COVID-19: Nigeria rolls out various regulatory and fiscal measures to provide relief

Countries around the world, including Nigeria, have put in place measures - such as border closures, restriction of movement of people/goods and provision of welfare packages to citizens - to cushion the effect of the COVID-19 Pandemic.

In this newsletter, we examine the various measures put in place in Nigeria to contain the spread of COVID-19 and also alleviate the impact of the Pandemic.

1. Immigration measures

The Federal Government of Nigeria (FGN) set up the Presidential Task Force on Coronavirus (PTF-COVID19). The PTF-COVID19 and the Nigerian Immigration Authority announced the following:

- Visa Suspension: The immediate suspension of Visa on Arrival (VoA) issuance to travellers from thirteen (13) countries, namely China, Italy, Iran, South Korea, Spain, Japan, France, Germany, Norway, United States of America, United Kingdom, Netherlands and Switzerland. This list was later extended to include Austria and Sweden.

Subsequently, there was a blanket suspension of VoA and Temporary Work Permit (TWP) to intending visitors to Nigeria.
• **Entry Restriction**: An entry restriction order to travellers from these fifteen (15) countries, effective 21 March 2020

• **Mandatory Self-Isolation**: All travellers returning to Nigeria (from the aforementioned countries before the restriction) would undergo supervised isolation for 14 days and be monitored by the Nigeria Centre for Disease Control (NCDC) and Port Health Services.

• **Closure of Airport**: Effective Monday, 23 March 2020, all airports in Nigeria were closed to international flights.

• **Intra-city/country movement restriction**: The FGN announced a restriction on intra-city/country movement (“Lockdown”). The Lockdown is applicable in Lagos State and the Federal Capital Territory (Abuja) with effect from 11 pm, March 30 2020. The Lockdown will become effective in Ogun State on 3 April 2020. The details of the Lockdown, which is for an initial period of 14 days, include:
  - Everyone in the locations covered by the restriction is mandated to stay in their homes;
  - Travel to or from other States are restricted; and
  - All businesses/offices (except essential services) within the locations should be fully closed.

Effective Monday, 23 March 2020, all airports in Nigeria were closed to international flights.

We hope that these actions would provide the necessary impetus to flatten the curve and reduce the spread of the Coronavirus.

### 2. Economic and fiscal measures

Regulatory and tax authorities, especially in areas most affected by COVID-19 have announced the following:

a. **Central Bank Nigeria (CBN)’s economic measures**

   These are;
   - **Extension of moratorium** - All CBN intervention facilities are granted a one-year extension on all principal repayments. New amortization schedules will be provided for all beneficiaries. This is effective 1 March 2020.
   - **Interest rate reduction** - Interest rates on all applicable CBN intervention facilities are to be reduced from 9% to 5% per annum for 1 year with effect from 1 March 2020.
   - **Creation of a N50 Billion targeted credit facility** - This will be administered through the NIRSAL Microfinance Bank for households, small and medium-sized enterprises that have been significantly impacted by COVID-19, including but not limited to hoteliers, airline service providers, health care merchants etc.

b. **Credit Support for the Healthcare Industry** - The CBN has made loans available for pharmaceutical companies intending to expand their drug manufacturing plants in Nigeria. This is to meet the potential increase in demand for healthcare services and products.

   The loan is also available to hospitals and healthcare practitioners who intend to expand their health facilities to first-class centres or build new ones.

   The CBN has directed all banks, accepting deposits, to consider temporary and time-limited restructuring of the tenor and loan terms for businesses and households most affected by the outbreak of COVID-19.

   The above measures taken by the CBN are necessary and 

---

1 Please note that some States had hitherto imposed restriction on intra city movement e.g. Oyo, Rivers, Ekiti

2 Essential services include hospitals and medical related establishments, food processing, distribution & retail companies, petroleum distribution and retail companies, power generation and retail companies and also private security
COVID-19: Nigeria rolls out various regulatory and fiscal measures to provide relief

required to address the downward economic trend brought about by the Pandemic.

