



# LAGOS STATE GOVERNMENT

## PUBLIC NOTICE



### APPOINTMENT OF PAYERS OF CAPITAL SUM INCLUSIVE OF EMPLOYERS AS COLLECTING AGENTS OF PAYEES FOR THE PURPOSE OF DEDUCTING AND REMITTING CAPITAL GAINS TAX (CGT) DUE ON THE RESPECTIVE CAPITAL SUMS PAID INCLUDING BUT NOT LIMITED TO COMPENSATION FOR LOSS OF EMPLOYMENT

Appointment of Payers of Capital Sum inclusive of Employers as Collecting Agents of Payees for the purpose of Deducting and Remitting Capital Gains Tax (CGT) due on the respective Capital Sums paid including but not limited to Compensation for Loss of Employment.

#### Overview:

The Lagos State Internal Revenue Service [LIRS] is issuing this Public Notice to all employers, company owners or their representatives, employees and other members of the public. Our Public Notice on "Exemption of compensation for loss of Employment" has clearly articulated the requirements for all employers to always segregate compensation for loss of employment into specific pay components. This is with the view to ensuring correct tax treatment for components that are:

- a) Tax exempt
- b) Subject to PAYE and
- c) Subject to CGT.

#### Legal Basis:

Whilst Sections 6 Subsection 2 (a) and Section 11 of CGTA define Capital Sum as any money or money's worth received as consideration which is not excluded under the Act, Section 6 Subsection 1 (a-e) of Capital Gains Tax Act [CGTA] lists all types of Capital Sum and Qualifying Transactions on which CGT is applicable. "Capital Sum derived by way of compensation for any loss of office or employment" is one of them.

Section 50 of PITA states that

*"The relevant tax authority may by notice in writing appoint a person to be the agent of another person and the person so declared as agent shall be the agent of that person for the purpose of this Act, and may be required to pay tax which is or will be payable by the person from any money which may be held by him for, or due by or to or become due by him to be, and in default of that payment the tax shall be recoverable from him."*

Section 43 (1) of CGTA allows the LIRS to apply Section 50 of PITA based on the Schedule to the CGTA.

CGT is collectable by the LIRS for residents of Lagos based on the Taxes and Levies (Approved List for Collection) Act, Cap T2, LFN 2004.

#### Compliance Requirements:

- 1] LIRS through this Public Notice is appointing all payers of capital sums including but not limited to compensation for loss of employment as collecting agents for the recipients of such capital sums that are resident in Lagos State for the purpose of withholding / deducting CGT due on such capital sums and remitting same promptly to Lagos State Government [LASG]. This appointment is with effect from January 1<sup>st</sup> 2019 for all agents.
- 2] Every collecting agent is required to file, alongside their respective annual returns, a statement showing all recipients of capital sums as per the attached format/schedule. Nil statement must be filed, if applicable.

Please find below the format for remitting the aforementioned:

Capital gains Assessment form									
Name of Agent _____									
Year of Assessment: _____									
S/N	Beneficiary/Exited Staff	Contact Details			Date of payment to beneficiary / exited staff	Total Payment Chargeable to CTG	Total CTG @ 10% due on payment	Total CTG paid to LIRS	Receipt Number and Date
		Residential Address	Phone Number	Email Address					

For further enquiries, please call 0700-CALLIRS (0700 2255 5477) or visit [www.lirs.gov.ng/publications](http://www.lirs.gov.ng/publications)

Thank You

Signed

Ayodele Subair

Executive Chairman

Lagos Internal Revenue Service

### Lagos State Internal Revenue Service

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