

# GEMS 3

## TAX TOOLKIT

IMPROVING STATE & LOCAL GOVERNMENT  
TAX REVENUE PROCESSES



### PART: 2

## Presumptive Tax Regulations Implementation

# GEMS 3

## TAX TOOLKIT

---

IMPROVING STATE & LOCAL GOVERNMENT  
TAX REVENUE PROCESSES

### **Tax Toolkit:**

Presumptive Tax Regulations  
Implementation  
June 2016

#### **Abstract**

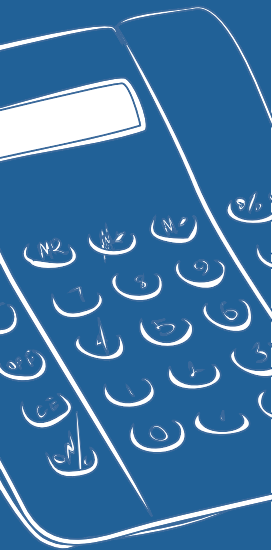
*This guide should be used to supplement state tax team work plans. It gives a detailed step-by-step guide to assisting with the implementation at State government level of the Presumptive Tax Regulations that were promulgated by the Federal Government in 2015.*

## LIST OF ABBREVIATIONS

<b>AGM</b>	Annual General Meeting
<b>BIR</b>	Board of Internal Revenue
<b>BMO</b>	Business Membership Organisation
<b>CATU</b>	Council and Traders Union
<b>CBN</b>	Central Bank of Nigeria
<b>CRSG</b>	Cross River State Government
<b>CSO</b>	Civil Society Organisation
<b>DFID</b>	UK Department for International Development
<b>DPM</b>	Director of Personnel Management
<b>ENABLE2</b>	Enhancing Nigerian Advocacy for a Better Business
<b>EXCO</b>	Executive Council
<b>FIRS</b>	Federal Inland Revenue Service
<b>GBP</b>	Great British Pounds
<b>GEMS3</b>	Growth and Employment in States 3
<b>GIZ</b>	Gesellschaft für Internationale Zusammenarbeit
<b>IGR</b>	Internally Generated Revenue
<b>IMO</b>	Interim Management Officer
<b>JTB</b>	Joint Tax Board
<b>KACCIMA</b>	Kano Chamber of Commerce, Industry, Mines and Agriculture
<b>KASTU</b>	Kano State Traders Union
<b>LASAA</b>	Lagos State Signage & Advertisement Agency
<b>LCDA</b>	Local Council Development Areas
<b>LG</b>	Local Government
<b>LG&amp;CA</b>	Local Government and Chieftaincy Affairs
<b>LGA</b>	Local Government Area
<b>LGC</b>	Local Government Councils
<b>LIRS</b>	Lagos State Internal Revenue Service
<b>LRC</b>	Land Records Company, Lagos
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MAN</b>	Manufacturers' Association of Nigeria
<b>MDA</b>	Ministries, Departments and Agencies
<b>MOA</b>	Memorandum of Agreement
<b>MoJ</b>	Ministry of Justice
<b>MoLG</b>	Ministry of Local Government
<b>MOU/MoU</b>	Memorandum of Understanding
<b>NASSI</b>	Nigerian Association of Small Scale Industrialists
<b>NGN</b>	Nigerian Naira
<b>NGO</b>	Non-Governmental Organisation
<b>NIBSS</b>	Nigerian Inter-Bank Settlement System
<b>NURTW</b>	National Union of Road Transport Workers
<b>OPS</b>	Organised Private Sector
<b>PAYE</b>	Pay-As-You-Earn
<b>PIN</b>	Personal Identification Number
<b>PIT</b>	Personal Income Tax
<b>POS</b>	Point of Sales/Point of Service
<b>PPD</b>	Public Private Dialogue
<b>PPEM</b>	Public Private Engagement Mechanism
<b>PT</b>	Presumptive Tax
<b>RCIU</b>	Revenue Complaints and Information Unit
<b>SAVI</b>	State Accountability and Voice Initiative
<b>SHoA</b>	State House of Assembly
<b>SME</b>	Small and Medium Enterprise
<b>SMS</b>	Short Message Service
<b>SOP</b>	Standard Operating Procedures
<b>SPARC</b>	State Partnership for Accountability, Responsiveness and Capability
<b>SWOT</b>	Strengths, Weaknesses, Opportunities and Threats
<b>TAT</b>	Tax Appeal Tribunal
<b>TIN</b>	Taxpayer Identification Number
<b>TNA</b>	Training Needs Analysis
<b>ToT</b>	Training of Trainers
<b>UK</b>	United Kingdom
<b>WEE</b>	Women Economic Empowerment