However, considering Nigeria’s dwindling external foreign reserves, exacerbated by falling crude oil prices, a delicate balance is required to ensure the country is still able to fund its budget.

b. FGN’s welfare programmes

i. 3-Month Moratorium on certain government loans – TraderMoni, MarketMoni and FarmerMoni are small scale government loans which provide petty traders, farmers and small business with access to capital. The beneficiaries of these government loans, estimated to be about 2million, are to enjoy the loan repayment holiday of 3 months. Also, a similar moratorium extension is granted to loan facilities funded by the Federal Government and disbursed by the Bank of Industry, Bank of Agriculture and the Nigeria Export-Import Bank respectively.

ii. Conditional cash transfer scheme - The most vulnerable in the society would be paid a stipend for two months to enable them meet their basic needs. In addition, internally displaced persons would be granted two months’ worth of food rations.

While this is a laudable initiative, there are no set criteria to identify those considered to be “most vulnerable”. Will this initiative be limited to the worst-hit areas or will the general rules on vulnerability will be applied nationwide.

c. House of Representatives pass Economic Stimulus Bill 2020

The House of Representatives recently passed the Emergency Economic Stimulus Bill 2020 (The Bill). The Bill is essentially aimed at providing certain reliefs for individuals and corporate bodies to cushion the adverse effect of the economic downturn caused by the Pandemic.

The Bill seeks to, amongst others, cater for the general wellbeing of Nigerians as well as provide temporary relief to companies and individuals to alleviate the adverse financial consequences of a slowdown in economic activities caused by COVID-19. It is also aimed at protecting the employment status of Nigerian, providing stimulus on mortgage repayment as well as eliminating bottlenecks surrounding the importation of medical equipment and materials.

Specifically, the Bill provides for the following reliefs to be granted to corporate bodies and individuals in Nigeria:

i. Special tax rebate - any Nigerian company which maintains the same employee status without retrenching any staff from 1 March to 31 December 2020, would be entitled to a 50% income tax rebate of the actual amount due, or paid as pay as you earn (PAYE) tax. It is instructive to note that this relief still applies where an employee dies from natural causes, voluntarily resigns (or has indicated intention to resign before 1 March 2020) or where the employee breaches the provisions of the Labour Act, 2004. The rebate,
COVID-19: Nigeria rolls out various regulatory and fiscal measures to provide relief

However, would not apply to companies liable to tax under the petroleum profits tax regime.

While this appears to be a laudable approach, it, however, raises a number of concerns, few of which are discussed below:

- Considering that the employer retained its employees during the tough economic times brought about by the Pandemic, this relief is welcome. However, it is unclear whether companies get actual cash refunds or reliefs from future tax payable. Where it is the latter, companies’ right to carry forward unutilized rebates is uncertain.

- As noted above, companies operating in the upstream sector of the Nigerian oil and gas industry (liable to tax under the Petroleum Profit Tax Act) are specifically excluded from benefitting from the special tax rebate.

As crude oil price continues to fall, this category of companies are already faced with challenges of survival and extending the rebate to them will be commendable.

- The due date for filing Companies Income Tax (CIT) returns has been extended by one month.

According to the FIRS public notice, FIRS has put in place the following measures to reduce the impact of the Pandemic on businesses and other economic activities of taxpayers:

i. The due date for filing Companies Income Tax (CIT) returns has been extended by one month.

- Import duty waiver on selected goods - there would be an import duty waiver on medical equipment, medicines, personal protection equipment and such other medical necessities (as may be determined by the Minister of Health) required for the treatment and management of the Pandemic in Nigeria. The import duty waiver would remain in force until 31 December 2020.

As plausible as this seems, it raises certain practical concerns - would an official approval from the Ministry of Health, for instance, be sufficient for importers to get their goods cleared at the port? Our view is that this should suffice and one of the objectives of the Bill, which is to remove fiscal bottlenecks in the fight against the Pandemic, should be an overriding factor to be considered.

- Business Continuity Plan of Federal Inland Revenue Service (FIRS)

FIRS recently released a public notice, informing the general public of the launch of its “business continuity plan” (BCP). The BCP is expected to mitigate the impact of the Pandemic on taxpayers, FIRS’ staff, stakeholders, other visitors and the revenue generation aspirations of the FGN.

“...there are no set criteria to identify those considered to be ‘most vulnerable’. Will this initiative be limited to the worst-hit areas or will the general rules on vulnerability will be applied nationwide.”

