

A Labour Union's proposal for

AN ALTERNATIVE CORPORATE MINIMUM TAX BILL



PUBLIC SERVICES
INTERNATIONAL



UNIONS
FOR TAX JUSTICE



INTRODUCTION

This document begins with a Memorandum which provides a detailed explanation of the Labour Union's proposal of an Alternative Corporate Minimum Tax Bill ('CAMT'), 2024. The memorandum outlines the rationale, key provisions, anticipated impact of the legislation, consideration for future improvement of the legislation and makes suggestions for its possible adaptation to the Republic of Ghana. The Memorandum is followed by the Bill which aims to operate as a super anti-avoidance mechanism aimed at preventing the erosion of African tax bases by limiting opportunities for profit shifting. The Bill is designed to enhance the ability of countries in Africa such as Nigeria, Ghana, among others, to ensure that multinational enterprises (MNEs) operating in their countries pay a minimum level of tax that reflects their actual economic activities within these countries. Although this proposal by labour unions was developed on the basis of Nigeria's context and legal regime, and is therefore framed to align Nigeria's tax framework with international tax policy trends, including the introduction of minimum taxes on MNEs, it can also be used as a reference to inspire legislative reform in other African countries.

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Form 1040 (2018)

1 Wages, salaries
2a Tax-exempt interest
3a Qualified dividend
4a IRAs, pensions, and annuities
5a Social security benefits
6 Total income. Add lines 1-5a
7 Adjustments

Attach Form(s) W-2. Also attach Form(s) W-2G and 1099-R if tax was withheld.

Note: Use this worksheet only if the
1 Enter the number from the
Deductions, Adjustments,
worksheet) number in Table 1.

Standard Deduction for—
• Single or
• Filing joint

040 U.S. Individual Income Tax Return

Department of the Treasury—Internal Revenue Service

Married filing joint

Living status: Single Married filing joint
First name and initial
Your standard deduction: Someone can claim you as a dependent
Joint return, spouse's first name and initial
Joint standard deduction: Someone can claim you as a dependent
Spouse is blind Spouse itemizes
Home address (number and street). If you have more than one, town or post office, state, and ZIP code
Dependents (see instructions):
First name
Under penalties of perjury, I declare that this return is correct, and that I am the person to whom it relates. I understand that it is a crime to willfully make a false statement on this return or to sign this return while I know it is false. I understand that I may be liable for a fine or imprisonment for such a false statement or for signing this return while I knew it was false.

WHY AN ALTERNATIVE CORPORATE MINIMUM TAX

Many countries are adopting the Global Minimum Tax (GMT) developed as part of the OECD Two Pillar Approach[1], but there appears to be clear winners and losers. Under the GMT the primary rule, the Income Inclusion Rule (IIR), favours the rich states which are the home countries of MNEs, at the expense of source or market jurisdictions. This implies that Nigeria, like most other developing countries that are mainly hosts to foreign-based MNEs, is bound to lose significant revenue to other jurisdictions. While the Qualified Domestic Top-Up Tax (QDMTT) has been given priority over the IIR, it applies only to profits that MNEs already declare in the country. Hence, QDMTT will mainly benefit intermediate jurisdictions or tax havens where profit are booked without economic substance[2]. Besides, although it is a domestic tax measure, it must be adopted exactly as designed, and its implementation must be validated by the OECD Secretariat. This is an overreach. A better approach is for countries to design their own minimum tax, which can be compatible with the GMT, as has been done for example by Colombia and the United States.

To this end, the adoption of this Alternative Corporate Minimum Tax becomes a plausible action to take. Making it more attractive, the design of the CAMT under reference is such that drastically minimizes aggressive tax planning. While the GMT provides a broad framework, the CAMT allows Nigeria to tailor its approach to the local context, ensuring that it captures a fair share of global profits attributable to its jurisdiction. This is particularly relevant because Nigeria retains sovereignty in determining how global profits sourced from its economy are taxed. Other more advanced countries like the United States have also adopted a CAMT to shore up their tax base[3].