## LIST OF ABBREVIATIONS

<b>AGM</b>	Annual General Meeting
<b>BIR</b>	Board of Internal Revenue
<b>BMO</b>	Business Membership Organisation
<b>CATU</b>	Council and Traders Union
<b>CBN</b>	Central Bank of Nigeria
<b>CRSG</b>	Cross River State Government
<b>CSO</b>	Civil Society Organisation
<b>DFID</b>	UK Department for International Development
<b>DPM</b>	Director of Personnel Management
<b>ENABLE2</b>	Enhancing Nigerian Advocacy for a Better Business
<b>EXCO</b>	Executive Council
<b>FIRS</b>	Federal Inland Revenue Service
<b>GBP</b>	Great British Pounds
<b>GEMS3</b>	Growth and Employment in States 3
<b>GIZ</b>	Gesellschaft für Internationale Zusammenarbeit
<b>IGR</b>	Internally Generated Revenue
<b>IMO</b>	Interim Management Officer
<b>JTB</b>	Joint Tax Board
<b>KACCIMA</b>	Kano Chamber of Commerce, Industry, Mines and Agriculture
<b>KASTU</b>	Kano State Traders Union
<b>LASAA</b>	Lagos State Signage & Advertisement Agency
<b>LCDA</b>	Local Council Development Areas
<b>LG</b>	Local Government
<b>LG&amp;CA</b>	Local Government and Chieftaincy Affairs
<b>LGA</b>	Local Government Area
<b>LGC</b>	Local Government Councils
<b>LIRS</b>	Lagos State Internal Revenue Service
<b>LRC</b>	Land Records Company, Lagos
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MAN</b>	Manufacturers' Association of Nigeria
<b>MDA</b>	Ministries, Departments and Agencies
<b>MOA</b>	Memorandum of Agreement
<b>MoJ</b>	Ministry of Justice
<b>MoLG</b>	Ministry of Local Government
<b>MOU/MoU</b>	Memorandum of Understanding
<b>NASSI</b>	Nigerian Association of Small Scale Industrialists
<b>NGN</b>	Nigerian Naira
<b>NGO</b>	Non-Governmental Organisation
<b>NIBSS</b>	Nigerian Inter-Bank Settlement System
<b>NURTW</b>	National Union of Road Transport Workers
<b>OPS</b>	Organised Private Sector
<b>PAYE</b>	Pay-As-You-Earn
<b>PIN</b>	Personal Identification Number
<b>PIT</b>	Personal Income Tax
<b>POS</b>	Point of Sales/Point of Service
<b>PPD</b>	Public Private Dialogue
<b>PPEM</b>	Public Private Engagement Mechanism
<b>PT</b>	Presumptive Tax



# CONTENT

1. PRESUMPTIVE TAX - INTRODUCTION	44
1.1 What is Presumptive Tax?	44
1.2 Reasons for the Presumptive Tax	44
1.3 Implementation of the Presumptive Tax at State government level	45
2 PRESUMPTIVE TAX ACTIVITIES	46
2.1 Establishment of Technical Working Committee at BIR	46
2.2 Agreement reached on Presumptive Tax rates in the State	46
2.3 Training of BIR staff	46
2.4 Presumptive Tax registration and database development	46
2.5 Presumptive tax sensitisation	46
2.6 Completion of presumptive tax activities	46
APPENDIX 1: THE PRESUMPTIVE TAX POLICY FRAMEWORK 2015	47
APPENDIX 2: PRESUMPTIVE TAX REGISTRATION FORM	48
APPENDIX 3: PRESUMPTIVE TAX RETURNS FORM	49
APPENDIX 4: PRESUMPTIVE TAX RATE TABLE	50
APPENDIX 5: PRESUMPTIVE TAX REGULATIONS 2015	52