According to the FIRS public notice, FIRS has put in place the following measures to reduce the impact of the Pandemic on businesses and other economic activities of taxpayers:

ii. Deferral of residential mortgage obligations –

- Payment of mortgage obligations due to the Federal Mortgage Bank of Nigeria (FMBN), on residential mortgages obtained by individual contributors to the National Housing Fund, will be deferred for 180 days from 1 March 2020.

iii. Import duty waiver on selected goods - there would be an import duty waiver on medical equipment, medicines, personal protection equipment and such other medical necessities (as may be determined by the Minister of Health) required for the treatment and management of the Pandemic in Nigeria. The import duty waiver would remain in force until 31 December 2020.

As plausible as this seems, it raises certain practical concerns - would an official approval from the Ministry of Health, for instance, be sufficient for importers to get their goods cleared at the port? Our view is that this should suffice and one of the objectives of the Bill, which is to remove fiscal bottlenecks in the fight against the Pandemic, should be an overriding factor to be considered.

d. Business Continuity Plan of Federal Inland Revenue Service (FIRS)

FIRS recently released a public notice, informing the general public of the launch of its “business continuity plan” (BCP). The BCP is expected to mitigate the impact of the Pandemic on taxpayers, FIRS’ staff, stakeholders, other visitors and the revenue generation aspirations of the FGN.

“...there are no set criteria to identify those considered to be ‘most vulnerable’. Will this initiative be limited to the worst-hit areas or will the general rules on vulnerability will be applied nationwide.”

According to the FIRS public notice, FIRS has put in place the following measures to reduce the impact of the Pandemic on businesses and other economic activities of taxpayers:

i. The due date for filing Companies Income Tax (CIT) returns has been extended by one month.
ii. Taxpayers can file their CIT returns with FIRS without an audited account, provided that the audited accounts are filed within two months after the revised due date of filing.

iii. Timeline for payment of withholding tax and filing of value-added tax returns has been extended from the 21st of every month to the last working day of the month.

iv. To minimise contact with FIRS, taxpayers can either submit their returns on the FIRS e-portal or via designated emails based on the categorisation of such taxpayers by FIRS.

v. All meetings of FIRS’ staff with taxpayers are to be limited to a maximum of 10 people at any time.

vi. For desk reviews and tax audits, FIRS will publish information requests on its website and create a portal where requested documents can be uploaded by the taxpayer.

The BCP is a very commendable move by FIRS as it tries to comply with global best practices in light of the COVID-19 pandemic. However, the public notice made no reference to:

- The obligation of organisations to file transfer pricing returns 6 months after financial year-end. Even though this may be implied from the extension of the filing deadline for income tax returns, a specific statement on TP returns would be desirable considering the significance of the late filing penalty.

- Obligations of Nigerian financial institutions to submit returns of “Reportable Accounts” under the Income Tax (Common Reporting Standard) Regulations. The first set of returns is due to be submitted to FIRS on or before 31 May 2020, and the ability of financial institutions to meet this deadline may also be impacted by the Pandemic.

- Obligation to file Petroleum Profits Tax (PPT) and other taxes not expressly covered under the Notice. Considering that it is not all taxes that are specifically covered, it would be ideal that FIRS clarifies its position on these other taxes to prevent uncertainty.

- Payment of tax. The public notice is also silent on whether the tax payments can also be delayed to meet the extended deadline for filing returns. However, it is arguable that this is a direct consequence of filing tax returns and payment may follow the filing of tax returns.

Therefore, we expect FIRS to consider including these other returns and statutory obligations in the extension of deadlines, given that the recent developments affect all businesses.

e. LIRS extends deadline for filing 2019 individual income tax returns

The Lagos State Government (LASG) issued a sit-at-home order to the majority of its workforce and shut down economic activities in markets across the State. Subsequently, the Lagos State Internal Revenue Service (LIRS) informed all taxable individuals resident in Lagos State of the extension of the deadline for filing individual income tax returns for 2019, from 31 March 2020 to 31 May 2020.

By law, all taxable persons are required to file a return of claims and income from every source for the year preceding the year of assessment, with the relevant tax authority. The return is to be filed within 90 days from the commencement of every year of assessment (i.e., by 31 March of every year).

