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GMS Flash Alert

Immigration

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Nigeria – Federal Government Nixes Implementation of Expatriate E mployment Levy for Now

Days after Nigeria's federal government announced the rollout of the Expatriate Employment Levy (EEL), the Federal Ministry of the Interior suspended its implementation.[1]

A government press release on the announcement of the suspension of the implementation of the EEL comes with a pledge to hold "...further dialogue and consensus-building among stakeholders."

WHY THIS MATTERS

This suspension of implementation of the EEL and the intention of the federal government to further consult with those stakeholders that would be affected by the EEL should be a relief for multinationals intending to bring foreign national workers to Nigeria and for the workers themselves.

Had the EEL been implemented, this would have meant more administrative steps for international assignment programme managers and/or immigration counsel in charge of Nigeria-inbound expatriate employees. Moreover, given the costs associated with the EEL, expenses tied to Nigeria-inbound expatrate employees would have gone up.

Background

On 27 February 2024, Nigerian President Bola Ahmed Tinubu, GCFR, launched the Expatriate Employment Levy (EEL).[2] The EEL was to be a government-mandated contribution imposed on organisations which engage expatriate workers in Nigeria, subject to certain exemptions, with effect from 15 March 2024, and employers had until 15 April 2024 to comply. According to the government, the EEL was intended to promote skills transfer and knowledge sharing, balance economic growth and social welfare, enhance collaboration between public and private sectors, and address demographic shifts. The EEL was to serve as a mandatory document like a passport.

The levy was expected to be computed at $15,000 (U.S. dollars) for every expatriate on director level and $10,000 for those at other levels.

Several countries, especially in the Middle East, have implemented expatriate levies or similar measures to grow their revenue base or control the influx of expatriates.

KPMG INSIGHTS

The decision to suspend the implementation of the EEL is a welcome development. It demonstrates the willingness of the government to take on board the concerns of businesses and organisations in respect of the EEL policy, especially in light of claims by many that implementation of the EEL could negatively impact businesses and their employees.

Employers of expatriate employees with questions and concerns should reach out to their global-mobility service provider and/or immigration counsel, or a member of the Global Mobility Services team with KPMG in Nigeria (see the Contacts section).

For more analysis and commentary, see the following publications of the KPMG International member firm in Nigeria:

"Federal Government Suspends the Implementation of the Expatriate Employment Levy" in *Tax Alert* (Issue no. 3.2, March 2024)

"Federal Government Launches the Expatriate Employment Levy" in *Tax Alert* (Issue No. 3.1, March 2024).

FOOTNOTES:

1 See Ministry of Interior press release "FG Addresses Stakeholders' Concerns on Expatriate Employment Levy" at: https://interior.gov.ng/press-release/fg-addresses-stakeholders-concerns-on-expatriate-employment-levy/.

2 See Ministry of Interior, Public Notice at: https://interior.gov.ng/press-release/public-notice-expatriate-employment-eel-eelinteriorgovng/.

See Ministry of Interior, "FG Rolls Out Expatriate Employment Levy Guidelines" at: https://interior.gov.ng/press-release/fg-rolls-out-expatriate-employment-levy-guidelines/.

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Contact us

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The information contained in this newsletter was submitted by the KPMG International member firm in Nigeria.

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