TAX **REFORM** BILLS

BENEFITS FOR SMALL BUSINESS

1. Increase in tax exemption threshold for small businesses from annual turnover of N25m to N50m.
2. Exemption from company income tax for small businesses (tax at 0%).
3. No withholding tax deduction on business income of small businesses.
4. Exemption from the requirement to deduct and account for tax on payments to vendors.
5. Simplified statement of accounts attested to by small business owner for tax returns in place of audited financial statements.
6. Introduction of the Office of Tax Ombud to protect taxpayers from arbitrary tax assessments.
7. Tax disputes affecting businesses to be resolved within 14 days by the Tax Ombud.
8. Harmonisation of taxes and repeal of multiple levies.
9. Outlaw cash payment and physical roadblocks imposing burden on businesses.
10. Attractive tax regime to encourage formalisation of business and facilitate growth.

TAX REFORM BILLS

BENEFITS FOR HOMES AND INDIVIDUALS

1. Complete exemption of low-income earners up to N1m per annum (about N83k per month) from PAYE.
2. Reduced PAYE tax for those earning a monthly salary of N1.7m or less.
3. Zero (0%) VAT on food, healthcare, education, electricity generation and transmission.
4. VAT exemption on transportation, renewable energy, CNG, baby products, sanitary towels, rent and fuel products.
5. Tax break for wage award and transport subsidy to low-income earners.
6. Tax incentives for employers to hire more people incrementally than in the previous 3 years.
7. Exemption of stamp duties on rent below N10m.
8. PAYE tax exemption for other rank and armed forces fighting insecurity.
9. Friendly tax rules for remote workers and digital nomads.
10. Clarity on taxation of digital assets to avoid double taxation and allow deduction for losses.

TAX REFORM BILLS

BENEFITS FOR BUSINESSES AND INVESTMENTS

1. Reduction of corporate income tax rate from 30% to 25% and harmonisation of earmarked taxes at a reduced rate.
2. Unilateral tax credit for income earned abroad to avoid double taxation and input VAT credit on assets and services to reduce cost of production.
3. Introduction of economic development incentive for priority sectors.
4. Friendly tax regime for business restructuring and reorganisation to improve efficiency.
5. Clarity on 6-years statute of limitation and resolution of objections in favour of taxpayer if tax authority fails to respond within 90 days.
6. Option to pay taxes and levies on foreign currency denominated transactions in Naira.
7. Faster tax refunds within 90 days (30 days for VAT refunds) with the option of set-off against any tax liability of the taxpayer.
8. Request for advance ruling by taxpayer to be provided by tax authority within 21 days.
9. Expense incurred by a start-up within 6 years pre-commencement of business to be tax deductible.
10. Restriction of interest deduction will only apply to related party loans in order to reduce cost of finance for businesses.

TAX REFORM BILLS

SUBNATIONAL GOVERNMENTS

1. Federal government to cede 5% of VAT revenue to states.
2. Transfer of income from Electronic Money Transfer levy exclusively to states as part of stamp duties.
3. Repeal of the obsolete stamp duties law and re-enactment of a simplified law to enhance the revenue for states.
4. States to be entitled to the tax of Limited Liability Partnerships.
5. Tax exemption for state government bonds to be at par with federal government bonds.
6. More equitable model for VAT attribution and distribution.
7. Integrated tax administration to provide tax intelligence to states, strengthen capacity development and collaboration, and scope of Tax Appeal Tribunal to cover taxpayer disputes on state taxes.
8. Powers for AGF to deduct taxes unremitted by a government or MDA and pay to the beneficiary government.
9. Framework to grant autonomy for states internal revenue service and enhanced Joint Revenue Board to promote collaborative fiscal federalism.

Legal framework for taxation of lottery and gaming, and introduction of withholding tax for