

Education Tax Act 1993

Act No. 7

[1st January 1993] Commencement

THE FEDERAL MILITARY GOVERNMENT hereby decrees as follows:-

1. (1) As from the commencement of this Act, there shall be charged and payable an annual education tax which shall be assessed, collected and administered in accordance with the provision of this Act. Imposition of education tax.

(2) The tax, which shall be at the rate of 2 *per cent*, shall be charged on the assessable profit of a company registered in Nigeria (in this Act referred to as "a company").

(3) The assessable profit of a company shall be ascertained in the manner specified in the Companies Income Tax Act or the Petroleum Profits Tax Act (in this Act referred to as "the Act) as the case may be. Cap. 60 LFN.
Cap. 354
LFN.

2. (1) The Federal Board of Inland Revenue (in this Act referred to as "the Board") shall assess and collect from a company the tax imposed by this Act and accordingly- Assessment and collection of tax.

(a) shall when assessing a company, for companies income tax or petroleum profit tax for an accounting period of the company, also proceed to assess the company for the tax due under this Act;

(b) the provisions of the Act relating to the collection of companies income tax or petroleum profit tax shall, subject to this Act, apply to the tax due under this Act.

(2) The tax imposed by this Act shall be due and payable within

60 days after the Board has served notice of the assessment on a company.

(3) The Board may, for the purpose of assessing and collecting the tax imposed by this Act, devise such forms as it may deem necessary.

Establishment
of the
Education
Fund.

3. (1) There is hereby established a fund to be known as the Education Fund (in this Act referred to as "the Fund") which shall be managed by the Board of Trustees established under section 4 of this Act.

(2) The Board shall pay the tax collected under this Act into the fund and shall, when doing so, submit to the Board of Trustees, in such form as the Board of Trustees shall approve, a return showing-

- (a) the name of the company making the payment;
- (b) the amount collected;
for the rehabilitation, restoration and consolidation of education in Nigeria and
- (c) the assessable profit of the company for the accounting period; and
- (d) such other information as may be required by the Board of Trustees for the proper administration of the tax.

Establishment
of Board of
Trustees.

4. There is hereby established for the management of the Fund an Education Tax Board of Trustees (in this Act referred to as "the Board of Trustees") which shall consist of a Chairman and such number of other persons with considerable experience in business and financial management from the public and private sector of the economy to be appointed by the President, Commander-in-Chief of the Armed Forces, on the recommendation of the Minister.

5. (1) The Board of Trustees shall administer the tax

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imposed by this Act and disburse the amount in the Fund to Federal, State and Local Government educational institutions, including primary and secondary schools, for any other matter ancillary thereto, but specifically for the following-

Management
and
administra-
tion of the
tax.

- (a) works center and prototype development;
- (b) staff development and conference attendance;
- (c) library system at the different levels of education;
- (d) research equipment procurement and maintenance;
- (e) Higher Education Book Development Fund;
- (f) Redressing any imbalance in enrolment mix as between the higher education institutions; and
- (g) Execution of the 9-year compulsory education programme.

(2) In disbursing the tax as between the various levels of education-

- (a) the higher education section shall receive 50 *per cent*;
- (b) the primary education section shall receive 40 *per cent*;
- and
- (c) the secondary education section shall receive 10 *per cent*, of the total tax collection in any one year.

(3) The distribution of the tax accruing to the higher education section shall be in the ratio of 2:1:1 as between universities, polytechnics and colleges of education.

6 (1) A person who contravenes or fails to comply with a provision of this Act is guilty of an offence under this Act.

Offences.

(2) Subject to the provisions of subsection (3) of this section-

- (a) if a tax due under section 2 of this Act is not paid within the time specified in that section, the Board shall serve

on the company, a demand note for the unpaid tax plus a sum which is equal to five *per cent* of the tax; and

(b) if a sum demanded under paragraph (a) of this subsection is not paid within two months of the demand, the company is guilty of an offence under this Act.

(3) The Board may, if it thinks fit, remit in whole or in part a sum added to the unpaid tax under subsection (2) (a) of this section.

(4) Where an offence under this Act is committed by a body corporate or firm or other association of individuals-

- (a) every director, manager, secretary or other similar officer of the body corporate;
- (b) every partner or officer of the firm;
- (c) every person concerned in the management of the affairs of the association; or
- (d) every person who was purporting to act in capacity as aforesaid, is severally guilty of that offence and liable to be proceeded against and punished for the offence in like manner as if he had himself committed the offence, unless he proves that the act or omission constituting the offence took place without his knowledge, consent or connivance.

7. (1) Except as otherwise provided in this Act, a person who is guilty of an offence under this Act shall on conviction be liable-

Penalties.

- (a) for a first offence, to a fine of N10,000 or imprisonment for a term of three years;
- (b) for a second and subsequent offence, to a fine of N20,000 or imprisonment for a term of five years or to both such fine and imprisonment.

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(2) The institution of proceedings or imposition of a penalty under this Act shall not relieve a company from liability to pay to the Board a tax which is or may become due under this Act.

8. The Minister may, with the approval of the National Council of Minister, make regulations generally for the purposes of this Act and the due administration thereof.

Interpretation.

(1) In this Act, unless the context otherwise requires-

“Act” means the Companies Income Tax Act or the Petroleum Profit Tax Act, as the case may be;

“Board” means the Federal Board of Inland Revenue established under the Income Tax Management Act;

“Board of Trustees” means the Education Tax Board of Trustees established under section 4 of this Act;

“company” means a company registered in Nigeria;

Cap. 60 LFN.
Cap. 354 LFN

“Fund” means the Fund established under section 3 of this Act;

Cap. 173 LFN

“Minister” means the Minister charged with responsibility for matters relating to education.

(2) Where no provision is made in this Act for a matter relating to the assessment and collection of the tax imposed by this Act, the provisions of the Act relating to the assessment and collection of companies income tax or petroleum profit tax, as the case may be, shall apply *mutatis mutandis* to that matter.

10. This Act may be cited as the Education Tax Act 1993.

Citation.

MADE at Abuja this 1st day of January 1993.

GENERAL I.B. BABANGIDA,
*President, Commander-in-Chief
of the Armed Forces,
Federal Republic of Nigeria.*

EXPLANATORY NOTE

(This note does not form part of the above Act but is intended to explain its purport)

The Act imposes an education tax on companies registered in Nigeria and establishes an Education Fund into which the tax collected shall be paid.

The Act also establishes a Board of Trustees to manage and administer the Fund for disbursement to Federal, State and Local Government educational institutions, including secondary and primary schools, for the restoration, rehabilitation and consolidation of education in Nigeria.