



FEDERAL INLAND REVENUE SERVICE

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INFORMATION CIRCULAR

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Subject: **CLARIFICATIONS ON THE PROVISIONS OF THE STAMP DUTIES ACT**

This circular is issued for the information and guidance of the general public, taxpayers and tax practitioners in line with the provisions of the relevant tax laws. This instant circular replaces FIRS Information Circular 2020/05 of 29th April 2020.

1.0 Introduction

Consequent upon the amendments to several provisions of the Stamp Duties Act (SDA) Chapter S8 LFN 2004, the Federal Inland Revenue Service ("the Service") hereby provides implementation guidance for clarity and ease of compliance.

2.0 Section 2 of the Stamp Duties Act- Electronic Documents

By Section 2 of the Stamp Duties Act (as amended), the scope of instrument liable to stamp duties includes "**electronic documents**".

Similarly, stamp duties may be denoted by way of "**electronic stamping**" or "**electronic denoting**" of dutiable documents.

2.1 Definition of Terms

- "**stamp**" means *"an impressed pattern or mark by means of an engraved or inked die, an adhesive stamp, an electronic stamp or an electronic acknowledgement for denoting any duty or fee."*
- "**stamped**" with reference to:
 - printed instruments and material – being impressed with stamps by means of an engraved or inked block die, or adhesive stamps affixed thereto;
 - instruments *and material digitally tagged - electronic stamp or notional stamp on an electronic receipt"*

- **“instruments”** *includes every written or electronic document”*
- **“receipt”** *includes any note, memorandum, writing whereby any money, or any bill of exchange or promissory note for money is acknowledged or expressed to have been received or deposited or paid, or whereby any debt or demand, or any part of a debt or demand is acknowledged to have been settled, satisfied, or discharged, or which signifies or imports any such acknowledgements, and whether the same is or is not signed with the name of any person.*

3.0. Instruments or Receipts Liable to Stamp Duties

Instruments or receipts which should be stamped include the following:

- All written or printed dutiable instruments or receipts;
- All electronic dutiable instruments or receipts (i.e. in the form of electronic media content, electronic documents or files, e-mails, short message service (sms), instant messages (IM), any internet-based messaging service, website or cloud-based platform, etc.);
- All printed receipts (including POS receipts, fiscalised device receipts, Automated Teller Machine (ATM) print-outs and other forms of written or printed acknowledgment);
- All electronically generated receipts and any form of electronic acknowledgement of money for dutiable transactions.

3.1. Mode of Denoting Stamp Duties

Stamp duties may be denoted by:

- Employing a die impressed on an instrument;
- Affixing printed adhesive (revenue) stamps on instruments;
- Direct electronic printing or impression on the instrument;
- Electronic tagging;
- Issuance of stamp duties certificate; and
- Any other form of acknowledgement of payment for stamp duties adopted by the Service.

Illustration 1

ABZ Ltd's chief accounting officer, after receiving payment of ₦500,000 from Mr. XYZ on behalf of ABZ Ltd., composed a message which reads: "receipt of ₦500,000 is hereby acknowledged" and sent same to Mr. XYZ via WhatsApp messenger.

In this case, the WhatsApp message acknowledging the receipt of ₦500,000 constitutes a receipt for which stamp duty is payable. Mr XYZ is required to make a disclosure of the details of the transaction using FIRS e-stamp duty platform or to the relevant stamp duties Commissioner. This will lead to assessment and payment of appropriate stamp duties and a consequential issuance of a stamp duty certificate or an acknowledgement. Such certificate or acknowledgement will suffice as evidence that stamp duties have been paid and that the electronic receipt has been stamped appropriately.

Illustration 2

NaijaCo. Ltd, a company headquartered in Abuja, leased out its property in Lekki area of Lagos to LagCo Ltd. Due to the lockdown caused by the Covid 19 pandemic, the lease agreement was drafted and executed online with no physical document to evidence it.

The lease agreement is an electronic instrument to which stamp duty is applicable. As such, the parties are required to get it stamped via electronic tagging of a visual stamp or electronic stamp, or through an electronic acknowledgement for denoting the appropriate duties.

A document that has been so stamped requires no further stamping, whether or not an impression of the stamp is visible on the printed copy of the document, even where the parties eventually decide to print out the lease agreement. As such, an electronic document is duly stamped where all duties chargeable on the document have been paid or a certificate or acknowledgement is issued for it or the appropriate electronic impression or denotation is tagged thereon.

