

SALES TAX ACT 1986

SALES TAX ACT

1986

An Act to impose Sales Tax on certain Goods and Services. [1986 No.7.]

[30th June, 1986] [Commencement.]

<p>1. As from the commencement of this Act there shall be charged and payable a tax to be known as sales tax which shall be administered in accordance with the following provisions of this Act.</p>	<p><i>Imposition of sales tax</i></p>
<p>2. The tax shall be chargeable and payable on the goods and services listed in column A of the First Schedule to this Act at the rates specified in column B thereto where-(a) a manufacturer or importer supplies such goods to its accredited distributors or agents; or(b) a supplier supplies such services to consumers in the course of its business.</p>	<p><i>Taxable goods and services</i></p>
<p>3. There shall be established a committee to be known as the Sales Tax Committee (hereinafter in this Act referred to as "the Committee") which shall be subject to the control of the Minister in the performance of its functions under this Act.</p>	<p><i>Establishment of the Sales Tax Committee.</i></p>
<p>4. The Committee shall comprise the following members, that is to say-(a) the Chairman of the Joint Tax Board as Chairman;(b)all members of the Joint Tax Board;(c)one representative of the Productivity,Prices and Incomes Board;(d)one representative of the Department of Customs and Excise;(e) one representative of the Ministry charged with responsibility for matters relating to commerce; and(f) the Legal Adviser to the Federal Board of Inland Revenue.</p>	<p><i>Composition of the Committee.</i></p>
<p>5. (1) The Committee-(a) shall conduct commodity by commodity survey on taxable goods for the purposes of getting the pattern of distribution of those goods in all the States of the Federation and recommend from time to time the rates of tax to be charged thereon;(b)shall, from time to time, fix with the approval of the Productivity, Prices and Incomes Board, the price of taxable goods;(c) may, from time to time, amend or vary the list of taxable goods and services set out in the First Schedule to this Act and the rates of tax specified thereon; and(d) shall do such other things as are necessary and expedient to</p>	<p><i>Functions of the Committee.</i></p>

<p>ensure the smooth administration of the tax.(2)Any proposed amendment or variation to the list of taxable goods and services and the rates of tax thereon, set out in the First Schedule to this Act, shall not have effect until approved by the National Council of State, and, when so approved, shall be published in the Federal Gazette.(3) The Committee shall hold regular meetings with representatives of manufacturers, importers and suppliers of taxable goods or services in order to arrive at the pattern, of consumption and distribution of those goods and services and the mode of payment of revenue accruing from the tax.</p>	
<p>6. Subject to any direction that may be given by the Minister, the Committee shall fix its own quorum and otherwise regulate its procedure.</p>	<p><i>Quorum and procedure of the committee</i></p>
<p>7. (1)The Internal Revenue Department of each State of the Federation shall administer the tax subject to any directions that may be given by the Joint Tax Board.(2) The Joint Tax Board shall be responsible-(a) for co-ordinating the tax and ensuring its administrative tidiness within existing tax machinery; and(b) for resolving any conflict that may arise in the disbursement of revenue from the tax</p>	<p><i>Administration of tax</i></p>
<p>8. (1) A manufacturer, importer or supplier shall, not later than 30 days after the supply of any taxable goods or services to its accredited distributor, agent, or consumer in the case of taxable services, collect from the distributor, agent or consumer, as the case may be, tax on those goods or services at the rate specified in the First Schedule to this Act.(2)The reference price of any taxable goods shall, for the purposes of calculating the tax, be the price fixed from time to time by the Committee with the approval of the Productivity, Prices and Incomes Board.</p>	<p><i>Collection of tax</i></p>
<p>9. (1) Any tax collected under section 8 of this Act shall be paid to the appropriate State authority on or before the 30th day of the month next following that in which the tax is due.(2)A manufacturer, importer or supplier shall, when making a payment under subsection (1) of this section, submit a return in the Forms prescribed in the Second Schedule to this Act.(3) A copy of every return submitted under subsection (2) of this section shall be forwarded to the Productivity, Prices and Incomes Board which shall act as a repository of information on the tax.</p>	<p><i>Payment of tax</i></p>
<p>10. The appropriate State authority may in writing authorise any person on its behalf-(a)to require any manufacturer, importer or supplier-</p> <p>(i) to produce any books, documents or records relating to taxable goods or</p>	<p><i>Power of inspection</i></p>

services for purposes of inspection; and if the person so requires, to permit him to take copies of such books, documents or records,
(ii) to provide any information which in the opinion of the person would assist in the inspection, and
(iii) to give such other assistance as may be required for the inspection; and(b) to enter the premises of any manufacturer, importer or supplier and remove any books, documents or records relating to taxable goods or services where it has reason to suspect that a contravention of this Act is being made.

11. (1) Subject to subsections (2) of this section, any manufacturer, importer or supplier who contravenes or fails to comply with any provision of this Act shall be guilty of an offence under this Act.(2) Subject to the provisions of subsection (3) of this section(a) if any tax collected under section 8 of this Act is not paid within the time specified in section 9 of this Act, the appropriate State authority shall serve on the manufacturer, importer or supplier, as the case may be, a demand note for the unpaid tax plus a sum which is equal to five per cent of the tax; and(b)if any sum demanded under paragraph (a) of this subsection is not paid within 2 months of such demand, the manufacturer, importer or supplier, as the case may be, shall be guilty of an offence under this Act. (3)The appropriate State authority may, if it thinks fit, remit in whole or in part any 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 any such capacity as aforesaid,shall severally be 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. (5) An offence under this Act shall be triable in the High Court of a State.