The CAMT acts as a safety net and an anti-abuse rule, ensures that a minimum tax is paid locally, even as global rules are implemented by the benefitting jurisdictions. By implementing the CAMT, Nigeria reinforces its regional leadership in tax policy as she would be setting a precedent for other African countries, supporting broader regional tax policy alignment. The CAMT reflects Nigeria's commitment to securing revenue from economic activity within its borders, in line with its development agenda.

The CAMT would contribute to entrenching progressive tax system in Nigeria. It also has the potential when implemented to add significant revenue to the national purse which revenue could be deployed to provide basic social goods and services required for national development.

The Bill aligns Nigeria's tax framework with the OECD-IF 2023 agreement on Global Anti-Base Erosion (GloBE) rules as it is a tax on net income and would qualify as a covered tax under the GloBE Rules.^[4] The adoption of a 25% ETR places Nigeria at the forefront of African countries implementing global minimum tax measures, ensuring fair taxation of MNEs.

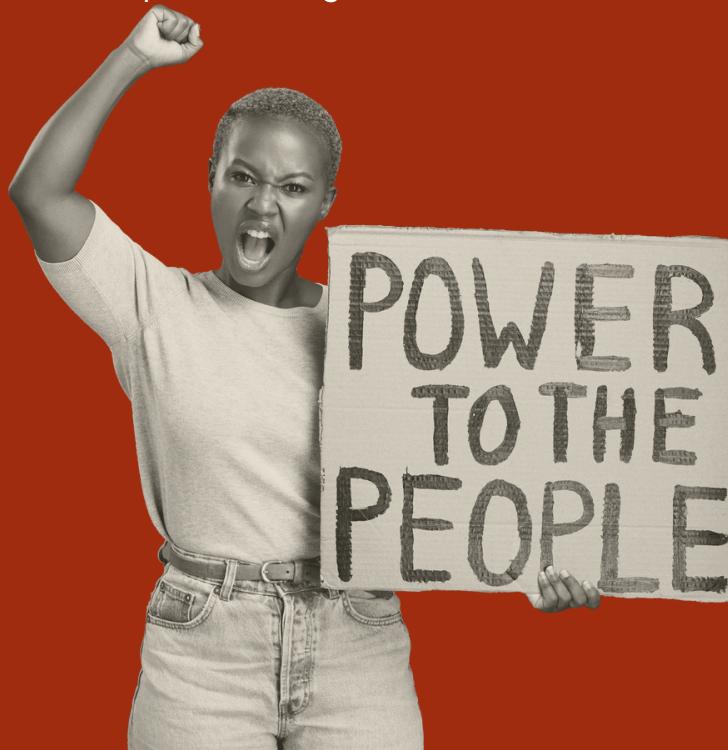


SCOPE OF APPLICATION

The Bill applies to companies with taxable Presence subject to global consolidated revenues exceeding ₦20 billion and a domestic revenue of ₦25,000,000. This scope applies to all companies, ensuring that the rule does not discriminate between local companies, foreign affiliates or business operations of foreign multinational enterprises. However, it should be noted that an inbound activity of a foreign entity could, under the rules, be subject to tax where such activity qualifies as a taxable Presence under section 13 of the Companies Income Tax Act (CITA) of Nigeria[5] including where it is deemed to constitute a significant economic presence as defined pursuant to the Significant Economic Presence (SEP) Order 2020 or related regulations.

The ₦20 billion global revenue threshold is consistent with Nigerian policy preferences as illustrated by the tax bills currently undergoing legislative debates and processes in the National Assembly[6]. They are meant to ease administrative burden, ensuring that a manageable number of entities are tasked to comply with the AMT at the onset. To allow for flexibility, the Minister in charge of Finance is empowered by the bill to review this threshold should this become imperative in the future.

