



INFORMATION ON STAMP DUTY

WHAT IS STAMP DUTY?

Stamp duty is a tax paid to the Federal or State government on documents (also known as instruments) such as Land Agreements, Certificates of Occupancy, Power of Attorney, Letters, Receipts, Certificates and so many other documents. (see schedule to the Act).

IS STAMP DUTY REGULATED BY LAW?

The payment of Stamp duty is backed by the stamp duties Act CAP. S8 Laws of the Federation of Nigeria 2004 (as amended) (herein referred to as the Act)

WHO COLLECTS STAMP DUTY?

Stamp duties Act stipulates;

Section 4(1)

“the Federal Inland Revenue Service shall be the only competent authority to impose, charge and collect duties upon instruments specified in the Schedule to this Act if such instrument relates to matters executed between a company and an individual, group or body of individuals”

Section 4(2) The Relevant Tax Authority in a state (the Internal Revenue Service) shall collect duties in respect of instruments executed between persons or individuals at such rates to be imposed or charged as may be agreed with the Federal Government.

WHAT IS THE COST OF STAMP DUTY?

Stamp Duty may either be a fixed cost or ad-valorem;

Fixed Rated: A minimal cost payable on specified documents prescribed in the schedule to the Act or as stipulated by states via resolution by the House of Assembly. In Edo State, it is N5,200:00 (Five Thousand, Two Hundred Naira).

Ad-valorem : This cost is based on the % value of the property prescribed in the schedule to the Act or as stipulated by State via resolution by the House of Assembly. It is fixed at 2% by the resolution of the Edo State House of Assembly on the 2nd of February, 2022.

WHO BEARS THE COST OF STAMP DUTY?

Generally, it is the buyer who pays the stamp duty on the document when buying a property, however some documents require the grantor/transferor to pay for the Stamp Duty.

WHAT IS THE PURPOSE OF STAMPING A DOCUMENT?

The purpose is to ensure that the document is duly stamped to protect the parties to the contract in respect of the admissibility of the document tendered as exhibit in court during a civil proceeding. A document which is required by Law to be stamped is not admissible in court if not duly stamped. **(See Section 22 of the Act).**

HOW CAN I ASCERTAIN THAT MY DOCUMENT HAS BEEN STAMPED?

There is usually a die (a stamp) denoting the amount of duty, impressed on the document.

WHAT IS THE TIME LIMIT WITHIN WHICH TO PAY STAMP DUTY ON A DOCUMENT?

In the case of fixed rate

It is required by Law that you stamp your document at the time of execution or not more than 40 days from its execution.

In the case of Ad-valorem rate:

It is required by law that you stamp your document at the time of execution or not more than 30 days from its first execution.

PENALTIES FOR FAILURE TO STAMP DOCUMENTS

There are many fraudsters out there who may want to content with you over the ownership of your document in court and if your document is not dully stamped in accordance with Section 19 and 22 of the Act, it will not be admissible as exhibit in a Court of Law as proof of ownership (or as applicable).

It is necessary to stamp your documents to avoid the following;

- To avoid been prosecuted as provided in section 110, 111, 112, and 114 of the Stamp Duties Act.
- From being exploited by fraudsters or touts.
- To save yourself or client from additional cost (interest and penalty for failure to pay stamp duty within the stipulated time.

Signed by

The Chairman

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PROCESSE AND TIMELINES FOR CAPITAL GAINS TAX

WHAT IS CAPITAL GAINS TAX?

It is a gain arising on disposal of capital assets and other business assets. The gain arises when an asset is sold (after being used) for a price in excess of the original purchase price.

PROCESSES FOR COMPUTATION OF CAPITAL GAINS TAX

The rate of capital gains tax is 10% after making such deductions as may be allowed under the Act in the computation of such gain. In other words, in computing Capital Gains Tax (CGT), the difference in the cost of acquiring the asset and the consideration received for its disposal is calculated after taking into account any allowable expenses incurred for improving the value of the asset or for disposing it.

For example; ConsiderationN20M

Cost of initial purchase....N10M

Gains made N10M

Allowable expenses:

Renovation..... N2M

Legal feeN2M

Agency fee.....N2M

Total allowance expenditure N16M

10% of N4M=N400,000

- Lodgment of dutiable documents by the owner
- Assessment of document by the Commissioner of Stamp Duties
- Generation of Assessment from our system (ERAS)
- Payment of amount assessed using any of our payment channels
- Confirmation of payment on ERAS
- Generation of Treasury Receipt
- Processing and stamping of the document assessed and paid for
- Collection of the duly stamped document by the taxpayer

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