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UNDERSTANDING THE NATIONAL INFORMATION TECHNOLOGY DEVELOPMENT LEVY (NITDL)

A Publication of the
Federal Inland Revenue Service

For all Enquiries & Complaints, Please contact:

Customer Service Desk of the nearest Tax Office
or

Taxpayer Service Department (TPSD)
20, Sokode Crescent, Wuse Zone 5, Abuja

helpdesk@firs.gov.ng

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2017



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INTRODUCTION

This document is intended to assist existing and potential taxpayers as well as the general public to understand the administration of National Information Technology Development Levy (NITDL) as imposed by Act No. 28 of 2007. The Act provides that companies listed in the Third Schedule of the Act with an annual turnover of ₦100,000,000.00 and above shall pay a levy of 1% of their profit before tax and such levy paid shall be tax deductible. The revenue from the levy is intended to support the planning, development and promotion of the use of Information Technology in Nigeria

2. PERSONS LIABLE TO PAY NITDL

The following Companies are liable to pay the levy as specified in the Third Schedule of the Act:

- GSM Service Providers and all Telecommunication Companies
- Cyber Companies and Internet Providers
- Pensions Managers and Pension-related Companies
- Banks and other Financial Institutions
- Insurance Companies

3. ADMINISTRATION OF NITDL

The Federal Inland Revenue Service (FIRS) is empowered by the Act to assess, collect the levy and remit to the National Information Technology Development

Fund (NITDF). The FIRS, while assessing a liable company for Companies Income Tax (CIT), also assesses such a Company for the levy due.

4. DUE DATE OF FILING NITDL RETURNS

Due date is the date on which a taxpayer is expected to file tax returns and pay the related taxes as provided by the tax law. For NITDL, a company is expected to file its tax returns within six months from the end of the accounting year while filing for Companies Income Tax as a self-assessment filer or the levy shall be due and payable within 60 days after FIRS has served notice of assessment on a company.

5. ASSESSMENT AND COLLECTION

The National Information Development Levy is at the rate of one percent (1%) of a company's profit before tax as stated in the audited account. The levy is filed the same time a taxpayer is filing Companies Income Tax (CIT) returns and it is due and payable on the due date of filing tax returns for a self-assessment filer. The levy is equally paid within 60 days after FIRS has served notice of assessment on a company.

6. COMPUTATION OF NITDL

This is the formula for the computation of NITDL

$$\frac{\text{Rate of NITD Levy}}{100 + \text{Rate of NITD Levy}} \times \text{Profit before Tax}$$

$$= \frac{1}{101} \times \text{Profit before Tax}$$

7. ILLUSTRATION

Note that the levy is an allowable deduction for income tax purposes. Assuming a company has a profit before tax of ₦2,000,000.00, applying the formula stated above, NITDL computed and payable will be:

$$\frac{1}{101} \times 2,000,000.00 = 19,802$$



8. APPLICATION OF THE FUND

The National Information Technology Development Fund (NITDF) shall be applied for the following uses:

- Create a framework for the planning, research, development, standardization, application, coordination, monitoring, evaluation and regulation of information technology practice, activities, and systems in Nigeria
- Provide guidelines to facilitate the establishment and maintenance of appropriate information technology and systems application and development in Nigeria for public and private sectors, urban-rural development, the economy and the Government
- Develop guidelines for the networking of public and private sector establishments
- Accelerate internet and intranet penetration in Nigeria and promote sound internet governance.

9. OFFENCES AND PENALTIES

Any company that fails to comply with the provisions of the National Information Technology Development Agency (NITDA) Act No.28 of 2007 commits an offence and is liable to various sanctions as contained in the table below

S/N	Offences	Penalties
1	Where a company fails to make payment within 30 days after a demand note has been served	The company is liable to pay the unpaid levy plus a sum which is equal to 10 percent of the unpaid levy. In case of Naira remittance, the tax due shall carry interest at the prevailing minimum rediscount rate of the Central Bank of Nigeria plus spread to be determined by the Minister. In the case of foreign currency remittance, the tax due shall incur interest at the prevailing London Inter-Bank Rate or the prevailing minimum rediscount rate of Central Bank of Nigeria, whichever is higher, plus spread to be determined by the Minister
2	Any body corporate or person who commits an offence under NITDA where no specific penalty is provided	The Company/person is liable on conviction: <ul style="list-style-type: none"> ● For the first offence, to a fine of ₦200,000.00 or imprisonment for a term of one year or to both such fine and imprisonment ● For second offence and subsequent offences, to a fine of ₦500,000.00 or imprisonment for a term of three years or to both such fine and imprisonment

FREQUENTLY ASKED QUESTIONS AND ANSWERS ON NITDL

Question 1. When was the National Information Technology Development Levy introduced in Nigeria?