The Bill is scoped to target profitable and large MNEs who are winners of globalization and digitization. It entrenches a progressive source of revenues, taxing entities which can afford it while contributing to healthier competitive environment for startups, small and medium enterprise, cottage industries and local agricultural businesses etc.





TAX CALCULATION MECHANISM

The Bill introduces a dual-comparison approach for determining corporate tax liabilities. Companies will calculate tax liabilities under the existing CITA framework. Simultaneously, an Alternative Corporate Minimum Tax (CAMT) Bill will be computed based on a formula apportioning global profits to Nigeria. The higher of the two amounts will constitute the final tax payable. However, where tax has been paid under CITA and the computation shows the tax payable under the Bill to be higher, the taxpayer is only obliged to pay the balance between the amount paid under CITA and the amount established under the CAMT.

The reason for a formulary method is that the tax aims to apply to net income attributable to Nigeria. Since it will apply to non-residents which may have little or even no activities in Nigeria, the costs incurred in generating local revenues will fall elsewhere. Taxation of net income is generally considered superior to the application of a withholding tax on the gross revenues, which does not take into account the profitability of the MNE concerned. A tax on net income is also compatible with the rules of the OECD's global minimum tax, and should be treated as a "covered tax" under those rules.

FORMULAR FOR PROFIT ATTRIBUTION

The apportionment formula integrates the following weighted factors which are considered major drivers of profit to reflect the economic activities in Nigeria:

- Sales: Weighted at 60%.
- Number of Employees: Weighted at 20%.
- Payroll Expenses: Weighted at 20%.



Sales have been given higher weight to reflect Nigeria's position as a market-driven economy, where consumption is a key driver for the generation of profits. This approach also minimises opportunities for manipulation and is consistent with global trends under the GMT or the GloBE framework. This ensures that Nigeria applies a fair taxation on the profit attributable to Nigerian operations under its SEP order where the only taxable presence of the entity may be sales. It has also been opined that apportionment factors based on sales greatly reduces the pressure on States to lower the tax rate, since a country increasing its tax rate on MNEs based on its sales in that country does not deter MNEs from investing to create jobs there. Thus, the investment incentive effects support apportionment based on the destination of sales[7]. It is also reflective of the trends around the world where similar policy designs have rested heavily on sales[8]. Number of employees has also been weighed equally at 20% with payroll expense. This is consistent with the treatment of labour related factors under the BEFIT proposal[9]. The balancing ensures that skilled workers are not undervalued in favour of headcount. It also ensures that Nigeria, as a low wage country, remains attractive for investment in labor-intensive activities which will not be the case should there be overreliance on headcount.

Another key driver of profit which was not utilized for the purposes of the current design is asset. While physical assets have been utilized in some countries' design of AMT, it introduces a wide array of complexity which may serve as veritable ground for tax planning. Economists have also argued that including assets in the formula would particularly deter capital investment in assets. In the flip side, it can also be maintained that including physical asset with prescriptive rules for specific form of assets and measures to deter aggressive tax planning may increase the revenue take for Nigeria. This being the case, recommendation is made to revisit the issue of inclusion of physical asset in the apportionment formula 5 years after implementation of the rules contained in this Bill.

MINIMUM EFFECTIVE TAX RATE

While the Global Minimum Tax (GMT) rules set the effective tax rate at 15%, the 15% was understood to be the base and not the ceiling. In any case, the labour movement together with many other stakeholders have called for minimum tax rates above the fifteen percent mark.

Accordingly, the minimum effective tax rate (ETR) of 25% will apply to the profits apportioned to Nigeria. This rate promises huge revenue potential from progressive source, it ensures equity with labour taxation as by such rate the MNEs would pay the same 25% as do teachers, nurses and other essential workers. The 25% rate also aligns with Nigeria's policy of supporting its developmental priorities and initiatives with domestic public resources. While the current headline rate from corporate tax in Nigeria is 30%, the effective tax rate has been estimated at 6% to 8%. The proposed 25% is therefore expected to have huge net positive revenue ramification for Nigeria. Company Income tax (CIT) makes up to 36.14% of the total revenue of N12.37 trillion collected by the Federal Inland Revenue of Nigeria in 2023, making it the most collected tax for the year[10].

