

CHAPTER VI

VALUE ADDED TAX ACT

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FIRST SCHEDULE

Goods and services exempt

CHAPTER V1

VALUE ADDED TAX ACT

An Act to impose and charge Value Added Tax on certain goods and services and to provide for the administration of the tax and matters related thereto.

[1993 No. 102, 2007 No. 53]

[Commencement]

[1st December, 1993]

PART I

1. Imposition, etc., of Value Added Tax

There is hereby imposed and charged a tax to be known as the Value Added Tax (in this Act referred to as “the tax”) which shall be administered in accordance with the provisions of this Act.

2. Taxable goods and services

- (1) The tax shall be charged and payable on all supplies of goods and services in Nigeria other than those listed in the First Schedule to this Act.

[2020 No. 1, s. 40]

- (2) For the purposes of this Act, goods and services consumed or otherwise utilised in Nigeria are supplied in Nigeria.

[2020 No. 1, s. 40]

- (3) Notwithstanding the provisions of subsection (1), a taxable supply shall be deemed to take place in Nigeria if-

[2020 No. 1, s. 40]

- (a) in respect of goods-

- (i) the goods are physically present in Nigeria at the time of supply, imported into Nigeria, assembled in Nigeria or installed in Nigeria, or
- (ii) the beneficial owner of the rights in or over the goods is a taxable person in Nigeria and the goods or right is situated, registered or exercisable in Nigeria;

- (b) in respect of a service-

- (i) the service is rendered in Nigeria by a person physically present in Nigeria at the time of providing the service,
- (ii) the service is provided to and consumed by a person in Nigeria, regardless of whether the service is rendered within or outside Nigeria or whether or not the legal or

contractual obligation to render such service rests on person within or outside Nigeria, or

- (iii) the service is connected with existing immovable property (including the services of agents, experts, engineers, architects, valuers, etc.), where the property is located in Nigeria ; and

(c) in respect of an incorporeal-

- (i) the exploitation of the right is made by a person in Nigeria,
- (ii) the right is registered in Nigeria, assigned to or acquired by, a person in Nigeria, regardless of whether the payment for its exploitation is made within or outside Nigeria, or
- (iii) the incorporeal is connected with a tangible or immovable asset located in Nigeria.

2A. Time of supply

- (1) For the purposes of this Act, supply shall be deemed to take place at the time an invoice or receipt is issued by the supplier, or payment of consideration is due to, or received by the supplier in respect of that supply, whichever occurs first.

[2020 No. 1, s. 41]

- (2) A taxable supply shall be deemed to take place where the supplier and recipient are connected persons and invoices are not issued, in the case of-

- (a) a supply of goods which are to be removed, the time of removal of the goods;
- (b) a supply of goods which is not to be removed, at the time when they are available to the recipient;
- (c) furnishing of a service, upon the furnishing of the service; and
- (d) an incorporeal, when such incorporeal becomes available for the use of the recipient. [2020 No. 1, s. 41]

- (3) Notwithstanding the provisions of subsection (1) or (2)-

- (a) where goods are supplied under any rental agreement or where services are furnished under any agreement or law which provides for periodic payments, they shall be deemed to be successively supplied for successive parts of the periods of the agreement or as determined by such law, and each of the successive supplies shall be deemed to occur when payment becomes due or is received, whichever is earlier;
- (b) where, and to the extent that, supply of taxable goods and services are-
 - (i) progressively or periodically made under any agreement or law which provides for

the consideration for that supply to be paid in instalments or periodically and in relation to the progressive or periodic supply, or

- (ii) made in relation to any construction, erection, assembly, manufacturing, alteration, improvement or repair activity under any agreement or law which provides for the consideration for that supply to become due and payable in instalments or periodically in relation to the progressive nature of the work,

those supplies shall be deemed to be successively made, and each such successive supply shall be deemed to take place whenever any payment becomes due or is received or an invoice relating to only that payment is issued, whichever occurs first; and

- (c) where goods are supplied under an instalment credit agreement, that supply shall be deemed to take place at the time the goods are delivered or the time any payment of consideration is received by the supplier in respect of the supply, whichever occurs first.

[2020 No. 1, s. 41]

3. Goods and services exempt

There shall be exempt from the tax the goods and services listed in the First Schedule to this Act.
[1996 No.31 First Schedule.]

