

## Federal Inland Revenue Circular for the Administration of National Agency for Science and Engineering Infrastructure Levy

### INTRODUCTION

The Federal Inland Revenue Service (FIRS) published guidelines on the administration of the National Agency for Science and Engineering Infrastructure levy. The National Agency for Science and Engineering Infrastructure (NASENI) Establishment Act, CAP. N3 LFN,2004 (as amended) was enacted in 1992. The NASENI Act provides for the imposition of a levy at the rate of 0.25% on the profit before tax of commercial companies with a turnover of NGN100,000,000 and above covering the banking, mobile telecommunications, ICT, aviation, maritime, oil and gas sectors of the economy.

### DETAILS

The NASENI Act imposes the levy on the categories of companies stated above, this includes residents and non-resident companies that are subject to tax in Nigeria. Section 20 (2) (b) of the Act empowers the FIRS to collect and credit the levy to the account of the Agency.

FIRS circular states that the NASENI levy returns shall be filed with the income tax returns in accordance with the provisions of Companies Income Tax Act (CITA) relating to the time of filing and the levy is not tax deductible in determining the assessable profits under the Companies Income Tax.

In complying with the above Act, the taxpayers are giving the opportunity to pay in instalments provided that payment in instalments commences prior to the due date of filing and the final instalment is paid on or before the due date of filing. Also, in cases of additional assessment, revised assessment, or instances where a notice of assessment is served on a company by the FIRS, payment of the levy due must be made within 30 days of service of the notice

## TAX IMPLICATIONS

It's important to note that the effective date of implementation of the levy is 1st January 2022, and as stated in the FIRS circular it will be chargeable on profit before tax of 2021 Financial Statement. This may lead to additional tax liabilities for companies above who have filed Companies Income Tax returns for 2022 year of assessment as of 30 June 2022 where the FIRS filing platform (Taxpromax) did not display NASENI levy as a liability during filing.

### WYZE Comments:

We commend the FIRS efforts in its bid to provide guidelines on administration of National Agency for Science and Engineering Infrastructure Levy. However, the circular should have been published earlier before most companies file the Companies Income Tax (CIT) returns for 2021 financial year. Also, the circular stated that there will be penalties for non-compliance with respects to filing and payment of the levy, however the provisions of the NASENI Act did not impose any penalty in the event of default by companies.

Furthermore, there appears to be contradiction with respect to the deductibility of the levy, while the NASENI Act provides that the levy shall be tax-deductible, the circular states otherwise. The FIRS should provide clarity on its interpretation to avoid litigation from taxpayers.

#### Contacts:

**Femi Wright**

+234 908 0000 358  
[fwright@wyze-ng.com](mailto:fwright@wyze-ng.com)

**Wale Ogunsola**

+234 908 0000 358  
[wogunsola@wyze-ng.com](mailto:wogunsola@wyze-ng.com)

**Adedoyin Oriadetu**

+234 908 0000 358  
[aoriadetu@wyze-ng.com](mailto:aoriadetu@wyze-ng.com)

**Biodun Akinbo**

+234 908 0000 358  
[bakinbo@wyze-ng.com](mailto:bakinbo@wyze-ng.com)