Answer: The Levy was introduced into the Nigerian Tax System in 2007 by the National Information Technology Development Agency (NITDA) Act No. 28 of 2007 with effect from 24th April, 2007.

Question 2. What is the main objective of National Information Technology Development Agency?

Answer: The main objective of National Information Technology Development Agency is to plan, develop and promote the use of Information Technology in Nigeria.

Question 3. What is the rate of National Information Technology Development Levy?

Answer: The rate of NITDL is one percent (1%) of the profit before tax of Companies and Enterprises engaged in Information Technology and Financial service-related businesses with annual turnover of ₦100,000,000.00 and above.

Question 4. Who is liable to the payment of NITDL?

Answer: Any company that engages in the following operations with annual turnover of ₦100,000,000.00 and above as contained in the Third Schedule of the enabling Act is liable to pay NITDL:

- GSM Service Providers and all Telecommunication Companies
- Cyber Companies and Internet Providers
- Pensions Managers and Pension-related Companies
- Banks and other Financial Institutions
- Insurance Companies

Question 5. Who has the responsibility to assess and collect the Levy and remitting into the Fund?

Answer: The Federal Inland Revenue Service is empowered by the Act to assess, collect and impose penalties for offences relating to the administration of the Levy.

Question 6. When is the due date for filing NITDL returns?

Answer: The Levy is due within six months from the end of accounting year of an existing taxpayer. For newly incorporated Company, either within eighteen months from the date of incorporation or six months from the end of the Company's first accounting period, whichever is earlier.

Question 7. How is NITDL computed?

Answer: NITDL is computed as $\frac{1}{101} \times$ profit before tax as stated in audited account.

Question 8. How is the Levy assessed?

Answer: In a circumstance where a Company fails to file return on a due date, FIRS will assess the Company at the same time the Company is assessed for Companies Income Tax.

Question 9. What are the uses of NITDL?

Answer: The fund shall be used to create a framework for the planning, research, development, standardization, application, coordination, monitoring, evaluation and regulation of Information Technology practice, activities and systems in Nigeria.

Question 10. What are the offences and penalties for failure to remit NITDL?

Answer: A body corporate who commits an offence by failing to make payment within 30 days after a demand note has been served is liable to the unpaid Levy plus a sum which is equal to 10 percent of the unpaid Levy and interest at the prevailing minimum rediscount rate of the Central Bank of Nigeria plus spread to be determined by the Minister.

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e-TCC



Taxpayers can now request for their TCC from the comfort of their home or office after fulfilling their civic obligation, with the introduction of FIRS e-TCC.

- Go to **www.firs.gov.ng**
- Click on **e-Services**.
- Click on **e-TCC**.
- Register on the FIRS e-Services platforms.
- Obtain your credentials through your email.
- Choose a username and password upon successful registration.
- Login and request for your e-TCC.
- An acknowledgment will be sent to your email that your TCC is being processed.
- A link to download your e-TCC will be automatically sent to your email on or before 7days if you have no outstanding Tax liabilities.

e-TCC Verification

- Go to **www.firs.gov.ng**
- Click on **e-Services**.
- Click on e-TCC to verify the authenticity of your TCC.
- Click on Verify e-TCC.
- Enter the e-TCC Number and your TIN or scan the QR bar on the top right hand corner of the e-TCC with your QR reader, which is a functionality that can be downloaded free on the e-TCC platform or on the app store for iOS (Apple products) and Play Store on Android phones.

OBTAINING YOUR TCC HAS NEVER BEEN EASIER.

TAX Administration is now as easy as ABC

**Please note all FIRS services are FREE*

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 taxpayer.service@firs.gov.ng
 complaints@firs.gov.ng
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e-Filing



The Federal Inland Revenue Service (FIRS) has automated its tax administration processes through the **Integrated Tax Administration System (ITAS)**

To file online:

- Go to **www.firs.gov.ng**
- Click on **e-Services**.
- Click on **e-Filing**.
- Click on download e-Filing access form.
- Complete the form.
- Ensure that it is duly signed by the taxpayer and/or authorised officer of the taxpayer.
- Select your tax office, scan and email the completed form to your Tax Office.
- Check your e-mail for your user ID and Password.
- Log into ITAS e-Filing portal with your ID and password.
- Upload your return.
- Click Submit.
- Document Number will be provided automatically.
- Click on payment.

Document Number is a remittance form number, which is used for raising assessment and payment of taxes on the ITAS platform. Document Number is unique to taxpayers, tax type, tax period and tax office

e-FILING CAN BE USED TO FILE RETURNS FOR ALL TAXES

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**Please note all FIRS services are FREE*

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 taxpayer.service@firs.gov.ng
 complaints@firs.gov.ng
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e-Receipt



When you pay your tax using any FIRS platform, a link to download your e-Receipt is sent automatically to your email 24 hours after receipt of the payment.