4. Rate of tax

The tax shall be computed at the rate of 7.5% with effect from 1 February 2020, on the value of all goods and services, except that goods and services listed under Part III of the First Schedule to this Act shall be taxed at zero rate

[2019 No. 1, s. 34; 2020 No. 1, s. 42]

5. Value of taxable goods and services

- (1) For the purpose of this Act, the value of taxable goods and services shall be determined as follows, that is:
 - (a) if the supply is for a money consideration, its value shall be deemed to be an amount which with the addition of the tax chargeable is equal to the consideration;
 - (b) if the supply is for a consideration not consisting of money the value of the supply shall be deemed to be its market value.
- (2) Where the supply of taxable goods or services is not the only matter to which a consideration in money relates, the supply shall be deemed to be such part of the consideration as is properly attributed to it.
- (3) For the purpose of this Act, the open market value of supply of taxable goods or services shall be taken to be the amount that would fall to be taken as its value under subsection (1) (b) of this section if the supply were for such consideration in money as could be payable by a person in a transaction at arm's length,

6. Value of imported goods

The value of imported taxable goods for the purposes of this Act shall be the amount which is equal to the price of the goods so imported and shall include:

- (a) all taxes, duties and other charges levied either outside or by reason of importation into Nigeria, other than the tax imposed by this Act;
- (b) all costs by way of commission, parking, transport and insurance up to the port or place of importation,

PART II *Administration*

7. Administration of the tax

- (1) The tax shall be administered and managed by the Federal Inland Revenue Service (in this Act referred to as "the Service ").
- (2) The Service may do such things as it may deem necessary and expedient for the assessment and collection of the tax and shall account for all amounts so collected in accordance with the provisions of this Act.
- (3) Where the Service is of the opinion that any disposition is not in fact given to or 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 of liability to tax affected, or reduction which would otherwise be affected, by transaction and any company concerned shall be assessable accordingly.

[2023 No.1, s.22]

- (4) For the purpose of this section “disposition” includes –
 - (a) Any trust, grant, covenant, scheme, agreement or arrangement; or
 - (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 controlled by some other person, shall be deemed to be artificial or fictitious if in the opinion of the Service or other relevant tax authority 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.
- (5) A taxpayer in respect of which any direction is made under this section, shall have a right of appeal in like manner as though such direction were an assessment.

[2023 No. 1, s.22]

8. Registration and deregistration requirements

- (1) A taxable person shall upon commencement of business, register with the Service for the purpose of the tax.

[2019 No. 1, s. 35]

- (2) A taxable person who fails or refuses to register with the Service within the time specified in subsection (1) is liable to pay as penalty an amount of-

- (a) ₦50,000 in the first month in which the failure occurs; and

- (b) ₦25,000 for each subsequent month in which the failure continues.

[2019 No. 1, s. 35]

- (3) Where a taxable person permanently ceases to carry on a trade or business in Nigeria, the taxable person shall notify the Service of its intention to deregister for tax purpose within 90 days of such cessation of trade or business

[2019 No. 1, s.35]

9. Registration by Government Ministries, etc., as agents of the Service

- (1) Every Government Ministry, statutory body and other agency of Government shall register as agents of the Service for the purpose of collection of tax under this Act.

[1996 No. 31.]

- (2) Every contractor transacting business with a Government Ministry, statutory body and other agency of the Federal, State or local government shall produce evidence of registration with the Service as a condition for obtaining a contract.

[1996 No. 31.]

10. Registration by non-resident companies

- (1) For the purpose of this Act, a non-resident person that makes a taxable supply to Nigeria, shall register for tax with the Service and obtain Tax Identification Number.

[2021 No. 1, s. 30]

- (2) A non-resident person shall include the tax on its invoice for all taxable supplies.

[2021 No. 1, s. 30]

- (3) The taxable person to whom taxable supply is made in Nigeria, or such other person as may be appointed by the Service shall withhold or collect the tax, as the case may be, and remit same to the Service.

[2021 No. 1, s. 30]

- (4) Where a person appointed under subsection (3) has made a taxable person in Nigeria, the taxable person shall not have the obligation to withhold the tax, except where the person so appointed has failed to collect the tax.

[2021 No. 1, s. 30]

- (5) A non-resident person that makes a taxable supply to Nigeria may appoint a representative for

the purpose of compliance with its tax obligations.
[2021 No. 1, s. 30]

- (6) The Service may issue a guideline for the purpose of giving effect to the provisions of this section, including the form, time and procedure for filing returns and payment by non-resident suppliers appointed by the Service under subsection (3)
[2021 No. 1, s. 30]

11. Records and accounts

A person who is registered under section 8 of this Act (in this Act referred to as "a registered person") shall keep such records and books of all transactions, operations, imports and other activities relating to taxable goods and services as are sufficient to determine the correct amount of tax due under this Act.

