

**INCOME TAX MANAGEMENT (UNIFORM TAXATION
PROVISIONS, Etc.) DECREE 1975**



Decree No. 7

[See section 3 (2)]

Commence-
ment.

THE FEDERAL MILITARY GOVERNMENT hereby decrees as follows :—

1. The Income Tax Management Act 1961 (hereinafter referred to as "the principal Act") is hereby amended as follows :—

Amendment
of 1961
No. 21.

(a) in paragraph (b) of subsection 1 of section 4 thereof, there shall be added a new sub-paragraph (vi) as follows, that is to say—

"(vi) so much of any amount of rent, or allowance in lieu, paid by the employer to or on account of the employee up to a maximum of ₦720 as may be admitted by the relevant tax authority as paid by the employer to or on account of the employee during a year of assessment ;"

(b) immediately after section 20 there shall be inserted the new section 20A set out in Schedule 1 to this Decree ;

(c) immediately after Part V there shall be inserted the new Part VA set out in Schedule 2 to this Decree ; and

(d) immediately after the Sixth Schedule to the Act there shall be inserted the new Seventh Schedule set out in Schedule 3 to this Decree.

2. The Income Tax (Armed Forces and Other Persons) (Special Provisions) Decree 1972 is hereby amended as provided in Schedule 4 to this Decree.

Amendment
of 1972
No. 51.

3.—(1) This Decree may be cited as the Income Tax Management (Uniform Taxation Provisions, etc.) Decree 1975.

Citation and
commence-
ment.

(2) This Decree shall be deemed to have come into force on 1st April 1974.

SCHEDULES

SCHEDULE 1

Section 1 (a)

NEW SECTION 20A TO BE INSERTED IN THE PRINCIPAL ACT

"Chargeable income. 20A (1) Where under the law of a territory income tax is payable for any year of assessment upon the chargeable income of an individual other than a corporation sole or body of individuals, the amount of that chargeable income shall, notwithstanding anything to the contrary in any other enactment or law relating to the ascertainment of chargeable income, be the amount of the total income of that individual for that year, ascertained under the provisions of this Act, after any income exempted has been excluded therefrom and the deductions allowed by this Part have been made.

(2) In the case of every such individual there shall be allowed a deduction of six hundred naira.

(3) In the case of an individual who ordinarily resides in Nigeria, or who any time during the year of assessment—

(i) becomes ordinarily resident in Nigeria in connection with any trade, business, profession, or vocation carried on by him; or

(ii) exercises any employment the whole gains or profits of which are deemed under the provisions of section 8 of this Act, to be derived from Nigeria; or

(iii) is a person liable to tax under the Income Tax (Armed Forces and Other Persons) Decree 1972 not being a person mentioned in paragraph (d) of section 1 (1) thereof;

there shall be allowed—

(a) a deduction of three hundred naira in the case of a married man who at any time during the year preceding the year of assessment had a wife living with or maintained by him, or a deduction of the amount of any alimony not exceeding three hundred naira paid to a former spouse under an order of a court of competent jurisdiction in the case of an individual whose marriage has been dissolved;

(b) a deduction of two hundred and fifty naira in respect of each unmarried child who was maintained by the individual during the year preceding the year of assessment and who, on the first day of that preceding year, had either not attained sixteen years of age, or was receiving full time instruction in a recognised educational establishment, or was under articles or indentures in a trade or profession;

Provided that—

(i) no deduction under this paragraph shall be allowed to any individual in respect of more than four children and, for the purposes of applying this restriction, a husband and his wife or wives not separated from him by deed or an order of any court shall be treated as one and the same individual;

(ii) no additional deduction shall be allowed in respect of the costs incurred in connection with the education of any child in respect of whom he is entitled to a deduction under this paragraph;

SCHEDULE 1—*continued*

(iii) where the cost of maintaining any child is shared between two or more persons, the relevant tax authority may apportion the sum of two hundred and fifty naira as may seem to it to be equitable between such persons, and the deduction to be allowed under this paragraph to any individual in respect of such child shall be his apportioned share of such sum.

