

Tax Update Newsletter

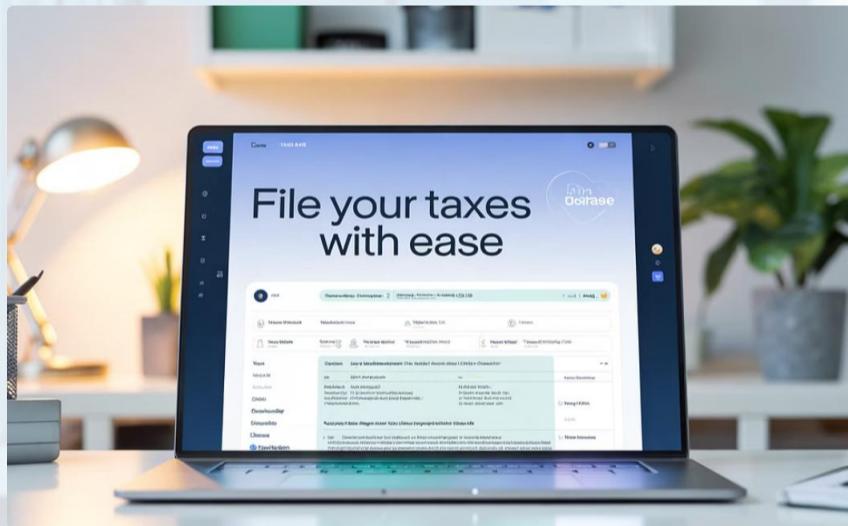
Nigeria's 2024 Tax Reforms



Dear Valued Client,

Welcome to the 2024 Tax Update Newsletter from **Philips Oyedele & Co**. This document outlines the recent major tax reforms introduced in Nigeria which affect individuals, SMEs, and large corporations alike. We provide a clear comparison between the previous tax framework and the new regulations, discuss what these changes mean for different taxpayers, and how we can assist you in navigating these updates. Stay informed and compliant with expert guidance tailored to Nigerian businesses and individuals.

Major Nigerian Tax Reforms – What They Mean for You



The 2024 tax reforms aim to simplify compliance for all taxpayers. This includes streamlined filing processes and faster dispute resolution mechanisms, making tax administration more efficient across Corporate Income Tax (CIT), Withholding Tax (WHT), Personal Income Tax (PIT), and VAT.



A key objective of these reforms is to stimulate economic growth across Nigeria. Small and Medium Enterprises (SMEs) will particularly benefit from wider tax exemptions and favorable regulations designed to foster their expansion and contribution to the national economy.



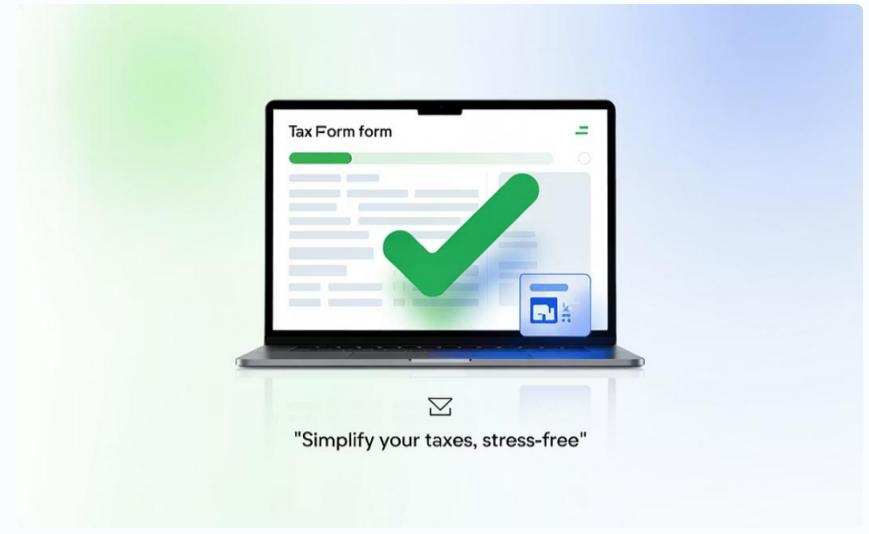
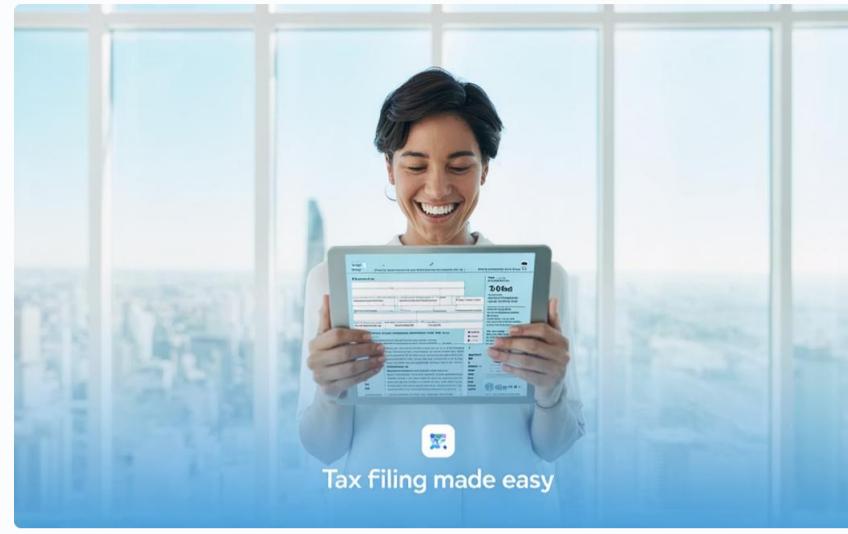
The reforms also seek to protect vulnerable households by introducing more progressive tax bands for individuals. This means increased reliefs and adjustments to Personal Income Tax (PIT) designed to ease the financial burden on citizens.

