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INFORMATION CIRCULAR

NO: 2022/23

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Subject: **INFORMATION CIRCULAR FOR THE ADMINISTRATION OF THE NATIONAL AGENCY FOR SCIENCE AND ENGINEERING INFRASTRUCTURE LEVY**

This circular is issued for the information and guidance of the general public, taxpayers and tax practitioners in line with the provisions of the relevant tax laws. This circular amends, updates the contents of any circular, notice or other publication previously issued by the Service that is inconsistent with its contents to the extent of such inconsistency.

1.0 Introduction

The National Agency for Science and Engineering Infrastructure was established by the National Agency for Science and Engineering Infrastructure (Establishment) Act, Cap. N3 LFN, 2004 (as amended) (NASENI Act). The Act levies the turnover of certain commercial companies and firms.

2.0 Legal Framework of the Circular

This Circular provides clarification on the administration of the levy collectible under the NASENI Act. It is issued pursuant to the provisions of the National Agency for Science and Engineering Infrastructure (Establishment) Act, Cap. N3, LFN 2004, Federal Inland Revenue Service (Establishment) Act, No 13, 2007(as amended) and the Companies Income Tax Act, Cap. C21, LFN 2004 (as amended).

3.0 National Agency for Science and Engineering Infrastructure (NASENI) Levy

The NASENI Act provides for the imposition of a levy on certain commercial companies and firms in Nigeria. The levy shall be credited to the Fund established under the Act. Section 20 (2) (b) provides as follows:

"(2) there shall be paid and credited to the Fund-

(b) levy on the profit before tax of commercial companies and firms with turn-over of N100,000,000 and above covering the banking, mobile telecommunication, ICT, aviation, maritime, oil and gas sectors which shall be-

- (i) at the rate of 0.25% of profit before tax*
- (ii) collected by the Federal Inland Revenue Service (FIRS),*
- and (iii) credited to the account of the Agency.”*

4.0 Persons liable to pay NASENI Levy

The levy shall be applicable to commercial companies and firms with turnover of ₦100,000,000 in the sectors enumerated in Section 20(2) (b) of the NASENI Act. Such companies and firms shall include resident and nonresident companies that are subject to tax in Nigeria. These sectors are:

- i. **Banking:** These are companies engaged in banking activities as defined under the Banks and other Financial Institutions (BOFIA) Act, 2020.
- ii. **Mobile Telecommunications:** These are companies engaged in the business of mobile telecommunications as licensed by the Nigerian Communications Commission and other regulators of the industry.
- iii. **ICT:** These are companies engaged in the business of information communications technology as licensed by the National Information Technology Development Agency and other regulators of the industry.
- iv. **Aviation:** These are companies engaged in the business activities that are regulated by Nigerian Civil Aviation Authority and Nigerian Airspace Management Agency.
- v. **Maritime:** These are companies engaged in business activities that are regulated by the Nigerian Maritime Administration and Safety Agency.
- vi. **Oil and Gas:** These are companies engaged in Upstream, midstream and downstream business and gas companies as defined under the Petroleum Industry Act (PIA), 2021.

5.0 Administration of NASENI Levy

Section 20(2)(b)(ii) of the NASENI Act empowers the Federal Inland Revenue Service (FIRS) to collect and credit the levy so collected to the account of the Agency.

5.1 Effective Date

The effective date for the implementation of this new provision shall be 1st January 2022. This implies that NASENI levy shall be chargeable on the profit before tax of 2021 financial statements of the commercial companies and firms liable to the levy for the 2022 year of assessment.

6.0 Filing, Assessment and Payment of NASENI Levy

6.1 Filing of Returns

- i. NASENI levy returns shall be filed with the income tax returns, in accordance with the provisions of CITA relating to time of filing.
- ii. The returns shall be filed in the form prescribed by the FIRS.

6.2 Assessment and Payment

- i* A self-assessment filer shall pay the levy on or before the due date of filing. A taxpayer may pay the levy due in instalment provided that payments in instalment commence prior to the due date of filing and the final instalment is paid on or before the due date of filing.
- ii* In the case of an additional assessment, revised assessment, or any other instance where a notice of assessment is served on a company by the Service, payment of the levy due must be made within 30 days of service of the notice. Taxpayers opting for instalment payment in this instance must ensure that the final instalment is made on or before the 30th day of service of the notice of assessment.

7.0 Computation of NASENI levy

NASENI levy shall be computed as follows:

Rate of NASENI levy x Profit before tax

Illustration

ABC Airlines Limited has an annual profit before tax of N150,000,000.00 in year 2021.

ABC Airlines Limited NASENI levy shall be computed as follows:

$$\frac{0.25}{100} \times \text{₦}150,000,000.00 = \text{₦}375,000.00$$

Note: The NASENI levy is not tax deductible in determining the assessable profits under the Companies Incomes tax.

8.0 Penalty for Non-Compliance

Any company that fails to comply with the requirements of assessment, payment and filing with respect to the provisions of the Section 20(a)(b) of the NASENI Act commits an offence which shall attract appropriate penalties, in line with the relevant provisions of the extant laws.

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 clarifications on this Information Circular should be directed to the:

Executive Chairman,
Federal Inland Revenue Service,
Revenue House, 15,
Sokode Crescent,
Wuse Zone 5, Abuja.

Or

Director, Tax Policy and Advisory Department,
Federal Inland Revenue Service,
Revenue House Annex 4,
26, Sokode Crescent,
Wuse Zone 5, Abuja.

Or

Email: tpld@firs.gov.ng