

Tax Payers

Individual

What is PIT?

PIT is Personal Income Tax. It is a tax that is imposed on individuals who are either in employment or are running their own small businesses under a business name or partnership.

Though collection of PIT is a federal responsibility this tax is generally collected by state governments from those that are resident in their various states, regardless of whether they are federal, state, local government, or private sector workers.

The Federal Inland Revenue Service, however, also collects this tax but only from residents of the Federal Capital Territory as well as what may be described as highly mobile federal workers – staff of the Ministry of Foreign Affairs and other Nigerians and foreigners outside the country but earning income in Nigeria (non-residents), expatriate workers resident in Nigeria, Police Officers, and Military Officers. Civilians working in Police and Military formations, however, pay to their respective States of residence.

The current law guiding the taxation of personal incomes is the Personal Income Tax Act (Cap P8 LFN 2004). Under the law, Federal and States' tax boards are empowered to identify persons living in or earning income from Nigeria who are required to pay tax, and to assess incomes and tax their incomes using specified guidelines and rules.

This law also guides the tax official in identifying the residence of potential taxpayers, as well as the sources and origins of their incomes for the purpose of taxing the income.

Two forms of PIT

Two forms of taxes are administered under Act, namely (a) Pay-As-You-Earn (PAYE) i.e. taxes from employment, and (b) taxes from self employed persons.

Who Collects Personal Income Tax?

Every individual who earns income in Nigeria either from employment or from doing a business is subject to tax under the PIT Act.

(a) State Boards of Internal Revenue collect taxes of

- individuals in their various states of residence
- Body of individuals such as communities, families that run a business

- Business names and partnerships;
- Executors of estates of deceased persons and trustees of trusts.

(b) Federal Inland Revenue Service also collects Personal Income Taxes of

- Persons employed in the Nigerian Army, the Nigerian Navy, the Nigerian Air Force and the Nigerian Police other than in a civilian capacity;
- Officers of the Nigerian Foreign Service;
- Non-residents who derive income or profit from Nigeria.

Who is exempted from this Tax?

The law exempts the following incomes from tax:

- Official emoluments of the President, Vice President, State Governors and Deputy Governors;
- Income of any Trade Union registered under the Trade Union Act, provided such income is not derived from a trade or business carried on by such Trade Union;
- Income of any Statutory or registered Friendly Society in so far as such income is not derived from a trade or business carried on by such Society; and
- Income and profits of Cooperative Societies.

Which parts of a person's income are subjected to Tax?

Tax is calculated for each year of assessment on the aggregate amounts of the income of every taxable person, for the year. The following incomes are subject to tax under the law:

- a. Gains or profits from any trade, business, profession or vocation for whatever period of time it may have been carried on by the taxable person;
- b. Dividends, interests or discounts
- c. Any pension, charge or annuity
- d. The gains or profits including any premiums arising from a right granted to any other person for the use or occupation of any property

What expenses can I deduct before paying personal income tax?

In calculating income tax, the law allows deduction of all expenses and outgoings from emoluments of the fiscal year in which they are incurred, on the condition that they are:

- incurred in the production of income i.e. the performance of duties and
- “wholly, exclusively, necessarily and reasonably” so incurred

Which are the Allowed & Disallowed Expenses?

The law allows certain expenses but disallows others. Expenses specifically allowed under the law in calculating income tax include:

- Interest paid on borrowed money employed as capital in acquiring the income;

- Rent and premiums in respect of land and buildings occupied for the purposes of acquiring profits;
- Expenditure on repairs of premises, plant, machinery and fixtures and for the renewal, repair or alteration of such items used in acquiring income;
- Bad and doubtful debts, any recoveries being treated as income when received;

A list of disallowed trading expenses include: -

- Domestic or private expenses;
- Capital withdrawn from a trade, business, profession or vocation and any expenditure of a capital nature;
- Any loss or expense recoverable under an insurance or contract of indemnity
- Taxes on income or profits levied in Nigeria or elsewhere except as provided in s.13 of the PITD.
- The depreciation of any asset.

What Reliefs & Allowances are available under PIT?

With effect from 1 January 1999, the following reliefs and allowances were incorporated in the law.