PART III

Returns, remittances, recovery and refund of tax

12. Payment of tax by taxable person

- (1) A taxable person shall pay to the supplier the tax on taxable goods and services purchased by or supplied to the person.
[2007 No. 53, s. 4]
- (2) The tax paid by a taxable person under subsection (1) of this section shall be known as input tax.

13. Remission of tax collected by Government Ministries, etc

- (1) Every Ministry, statutory body or other agency of Government shall, at the time of making payment to a contractor, remit the tax charged on the contract to the nearest local Value Added Tax office.
[1996 No. 31]
- (2) The Service may, by notice, determine and direct the companies operating in the oil and gas sector which shall deduct VAT at source and remit same to the Service.
[2007 No. 53, s.5 (a)]
- (3) The remission shall be accompanied with a schedule showing the name and address of the contractor, invoice number, gross amount of invoice, amount of tax and month of return.

[1996 No. 31. Subsection (3), previously subsection (2), renumbered by 2007 No. 53, s. 5 (b)]

13A. Tax invoice

- (1) A taxable person who makes a taxable supply shall, in respect of that supply, furnish the purchaser with a tax invoice containing, *inter alia*, the following-

- (a) tax payers identification number;
 - (b) name and address;
 - (c) VAT registration number;
 - (d) the date of supply;
 - (e) name of purchaser or client;
 - (f) gross amount of transaction; and
 - (g) tax charged and rate supplied.
- (2) A tax invoice shall be issued on supply whether or not payment is made at the time of supply.

[2007 No. 53. s. 6]

14. Collection of tax by taxable person

- (1) A taxable person shall on supplying taxable goods or services to his accredited distributor, agent, client or consumer, as the case may be, collect the tax on those goods or services at the rate specified in section 2 of this Act.
- (2) The tax collected by a taxable person under subsection (1) of this section shall be known as output tax.
- (3) The Service may appoint any person to withhold or collect the tax, and the person so appointed shall, on or before the 14th day of the following month, remit the tax so withheld or collected to the Service in the currency of the transaction.
- (4) Where a person to whom taxable supplies is made in Nigeria is issued an invoice on which no tax is charged, such a person shall, self-account for the tax payable and remit the output tax to the Service within the timeline prescribed under section 15 of this Act.

[2021 No. 1, s. 31; 2023 No.1, s.23]

[2019 No. 1, s. 37]

15. Taxable person to render returns

- (1) A taxable person who, in the course of a business, has made taxable supplies or expects to make taxable supplies, the value of which, either singularly or cumulatively in any calendar year, is ₦25,000,000 or more shall, render to the Service, on or before the 21st day of every month in which this threshold is achieved and on or before the same day in successive months thereafter, a return of the input tax paid and output tax collected by him in the preceding month in such a manner as the Service may prescribe.

[2019 No. 1, s. 38]

- (2) In determining whether a person meets the threshold in subsection (1), the value of the following taxable supplies shall be excluded-

- (a) a taxable supply of a capital asset of the person; and
- (b) a taxable supply made solely as a consequence of the person selling the whole or a part of its business or permanently ceasing to carry on business:

Provided that any person that does not fall within the threshold in subsection (1) is exempt from the provisions of section 8(2), 13A, 29, 34 and 35 of this Act.

[2021 No. 1, s. 32]

(3) The exemption provided for in subsection (2), shall not apply to companies engaged in upstream petroleum operations as described in the Petroleum Industry Act and Petroleum Profits Tax Act.

[2021 No. 1,s.32]

16.Remission of tax

(1) A taxable person shall, on rendering a return under section 15(1) of this Act-

- (a) if the output tax collected exceeds the input tax paid, remit the excess to the Service;
- (b) if the input tax paid exceeds the output tax collected, be entitled to utilise the excess tax as a credit against subsequent months:

Provided that the taxable person would be entitled to a refund from the Service, of excess tax not utilised as a credit, upon provision of such documents as the Service may require.