## 1. PRESUMPTIVE TAX - INTRODUCTION

### 1.1 What is Presumptive Tax?

Presumptive Tax is personal income tax on individuals who are in business that is chargeable under the Personal Income Tax Act. Presumptive Tax is not another type of tax but a method of assessment of Personal Income Tax (PIT) supported by section 36(6) of the Personal Income Tax (Amendment) Act 2011 which states as follows:

“Notwithstanding any of the provisions of this Act, where for all practical purposes the income of the taxpayer cannot be ascertained or records are not kept in such a manner as would enable proper assessment of income, then such a taxpayer shall be assessed on such terms and conditions as would be prescribed by the Minister in regulations by order of gazette under a presumptive tax regime.”

It is a tax regime/system of assessing taxpayers to tax where, for all practical reasons/ purposes, their income cannot be ascertained or records are not kept in such manner as would enable proper assessment of their income.

### 1.2 Reasons for the Presumptive Tax

Presumptive taxes are a way of taxing income in the absence of an accurate way to assess income.

The benefits of presumptive tax are envisaged to be as follows:

#### To the Government

1. Reduced assessment objections that free-up resources/time to other functional areas of revenue management.
2. Reduces the tendency and ability of BIRs to make multiple, subjective and inaccurate assessments; fraud is minimised/eliminated.
3. Reduces the possibility of leakages as the BIRs have a centralised database of taxpayers and therefore have a more accurate idea of the tax that should be collected
4. Better understanding between the BIRs and the taxpayers increases voluntary compliance.
5. It expands the tax net by widening the tax base and hence increases IGR.
6. It allows the government to tax its citizens in a more equitable fashion.

#### To Taxpayers

1. It provides taxpayers with a simplified option for tax compliance and removes the administrative burden otherwise required for compliance.
2. The tax burden is more evenly spread among the taxpayers.
3. Discourages tax evasion and tax avoidance; increases financial transparency.
4. Recognises record-keeping limitations that exist in practice.
5. It gives a sense of patriotism and responsibility.
6. Incentive: bonus of 1% on tax payable for prompt filling of tax returns.



### 1.3 Implementation of the Presumptive Tax at State government level

GEMS3 is supporting the domestication and implementation of the Federal Government Presumptive Tax Policy 2015 in three selected states – Kano, Kaduna and Cross River. This is to assist tax compliance by taxpayers (individuals including any corporation sole, trustees or executors with income chargeable to tax) in a hassle-free manner while helping states expand their tax net.

In domesticating and implementing the presumptive tax regime, GEMS3's approach has been through the implementation of the following suite of activities:

#### **Establishment of Technical Working Committee at BIR**

The Ministry of Finance in conjunction with the State Board of Internal Revenue Service set up a Technical Working Committee at the BIRs to champion and facilitate the implementation of the Presumptive Tax system in the state. Its functions included:

- a. Producing tax rates in consultation with all relevant stakeholders;
- b. Organising PPDs with the various trade unions, associations, and professions to sensitise, agree on the rates and secure their cooperation;
- c. Building and/or improving the database of taxpayers in the informal sector including administering presumptive tax registration forms and assisting taxpayers with their completion.

#### **Public Private Dialogue**

Several PPD workshops were conducted in order to bring together public and private sectors to:

- a. Agree precise rates and application of rules in a state;
- b. Get buy-in and sensitise organised private sector;
- c. Agree state level “tax for service” activities that will benefit informal sector; and execute MOU (where possible) on application of presumptive tax in state;
- d. Introduce better payment techniques: customised teller, POS.