An anonymized firm-level data from an MNE with Nigerian operation analyzed applying the current formula at varying tax rates: 8% ETR[11] , 15% ETR[12] and the 25% showed a remarkable increment on revenue potential for Nigeria. In fact, the data show that Nigeria could double or triple its tax revenue from the in-scope multinationals by adopting the rules proposed in the bill. This is instructive given that such accomplishment could be realized while targeting only the net profit of the MNE as against taxing them on gross[13].

A Five-Year Analysis of Taxes Payable by MNE's Nigerian Operation using the proposed Rules

Year	Profit Attributable to Nigeria (₦ million)	Tax Payable at 8% (₦ million)	Tax Payable at 15% (₦ million)	Tax Payable at 25% (₦ million)
2023	1,886.47	150.92	282.97	471.62
2022	1,522.01	121.76	228.3	380.5
2021	1,308.54	104.68	196.28	327.14
2020	1,108.84	88.71	166.33	277.21
2019	998.66	79.89	149.8	249.67

REVENUE SOURCING

Key to a successful administration of the rules under the Bill is revenue sourcing. The rules for revenue sourcing are well established in general terms under the existing companies' income tax Act and regulations which serve as a base for the CAMT. For instance, for digital sales into Nigeria, section 13 of CITA and the Significant Economic Presence order prescribed when such sales could be deemed to have been sourced from Nigeria. For international traffic, section 14 of CITA posits that revenue generated from carriage of "non-transit" goods and passengers from the ports of Nigeria is sourced from Nigeria. However the general principles for identifying the source of revenues from sales in existing law could be supplemented, so the Bill includes powers for Nigeria to adopt more detailed sourcing rules by regulations, such as those annexed to this memo. The sourcing rules annexed are based on the politically agreed sourcing rules for Pillar 1 Amount A[14].

REPORTING AND COMPLIANCE

Annual Filing Requirements

In-scope companies are required to submit annual returns, including global consolidated financial statements, detailed breakdowns of Nigerian and global sales, employment, and payroll expenses, Country by Country Reporting (where applicable) and computations of the AMT. Where the company fails to file or files false return, fines up to ₦10 million and interest charges at 20% per annum on unpaid taxes could apply. Late filing may also attract a minimum of 1 million Naira for each day of failing to file. Accurate record-keeping is mandated to support compliance and apportionment calculations.

Audits and Enforcement

The Federal Inland Revenue Service (FIRS) is empowered to audit companies to verify compliance and may utilize international administrative assistance mechanisms where necessary to aid its function. It is also instructive to note that where the MNE fails to file return, files for a loss or files return indicating an unjustifiable less than expected return, the revenue authority may invoke its powers under section 30 of the company's income tax Act or section 11 of the Bill to tax the revenue of the entity at fair and reasonable percentage of their earning. In practice, the tax authority usually will deem 20% of the gross revenue from the company as profit and proceed to apply the statutory tax rate on the 20%. In the case of companies under this Bill, the effective tax rate established under the Bill shall apply after such determination.

LOSS TREATMENT

Losses resulting from the apportionment formula may be carried forward and offset against future provided that where the MNEs produces either no assessable profits or assessable profits which in the opinion of the Service are less than might be expected to arise from that trade or business or, as the case may be, the true amount of the assessable profits of the company cannot be ascertained, the Service assess and charge that company for that year of assessment on such fair and reasonable percentage in accordance to both section 30 of CITA and section 11(c) of the Bill.

