



**FEDERAL INLAND REVENUE SERVICE
15 SOKODE CRESCENT, WUSE ZONE 5, P.M.B 33, GARKI, ABUJA, NIGERIA**

INFORMATION CIRCULAR

NO: 2021/02

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SUBJECT: REQUIREMENTS FOR FUNDS, BODIES OR INSTITUTIONS FOR LISTING UNDER THE 5TH SCHEDULE TO THE COMPANIES INCOME TAX ACT, CAP C21 LFN, 2004

This Circular is issued for the information and guidance of the general public, taxpayers and tax practitioners in line with the provisions of the Companies Income Tax Act (CITA). This Circular amends, updates or replaces contents of any other Circular, Notice or Publication previously issued by the Service that is inconsistent with its contents to the extent of such inconsistency.

1.0 Introduction

The objective of this Information Circular is to provide a detailed procedure for Funds, Bodies and Institutions on how to be listed under the Fifth Schedule pursuant to the provisions of Section 25 of Companies Income Tax Act (CITA), CAP C21, LFN 2004 (as amended) and the Requirements for Funds, Bodies or Institutions (Under the 5th Schedule to the Companies Income Tax) Regulations 2011

2.0 Background

Section 25 of CITA provides the legal framework for Companies to make charitable donations to funds, bodies or institutions listed in the Fifth Schedule to the Act. As such, the donations made in this regard are tax deductible.

Section 25(6) empowers the Minister to make amendments to the Fifth Schedule by Order in the Federal Gazette in any manner whatsoever. Accordingly, the amendment to the Fifth Schedule shall only cover such funds, statutory bodies or institutions of a public character established in Nigeria.

3.0 Eligibility Criteria

The following are the three categories of entities that may apply to be listed under the Fifth Schedule:

- (1) a public fund established in Nigeria; or
- (2) a statutory body or institution in Nigeria; or

- (3) an ecclesiastical, charitable, benevolent, educational or scientific institution or body of a public character, established in Nigeria.

4.0 General Criteria

Pursuant to the provisions of Sections 25 and 105 of CITA, a Fund, Body or Institution seeking to be listed under the Fifth Schedule must be a fund, body or an institution of a **public character** with the following features:

- a. it is registered in accordance with the relevant law in Nigeria;
- b. it does not distribute or share its profit in any manner to members or promoters;

From the above, it is clarified that for an organisation to be regarded as of public character, it must have first registered in Nigeria as required by the relevant laws. After such registration, the company shall **not distribute or share** its profit **in any manner**. Its income shall be wholly used for the objects of the organisation or institution in the interest of the public.

Note that distribution of assets, whether in cash or in kind e.g. gifting a vehicle or any asset for the personal use of the promoter or members shall be construed as distribution of profit. Any organisation that engages in such practice would be deemed not to be of public character and therefore **would not** be listed under the 5th schedule and be treated like a regular business outfit for the purposes of tax.

5.0 The Benefits of Listing Under Fifth Schedule of CITA

In accordance with Section 25(1) of CITA, donations received by Funds, Bodies or Institutions in Nigeria listed under the Fifth Schedule are tax deductible by the person or entity making such donation subject to the restrictions prescribed in Section 25 (2) and (3) of CITA.

6.0 Approval Procedure

- 6.1 Application is to be made on the Application Form for Listing Under the Fifth Schedule (which can be downloaded on FIRS website www.firs.gov.ng) with a non-refundable payment of the sum of **Two Hundred and Fifty Thousand Naira Only (₦250,000.00)** or such other amount as the Board may, from time to time, determine to the relevant account.
- 6.2 The application shall be completed in accordance with the Checklist set out in schedule 1 to the Regulations on *Requirements for Funds, Bodies or Institutions (Under the 5th Schedule to the Companies Income Tax Act) Regulations, 2011*. The documents and information required are:

- a. A Certified True Copy (CTC) of Certificate of Registration (incorporation)
 - b. An application letter clearly stating what the company is applying for, relevant law and indicate whether or not it has commenced operation
 - c. Constitution/Memorandum and Articles of Association
 - d. Names, addresses and telephone numbers of the members of the Board of Trustees/Directors of the company/association
 - e. Evidence of payment of Personal Income Tax of the organisation
 - f. Tax Identification Number (TIN) of the organisation if employees are up to five (5)
 - g. A statement of the nature of operation of the company/association
 - h. Registered address and principal place of business
 - i. Financial Statements from inception of operation
 - j. Details of previous activities before current registration and affiliated companies
 - k. Record of performance in corporate social responsibility
- 6.3 The application and the supporting documents shall be reviewed to determine if the Fund, Body or Institution meets the requirements set out in the relevant regulations and laws.
- 6.4 Where the application is granted, the Service shall issue a Certificate to that effect and notify the Minister in accordance with the relevant regulations.
- 6.5 Where the application is denied, the Service shall notify the applicant of such denial within 30 working days.
- 6.6 The Minister may by Order in a Federal Gazette amend the Fifth Schedule to list such Fund, Body or Institution under the Schedule.

7.0 Administration of the Tax Deductible Certificate

- 7.1 The Tax Deductible Certificate shall be valid for a period of **three (3) years in the first instance**, subject to a renewal after every three years upon satisfactory performance and compliance with the relevant laws, rules and regulations.
- 7.2 The Certificate may be revoked, deduction of donation may be refused or an entity may be delisted where the fund, body or institution no longer meets the requirements for which the certificate was granted, notwithstanding that the tenure of the certificate is still be subsisting at that time.

- 7.3 Where a Certificate is revoked or deductions is disallowed, the Service shall notify the Minister within 30 days of such decision and give reasons for the action.
- 7.4 A Fund, Body or Institution issued with the Tax Deductible Certificate shall file returns in compliance with the tax laws.

8.0 Renewal of a Tax Deductible Certificate

An expired Certificate is renewable upon payment of a non-refundable fee of **One Hundred and Fifty Thousand Naira Only (₦150,000.00)** provided the NGO meets with requirements of the law and regulations.

Documents required for renewal include:

- a. Tax Clearance Certificate (TCC);
- b. Current Financial Statement;
- c. Compliance report of activities covering the expired period and other evidence that such activities are carried out;
- d. Evidence of payment of the non-refundable renewal fee; and
- e. Copy of the expired Tax Deductible Certificate.

9.0 Amendment or Revision of the Circular

The Service may, at any time, withdraw or replace this Circular or publish an amended or updated version.

10.0 Enquiries

Any request for further information or clarification on this Information Circular should be directed to the:

Executive Chairman,
Federal Inland Revenue Service,
Revenue House, No 15 Sokode Crescent,
Wuse Zone 5, Abuja.

Or

Director, Tax Policy and Advisory Department,
Federal Inland Revenue Service,
Revenue House, No 12 Sokode Crescent,
Wuse Zone 5, Abuja.

Or

Visit our website: www.firs.gov.ng
Email: tpld@firs.gov.ng