#### **Training of BIR Staff**

GEMS3 conducted training for staff of BIRs to understand the provisions of the Presumptive Tax regulations and to enhance their capacity to implement presumptive tax.

#### **Developing Data Base of Taxpayers Through Registration**

The effectiveness of the implementation of presumptive tax substantially depends on the quality of a state's data on the informal sector; hence the need to undertake comprehensive registration of all businesses in the informal sector. This is achieved through identification of all the various trades, vocations and professions and registering them accordingly. GEMS3 has supported selected state revenue agencies to improve their taxpayers' database.

#### **Sensitisation**

An intensive campaign awareness was carried out to sensitise and educate the general public on the new presumptive tax system especially the agreed rates so that taxpayers are aware of what, how, when and where to pay.

GEMS3 has prepared a report on its implementation activities in the three states and has shared this with FIRs/JTB to help improve the rules and to aid other states with presumptive tax implementation.





## 2 PRESUMPTIVE TAX ACTIVITIES

### 2.1 Establishment of Technical Working Committee at BIR

- a. Discuss need to implement Presumptive Tax Regulations with relevant State Government stakeholders and make a case for a technical working committee and outline its role
- b. Establish Technical Working Committee

### 2.2 Agreement reached on Presumptive Tax rates in the State

- a. Produce first draft of potential rates with Technical Working Committee
- b. Facilitate presentation and discussion on draft with relevant stakeholders via meetings and PPDs
- c. Document agreement on rates for the State
- d. Obtain endorsement by working committee and relevant stakeholder management
- e. Record “agreement reached on presumptive tax rates” milestone as having been met

### 2.3 Training of BIR staff

- a. Agree plans with BIR management for training of staff on presumptive tax regime
- b. Conduct training

### 2.4 Presumptive Tax registration and database development

- a. Review state of existing database at BIR
- b. Identify best approach for presumptive tax registration
- c. Oversee issue and initial completion of presumptive tax registration forms
- d. Ensure registration information recorded in database

### 2.5 Presumptive tax sensitisation

- a. Plan presumptive tax sensitisation with working committee
- b. Agree resourcing and financing responsibilities
- c. Conduct sensitisation activities

### 2.6 Completion of presumptive tax activities

- a. Prepare report on presumptive tax activities conducted
- b. Agree report with working committee and obtain approval to share with FIRS/JTB
- c. Share report with FIRS/JTB
- d. Record “presumptive tax activities completed” milestone as having been met





## APPENDIX 1: THE PRESUMPTIVE TAX POLICY FRAMEWORK 2015

The Federal Government in 2015 through the Federal Ministry of Finance introduced a policy on Presumptive Tax (PT) to facilitate tax compliance by taxpayers whose income for all practical purposes cannot be ascertained or where records are not readily available for proper assessment of income. The Minister of Finance signed the “Presumptive Tax Regulations 2015” in June 2015 (see Appendix 5). The regulations set out as follows:

### 1.1 Categories of Taxpayers under the Presumptive Tax Regime

Taxpayers are to be categorised into Micro, Small and Medium business, based on their levels of business activities for the purpose of determining the rate band for each category.

### 1.2 Process/Procedures

#### 1. Registration

PT is to be administered by tax authority (Federal Inland Revenue Service (FIRS) or State Boards of Internal Revenue (BIRs) using Tax Registration Form (Appendix 2) and Tax Returns Forms (Appendix 3)

Taxpayers are expected to file returns on or before 90 days from the commencement of every year.

#### 2. Payment

Payments would be made in accordance with the category of business, vocation, and profession contained in the Administrative Tax Table (Appendix 4). The rates payable by taxpayers under the PT system would largely depend on the details of their businesses. However, the mode and procedures for payment shall be as prescribed by the relevant tax authority.

#### 3. Tax Clearance Certificate

The taxpayer is entitled to and shall be issued with Tax Clearance Certificate by the relevant tax authority.

#### 4. Exit Rule

A taxpayer under the presumptive tax regulations may voluntarily exit and file the requisite tax returns and be assessed under the Personal Income Tax Act in any tax year. On the other hand, the relevant tax authority can opt to assess a taxpayer under the Personal Income Tax Act where it is discovered that a taxpayer has valid records or information.

