

THE FINANCE ACT, 2019:



KEY AMENDMENTS

The President of the Federal Republic of Nigeria, Muhammadu Buhari (GCFR) signed the Finance Act ('The Act') into law on January 13, 2019 with a view to consolidate the gains of the administration on ease of doing business, promoting fiscal equity, reforming domestic laws to align with global best practices, and raising revenues for the government to finance the 2020 budget.

The 2019 Finance Act ("the Act") has amended some key provisions of the subsidiary legislations which includes Stamp Duties Act, the Customs, Excise Tariff (Consolidation Act), Company Income Tax Act, Petroleum Profit Tax Act, and Value added Tax Act.



SOME OF THE RELEVANT CHANGES & AMENDMENTS ARE HIGHLIGHTED BELOW:

- The Act increased the Value Added Tax rate from 5 % to 7.5%.
- The Act introduces a lower Company Income Tax of 20% to apply to medium sized companies with a turnover between N25 million and N100 million.
- The Act also exempt small companies with a turnover of less than N25,000,000 from Company Income Tax.
- Companies that earn above N100,000,000 as annual turnover will continue to pay 30% of their profits as Company Income Tax under the Act.
- The Act has also removed the tax exemption on dividends paid from profits of Oil Companies.
- The Act introduces a bonus tax credit of 2% of tax payable for small and medium-sized companies and 1% for large companies for payment of tax liability within 90 days before the due date.
- The Act has introduced a mandatory requirement of the Tax Identification Number (TIN) before opening business accounts for individuals.
- The Act also exempt stamp duty for bank transfer below N10,000 and transfers that are done between two accounts belonging to the same owner.
- Compensation paid from loss of employment which is below N10,000,000 has also been exempted from Capital Gain Tax under the Act.
- Removal of exemption of dividends paid out of petroleum profits by companies engaged in petroleum operations in Nigeria from withholding tax. Now, these dividends will be subject to withholding tax of 10% as with all dividends in other economic sectors.

