAT on Purchases not wholly used in making vatiable supplies			12
<b>TOTAL DEDUCTIONS (INPUT TAX).</b>			13
Amount to pay/refund due (delete as applicable).			14
<b>NOTE: LATE PAYMENT ARE PENALISED</b>			
<b>DECLARATION:</b> I declare that the particulars in this return are true and correct.			
Signature _____		Full Name: _____	
		Title/Position: _____	
		Date: _____	
<b>FOR OFFICIAL USE ONLY.</b>			
Checked by..... Date..... Verified by.....			
Amount Received <b>N</b> <div style="border: 1px solid black; width: 150px; height: 20px; display: inline-block;"></div>	Cash/Bank Draft	Date.....	

## APPENDIX IV

### **Bill of Entry (Suggested Format)**

				Serial No.		
Name and Address of importer	Manufacturer or supplier (abroad)		Authorising Officer		Amount paid (ex - VAT)	
Quantity & Description of Goods	Invoiced Cost	Freight & Insurance	CIF	Other Charges	Grand Total	VAT at 5%
TOTALS	XXX	XXX	XXX	XXX	XXX	XXX
Name and address of Agent			Amount of Total value in words			
Name and Rank of NCS Officer			Duties paid in words			
Signature			Other charges paid in words			
FOR OFFICIAL USE			V AT paid in words			

NIGERIA  
NIGERIA CUSTOMS SERVICE

.....Port/Airport/Boarder Post  
Returns of VAT Collected and paid to the Central Bank of Nigeria A/C.....  
For the month .....19.....

Serial No.	Bill of Entry	Total VATable Value	VAT Charged	VAT Remitted
		₦	₦	₦
TOTAL OR SUBTOTAL			₦	₦

Total amount lodged in the VAT Account with the CBN  
in the month

Subtotal(1) X  
(2) X  
(3) X  
(4) X  
\_\_\_\_\_  
=====

CERTIFICATION

I certify that the information above is true and correct.

Name:..... Designation:.....

.....  
Signature of Head of  
The Point of Entry