REPEALS AND AMENDMENTS

The Bill repeals Section 33 of the Companies Income Tax Act to eliminate inconsistencies and ensure seamless implementation of the CAMT. In addition, the Bill will have implication for the corporate income tax law generally, Investment promotion laws, Laws governing special economic zones, Special statutory provisions or decrees like pioneer status related provisions, Bilateral investment treaties (BITs), Bilateral trade agreements, Investment agreements, including concession agreements or production-sharing contracts for extractive industries.

MINISTERIAL OVERSIGHT

The minister in charge of Finance is empowered to issue more granular rules to effectuate and operationalize the bill when passed into law. This may include but not limited to issuing regulations relating to sourcing, adjustments, calculations of ETR and the CAMT generally and also issues relating to the review of thresholds, inclusion of additional factors in the apportionment formula and such other issues as may be required for a smooth operation of the law.

DISPUTE RESOLUTION

Taxpayers may contest assessments and penalties through the Tax Appeal Tribunal and other existing legal mechanisms.

CONSIDERATION FOR ADAPTATION FOR GHANA

The rule in most of its ramifications can apply mutatis mutandis[15] to Ghana. However, the domestic legal framework of the Republic of Ghana varies in three important ways that requires some attention. One is the fact that Ghana has no significant Economic Presence rule. The SEP has broadened revenue sourcing rules and its description for Nigeria. Ghana on the other hand, has no SEP. However, Ghana has a well-developed sourcing provision relating to most of the items described in Nigeria's SEP in their domestic legislative framework. These rules are enshrined in the Income Tax Act of 2015, particularly section 105. Any consideration for adaptation of the Bill for Ghana therefore must seek to rely on the domestic provision for sourcing in addition to a more developed sourcing rule that may be issued by way of regulation[16].

Secondly, Ghana does not have provision for the deemed profit rule[17]. The rule, from field experience in Nigeria, has proven to be a strong and effective anti-avoidance mechanism. It is expected to serve as a strong deterrent for MNEs seeking to game the system with respect to the Bill. As such, it is recommended that adaptation of this bill to Ghana should have as a necessity, the rule enshrined in section 11 (c) and (d) of the Bill.



The third issue is that Ghana, unlike Nigeria, has not implemented the Country-by-Country-Reporting standard ('CbCR'). CbCR requires MNEs to report critical financial and tax information for each jurisdiction where they operate. This data includes revenues, profits, taxes paid, and tangible assets, among other metrics. CbCR are accessed under a Multilateral Competent Authority Agreement and is usually used for high level transfer pricing risk assessment but could also help implementing jurisdiction benchmark certain critical element of the CAMT for ease of implementation. Attempt could be made to require CbCR filing by MNEs through domestic legislation. Such provision may come under the reporting and compliance requirement under section 8 of the Bill. However, this attempt may not be one without serious pushback. Nevertheless, Ghana may require the filing of information needed to administer the bill through its domestic framework. While such request may not have the width and depth of CbCR, it is sufficient if it has enough information about Ghana and the global operation of the MNE to enable the CAMT Rule implementation.

CONCLUSION

The CAMT Bill, 2024, represents a critical step toward safeguarding Nigeria's tax revenues and promoting equitable taxation of multinational enterprises. It ensures that MNEs contribute their fair share to Nigeria's development while aligning domestic legislation with international tax standards. The Bill may be adapted to Ghana and similar other jurisdictions. The bill could also be further improved through ministerial oversight, presenting the flexibility and responsiveness required of such bill in a constantly evolving tax environment.