(c) a deduction of the costs incurred by the individual during the year preceding the year of assessment in maintaining or assisting to maintain a close relative of the individual or of the individual's spouse who was either incapacitated by old age or infirmity from maintaining himself or is the widowed mother (whether so incapacitated or not) of the individual or of the individual's spouse :

Provided that—

(i) no deduction shall be allowed in respect of any relative whose income of the year preceding the year of assessment exceeded six hundred naira ;

(ii) the aggregate of all deductions to be allowed to two or more individuals for any year in respect of any one relative shall not exceed four hundred naira and, if the total of the costs incurred by them in respect of the same relative exceed that sum, then the amount of the deduction to be allowed to any such individual shall be the same proportion of that sum as the costs so incurred by him bear to the total of the costs so incurred ;

(iii) the aggregate of all deductions to be made under this paragraph in ascertaining the chargeable income of any one individual for any year shall not exceed four hundred naira ;

(d) a deduction of the annual amount of any premium paid by the individual during the year preceding the year of assessment to any insurance company in respect of insurance on his life or the life of his spouse, or of any contract for a deferred annuity on his own life or the life of his spouse :

Provided that—

(i) no such deduction shall be allowed for such insurance except in respect of premium payable on policies securing a capital sum on death, whether in conjunction with any other benefit or not, and the amount of the deduction allowed shall not exceed ten *per centum* of that capital sum, exclusive of any additional benefit by way of bonus, profit or otherwise ;

(ii) the aggregate amount of the deductions allowed under the provisions of—

(a) this paragraph ;

(b) paragraph (e) of subsection (1) of section 17 of this Act ; and

(c) in the case of any employee, paragraph (f) of subsection (1) of section 17 of this Act ;

shall not exceed two thousand naira in the case of any individual for any year of assessment ;

(iii) the aggregate amount of the deductions allowed to an individual for a year of assessment under the provisions of this paragraph shall not exceed an amount equal to one-fifth part of the total income of that individual for that year ; and

SCHEDULE 1—*continued*

(iv) the restrictions specified in sub-paragraphs (ii) and (iii) of this proviso shall apply in the case of a husband and his wife or wives not separated from him by deed or an order of any court as though all such individuals were one and the same individual whose total income for any one year of assessment was equal to the aggregate total income for that year of such husband and his wife or wives.

(4) (a) Any deduction to be allowed to an individual for a year of assessment under the provisions of this section, other than paragraph (a) of subsection 3 (iii) thereof, may be claimed by and allowed to that individual or any spouse of that individual not separated from him by deed or an order of any court on the first day of such year or may be partly claimed by and allowed to each such spouse but in no case shall the aggregate of such deductions allowed to any husband and his wife or wives exceed the amount which would be allowed if such individuals were treated as one and the same individual.

(b) Where a deduction is claimed in respect of any one child under paragraph (b) of subsection (3) (iii), or any one dependent under paragraph (c) of subsection (3) (iii), or any one annual premium under paragraph (d), for the same year of assessment, by both husband and wife and the aggregate amount of the deductions so claimed exceeds the amount to be allowed then in any such case the relevant tax authority shall apportion the amount to be allowed as it sees fit for deduction in ascertaining the separate chargeable income of each such husband or wife.

(c) Where pursuant to any direction of the relevant tax authority a deduction is allowed under this section to any husband or wife and such deduction has not been claimed, it shall be allowed to either such husband or wife, or to be apportioned between them as the relevant tax authority in its absolute discretion may decide."

SCHEDULE 2

Section 1 (b)

NEW PART VA TO BE INSERTED IN THE PRINCIPAL ACT

"PART VA—IMPOSITION OF TAX

21A (1) Subject to subsection (2) below, in addition to the tax referred to in section 21B of this Act there shall also be payable by every person subject to tax under the law of any territory the income rate specified in Table 1 of the Seventh Schedule of this Act :

Provided that where the amount of the total income of a person exceeds the minimum amount specified in Table 1 in respect of a particular range of income by such an amount that a deduction of the applicable income rate would render the resulting income to be less than the minimum amount of a particular range of income, then and in such a case such a person shall only be liable to pay the income rate prescribed in respect of the next lower range of income plus not more than one half of the amount by which his income exceeds the minimum income of that range of income, subject to the maximum amount of the applicable income rate.

(2) Any territory may instead of the income rate prescribed in subsection (1) of this section retain any capitation, community development, education, poll or other general tax or levy imposed on income by any law of that territory and may, from time to time vary such general tax or levy.

Charge of
income
rate.

SCHEDULE 2—continued

21B Subject to provisions of this Act, the income tax that may be payable under the law of each territory on the chargeable income of an individual ascertained in accordance with the provisions of this Act shall in respect of each year of assessment, be assessed at the rate or rates specified in table 2 of the Seventh Schedule of this Act."