- Tax Free Earned Income: Annual income of N 30,000 and below is exempted from tax, although a minimum tax of 0.5% will be charged.
- Tax Free Allowances: The following allowances which have been granted under the recent salary reviews will be tax exempt subject to the following limitations:

Allowable Allowances Upper limit of Tax Exemption (N)

- i. Rent subsidy/Allowance N100,000 Per annum
- ii. Transport Allowance N15,000 Per annum
- iii. Meal subsidy/Allowance N5,000 Per annum
- iv. Utility Allowance N10,000 Per annum
- v. Entertainment Allowance N6,000 Per annum
- vi. Leave Grant 10% of annual basic salary

Personal Income Tax Rate Structure as at 1st January 1998

Taxable Income (N)	Rate (%)
First 20,000	5
Next 20,000	10
Next 40,000	15
Next 40,000	20
Over 120,000	25

How to pay PIT

The law requires a taxable person to file the returns of income or a declaration of his annual income/remuneration for the current year with the relevant Tax Authority where he is resident. For each year of assessment, you are required to file a return of income in the prescribed form and containing necessary information, with the relevant Tax authority where the taxable person is deemed to be resident. This return is to be accompanied by a true and correct statement in writing containing:

- a) the amount of income from every source during the year preceding the year of assessment,
- b) such particulars as may be required for the purpose of the Act with respect to any such income, allowances, reliefs, deductions etc.
- c) a declaration by him or on his behalf that the return contains a true and correct statement of the income disclosed on the form, in accordance with the provisions of the Act.

Where to Pay PIT (FIRS jurisdiction only)

The FIRS has jurisdiction over the taxation of all individuals in employment including self-employed persons and enterprises resident in FCT – Abuja. Accordingly, all taxable persons, self employed/enterprises in the FCT are obliged to file annual PIT/PAYE returns with the FIRS at any of the following Integrated tax offices located within Abuja – FCT based on the approved areas of coverage:

S/N Offices Assigned to Collect PIT/PAYE Functional Coverage

1. Large Tax Office

NACB Building,

Airport Road, Central District, Abuja. • PIT/PAYE remittance from all Ministries, Departments and Agencies within Abuja.

- PIT/PAYE remittance from senior officers of the Armed Forces resident in FCT, Abuja.
- PIT/PAYE remittance from staff of the Nigerian Police in Abuja, including FCT Command.
- PIT/PAYE remittance from officials of Foreign Affairs resident in Abuja.
- PIT/PAYE remittance from employees (local and expatriate) of Companies with annual turnover figure of N1.0 billion and above.
- PIT/PAYE remittance from non-residents earning income from FCT, Abuja.

2. Garki ITO

City Plaza, Ahmadu Bello Way, By Old CBN, Garki – Abuja. • PIT/PAYE remittance from employees of Companies with annual turnover below N1.0 billion.

- PIT/PAYE remittance from individuals/self-employed persons resident within Garki and environment.

- Tax coverage areas include Asokoro, Nyanya, Karu, Jikwoyi, Garki Area 1-11, Garki II, Apo and Durumi.

3. Wuse ITO

Plot 48, Sudan Street, Zone 6, Wuse Abuja. • PIT/PAYE remittance from employees of Companies with annual turnover below N1.0 billion.

- PIT/PAYE remittance from individual/self-employed persons resident within Wuse and environment.
- Tax coverage areas include Wuse Zones 1 – 7, Wuse II, Mabushi, Life Camp, Utako, Jabi, Kado, Gwagwa, Idu-Karimu and Dei-dei.

4. Central ITO

Owena House, Central Business District, Abuja • PIT/PAYE remittance from employees of companies with annual turnover below N1.0 billion.

- PIT/PAYE remittance from individuals/self-employed persons.
- Tax coverage areas include Central Business District, Airport Road, Lugbe, Dutse, Maitama, Bwari, Kubwa and Gwarimpa.

5. Gwagwalada ITO

FCT Secretariat, Gwagwalada. • PIT/PAYE remittance from employees of companies with annual turnover below N1.0 billion.

- PIT/PAYE remittance from individuals/self-employed persons
- Tax coverage include Gwagwalada, Abaji, Kwali and Kuje.

Other FIRS offices outside Abuja with responsibility for PIT/PAYE administration, S/N Offices Assigned to Collect PIT/PAYE Functional Coverage

1. Lagos Region

LTO (Non-oil)

214, Broad Street, Elephant Building, Lagos. • PIT/PAYE remittance from the Army, Air force and Navy.

- PIT/PAYE remittance from staff of the Nigerian Police, in Lagos.

2. Western Region

a) Ibadan I ITO

Adeoyo.