### 1.3 Rate Guides

The regulations provide rate bands in the administrative document (see Appendix 4) for all categories of the informal sector (trades, vocation or profession) as a guide for states. The rates are classified into minimum, medium and maximum based on which tax rate can be determined for the taxpayer. The states are however allowed to negotiate and agree rates with trade associations.

## APPENDIX 2: PRESUMPTIVE TAX REGISTRATION FORM

62

SCHEDULE 1

**FEDERAL REPUBLIC OF NIGERIA**  
Federal Inland Revenue Service (FIRS), State Boards of Internal Revenue (SBIRs)  
**PRESUMPTIVE TAX REGISTRATION FORM**  
Made Pursuant to Section 6 of the Personal Income Tax (Amendment) Act, 2011

Instructions: All information should be filled in ink and capital letters, no abbreviation is allowed. Entries should not spill to neighbouring block

---

1) Name of Taxpayer/Registered Name -----

2) Nationality -----

3) Residential Address -----

4) GSM Number. -----

5) Business Type -----

6) Business Name -----

7) Registered Business Name -----

8) Commencement Date -----

9) Means of Identification -----

10) Business Registration No.-----

11) Taxpayer Identification No. (TIN) -----

\_\_\_\_\_  
Signature/Thumbprint

\_\_\_\_\_  
Date of Registration

7



# APPENDIX 3: PRESUMPTIVE TAX RETURNS FORM

63

**SCHEDULE 2**

**FEDERAL REPUBLIC OF NIGERIA**  
Federal Inland Revenue Service (FIRS), State Boards of Internal Revenue (SBIRs)  
**PRESUMPTIVE TAX RETURNS FORM**  
Made Pursuant to Section 6 of the Personal Income Tax (Amendment) Act, 2011  
For self Employed Individuals, Enterprises and those engaged in trades (To be submitted at the relevant tax authority)  
Instructions: All information should be filled in ink and capital letters, no abbreviation is allowed. Entries should not spill to neighbouring block

---

1. Name of Taxpayer/Registered Name -----
2. Nationality -----
3. Residential Address -----
4. GSM Number. -----
5. Assessment Year -----
6. Presumptive Tax Payable -----
7. Presumptive Tax Paid -----
8. Taxpayer Identification Number (TIN) -----
9. Nature of Business -----