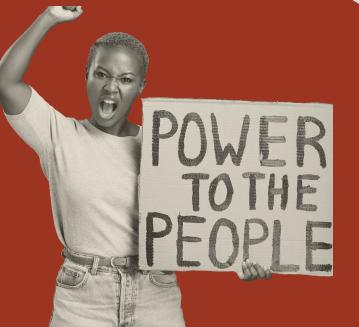
ANNEX 1

SOURCING RULES

For the purposes of determining revenue derived from sales attributable to xxx[18], the following shall be deemed to derive from xxx

- a. Sale of any natural resources derived from xxx
- b. Sale of finished goods to final customer in xxx, or to a retailer or independent distributor selling to final customers in xxx and located in xxx.
- c. The provision of digital content that is not a component and is supplied to a user in xxx.
- d. Sale to a business customer of a component that is designed to be incorporated directly or indirectly into a finished good that will be sold to a final consumer in xxx.
- e. From the provision of services –
 - i. that are location-specific if they relate to or are connected to tangible property in xxx
 - ii. that are location-specific if the services are provided in xxx
 - iii. that constitute online advertising services if the viewer of the advertisement is located in xxx.
 - iv. other than “iii” above where such advertisement is displayed or received in xxx.
 - v. that are online intermediation services facilitating the sale or purchase of tangible goods, digital content or services other than location-specific services where the purchaser of the tangible good, digital content or service other than location-specific service is also located in xxx 50% of the revenue is deemed to be attributed to xxx)
 - vi. that constitute online intermediation services facilitating the sale or purchase of location-specific services and the location specific services is performed in xxx, 50% of the revenue shall be attributed to xxx.
 - vii. From the transportation of goods, cargo or passengers by Air land or sea in international traffic where such passenger embarked on the ship, vehicle or aircraft in xxx, or such goods or cargo are loaded into the ship, vehicle or aircraft in xxx[19].





- viii. From or in connection with the operation of a customer reward program (other than Revenues generated from the redemption of awarded units for goods or services) to the extent proportionate to the number of members located in xxx who have redeemed or earned one or more units during the period under reference.
- ix. Other than services described in subparagraphs (i) through (viii) where such service are used in xxx.
- f. From the licensing, sale or other alienation of intangible property where the intangible property related to finished goods or components and such finished goods (including the finished goods containing the component) are delivered to a final customer in xxx.
- g. From the licensing of intangible property that supports a service or digital content, where the service or digital content is used in xxx.
- h. in all other cases of licensing, where the intangible property is used in xxx.
- i. From the licensing, sale, or other alienation of user data where the user associated with the data is located in xxx.
- j. Sale, lease or other alienation of immovable property where the immovable property is located in xxx.
- k. Grants, subsidies and refundable credits made or funded by xxx governments or international organizations to the extent of the proportion of that funding, grant, subsidy, or refundable credit, provided by xxx.

REFERENCES

- [1] OECD (2022), Tax Challenges Arising from the Digitalisation of the Economy – Commentary to the Global Anti-Base Erosion Model Rules (Pillar Two), First Edition: Inclusive Framework on BEPS, OECD Publishing, Paris, <https://doi.org/10.1787/1e0e9cd8-en>
- [2] See the South Centre paper authored by Sol Picciotto, et al: Beyond the Two Pillar Proposals A Simplified Approach for Taxing Multinationals.
- [3] See IRS(2024) IRS issues proposed regulations for Corporate Alternative Minimum Tax found at <https://www.irs.gov/newsroom/irs-issues-proposed-regulations-for-corporate-alternative-minimum-tax> visited on 27th November 2024
- [4] OECD, Global Anti-Base Erosion Model Rules (Pillar Two) (2021) Article 4.2, and OECD, Commentary to the Global Anti-Base Erosion Model Rules (Pillar Two) (202)
- [5] Cap C13
- [6] The Bills Include: the Tax Administration Bill, Nigeria Tax Bill, Nigeria Revenue Service Bill and The Joint Tax Board Bill.
- [7] Sol Picciotto, et al (2023):Beyond the Two Pillar Proposals a Simplified Approach for Taxing Multinationals.
- [8] Consider the relevant design of pillar 1 Amount A. See OECD, Tax Challenges Arising from Digitalisation – Report on Pillar One Blueprint.
- [9] European Commission (2023) Proposal for a COUNCIL DIRECTIVE on Business in Europe: Framework for Income Taxation (BEFIT).
- [10] Nairametrics (2024) Nigerians paid N12.37 trillion taxes in 2023 as FIRS surpassed revenue target by N816 billion found at [Nigerians paid N12.37 trillion taxes in 2023 as FIRS surpassed revenue target by N816 billion](#) - Nairametrics. See also [FIRS – Simplifying Tax, Maximizing Revenue](#)
- [11] Which is the best possible outcome under the existing CIT rules.
- [12] Which is the GMT recommended rate
- [13] See the table below.