Charge of
Income
tax

SCHEDULE 3

Section 1 (c)

NEW SEVENTH SCHEDULE TO BE INSERTED IN THE PRINCIPAL ACT

"SEVENTH SCHEDULE

1. NEW TABLE TO BE INSERTED AS MENTIONED IN SECTION 21A

"TABLE 1

INCOME RATE

On Total Income

Amount
of Income
Rate

₦

Not exceeding ₦1,000	4
Exceeding ₦1,000 but not exceeding ₦2,000 .. .	8
Exceeding ₦2,000	20

2. NEW TABLE TO BE INSERTED AS MENTIONED IN SECTION 21B

"TABLE 2

INCOME TAX

Income to be taxed

Rate of tax

For every naira of the first ₦2,000	10k per ₦	10%
For every naira of the next ₦2,000	15k per ₦	15%
For every naira of the next ₦2,000	20k per ₦	20%
For every naira of the next ₦2,000	25k per ₦	25%
For every naira of the next ₦2,000	30k per ₦	30%
For every naira of the next ₦5,000	35k per ₦	35%
For every naira of the next ₦5,000	40k per ₦	40%
For every naira of the next ₦10,000	45k per ₦	45%
For every naira over .. ₦30,000	50k per ₦	50%

SCHEDULE 4

Section 2

AMENDMENT OF INCOME TAX (ARMED FORCES AND OTHER PERSONS)
SPECIAL PROVISIONS) DECREE 1972

1. After section 1 thereof, there shall be added a new section 1A as follows, that is to say—

Imposition of income rate. 1A. Income rate of an amount to be determined from Table 1 of Chapter III of the Schedule to this Decree shall be payable for each year of assessment on the total income of any person liable to tax under this Decree :

SCHEDULE 4—continued

Provided that where the amount of the total income of a person exceeds the minimum amount specified in Table 1 in respect of a particular range of income by such an amount that a deduction of the applicable income rate would render the resulting income to be less than the minimum amount of a particular range of income, then and in such a case such a person shall only be liable to pay the income rate prescribed in respect of the next lower range of income plus not more than one half of the amount by which his income exceeds the minimum income of that range of income, subject to the maximum amount of the applicable income rate".

2. In section 2 thereof, for the word "Tax" there shall be substituted the words "In addition to the income rate prescribed by section 1A of this Decree, tax"; and after the word "in" where it occurs in the first line, there shall be inserted the words "Table 2 of".

3. The Schedule to the Income Tax (Armed Forces and other persons) (Special Provisions) Decree 1972 is amended as follows:—

(a) in paragraph 14 (a) thereof for the words "one hundred pounds" wherever they occur there shall be substituted the words "three hundred naira";

(b) in paragraph 14 (b) thereof for the words "sixty pounds" wherever they occur there shall be substituted the words "two hundred and fifty naira";

(c) paragraph 14 (c) (including the proviso) is hereby repealed;

(d) paragraph 14 (d) is amended as follows—

(i) for the words "three hundred pounds" there shall be substituted the words "six hundred naira"; and

(ii) for the words "one hundred pounds" in sub-paragraphs (ii) and

(iii) respectively, there shall be substituted the words "four hundred naira"; and

(e) the existing paragraphs 14 (d) and 14 (e) shall be renumbered as paragraphs 14 (c) and 14 (d); and

(f) for Chapter III of the Schedule to the Decree, there shall be substituted the following:—

NEW PROVISIONS TO BE SUBSTITUTED FOR CHAPTER III

"TABLE 1

INCOME RATE

On Total Income

Amount of
Income Rate

N

Not exceeding ₦1,000	4
Exceeding ₦1,000 but not exceeding ₦2,000	8
Exceeding ₦2,000	20

SCHEDULE 4—*continued*

TABLE 2

INCOME TAX

<i>Income to be taxed</i>		<i>Rate of tax</i>
For every naira of the first ₦2,000	10k per ₦10%
For every naira of the next ₦2,000	15k per ₦15%
For every naira of the next ₦2,000	20k per ₦20%
For every naira of the next ₦2,000	25k per ₦25%
For every naira of the next ₦2,000	30k per ₦30%
For every naira of the next ₦5,000	35k per ₦35%
For every naira of the next ₦5,000	40k per ₦40%
For every naira of the next ₦10,000	45k per ₦45%
For every naira over .. ₦30,000	50k per ₦50%”

MADE at Lagos this 17th day of February 1975.

GENERAL Y. GOWON,
*Head of the Federal Military Government,
 Commander-in-Chief of the Armed Forces,
 Federal Republic of Nigeria*

EXPLANATORY NOTE

*(This note does not form part of the above Decree but is
 intended to explain its effect)*

The Decree amends the Income Tax Management Act 1961 and the Armed Forces and Other Persons (Special Provisions) Decree 1972 to provide for uniformity in the taxation of the income of individuals throughout the country. Uniform Income Rates are also prescribed but State Governments are empowered to retain any existing capitation, community development education, poll or other general tax or levy, and to vary them.