With the issuance of the LIRS’ directive, individual taxpayers resident in Lagos State during 2019 have an extended window of opportunity to collate all required documents for filing their income tax returns online through the dedicated e-tax portal (www.etax.lirs.net).

Pursuant to the powers granted under the Quarantine Act, the President issued the COVID-19 regulations, to serve as the fulcrum and legal basis for all the proposed actions that the Federal government intends to put in place to handle the fallout of the Pandemic.

f. FCT IRS extends deadline for filing 2019 individual income tax returns
COVID-19: Nigeria rolls out various regulatory and fiscal measures to provide relief

The Federal Capital Territory Internal Revenue Service (FCT IRS) issued a public notice informing all taxable individuals resident in the Federal Capital Territory (FCT), Abuja of the extension of the deadline for filing individual income tax returns for 2019, from 31 March 2020 to 30 June 2020. This is to allow taxpayers observe the FCT Administration’s directives for partial closure of public offices to curb the spread of COVID-19.

g. EIRS also extends deadline for filing tax returns

The Edo State Internal Revenue Service (EIRS) has issued a public notice informing all taxable individuals resident in Edo State of the extension of the deadline for filing individual income tax returns for 2019, from 31 March 2020 to 30 April 2020.

h. Nigeria Stock Exchange

The Nigeria Stock Exchange has granted all Dealing Member Firms (DMFs) an additional 60 day grace period for the submission of their Audited Financial Statement for the year ended 31 December 2019 from 30 March 2020 to 29 May 2020. DMFs can also trade remotely during the period of COVID-19.

i. Securities & Exchange commission

SEC has extended the deadline for companies to file their 2019 full year and first quarter 2020 financial reports by 60 days from 30 March 2020 to 30 May 2020. To limit physical contact, all returns due to SEC should be filed with certain designated email addresses. SEC also commenced the electronic filing and processing of capital market applications, while fresh applications for the registration of capital market operators had been suspended for now.

Notwithstanding the foregoing, there are other statutory filings and obligations which are placed on taxpayers which are yet to be postponed as a result of Pandemic. One of such statutory filings is the Industrial Training Development Fund (ITF) filing3. The deadline for ITF filing is on or before 1 April of every year, and the penalty for non-compliance is a payment of 5% of the amount unpaid for each month of default. We expect ITF to, as a matter of urgency, issue a public notice postponing the statutory filing deadline accordingly.

3. Presidency issues COVID-19 Regulations

Pursuant to the powers granted under The Quarantine Act, the President issued the COVID-19 regulations, to serve as the fulcrum and legal basis for all the proposed actions that the Federal government intends to put in place to handle the fallout of the Pandemic. Issues relating to the restriction of movement and government’s welfare programmes are specifically stated in the regulations.

Conclusion

This is an unprecedented time for individuals and corporates, globally. With the index case in Nigeria, it became apparent that the country could no longer carry on business “as usual”. The measures undertaken by the various levels of government is therefore anticipated.

We will continue to monitor this space and provide updates as they become available. If you require further clarification, please reach out to NGTaxPartners@DELOITTE.com.

Contacts

Yomi Olugbenro
Partner & West Africa Tax Leader
Tel: +234 19041724
Email: yolugbenro@deloitte.com.ng

Oluseye Arowolo
Partner, Tax & Regulatory Services
Tel: +234 19041723
Email: oarowolo@deloitte.com.ng

Patrick Nzeh
Partner, Tax & Regulatory Services
Tel: +234 19041714
Email: pnzeh@deloitte.com.ng

Taiwo Okunade
Partner, Tax & Regulatory Services
Tel: +234 19042134
Email: tokunade@deloitte.com.ng

Olukunle Ogunbamowo
Partner, Tax & Regulatory Services
Tel: +234 19042133
Email: oogunbamowo@deloitte.com.ng

Funke Oladoke
Partner, Tax & Regulatory Services
Tel: +234 19041703
Email: foladoke@deloitte.com.ng

---

3 Every employer with 5 or more employees or an annual turnover of over ₦50million in respect of each calendar year is required to contribute to the ITF scheme. The contributory rate is 1% of the employer’s annual payroll cost.
COVID-19: Nigeria rolls out various regulatory and fiscal measures to provide relief