\_\_\_\_\_  
Signature/Thumbprint

\_\_\_\_\_  
Date

FOR OFFICE USE

PERIOD OF FILING	DUE DATE	DATE FILED	REMARKS

TAX AUTHORITY: ----- SIGNATURE: ----- DATE: -----

8

## APPENDIX 4: PRESUMPTIVE TAX RATE TABLE

65

ADMINISTRATIVE DOCUMENT FOR THE GUIDANCE OF PRESUMPTIVE TAX ADMINISTRATORS  
PRESUMPTIVE TAX TABLE

S/NO	TRADE/BUSINESS	Micro Business	Small Business	Medium Business
1	Boutiques and other cloth sellers – Adult and Children wear.	2,500.00	32,500.00	100,000.00
2	Fabricating, Welding, Bench Milling, Black Smith, Gold Smith.	2,500.00	27,500.00	100,000.00
3	Confectioneries and Bakeries.	2,500.00	67,500.00	150,000.00
4	Barbers and Hair Dressing Saloon.	2,500.00	37,500.00	100,000.00
5	Service Providers – Business Centres and Typing Studio, Printers, Thrift Collector, Video Clubs, Car Wash and Owners, Casino Operators, Cyber Café Operators, Drama Group, Laundries, Dry Cleaners, Cinemas, Commercial Mobile Calls, Photographers/Photo Developers, Recreational Centre, Refuse Collections, Rentals, Travel Agency.	2,500.00	60,000.00	150,000.00
6	Artisans – Masons, Vulcanizes, Iron Benders, Carpenters, Cobblers, Painters and Decorators, Plumbers.	2,500.00	45,000.00	100,000.00
7	Petrol, Kerosene and Lubricant Sellers.	2,500.00	32,500.00	120,000.00
9	Tailoring, Interior Decoration, Fashion Designers and Garment Makers, Curtain Makers, Seamstress.	2,500.00	82,500.00	150,000.00
10	Transport Workers – Taxi, Bus, Lorry, etc.	2,500.00	45,000.00	120,000.00
11	General Trading/Enterprises - Retail and Wholesale, Land Speculators, Raw Food, Bookshops/Stationery Stores, Building Materials, Cement, Cooking Gas, Air-conditioners, Mattress/Foams, Doors, Electrical Parts and Fittings, Furniture/Furnishing Material, Gas Refilling, General Contractor, General Merchants and Distributors, Gift Shop, Entrepreneurs, Imitation Jewel, Jewel, Land Speculators, Leather Carpets, Licensed Merchants, Mobile Phone, Motor Cycle, Spare Parts, Patent Medicine, Photographic Materials, Plank, Plastic Rubbers, Plumbing Materials, Poultry Feeds, Raw Food, Rugs and Carpets, Sewing Machine, Timber Dealers, Tire, Wine and Beer License Operators, Yoghurt.	2,500.00	60,000.00	140,000.00



66

12	Financial Services – Bureau De Change, Pool Agents and Promoters, Money Lenders.	2,500.00	50,000.00	140,000.00
13	Furniture and Cabinet Makers.	2,500.00	50,000.00	150,000.00
14	Restaurant and Food Sellers.	2,500.00	60,000.00	130,000.00
15	Property – Guest House, Lodging, Face to Face Building.	2,500.00	50,000.00	140,000.00
16	Mechanics, Technicians, Electricians, Panel Beaters, Motorcycle, Bicycle, Keke NAPEP, Clock and Watch Repairers, and other Machine Repairers, Re-wires, Battery Chargers.	2,500.00	43,500.00	100,000.00
17	Artisans, Design and Sign Writers, Hand Craft Makers Graphic Arts.	2,500.00	65,000.00	140,000.00
18	Professional Services – Opticians, Photo lab, Auctioneers. Draughtsman, Maternity Owners, Medicine Store Patent.	2,500.00	55,000.00	120,000.00
19	Entertainment Service, Musicians.	2,500.00	53,500.00	120,000.00
20	Agriculture, Forestry, Fishing, Hunting, Butchers/Meat Sellers, Horticulture/Florist, Farm Settlers, Poultry, Piggery.	2,500.00	40,000.00	130,000.00
21	Aluminum Fabrication and Products.	2,500.00	38,750.00	100,000.00
22	Processors, Producers and Manufacturers – Blocks, Culvert. Well Ring, Pure Water, Welders, Shoe Makers, Cold Rooms, Palm Oil Miller, Grind Mills, Sawmill Proprietors.	2,500.00	60,000.00	150,000.00
23	Transport Owners.	2,500.00	50,000.00	150,000.00
24	All other trades/services covered by the regulation but not listed above.	2,500.00	50,000.00	150,000.00

**MICRO BUSINESSES:** The tax levied on traders at the lowest rung of the ladder in a particular presumptive tax trade/business.

**SMALL BUSINESSES:** The tax levied on traders that will not ordinarily be regarded as very small and very big, and not formally registered, in a particular presumptive tax/business.

**MEDIUM BUSINESSES:** The tax levied on traders that are very big but not formally registered, in a particular presumptive tax trade/business.