[2019 No. 1, s. 39]

- (2) An importer of taxable goods shall, before clearing those goods, pay to the Service the tax on those goods.
- (3) Where taxable goods imported into Nigeria were purchased through an online electronic or digital platform, operated by a non-resident supplier that has been appointed as agent of the Service for the collection of the tax, the importer shall at the point of clearing such goods, provide proof of such registration or appointment, and such other document as may be required by the Service, and such goods shall not be further subjected to the tax before clearing by the Nigeria Custom Service, pursuant to the necessary coordination on modalities between the Service and Nigerian Customs Service.

[2023 No.1, s.24]

17.Allowable input tax, etc.

- (1) For purposes of section 13 (1) of this Act, 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.

[1998 No. 18.]

(2) Input tax-

- (a) on any overhead, service, and general administration of any business which otherwise can be expended through the income statement (profit and loss accounts); and

[1998 No. 18.]

- (b) on any capital item and asset which is to be capitalized along with cost of the capital item and asset,

shall not be allowed as a deduction from output tax.

18. Effect of failure to render returns

Where a taxable person fails to render returns or renders an incomplete or inaccurate returns, the Service shall assess, to the best of its judgement, the amount of tax due on the taxable goods and services purchased or supplied by the taxable person.

19. Effect of non-remittance of tax

- (1) If a taxable person does not remit the tax within the time specified in section 15 of this Act, a sum equal to 10 percent of the tax not remitted and interest at the prevailing Central Bank of Nigeria minimum re-discount rate, shall, be added to the tax not remitted and the provisions of this Act relating to collection and recovery of unremitted tax, penalty and interest shall apply.

[2019 No. 1, s. 40]

- (2) The Service shall notify the taxable person or his agent, of the tax due together with the penalty and interest and if payment is not made within 30 days of such notification, the Service may proceed to enforce payment as provided in section 15 of this Act.”

[2019 No. 1, s. 40]

20. Recovery of tax

- (1) Any tax, penalty or interest which remains unpaid after the period specified for payment may be recovered by the Service through proceedings in the Value Added Tax Tribunal.

[1996 No. 32.]

- (2) A taxable person who is aggrieved by an assessment made on the person may file an objection to the Federal Inland Revenue Service.

[1996 No. 32, 2007 No. 53, s. 10 (1).]

- (3) An appeal before the Federal Inland Revenue Service shall be determined within 30 days.

[1996 No. 32, 2007 No. 53, s. 10 (1).]

- (4) Appeal from the decisions of the Federal Inland Revenue Service shall be made to the Tax Appeal Tribunal.

[2007 No. 53, s. 10(2).]

- (5) An appeal from the Tax Appeal Tribunal shall be made to the Federal High Court.
[2007 No 53, s.10 (2).]

PART IV

Value Added Tax Technical Committee

[21 to 24 Deleted by 2019 No. 1, s 41]

PART V

Offences and penalties

25. Furnishing of false document, etc.

A person who-

- (a) produces, furnishes or sends for the purpose of this Act or otherwise makes use for that purpose of a document which is false in any material particular; or
[1996 No. 30.]
- (b) in furnishing an information to the Service, makes a statement which is false in any material particular,

is guilty of an offence and liable on conviction to a fine of twice the amount underdeclared.
[1996 No. 30.]

26. Evasion of tax

A person who-

- (a) participates in; or
[1996 No. 30]
- (b) takes steps with a view to make evasion of the tax by him or any other person, is guilty of an offence and liable on conviction to a fine of ₦30,000 or two times the amount of the tax being evaded, whichever is greater, or to imprisonment for a term not exceeding three years.
[1996 No. 30.]

27. Failure to make attribution

A person required to make an attribution, who-

- (a) fails to do so; or
[1996 No. 30.]

- (b) having done so, fails to notify the

Service, is liable to pay a penalty of ₦5,000.

[1996 No. 30.]

28. Failure to notify change of address

A taxable person who fails to notify the Service of any change of address within 30 days of such change, or who fails to comply with the requirement for notification of permanent cessation of trade or business under Section 8 of this Act, is liable to pay-

- (a) ₦50,000 for the first month in which the failure occurs; and
- (b) ₦25,000 for each subsequent month in which the failure continues.

[2019 No. 1, s. 42]

29. Failure to issue tax invoice

A person who fails to issue a tax invoice for goods sold or services rendered, is guilty of an offence and liable on conviction to a fine of 50% of the cost of the goods or services for which the invoice was not issued.

