



FEDERAL INLAND REVENUE SERVICE NIGERIA
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INFORMATION CIRCULAR

NO: 2022/11

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**SUBJECT: INFORMATION CIRCULAR ON ADMINISTRATION OF THE
TERTIARY EDUCATION TAX**

This circular is issued for the information and guidance of the public⁴, taxpayers and tax practitioners in line with the provisions of the relevant tax laws.

1.0 Introduction

This Information Circular provides clarification on the administration of Tertiary Education Tax under the Tertiary Education Trust Fund (Establishment, Etc) (TETFUND) Act, 2011 as amended.

2.0 Legal Framework of the Circular

The tax is collectible pursuant to the provisions of Tertiary Education Trust Fund (Establishment Etc) Act 2011(as amended), Federal Inland Revenue Service (Establishment) Act, No. 13, 2007 (as amended), Companies Income Tax Act (CITA), Cap. C21, LFN 2004 (as amended), Petroleum Profit Tax Act (PPTA) as amended and Petroleum Industry Act (PIA) 2021.

3.0 Administration of Tertiary Education Tax (TET).

Section 1(2) of the TETFUND Act, 2011 provides the Tertiary Education Tax (TET) rate of 2.5% on assessable profit of a company registered in Nigeria other than small companies as defined in CITA.

3.1 Effective Date

The effective date for the implementation of the 2.5% rate shall be 1st January 2022. Thus, companies with tax returns due from 1st January 2022 are required to compute and remit TET at 2.5% of its assessable profit.

3.2 Filing of Returns

- i. TET returns shall be filed with the income tax returns, in accordance with the provisions of CITA relating to time of filing.
- ii. The returns shall be filed in the form prescribed by the FIRS.

3.3 Assessment and Payment

- i. In filing self-assessment, the taxpayer shall pay the tax due on or before the due date of filing. A taxpayer may pay the tax due in instalments provided that instalment payments commence prior to the due date of filing and the final instalment is paid on or before the due date of filing.
- ii. In the case of an additional assessment, revised assessment, or any other instance where a notice of assessment is served on a company by the Service, payment of the levy due must be made within 30 days of service of the notice. Taxpayers opting for instalment payment in this instance must ensure that the final instalment is made on or before the 30th day of service of the notice of assessment where the additional assessment is not disputed by the taxpayer.
- iii. Taxpayers who require an extension of the period of payments should do so by applying to the Service stating the reason for the request. The application must be made before the expiration of the initial due date, and it must state the proposed instalment payment plan with evidence of payment of at least the first instalment. Kindly note that interest would start accruing after the initial due date.
- iv. Where the additional assessment is in dispute the taxpayer may object to the assessment within 30 days of receipt of the notice.

3.4 Assessment and Collection of TET for Companies under PIA

The clarifications in paragraphs 3.1 above shall apply to a licensee or lessee in a conversion contract under the provisions of sections 92, 93 & 94 of the PIA 2021, when filing CIT returns pursuant to section 302 of the PIA. This position will also apply to a new entrant company holding a license or lease issued after 1st January 2021 under the PIA 2021.

Similarly, the clarifications in paragraph 3.2 above shall apply to the assessment and payment of the tax.

3.5 Assessment and Collection of TET for Companies under PPTA

TET returns shall be filed along with PPT actual returns in accordance with the provisions of PPTA as relating to time of filing, while payment shall be made not later than 30 days after service of notice of assessment on the company.

4.0 Computation of TET

4.1 Computation under CITA

TET rate of 2.5% under CITA shall be computed as follows:

TET Rate x Assessable Profit

Illustration:

ABC Nigeria Limited has assessable profit of ₦100,000,000 in 2022 YOA. TET shall be computed as follows:

$$\frac{2.5}{100} \times 100,000,000 = \text{₦}2,500,000$$

4.2 Computation under Petroleum Profit Tax Act

TET rate of 2.5% is charged on the assessable profit before charging the TET since TET is a deductible tax under section 10 (L) of PPTA.

Illustration:

ABC E&P Nig. Ltd has assessable profit before TET charge of \$100,000,000

TET computation is as follows:

TET Rate divide by 102.5 x Assessable Profit

$$\frac{2.5}{102.5} \times 100,000,000 = \$2,439,024.39$$

Assessable Profit after TET = \$97,560,975.61

To Confirm:

Assessable Profit after TET = \$97,560,975.61

$$\text{TET} = \frac{2.5}{100} \times 97,560,975.61 = \$2,439,024.39$$

4.3 Computation under Petroleum Industry Act (PIA)

Companies filing returns under Petroleum Industry Act, including Conversion Contracts/License and Leases issued pursuant to the PIA 2021, shall assess TET at 2.5% as provided under TETFUND Act, using assessable profit ascertained under Section 302 of PIA.

Note: TET charged shall not be tax deductible in determining the Companies Income Tax and Hydrocarbon Tax.

5.0 Penalty for Non-Compliance

In accordance with Section 20(2) of TETFUND Act 2011, the provisions of CITA, PIA, PPTA and FIRSEA as it relates to offences and penalties shall apply to assessment, collection, enforcement and other aspects of administration of the tax.

6.0 Amendment or Revision of the Circular

The Service may, at any time, withdraw or replace this Circular or publish an amended or updated version.

7.0 Enquiries

Any request for further information or clarifications on this information circular should be directed to:

Executive Chairman
Federal Inland Revenue Service
Revenue House,
15 Sokode Crescent, Wuse Zone 5, Abuja.

Or

Director,
Tax Policy and Advisory Department
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Or

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