

VALUE ADDED TAX (AMENDMENT) ACT NO. 12 2007

AN ACT TO AMEND THE VALUE ADDED TAX ACT No. 102, 1993; AND FOR RELATED MATTERS

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ARRANGEMENT of SECTIONS

SECTION:

1. Amendment of Act No. 102 of 1993.
2. General amendments.
3. Amendment of section 4.
4. Amendment of section 10.
5. Amendment of section 10A
6. Amendment of section 11 A.
7. Amendment of section 12.
8. Deletion of section 13 (3).
9. Amendment of section 15.
10. Amendment of section 16.
11. Substitution for section 36.
12. Amendment of section 42.
13. Amendment of First Schedule.
14. Appeals.
15. Citation.

VALUE ADDED TAX (AMENDMENT) ACT, 2007

2007 ACT No. 12 AN ACT TO AMEND THE VALUE ADDED TAX ACT No. 102, 1993; AND FOR RELATED MATTERS

[16th Day of April, 2007]

ENACTED by the National Assembly of the Federal Republic of Nigeria

1. The Value Added Tax Act (in this Act referred to as “the Principal Act”) is amended as set out in this Act.
2. Substitute for the words “**VAT Office**” the words “**Tax Office**” wherever they occur in the Principal Act.
3. Substitute for section 4 of the Principal Act a new section “4” – Rate of tax 4. The tax shall be computed at the rate of 5 per cent on the value of all goods and services as determined, under sections 5 and 6 of this Act, except that goods and services listed under Part III of the First Schedule to this Act shall be taxed at zero rate.”
4. Substitute for the word “him”, the words “the person” in section 10 (1) of the Principal Act.
5. Section 10 A of the Principal Act is amended by
 - (a) Inserting immediately after the existing subsection (1), the following new subsection “(2)”

“(2) The Service may, by notice, determine and direct the companies operating in the oil and gas sector which shall deduct VAT at source and remit same to the Service”; and
 - (b) Renumbering the existing subsection “(2)” as subsection “(3)”.
6. Insert the following new section IIA immediately after the existing section II of the Principal Act

“Tax invoice 11 A

- (1) A taxable person who makes a taxable supply shall, in respect of that supply, furnish the purchaser with a tax invoice containing, inter alia, the following-
 - (a) Tax payers’ identification number;
 - (b) Name and address;
 - (c) VAT registration number;
 - (d) The date of supply;
 - (e) Name of purchaser or client
 - (f) Gross amount of transaction; and
 - (g) Tax charged and rate applied.

- (2) A tax invoice shall be, issued on supply whether or not payment is made at the time of supply.”

7. Section 12 of the Principal Act is amended–
 - (a) in subsection (1), by substituting for the figure and word “30th day” for the figure and word
 - (b) by inserting immediately after subsection(2) the following new subsection “(3)”–

“(3) In this regard, any payment made to duly authorized government agents shall be deemed to have been made to the Federal Inland Revenue Service.”

8. Delete section 13 (3) of the Principal Acts

9. Substitute for the figure “16” the figure “15” in section 15 of the Principal Act.

10. (1) Substitute for section “16(2)” and (3) of the Principal Act, a new section 16 (2) and (3)– “(2)” A taxable person who is aggrieved by an assessment made on the person may file an objection to the Federal Inland Revenue Service.

- (3) An appeal before the Federal Inland Revenue Service shall be determined within 30 days.”

- (2) Insert new section “16 (4)” and “(5)” immediately after the new section 16 “(2)” and “(3)”–
- “(4) Appeal from the decisions of the Federal Inland Revenue Service shall be made to the Tax Appeal Tribunal.
- (5) An appeal from the Tax Appeal Tribunal shall be made to the Federal High Court.”
11. Substitute for section 36 of the Principal Act a new section “36”–
“36. Notwithstanding any formula that may be prescribed by any other law, the revenue accruing by virtue of the operation of this Act shall be distributed as follows
- (a) 15% to the Federal Government;
- (b) 50% to the State Governments and the Federal Capital Territory, Abuja; and
- (c) 35% to the Local Governments.

Provided that the principle of derivation of not less than 20% shall be reflected in the distribution of the allocation amongst States and Local - Governments as specified in sub-paragraphs (b) and (c) of this section.”

12. Insert the interpretation of the following accordingly in section 42 of the Principal Act
- “**exported service**” means service performed by a Nigerian resident or a Nigerian company to a person outside Nigeria;
- “**imported service**” means service rendered in Nigeria by a non-resident person to a person inside Nigeria;
- “**taxable person**” includes an individual or body of individuals, family, corporations, sole trustee or executor or a person who carries out in a place an economic activity, a person exploiting tangible or intangible property for the purpose of obtaining income therefrom of trade or business or a person or agency of government acting in that capacity.”
13. The First Schedule to the Principal Act is amended
- (a) by substituting for paragraph 7, the following new paragraph “7”
“7. Plant, machinery and goods imported for use in the export

- processing zone or free trade zone: Provided that 100 per cent production of such company is for export otherwise tax shall accrue proportionately on the profits of the company”; and
- (b) inserting a new “Part III” as follows

Part III—Zero rate goods and services

1. Non-oil exports.
 2. Goods and services purchased by diplomats.
 3. Goods purchased for use in humanitarian donor funded projects.”
‘humanitarian donor funded project’ includes projects undertaken by Non-Governmental Organizations and Religious and Social Clubs or Societies recognized by law whose activity is not for profit and in the public interest.”
14. Appeals shall be as in the Federal Inland Revenue Service Act.
15. This Act may be cited as the Value Added Tax (Amendment) Act, 2007.

I certify, in accordance with Section 2 (1) of the Acts Authentication Act, Cap. 4, Laws of the Federation of Nigeria 1990, that this is a true copy of the Bill passed; by both Houses of the National Assembly.

**NASIRU IBRAHIM ARAB, Clerk to the National Assembly
16th Day of April, 2007.**

EXPLANATORY MEMORANDUM

This Act amends the Value Added Tax No. 102, 1993 and, among other things, makes it more responsive to the tax reform policies of the Federal Government and enhances its implementation and effectiveness.