[14] OECD, Multilateral Convention to Implement Amount A of Pillar One (October 2023), article 7 and Annex D.

[15] Applies with necessary alterations while not affecting the main point at issue.

[16] See the annexed taxing rule for instance

[17] See section 30 of the Nigerian Companies Income Tax Act, Cap C13.

[18] XXX could be Nigeria or Ghana

[19] This is the position under the income tax Acts of Nigeria but this situation may vary in treaty context depending on parties agreement under Article 8 of the treaty.

THE BILL

FOR
**AN ACT TO PROVIDE FOR CORPORATE ALTERNATIVE MINIMUM TAX FOR
MULTINATIONAL ENTERPRISES WITH BUSINESS OPERATION IN NIGERIA;
PROTECT NIGERIAN TAX BASE; ENSURE THAT THE MULTINATIONALS PAY THEIR
FAIR SHARE OF TAXES BASED ON REAL ECONOMIC ACTIVITIES IN NIGERIA, AND
RELATED MATTERS.**

[] *Commencement*

ENACTED by the National Assembly of the Federal Republic of Nigeria-

1. The objective of this Bill is to –

- a. ensure that Constituent Entities of Multinational Enterprises pay a minimum level of tax based on a fair allocation of their global profits reflective of their actual economic activities in Nigeria,
- b. Ensure that profits attributable to Nigeria are subject to a minimum level of tax, taking into account the widespread adoption of global minimum tax by other jurisdictions
- c. Optimize effort to mobilise domestic public resources, secure stable source funding for essential public goods and services and contribute to progressive tax systems.

Objective of the Bill

2. This Bill –

1) applies to companies operating in Nigeria that are constituent entities of multinational enterprises with global consolidated revenue of ₦20,000,000,000 and domestic revenue of ₦25, 000, 000, including –

- a. Enterprises with significant economic presence in Nigeria under the Companies Income Tax Act,
- b. companies with other forms of taxable Presence under the Companies Income Tax Act or any regulations enacted under the Act.
- c. shall not derogate the powers to tax a Nigerian entity on a worldwide basis.

Application

3. Notwithstanding anything in any other Act, the Companies to which this Act applies shall, for each year of assessment-

- a. Calculate the tax payable under the Companies Income Tax Act
- b. Calculate the tax payable in accordance with the formula outlined in section 4 of this bill and the rate stated in Section 5.
- c. Pay the higher of the tax established in either paragraph "a" or "b" of this section or the difference between taxes computed in paragraphs "a" and "b" as additional tax where the tax computed in "a" has already been paid.

Imposition of corporate alternative minimum tax

4. The companies to which this Bill apply shall-

a. determine the profit or loss attributable to its Nigerian operation by apportioning the global profit or loss of the Multinational Enterprise in accordance with this section.

b. Utilize the following factors for apportionment –

- i. Sales weighed at 60 per cent,
- ii. Number of employees weighed at 20 per cent, and
- iii. Payroll expense weighed at 20 per cent.

Attribution of profit or loss

c. The profit or loss attributable to Nigerian operations shall be the Global Profits or loss multiplied by 60 per cent of sales in Nigeria divided by the Global sales, plus 20 per cent multiplied by the number of employees in Nigeria divided by the number of employees globally, plus 20 per cent multiplied by the Nigerian payroll expense divided by global payroll expense.