30. Resisting, etc., an authorised officer

A person who-

- (a) resists, hinders or obstructs or attempts to resist or hinder an authorised officer acting under section 39 of this Act; or
- (b) fails to comply fully with any requirement made under section 39 of this Act; or
- (c) makes any statement in response to a requirement made under section 5 of this Act which is false or incomplete; or

[1996 No. 30.]

- (d) procures or attempts to procure by any means any other person to act as aforesaid,

is guilty of an offence and liable on conviction to a fine of ₦10,000 or imprisonment for a term of six months or to both such fine and imprisonment.

31. Issuing of tax invoice by an unauthorised person

A person who, other than-

- (a) a person registered under this Act; or
- (b) a person authorised to do so under this Act,

issues an invoice purporting to be attributable to tax, is guilty of an offence and is liable on conviction to a fine of ₦10,000 or imprisonment for a term of six months.

32. [Deleted by 2019 No. 1, s. 43]

33. Failure to keep proper records and accounts

A taxable person who fails to keep records and accounts of his business transactions to allow for the correct ascertainment of tax and filing of returns is liable to pay a penalty of ₦2,000 for every month in which the failure continues.

34. Failure to collect tax

A taxable person who fails to collect tax under this Act, is liable to pay as penalty 150% of the amount not collected, plus 5% interest above the Central Bank of Nigeria rediscount rate.

35. Failure to submit returns

A taxable person who fails to submit returns to the Service, is liable to a fine of ₦50,000 in the month of default and ₦25,000 for every month in which the default continues.

[2019 No. 1, s. 44]

36. Aiding and abetting commission of offence, etc.

- (1) An officer of the Service or any other person who aids or abets the commission of any of the offences under this Act, is guilty of an offence and is liable on conviction to a fine of ₦50,000 or to imprisonment for a term of five years.
- (2) Where a person's conduct during any specified period has involved the commission or omission by him of anyone or more of the foregoing offences under this Act, then whether or not the particulars of the offences are known, he shall, by virtue of this section, be guilty of an offence and liable to pay a fine of ₦10,000 or four times the amount of any tax that was, or was intended to be evaded by his conduct, whichever is greater, or to imprisonment for a term not exceeding six months or to both such fine and imprisonment.

37. Offence by body corporate, etc.

Where an offence under this Act is committed by a body corporate or firm or other association of individuals-

- (a) every director, manager, secretary or other similar officer of the body corporate; or
- (b) every partner or officer of the firm; or
- (c) every person concerned in the management of the affairs of the association; or
- (d) every person who was purporting to act in any capacity as aforesaid,

is severally guilty of that offence and liable to be proceeded against and punished for the offence in like manner as if he had himself committed the offence, unless he proves that the act or omission constituting the offence took place without his knowledge, consent or connivance.

PART VI

Miscellaneous

38. Powers of Minister to vary Schedules

Minister may by order published in the *Gazette*-

- (a) amend the rate of tax chargeable; and
[First Schedule.]
- (b) amend, vary or modify the list set out in the First Schedule to this Act.
[1996 No.31]

39. Power of inspection

- (1) An authorised officer may at any time enter without warrant any premises upon which he has reasonable grounds to believe that a person is carrying on business in order to ascertain whether this Act is being complied with (whether on the part of the occupier of the premises or any other person), and on entry he may carry out such inspections and make such requirements as may be specified by the Service.
- (2) Where an authorised officer enters any premises in exercise of the power conferred on him by subsection (1) of this section, he may take with him such persons as he considers necessary for carrying out his functions under this Act.

40. Distribution of revenue

Notwithstanding any formula that may be prescribed by any other law, the revenue accruing by virtue of the operation of this Act shall be distributed as follows-

- (a) 15% to the Federal Government;
- (b) 50% to the State Governments and the Federal Capital Territory, Abuja; and
- (c) 35% to the Local Governments:

Provided that the principle of derivation of not less than 20% shall be reflected in the distribution of the allocation amongst States and Local Governments as specified in paragraphs (b) and (c) of this section.

[1999 No. 30, 2007 No. 53, s. 11]

41. Appointment of agent for manufacturer or importer

- (1) The Service may, by notice in writing, appoint any person to be the agent of any manufacturer or importer and the person so appointed shall be the agent of the manufacturer or importer for the purposes of this Act.
- (2) An agent may be required to pay any tax which is or may become payable by the manufacturer or importer from any money which may be held by him for, or due by or to become due by him to the manufacturer or importer, as the case may be, and in default of such payment, the tax shall be recoverable from him.
- (3) For the purpose of this section, the Service may require a person to give information as to any money, fund or other assets which may be held by him for, or of any money due from him to a manufacturer or an importer.