Comparison Table: Old vs New Tax Regime

Below is a concise side-by-side comparison of the previous tax regime vs. the new 2024 framework, so you can clearly see how these changes may affect you or your business.

Tax Area	Before 2024	From 2024 Reforms
Corporate Income Tax (CIT) for SMEs	Companies with turnover up to ₦25 million exempt.	Exemption raised to businesses up to ₦100 million turnover, significantly broadening SME relief.
Withholding Tax (WHT)	Generally 5% on individual services, 10% for companies. No SME relief.	SMEs with turnover under ₦25 million (\leq ₦2 million monthly) exempt if holding a valid TIN. Some sectors enjoy reduced WHT rates down to 2%.
WHT Refunds & Administration	Slow refunds, unclear timelines.	Streamlined refund process with mandatory receipts and stricter timelines. Double WHT applied if no TIN.
Personal Income Tax (PIT)	Lowest band taxed at 7% or 11%, no full exemption.	Individuals earning \leq ₦800,000 p.a. pay zero tax. Progressive bands introduced from 15% to 25% for higher incomes.
Compensation Payments	Tax-free up to ₦10 million.	Raised tax-free threshold to ₦50 million for severance, termination or injury payments.
VAT & Essentials	VAT at 7.5% with modest exemptions.	Retained at 7.5%, but exemptions broadened on food and medicines to protect households.
Compliance & Filing	Managed by FIRS plus other fragmented agencies.	Now unified under Nigeria Revenue Service (NRS) with simpler e-filing mechanisms.
Dispute Resolution	Lengthy manual processes.	Clearer processes via Tax Appeal Tribunal and newly established Tax Ombud.

What These Reforms Mean for You



For Small Businesses (SMEs)

- Expanded zero corporate income tax now applies to businesses with up to ₦100 million turnover.
- Significant Withholding Tax exemptions and reductions are designed to ease cash flow challenges for SMEs.

For Individuals

- Individuals earning up to ₦800,000 annually are fully exempt from Personal Income Tax.
- More transparent and progressive tax bands, ranging from 15% to 25%, enhance fairness for all income levels.

For All Taxpayers

- Widespread adoption of digital filing reduces the need for physical visits to tax offices.
- Improved and faster dispute resolution processes promote smoother compliance and reduce stress for all taxpayers.

How We Can Help

Philips Oyedele & Co. (Chartered Accountants) is dedicated to guiding you through the complexities of the 2024 tax reforms. Our expert services include:

- Reviewing your tax structures to maximize the benefits of these reforms.
- Ensuring compliance with the new Withholding Tax and CIT exemption rules.
- Managing your payroll and PIT to reflect the updated thresholds.
- Supporting you through e-filing and dispute resolution processes under the new NRS framework.

Have Questions

Please feel free to reach out to our team at any time. We're here to guide you through these updates and ensure your business and personal tax affairs remain fully compliant and optimised.

Warm regards,

Philips Oyedele & Co. (Chartered Accountants)

Tax & Business Advisory Team