Click on the link to download and print your receipt

e-Receipt Verification

- Go to www.firs.gov.ng
- Click on **e-Services**.
- Click on e-Receipt to verify the authenticity of your receipt.
- Click on Verify e-Receipt and enter the e-Receipt number and your TIN.
- Or scan the QR bar on the top right hand corner of the e-Receipt with your QR reader which is a functionality that can be downloaded free on the e-Receipt platform or on the app store for iOS (Apple products) and Play Store on Android phones.
- Now you can receive and verify your e-payment receipts anytime and anywhere in the world through your email address.
You can also confirm if your deducted Withholding Tax (WHT) or VAT payments has been remitted to government anytime and anywhere in the world.
- Your WHT deduction or VAT payment must be remitted once a month before the 22nd day of the month.



e-Receipt

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e-STAMP DUTY

Stamp duty is a tax levied on documents such as receipts, land transactions and other legal documents. In the past, it required a physical stamp but with the new e-Stamp Duty from the FIRS, stamping can be done from the comfort of your home or office

a. For Dutiable Instruments:

- Log on to www.firs.gov.ng
- Click on the e-Services.
- Click on e-Stamp Duty.
- Log in or Sign up.
- Obtain your credentials (user name, password) through your email.
- Choose a username and password upon successful registration.
- Log in and select the relevant Stamp Duty instrument.
- Fill in the form and pay online through the integrated payment gateway.
- A link to download your e-Stamp Duty certificate will be automatically sent to your email.

b. For new Business Incorporation:

- Go to www.cac.gov.ng and follow the end to end process which includes payment of your stamp duties to complete your incorporation process.

TAX Administration is now as easy as ABC

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 complaints@firs.gov.ng
 enquiries@firs.gov.ng
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e-Registration

To do business online with the FIRS, Register and be Authenticated at www.firs.gov.ng and follow these easy steps:

- Log in and proceed to the e-Services tab.
- Click on the log in or register tab and input your **Tax Identification Number (TIN)** or **RC Number**.
- Choose a username and password upon successful registration.
- Click on Register.
- A security **PIN** will be sent to your email for authentication to complete the process.

For taxpayers registered with CAC but who have no TIN:

- Log on to <https://apps.firs.gov.ng/tinverification/>
- Enter the CAC Registration number i.e. your RC or BN number.
- Enter the **CAPTCHA** image that will be displayed.
- If your search is successful, you can input your email address and click on the 'Send to my Mail' button to have the details sent to your mail.
- Also check your spam folder if you do not find the mail in your inbox.

For new Business Incorporation:

- Go to www.cac.gov.ng and follow the end to end process, which includes payment of your stamp duties to complete your incorporation process.

TIN: Tax Identification Number
CAC: Corporate Affairs Commission
CAPTCHA: Completely Automated Public Turing Test To Tell Computers and Humans Apart
BN: Business Name

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e-TaxPayment



Electronic Tax payment allows you to pay your taxes from the comfort of your home or office on either of the under listed platforms.

a. e-TaxPay

- Log on to the internet banking platform of your bank.
- Click on **NIBSS e-BillsPay**.
- Click on the **e-TaxPay** tab or type Federal Inland Revenue Service in the search bar.
- Input your **Tax Identification Number (TIN)** then verify and confirm your TIN details before selecting the type of tax you are paying.
- Enter the amount, confirm all details and click: Continue To Pay.
- e-Acknowledgement is automatically sent to your email.
- Your FIRS official receipt is sent to your email 24hours after receipt of payment.
- Click on the indicated link to download and print your receipt.

b. Remita.

- Go to www.firs.gov.ng
- Click on **e-Services**.
- Click on **e-Payment**.
- Click on **Remita**.
- Select tax type.
- Enter your **TIN**, payment amount, tax year, taxpayer's full name, email address and phone number.

- Enter the **CAPTCHA** image.
- Click on Proceed to Payment.
- e-Acknowledgement is automatically sent to your email.
- Your official FIRS receipt is sent to your email 24hours after receipt of payment.
- Click on the indicated link to download and print your receipt.

c. Interswitch

- Go to www.quickteller.com
- Log In (Existing quickteller user) or Sign up (New users).
- Type Federal Inland Revenue Service or FIRS in the search bar. Select tax type.
- Enter your **TIN**, payment amount tax year, taxpayer's full name, email address and phone numbers.
- Enter the **CAPTCHA** image.
- Click on Proceed to payment e-Ticket is automatically sent to your email.
- Your official FIRS receipt is sent to your email 24hours after receipt of payment.
- Click on the indicated link to download and print your receipt.

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