42. Business sold or transferred

Where a trade or business carried on by a company is sold or transferred to a Nigerian company for the purpose of better organisation 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, no tax shall apply under this Act to the sale or transfer of the assets to the extent that one company has control over the other or both are controlled by some other person or are members of a recognised group of companies and have been so for a consecutive period of at least 365 days prior to the date of reorganisation:

Provided that if the acquiring company were to make a subsequent disposal of the assets thereby acquired within the succeeding 365 days after the date of transaction, any concessions enjoyed under this subsection shall be rescinded and the companies shall be treated as if they did not qualify for the concessions stipulated in this subsection as at the date of initial reorganisation.

[2019 No. 1, s. 45]

43. Forms

The Service may, from time to time, specify the forms, statements and notices to be used under this Act.

44. Regulations

The Service may, with the approval of the Minister, make regulations for giving effect to the provisions of this Act.

45. Repeal

Subject to section 6 of the Interpretation Act, the Sales Tax Act is hereby repealed

[Cap. 123]

46. Interpretation

In this Act, unless the context otherwise requires-

“agency of Government” includes a Ministry, department, statutory body, public authority and an institution of the Federal, State and Local Government;

[1996 No.31, 1998 No. 18]

"animal feed" means raw, semi-processed, processed and otherwise enhanced animal feed that is fed to domesticated and other animals raised and slaughtered for human consumption to provide beef, goat, lamb, pork, chicken, fish and other kinds of meat, as well as other animals cultivated and raised for the production of milk, eggs as well as other sources of protein and nutrients edible by humans;

[2020 No. 1, s. 44]

“authorised officer” means an officer who has been authorised by the Service to perform any function under or in pursuance of this Act;

“basic food items” means agro and aqua based staple food described as-

additives i.e. honey whether raw or semi- processed,

bread (white and brown),

cereals e.g. maize, rice, wheat, millet, barley, sorghum, oats, fonio, finer millet and others of the same kind, however supplied in such form as grain, flour, crop, bulk or retail, raw or semi-processed,

cooking oils e.g. vegetable oil, soya oil, palm oil, groundnut oil, shea butter, benniseed oil, olive oil, coconut oil and others of the same kind:

Provided that they are of a type and grade suitable for culinary purposes and do not contain any substance such as perfume that will make them unsuitable for culinary use,

culinary herbs e.g. curry, thyme, onions, ginger, mint and others of the same kind, raw and unprocessed for human consumption,

fish of all kinds other than ornamental whether live, fresh, frozen, smoked or dried,

flour and starch e.g. corn flour, plantain flour, cassava flour, beans flour, wheat flour, rice flour, yam flour, garri and others of the same kind, bleached or unbleached, refined or unrefined provided that it is suitable for culinary purposes,

fruits e.g. pineapples, oranges, mangoes, guavas, grapes fruit, banana, pawpaw and others of the same kind, whether it is fresh or dried,

live or raw meat and poultry e.g. beef, goat, lamb, pork, chicken, and others of the same kind, whether live, butchered, complete, in parts, fresh, frozen, eggs and others of the same kind,

milk, whether fresh, liquid and powdered milk,

nuts e.g. groundnut, walnut, cashew nut, hazelnut, kolanut, tigernuts, coconut and others of the same kind, if raw and unprocessed for human consumption, also roasted, fried, boiled, salted or in their shells,

pulses e.g. beans, lentils, peas, chickpeas, tamarind and others of the same kind, if raw and unprocessed for human consumption, also roasted, fried, boiled, salted or in their shells,

roots e.g. yam, cocoyam, sweet and irish potatoes, water-yam, cassava and others of the same kind, in raw and unprocessed form, also, in form of flakes or flour for human consumption

salt for culinary use only including fine salt and in retail packs but excluding industrial salt,

vegetables e.g. pepper, melons, lettuce, okro, cabbage, carrots and others of the same kind, whether fresh, dried or ground,

water i.e. natural water and table water e.g. spring water, rain water, pipe borne water, well water and all-natural water of the same kind, all table water other than sparkling or flavoured water;

[2019 No. 1, s. 46.]