5. The applicable effective tax rate on the portion of profit apportioned to Nigeria shall be 25 per cent.

Minimum effective tax rate

6. For the purposes of this Bill, revenue sourced from Nigeria shall be determined by –

- a. The revenue sourcing rules under the Companies Income Tax Act
- b. Such other rules as the Minister may, through regulation, prescribe

Revenue Sourcing

7. Subject to section 30 of the Companies Income Tax Act, where after the formula set out in section 4 of this bill has been applied and loss has been established, the company may carry forward such loss and defray same from future profits, paragraphs "a" and "b" as additional tax where the tax computed in "a" has already been paid.

Treatment of loss

8. Notwithstanding any filing requirement that may be required by any other Law, Companies subject to this Bill shall submit annual returns to the Service, including:

- a. A global consolidated financial statement of the Multinational Enterprise of which they are a Constituent Entity.
- b. Detailed breakdown of sales, employees, and payroll cost in Nigeria and globally.
- c. An account clearly showing the profit from its global and Nigerian operations.
- d. The calculation of the alternative minimum tax in accordance with section 4 of this Bill.
- e. Such other information as may be required by the Service

Reporting and Compliance

9. The Multinational Enterprises shall maintain accurate records of all sales, employment data, and payroll expense in Nigeria and globally to support their tax filings and apportionment calculations.

Bookkeeping

10. The Service shall have the powers to-

- a. audit Companies and Multinational Enterprises to verify the accuracy of their apportionment calculations and compliance with the provisions of this Act.
- b. Utilize instruments on mutual administrative assistance where necessary for the purposes of realizing the objective of this Bill.
- c. Do such other things as they are empowered to do under Nigeria Tax laws with respect to administration of taxes including but not limited to taking appropriate enforcement and compliance measures.

Audit, Enforcement, etc

11. Where a Multinational Enterprise to which this bill applies –

- a. provides false or misleading information in their alternative minimum tax filings, it shall be subject to penalties, including fines of up to ₦10,000,000 and interest charges at 20 per annum on any unpaid or underpaid tax.
- b. Fails to file the required tax returns by the prescribed deadline, a penalty of ₦1,000,000 shall apply for each day of such delay.
- c. produces either no assessable profits or assessable profits which in the opinion of the Service are less than might be expected to arise from that trade or business or, as the case may be, the true amount of the assessable profits of the company cannot be ascertained, the Service may assess and charge that company for that year of assessment on such fair and reasonable percentage of that part of the turnover attributable to its taxable Presence in Nigeria.
- d. Becomes taxable under subsection “c” above, the rate in section 5 of this bill shall apply notwithstanding the statutory rate in the Companies Income Tax Act

Penalties for Non-Compliance

12. Entities to which this Bill apply may appeal any assessment or penalty imposed under this Bill through the Tax Appeal Tribunal and other systems available for tax dispute resolution in Nigeria.

Dispute Resolution

13. The Minister in charge of finance may make such order or regulations relating to taxable presence, threshold, revenue sourcing, relevant adjustments and such other matter as may be necessary to give full effect to the provision of this Bill.

The Minister

14. Section 33 of the Companies Income Tax Act is hereby repealed.

Repeal

15. “Global Minimum Tax” means taxes resulting from the 2023 OECD-IF brokered agreement on Global Anti-Base Erosion Rules.

“Global Profit or Loss” means

“Significant Economic Presence” is as defined in Significant Economic Presence Order of 2020

“the Service” means the Federal Inland Revenue Service of Nigeria

“Tax Appeal Tribunal” means a tax tribunal established under section 59 of the Federal Inland Revenue Service Establishment Act

“ Taxable Presence” means taxable nexus as specified in the Companies Income Tax Act which includes, but not limited to, fixed base, tax residence, permanent establishment, etc.

definitions



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