## APPENDIX 5: PRESUMPTIVE TAX REGULATIONS 2015

57

**PRESUMPTIVE TAX REGULATIONS, 2015**

ARRANGEMENT OF REGULATIONS

Regulation:

<b>PART I</b>	<b>OBJECTIVE AND SCOPE</b>
1.	Objective
2.	Scope
<b>PART II</b>	<b>THOSE TO BE ADMINISTERED UNDER THE PRESUMPTIVE TAX REGIME</b>
3.	Those to be administered under the presumptive tax regime
<b>PART III</b>	<b>TAX REGISTRATION AND TAX RETURNS</b>
4.	Tax registration
5.	Tax returns
<b>PART IV</b>	<b>TAX PAYMENT UNDER PRESUMPTIVE TAX REGIME</b>
6.	Tax Payment
7.	Tax Clearance Certificate
<b>PART V</b>	<b>ADMINISTRATION OF PRESUMPTIVE TAX REGIME</b>
8.	Administration of Presumptive Tax Regime
9.	Administrative settlement
10.	Objection And Appeal
11.	Bonus for prompt filing
<b>PART VI</b>	<b>EXIT RULE</b>
12.	Exit rules
<b>PART VII</b>	<b>SANCTIONS AND PENALTIES</b>
13.	Penalty for Non-Payment
<b>PART VIII</b>	<b>INTERPRETATION AND CITATION</b>
14.	Interpretation
15.	Citation

**LIST OF SCHEDULES**

1. PRESUMPTIVE TAX REGISTRATION FORM	Schedule 1
2. PRESUMPTIVE TAX RETURNS FORM	Schedule 2

2



58

## PRESUMPTIVE TAX REGULATIONS, 2015

[.....] Commencement

In exercise of the powers conferred on me, Dr (Mrs) Okonjo Iweala, Hon. Coordinating Minister of the Economy and Minister of Finance by Section 36 (6) of Personal Income Tax (Amendment) Act, 2011 and all other powers enabling me in that behalf, hereby make the following Regulations-

### PART I - OBJECTIVE AND SCOPE

**1. Objective**

The objective of these Regulations is to set out processes and procedures and provide standard guidelines for the implementation of the Presumptive Tax Regime in Nigeria.

**2. Scope**

These Regulations shall apply to taxpayers where for all practical purposes their income cannot be ascertained or records are not kept in such manner as would enable proper assessment of income.

### PART II - THOSE TO BE ADMINISTERED UNDER THE PRESUMPTIVE TAX REGIME

**3. Those to be administered under the presumptive tax regime**

Categories of Taxpayers to be administered under these Regulations shall include taxpayers, where for all practical purposes their income cannot be ascertained or records are not kept in such manner as would enable proper assessment of income. These taxpayers are to be categorised according to the following bands; Micro, Small, and Medium Businesses based on their level of activities

### PART III - TAX REGISTRATION AND TAX RETURNS

**4. Tax registration**

The presumptive tax regime shall be administered by the tax authority using Tax Registration Form in Schedule 1 and Tax Returns Form in Schedule 2 of these Regulations on respective taxpayers within their jurisdiction on annual basis.



§ 59

**5. Tax returns**

Tax payer operating under the Presumptive Tax Regime are to file returns on or before 90 days from the commencement of every year.

**PART IV - TAX PAYMENT UNDER PRESUMPTIVE TAX REGIME****6. PAYMENT**

(1) The Tax payable shall be in accordance with the category of Trade, Businesses, Vocation and Professions as contained in an administrative tax table to be administered by the relevant tax authority.

(2) The mode and the procedures for payment of the tax shall be in the manner prescribed by the relevant Tax Authorities.

**7. TAX CLEARANCE CERTIFICATE**

Upon payment of all tax assessments, the tax payer shall be entitled to be issued a tax clearance certificate.

**PART V - ADMINISTRATION OF PRESUMPTIVE TAX REGIME****8. Administration of Presumptive Tax Regime**

(1) It shall be the duty of the tax payer to file his returns annually, but the tax authorities shall engage the taxpayer with a view to obtaining relevant information on the nature and level of business carried out.

(2) Pursuant to the outcome of (1) above, the tax authority shall determine the band the taxpayer should belong to.

(3) Taxpayers shall be encouraged to keep records of their transactions.

**9. Administrative Settlement**

Any taxpayer that contends the band/assessment arrived at in Regulation 8(2) may file an objection to the tax authority stating clearly the grounds of Claim within 15 days of the receipt of the assessment.