“building” means any house, including any garage, dwelling apartment, hospital and institutional building, factory, warehouse, theatre, cinema, store, mill building and similarly roofed structure affording protection and shelter, radio and television masts, transmission line, tower, vehicle and other similar structure but excludes mobile homes, caravans and trailers;

“business” includes any trade, commerce or manufacture or any concern in the nature of trade, commerce or manufacture;

“chairman” means the chairman of the Federal Inland Revenue Service;

“commencement of business”-

business shall be deemed to commence in Nigeria on the date that an entity carries out its first transaction which shall be the earliest of the date it-

- (a) begins to market or first advertises its products or services for sale;
- (b) obtains an operating licence from a regulatory authority in Nigeria;
- (c) first sale or purchase;
- (d) executes its first trading contract after incorporation;
- (e) issues or receives its first invoice;
- (f) delivers or receives its first consignment of goods; or
- (g) first renders services to its customers;

[2019 No. 1, s. 46.]

“commercial aircraft spare parts and components” means parts, engines, propellers, radio apparatus, instruments, appliances, furnishing, parts of any of the foregoing, and generally any other article of whatever description maintained for installation in a commercial aircraft in substitution for parts or articles removed;

[2020 No. 1, s. 44]

“company” means a company as defined under the Companies and Allied Matters Act and a

corporate body that may be formed under any other written law and includes any association, whether incorporated in or outside Nigeria;

[Cap. C20.]

“entertainment” includes any exhibition and performance in which admission of people is subject to payment by such persons but does not include the following, that is-

- (a) play on stage and performance which are carried out by educational institutions, approved by the Minister for the time being responsible for education as part of learning;
- (b) sport, game or other cultural performance conducted under the superintendence of the Ministry charged with the responsibility for culture and social welfare;
- (c) entertainment of a charitable, educational, medical, scientific or cultural nature as may be approved in writing by the Service prior to the date of the entertainment for the benefit of the public; and
- (d) entertainment organised by a non-profit making, charitable, educational, medical, scientific or cultural society registered under the law where the entertainment is in furtherance of the objectives of the society as may be approved in writing by the Service to the date of the entertainment;

"exported service" means a service rendered within or outside Nigeria by a person resident in Nigeria, to a non-resident outside Nigeria:

Provided that a service provided to the fixed base or permanent establishment of a non-resident person shall not qualify as exported services;

[2019 No. 1, s. 46.]

“goods” for the purposes of this Act, means all forms of tangible properties, movable or immovable, but does not include, land and building, money or securities;

[2020 No. 1, s. 44.]

“import” means bringing in or carrying to be brought in goods and services from another country or from an export processing zone;

“importer” means any person who imports taxable goods;

“input tax” has the meaning assigned to it in section 12 of this Act;

“invoice” means any document issued as an evidence of demand for payment;

“manufacturer” means any person who engages in the manufacture of goods and includes a person who has manufactured for him or on his behalf by others, goods made to his specification or design;

“manufacturing” means the process by which a commodity is finally produced, including assembling, bottling, repacking, mixing, blending, grinding, cutting, bending, twisting and joining or any other similar activity;

“Minister” means the Minister responsible for matters relating to Finance;

“motel” means premises on which accommodation, flats, service apartments, beach cottages, holiday cottages, game lodges are provided but excludes the following, that is-

- (a) premises run by a charitable or religious organisation registered under the relevant law for charitable or religious purposes;
- (b) premises operated by a medical institution approved by the Minister for the time being responsible for health for the use of the staff of that institution
- (c) premises whose supply is under a lease or licence of not less than one month, unless by prior arrangement, the occupier may without penalty, terminate that lease or licence on less than one month's notice;

“output tax” has the meaning assigned to it in section 11 of this Act;

“owner” means in respect of any goods, aircraft, vessel, vehicle, plant or any other goods, a person, other than an officer acting officially, who holds out himself to be the owner, manufacturer, agent or the person in possession of or beneficially interested in, or having control of or power of disposition over the goods, aircraft, vessel, vehicle, plant or other goods;

“recognised group of companies” means a group of companies as prescribed under the relevant accounting standard;

[2019 No. 1, s. 46.]