45, New Adeoyo, Hospital Road, Ibadan.

- b) Abeokuta ITO Oke Mosan, Opp. Govt. Office, IBB Boulevard, Abeokuta.
- c) Ilorin ITO
 - 1, Obbo Road, Behind 1st Bank Plc, Off Unity Road, Ilorin.
- d) Akure ITO Alfred Revenue Rd, Alagbaka, Akure.
- e) Ado-Ekiti ITO 79, Iyin Road, Basiri Area, Ado-Ekiti.
- f) Oshogbo ITO Ibadan/Gbongan Road, Oshogbo. • PIT/PAYE remittance from the staff of the Nigerian Police in Oyo State.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Ogun State.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Kwara State.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Ondo State.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Ekiti State.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Osun State.

3. East Region

- a) Enugu ITO 7, Ridgeway Rd, P.M.B. 1093, Enugu.
- b) Awka ITO 43, Nnamdi Azikwe Avenue, Behind Union Bank, Awka.
- c) Abakaliki ITO 37 Ogoja Road, Abakaliki.
- d) Umuahia ITO 108, Aba Road, Umuahia.
- e) Owerri ITO Km 3, Owerri/ Onitsha Road, Owerri. • PIT/PAYE remittance from the staff of the Nigerian Police in Enugu State.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Anambra State.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Ebonyi State.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Abia State.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Imo State.

4. South – South Region

- a) Benin ITO 53, Airport Road, Benin.
- b) Calabar ITO 7, IBB Road, Uyo
- c) Yenagoa ITO Otio Street, Yenagoa.
- d) Uyo ITO 149, Ikot Ekpene Road, Uyo.
- e) Asaba ITO Plot 4, Govt. House, Anwal Road, Asaba, • PIT/PAYE remittance from the staff of the Nigerian Police in Edo State.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Cross-River State.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Bayelsa State.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Akwa-Ibom State.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Delta State.

5. North-Central Region

- a) All ITO within FCT, (Garki, Central, Wuse & G/Lada)
 - b) Bauchi ITO Federal Low Cost Housing Estate, Bauchi.
 - c) Jos ITO Adjacent to Federal Secretariat Complex, Jos
 - d) Lokoja ITO Ganaja Junction, P.M.B1116 Lokoja.
 - e) Lafia ITO Lubuna House, Makurdi Rd, Lafia.
 - f) Makurdi ITO Jonah Jang Crescent Road, Makurdi.
 - g) Minna ITO Adjacent to NACB Building Minna. • PIT/PAYE remittance from the staff of the Nigerian Police in FCT – Abuja as described in ‘A’ above.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Bauchi State.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Plateau State.
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- PIT/PAYE remittance from the staff of the Nigerian Police in Kogi State.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Nasarawa State.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Benue State.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Niger State.

6. North-West Region

- a) Kaduna (North) ITO No.3, Broadcasting Road, Kaduna.
- b) Katsina ITO
254A,IBB Way, Katsina.
- c) Sokoto ITO Kano Road, Sokoto.
- d) Gusau ITO 1, Park Road, Gusau.
- e) Birni-Kebbi ITO Opp. Adamu Aleiro Housing Est., Gwadagaji Area.
- f) Dutse ITO 9, Bagudu Road, Dutse. • PIT/PAYE remittance from the staff of the Nigerian Police in Kaduna State.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Katsina State.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Sokoto State.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Zankara State.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Kebbi State.
 - PIT/PAYE remittance from the staff of the Nigerian Police in Jigawa State.

7. North-East Region

- a) Maiduguri ITO Airport Road, P.M.B 11175, Maiduguri.
- b) Yola ITO Galadima Aminu Way, P.M.B 2115, Jimeta Yola.
- c) Damaturu ITO Potiskum Rd, Opp. NTA, P.M.B 1095, Damaturu.
- d) Gombe ITO Sabon Line, Opp. Chimax Inter-biz, Gombe.
- e) Jalingo ITO No.7, Barde Way, P.M.B 1108, Jalingo • PIT/PAYE remittance from the staff of the Nigerian Police in Borno State.

- PIT/PAYE remittance from the staff of the Nigerian Police in Adamawa State.
- PIT/PAYE remittance from the staff of the Nigerian Police in Yobe State.
- PIT/PAYE remittance from the staff of the Nigerian Police in Gombe State.

- PIT/PAYE remittance from the staff of the Nigerian Police in Taraba State.