
FCT Internal Revenue Service commences tax assessments and collection

January 2016

In brief

The ministry of finance has issued a federal treasury circular dated 15 January 2016 following the newly enacted Federal Capital Territory Internal Revenue Service (FCT IRS or the Service) Act 2015. The circular directed all ministries, departments and agencies (MDAs) operating in the FCT to remit all deductions made under the Pay As Your Earn (PAYE)/Personal Income Tax (PIT) scheme for persons working or residing in the FCT to the FCT IRS. Additionally, all capital gains tax arising from the disposal of assets and property within the territory are also to be remitted to the Service.

In detail

Background

The Federal Capital Territory Internal Revenue Service Act 2015 (“FCT IRS” or “the Service”) was recently passed into law by the federal government.

The Service and its management board was established to control and administer the different taxes and laws as specified in the First Schedule of the Act, enforce all other applicable laws/regulations and to account for such taxes.

Specifically, the Service is empowered to (amongst other things): assess all persons chargeable within the FCT to tax and collect and pay to the designated account any tax or levy due to the FCT under the enabling Act.

Prior to the Act, the Federal Inland Revenue Service (FIRS) was responsible for administering taxes in the FCT.

The circular mandates all MDAs to remit their PAYE tax to the FCT IRS’ designated account with the Central Bank of Nigeria (CBN).

This law is also applicable to private sector employees and all other individuals resident in the FCT and covers other taxes including capital gains tax on assets disposed or sold off within the FCT.

The directive however exempts PAYE deductions from members of the armed forces, police personnel and staff of the ministry of foreign affairs who shall continue to be assessed to tax by the FIRS.

Although no official public directive has been issued for private sector employers, it is appropriate to ensure compliance given that the law was enacted in 2015 and became effective immediately. January 2016 however, provides a clear cut-off point for employers that are yet to comply regarding transition from the FIRS to the FCT IRS.

The takeaway

With this circular, the FCT IRS is expected to become fully operational and the uncertainty around its status vis-a-vis the FIRS has become clearer. Affected taxpayers should immediately begin to comply.

See [link](#) to our previous Tax Alert on: A new law to establish the Federal Capital Territory Internal Revenue Service brings new expectations.

Nigeria tax alert

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

PwC Nigeria - Tax and Regulatory Services Unit

Taiwo Oyedele
+234 1 271 1700 Ext 50002
taiwo.oyedele@ng.pwc.com

Kenneth Erikume
+234 1 271 1700 Ext 50004
kenneth.y.erikume@ng.pwc.com

Gbemisola Aisida
+234 1 271 1700 Ext 50036
gbemisola.aisida@ng.pwc.com