“registered person” means any person registered under section 8 of the Act;

“restaurant” means any establishment carrying out the business of restaurant services, and includes cafeterias, fast-food outlets, snacks bars, food stalls at exhibitions or sports arenas and similar establishments but excludes-

- (a) an establishment operated for charitable or religious purposes;
- (b) an establishment run by an educational or training institution approved by the Minister for the use of the staff and students of those institutions; and
- (c) an establishment run by a medical institution approved by the Minister for the time being responsible for health for the use of the staff and students of the institution;

“restaurant service” means the supply of foods or beverages prepared for immediate consumption, whether or not such consumption is on the premises of the restaurant and including outside catering;

“Service” means the Federal Inland Revenue Service as defined in the Federal Inland Revenue Service (Establishment) Act, 2007;

[2019 No. 1, s. 46.]

“services” means-

- (a) anything, other than goods, or services provided under a contract of employment; and
- (b) includes any intangible or incorporeal (product, asset or property) over which a person has ownership or rights, or from which he derives benefits, and which can be transferred from one person to another, excluding interest in land and building, money or security;
[2020 No. 1, s. 44.]

“supplies” means any transaction, whether it is the sale of goods or the performances of a service for a consideration, that is, for money or money's worth;

“supply of goods” means any transaction where the whole property in the goods is transferred or where the agreement expressly contemplates that this will happen and in particular includes the sale and delivery of taxable goods or services used outside the business, the letting out of taxable goods on hire or leasing, and any disposal of taxable goods;

“supply of services” means any service provided for a consideration;

“tax” means the Value Added Tax imposed and charged under section 1 of this Act;

“tax period” means one calendar month commencing from the beginning of the month to the end of that month;

“taxable goods and services” means the goods and services not listed in the First Schedule to this Act;

[1996 No. 31]

“taxable person” includes an individual or body of individuals, family, corporations sole, trustee or executor or a person who carries out in a place an economic activity, a person exploiting tangible or intangible property for the purpose of obtaining income therefrom by way of trade or business or a person or agency of Government acting in that capacity;

[1996 No. 30, 1996 No. 31, 2007 No. 53, s. 12.]

“taxable supplies” means any transaction for sale of goods or the performances of a service, for a consideration in money or money's worth;

[2019 No. 1, s. 46.]

“transaction at arm's length” means a transaction on normal open market commercial terms;

“vehicle” includes for the purpose of this Act every description of conveyance for the transportation by land of human beings or goods;

“vessel” means a mode of transportation or conveyance by water of human beings or goods;

“wholesaler” means a person who obtains his stock predominantly from the manufacturers and sells in bulk to the retailers.

47. Short title

This Act may be cited as the Value Added Tax Act.

SCHEDULES

FIRST SCHEDULE

Goods and services exempt

[Sections 2 and 3]

[1996 No.31, 1998 No.18, 2007 No.53, s.13]

PART I

Goods exempt

1. All medical and pharmaceutical products.
2. Basic food items.
3. Books and educational materials.
[1998 No. 18]
4. Baby products.
5. Fertilizer, locally produced agricultural and veterinary medicine, farming machinery and farming transportation equipment.
6. All exports.
[1996 No. 31.]
7. Plant, machinery and goods imported for use in the export processing zone or free trade zone: Provided that 100 percent production of such company is for export otherwise tax shall accrue proportionately on the profits of the company.
[2007 No. 53, s. 13 (a).]
8. Plant, machinery and equipment purchased for utilisation of gas in down-stream petroleum operations.
9. Tractors, ploughs and agricultural equipment and implements purchased for agricultural purposes.
10. Locally manufactured sanitary towels, pads or tampons.

[2019 No. 1, s. 47.]

11. Commercial aircrafts, commercial aircraft engines, commercial aircraft spare parts.

[2020 No. 1, s. 45]

PART II

Services exempt

1. Medical services.

2. Services rendered by microfinance banks, people's banks and mortgage Institutions. [2019 No. 1, s. 47.]

3. Plays and performances conducted by educational institutions as part of learning.

4. All exported services.

[1996 No. 31.]

5. Tuition relating to nursery, primary, secondary and tertiary education. [2019 No. 1, s. 47.]

6. Airline transportation tickets issued and sold by commercial airlines registered in Nigeria.

[2020 No. 1, s. 45.]

7. Hire, rental or lease of tractors, ploughs and other agricultural equipment for agricultural purposes.

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Zero-rated goods and services

[2007 No. 53, s.13 (b).]

1. Non-oil exports.
2. Goods and services purchased by diplomats.
3. Goods purchased for use in humanitarian donor funded projects.

“humanitarian donor funded projects” includes projects undertaken by Non-Governmental Organisations and religious and social clubs or societies recognised by law whose activity is not for profit and in the public interest.