**10. Judicial Review**

Where the taxpayer is not satisfied with the decision of the relevant tax Authority, such person may appeal to the Tax Appeal Tribunal (TAT) or a Court of Competent Jurisdiction within 30 days of the receipt of the decision of the tax authority.



61

- (d) "Presumptive Tax" means personal income tax on individuals, chargeable under the Personal Income Tax Act where it is not possible or impracticable to keep accounting records.
- (e) "Tax Authority" means Federal Inland Revenue Service and States Internal Revenue Service.
- (f) "Returns" means documents used for purpose of assessing a taxpayer under these Regulation by the relevant tax authority for an assessment period;
- (g) "Taxpayer" means any individual or body of individuals (including any corporation sole, trustee or executors) having any income which is chargeable to tax under the presumptive tax regime.

#### 15. Citation

These Regulations may be cited as the "Nigeria Presumptive Tax Regulations, 2015"

Made at Abuja this .....day of .....2015

-----  
Minister of Finance

#### EXPLANATORY MEMORANDUM

*(This note does not form part of the above Regulations  
but is intended to explain its purport)*

These Regulations seek to administer persons under the presumptive tax regime in such terms and conditions as prescribed in these Regulations, where for all practical purposes the income of the taxpayer cannot be ascertained or records are not kept in such manner as would enable proper assessment of income.

60

**11. Bonus for prompt filing**

A taxpayer who keeps up to date records and files a return under these Regulations within the specified period shall be granted a bonus of 1% of the tax payable.

**PART VI - EXIT RULE****12. Exit rules**

- (1) Except where it is almost impossible, tax payers are to be encouraged to keep some form of records in order to exit from the Presumptive Tax Regime and be assessed on Pay-As-You-Earn/Direct Assessment Principle.
- (2) A taxpayer under these Regulations may voluntarily exit and file the requisite tax returns and be assessed under the Personal Income Tax Act in any tax year.
- (3) Where the tax authority discovers, based on available taxpayer record or any other valid record or information that the taxpayer ought to be assessed under the Personal Income Tax Act, such taxpayer shall be assessed as appropriate under the Act.

**PART VII - SANCTIONS AND PENALTIES****13. Sanctions and Penalties.****(1) Failure for non-payment of Presumptive Tax**

A taxpayers under these Regulations who fails or neglects to make payment of the tax due shall be liable pursuant to section 76 of the Personal Income Tax Act (as amended)

**PART VIII - INTERPRETATION AND CITATION****14. Interpretation**

For the purpose of these regulations:

- (a) "Assessment Period" means a period of one calendar year.
- (b) "Informal Sector businesses" means where for all practical purposes the income of a taxpayer cannot be ascertained or records are not kept in such manner as would enable proper assessment of income.
- (c) "Person" means individuals engaged in businesses, trades, vocation and professional services that are taxable under these Regulations



**KANO STATE HOUSE OF ASSEMBLY**  
REGULATIONS & CONSTITUTION

Passing of the Tax harmonisation bill into law, Kano



## For further information, contact:

### **Louisa Chinedu-Okeke**

Project Manager, Tax Workstream  
Growth and Employment in States (GEMS3)  
24 Buchanan Crescent  
Wuse II  
Abuja

E: [louisa.chinedu-okeke@gems3nigeria.com](mailto:louisa.chinedu-okeke@gems3nigeria.com)

M: 0908 706 8516

[www.gemsnigeria.com/gems-3](http://www.gemsnigeria.com/gems-3)

[info@gemsnigeria.com](mailto:info@gemsnigeria.com)

---

### **Amos O. Oduleye**

Head, Technical Services  
Joint Tax Board  
Plot No 1863, Cadastral Zone A04, Lee-Kuan  
Yew Street,  
Asokoro Extension 3, FCT, Abuja

E: [somasudo@yahoo.com](mailto:somasudo@yahoo.com)

M: 08065983630

[www.jtb.gov.ng](http://www.jtb.gov.ng)



GEMS3 is a DFID funded program  
Implemented by Adam Smith International