Illustration 3

KanCo. Ltd, a company headquartered in Kano, leased its property in Enugu to EnCo Ltd. No formal lease agreement was drafted. However, the lease transaction, inclusive of the terms and conditions was communicated via email correspondence.

The mail trail becomes the instrument through which the lease transaction was conducted. As such, to perfect that instrument, the parties must take steps to ensure that it is properly stamped by paying the necessary duties

and obtaining the relevant acknowledgement that such duties have been paid. The process of stamping is as described in Illustration 1 above.

4.0 Electronic Document Received in Nigeria.

According to Sections 7(3)(a), 23(3) and 47 of the SDA, documents, receipts or instruments executed outside Nigeria but **received** in Nigeria must be presented for stamping within:

- a. 10 days in the case of Charter Parties;
- b. 30 days in the case of instruments subject of ad valorem stamp duties;
or
- c. 21 days in any other instance.

An electronic document, receipt or instrument executed outside Nigeria is received in Nigeria if:

- a. it is retrieved or accessed in or from Nigeria;
- b. it (or an electronic copy of it) is stored on a device (including a computer, magnetic storage, etc.) and brought into Nigeria; or
- c. it (or an electronic copy of it) is stored on a device or computer in Nigeria.

Illustration 4

A Co., a company based in Mada Republic and B Co., a Nigerian company executed a transaction outside Nigeria by means of electronic records. The electronic records are saved on a server in a country outside Nigeria. B Co. downloads a copy of the electronic records in Nigeria.

The electronic instrument comprising those electronic records, having been **retrieved** in Nigeria, is received in Nigeria.

Illustration 5

Chana Co and Bro Co. carried out a transaction outside Nigeria by means of electronic records. The electronic records are stored on a server in a country outside Nigeria or a cloud facility. Bro Co. uses an electronic device to view a copy of those electronic records in Nigeria.

The electronic instrument comprising those electronic records, having been **accessed** in Nigeria, is received in Nigeria.

Illustration 6

A and B completed a transaction by means of electronic records. A lives in Singapore Republic while B lives in Nigeria. The electronic records are stored on a server in Nigeria.

The electronic instrument comprising those electronic records, having been **stored** on a computer in Nigeria, is received in Nigeria.

5.0 Section 4 of SDA – Authority to collect Stamp Duties.

By virtue of Section 4 of the Stamp Duties Act:

The Federal Inland Revenue Service is the competent authority to charge and collect duties upon instruments relating to transactions or matters executed between corporate bodies or between a corporate body and an individual, group or body of individuals.

The relevant state tax authority shall collect duties in respect of instruments executed between individuals at such rate to be imposed or charged in agreement with the Federal Government.

6.0 Stamp Duties Administration in Financial Institutions in Nigeria

Banks and other financial institutions (commercial banks, investment banks, micro-finance banks, insurance companies, stockbrokers, finance companies, savings and loans institutions, etc.) are required to charge appropriate stamp duties on qualifying transactions. The stamp duties so charged shall be remitted to the Federal Inland Revenue Service.

6.1 Electronic Money Transfer Levy

Section 89A introduced the Electronic Money Transfer Levy.

The Electronic Money Transfer Levy is imposed on electronic receipts or electronic transfer of money deposited in any deposit money bank or financial institution, on any type of account, to be accounted for and expressed to be received by the person to whom the transfer or deposit is made.

Banks and other financial institutions are to charge ~~₦~~50 levy on:

- all intra-bank deposits and transfers from ~~₦~~10,000 and above except where the deposit or transfer occur between two accounts maintained by the same person in the same bank;
- all inter-bank deposits and transfers from ~~₦~~10,000 and above involving accounts owned by the same person in different banks; and
- all inter-bank deposits and transfers from ~~₦~~10,000 and above involving accounts owned by different persons.
- All other electronic receipts issued for deposits received by a financial institution in Nigeria

The ₦50 levy so charged shall be remitted in accordance with the administrative procedures prescribed in the Electronic Transfer Levy Regulations 2021.

The **receipt** charged with the electronic transfer levy shall not be subjected to any further duty under the Stamp Duties Act. However, this levy shall not preclude the charge of stamp duty on any other **dutiable instrument** to which the transaction might be related.