Offences.

12. (1) Except as otherwise provided in this Act, a person who is guilty of an offence under this Act shall on conviction be liable-(a)for a first offence, to a fine of two thousand naira or imprisonment for 6 months;(b) for a second and subsequent offence, to a fine of three thousand naira or imprisonment for one year or to both such fine and imprisonment.(2)The institution of proceedings or imposition of any penalty under this Act shall not relieve any manufacturer, importer or supplier, as the case may be, from liability to pay to the

Penalties.

appropriate State authority any tax which is or may become due under this Act.	
13. The Minister may, with the approval of the National Council of Ministers, make regulations, generally for the purposes of this Act and the due administration thereof.	<i>Regulations.</i>
<p>14. In this Act, unless the context otherwise requires-</p> <p>“appropriate State authority” means the Internal Revenue Department of the State where the distributor or agent of a manufacturer or of an importer of taxable goods or a supplier, in the case of taxable services, carries on business;</p> <p>“Committee” means the Sales Tax Committee established under section 3 of this Act;</p> <p>“Joint Tax Board” means the Joint Tax Board established under the Income Tax Management Act.</p> <p>“Minister” means the Minister charged with responsibility for matters relating to finance;</p> <p>“Productivity, Prices and Income Board” means the Productivity, Prices and Incomes Board established under the Productivity, Prices and Incomes Board Act;</p> <p>“supplier” means the supplier of the taxable services listed in paragraph 1 of column A of the First Schedule to this Act;</p> <p>“tax” means the sales tax imposed under section 1 of this Act;</p> <p>“taxable goods” means the goods listed in the First Schedule to this Act;</p> <p>“taxable services” means the services listed in the First Schedule to this Act.</p>	<i>Interpretation</i>
15. This Act may be cited as the Sales Tax Act.	<i>Short Title</i>

FIRST SCHEDULE Section 2

TAXABLE GOODS AND SERVICES AND RATES OF TAX THEREON

A

B

Rate of Sales Tax

1. Taxable Services

Sales and Services in registered Hotels, Motels, Catering Establishments, Restaurants and other personal service5 per cent establishments (excluding drinks).

2 . Taxable Goods

- 1. Beer 5%
- 2. Wine Liquor and Spirits10%
- 3. Soft Drinks (including mineral water)5%
- 4. Cigarettes and Tobacco5%
- 5. Jewels and Jewelleries5%
- 6. Perfumes and Cosmetics (excluding toiletries)5%
- 7. Electrical and Electronics Equipment (Video
Recorders, Stereo Sets, Radio and Television Sets.
Video Cassettes, Cameras, Airconditioners, Fans,
Deep Freezers5%
- 8. Carpets and Rugs (excluding Linoleum)5%.
- 9. Bottled Natural Water (Excluding Mineral Water)5%

SECOND SCHEDULE

FORMS

FORM A

(To be completed in respect of every distributor, agent or consumer)

SUPPLY OF TAXABLE GOODS OR SERVICES

Name of *Manufacturer/Importer/Supplier

.....

Name of *Distributor/ Agent/Consumer

.....

Address

.....

Bill No

.....

TAXABLE GOODS OR SERVICES SUPPLIED

Amount # : k

.....

.....

.....

Total

Add Sales Tax

Gross amount payable

.....
Supplied by Signature of
*Distribuior/Agent/Consumer
(*Delete words not applicable)

FORM B
MONTHLY RETURN OF PAYMENT
OF SALES TAX

Name of *Manufacturer/Importer/Supplier

.....
Address

Ref. No

Internal Revenue Department Code No

.....
Type of *taxable goods/services supplied

.....
Total value of *taxable goods/services supplied for the month of

.....#.....

Sales Tax for the month of.....

#.....

Amount remitted... ..

#.....

I certify that the amount stated above represents the true and correct value of *taxable goods/services supplied and sales tax collected

by.....for the month of 19

Details of *taxable goods/services supplied for the period is shown on the attached Form C.

Signature

Name

Position

Date

(*Delete words not applicable)

FORM C
TAXABLE GOODS/SERVICES FOR MONTH OF

.....

Serial No	Name of Distributor/Agent/consumer	Value of taxable Goods/Services/Supplied	Sales Tax	Remarks
-----------	------------------------------------	--	-----------	---------

--	--

◀ [Progress Bar] ▶

Name and Address of *Manufacturer/Importer/Supplier

.....
.....
.....

Date

(*Delete words not applicable).....

Signature

FORM D

LIST OF DISTRIBUTORS/AGENTS FOR MONTH OF

Serial No	Name of Distributors/Agents	Type of Taxable Goods Sold	Quantity of Taxable Goods Sold
-----------	-----------------------------	----------------------------	--------------------------------

Name and Address of *Manufacturer/Importer

.....
.....

Signature

.....

Date Signature

(*Delere words not applicable)