7.0 Stamp Duties on Loans and Credit Facilities

The Stamp Duties Act requires all banks to pay stamp duties on the following dutiable transactions:

- i Guarantor's Form (For Loan Application), at a flat rate of ₦500
- ii Loan Agreement/ Loan Capital, which is Ad Valorem at a fee of 0.125% of the Loan value i.e. ₦1.25 for every ₦1,000.
N/B. The exemption to the above is a loan that falls due within a year. The exemption covers bank overdraft and other loan raised which must be for working capital financing.
- iii Loan Agreement (as accompanying document to a mortgage or debenture), at a flat rate of ₦500
- iv Legal Mortgage, which is Ad Valorem at a fee of 0.375% of the Mortgage value i.e. ₦3.75 for every ₦1,000
N/B. Deed of Debenture and Deed of Charge attract ad-valorem charge of 0.375%
- v Legal Mortgage (up-stamping), which is Ad Valorem at a fee of 0.375% of the up-stamped value i.e. ₦3.75 for every ₦1,000
N/B. Up-stamping according to SDA is applicable to Security instruments like Deed of legal/Equitable Mortgage and Deed of Debenture. The security document for such facility will be stamped to cover the loan exposure, that is, the tranche advanced. If any loan is advanced in excess of the amount covered by duty, the security document will be up-stamped to cover the increase.

Deed of Release/ Discharge that relates to Mortgage by stock is at nominal value while Deed of Release relating to property attract Ad-Valorem fee of 0.075%. Duty payers are expected to present certificate of registration of the legal Mortgage or Debenture to determine the loan exposure for stamping.

vi Bonds (Mortgage) which is at Ad Valorem rate of 0.375% of the bond value i.e. ₦3.75 for every ₦1,000
N/B. Bonds are charged based on issuance

vii. Tenancy or Lease are charged at Ad Valorem rates as follows:

0 – 7 years	0.78%
Above 7 – 21 years	3%
Above 21 years	6%

The obligation to pay the Stamp duties is on the lessee/ tenant.

Viii. Bank Cheque per leaflet (Premium) at a flat rate of ₦1.0 per leaflet

ix. Other dutiable transactions are listed on the Stamp duty portal at: www.stampduty.gov.ng or www.firs.gov.ng click on E-Services and select e-stamp Duty

8.0 Stamp Duties on Contract Notes

Section 50 of the Stamp Duties Act (SDA) mandates any person who effects any sale or purchase of any stock or marketable security by way of business to make and execute a contract note. In executing the contract note, it is further required to include the amount of stamp duties in the charge for brokerage or agency.

Note that a broker, agent or other persons shall have no legal claim to any charge for brokerage, commission or agency if he fails to charge the appropriate stamp duties.

9.0 Stamp Duties on Contracts

All corporate entities, including Ministries, Department and Agencies (MDAs), are required to charge stamp duties on all contracts and remit same to the relevant tax authority. The duty to be charged on such contract shall be at the applicable rate excluding Value Added Tax.

NOTE:

Stamp duties on contracts shall become payable not later than 14 days after the execution of the contract instrument.

10.0 Compliance procedure

The Service operates a portal for automated Stamp Duties collection; www.stampduty.gov.ng where all taxpayers, government agencies, institutions, private organisations, including banks, may log into and pay stamp duties. Corporate bodies including banks, MDAs or other persons needing an Application Programming Interface (API) integration may access www.stampduty.gov.ng/integration/ for necessary instruction.

11.0 Failure to comply with Stamp Duties Act.

Failure to comply with provisions of the SDA may result to any of the following consequences:

- i. Prosecution for offences under the Act
- ii. Payment of penalties of various degrees
- iii. Inability to use the relevant instrument as evidence in court or other judicial or quasi-judicial proceedings.
- iv. Enforcement actions, etc.

12.0 Transition Issues

Taxpayers, Banks, MDAs or other persons who have collected or are in possession of stamp duties are mandated to immediately remit same to the Service.

The API has been primed to ensure remittance of the following qualifying transactions:

- from January 15th, 2016 till February 29, 2020, are for deposits and transfers in the amount of ~~₦~~1,000 and above, NOT ~~₦~~10,000.
- from March 1, 2020 and going forward, are deposits and transfers in the amount of ~~₦~~10,000 and above

13.0 Amendment or Revision of the Circular

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

14.0 Enquiries

Any request for further information or clarifications on this Information Circular should be directed to the:

Executive Chairman,
Federal Inland Revenue Service,

Revenue House,
15, Sokode Crescent,
Wuse Zone 5, Abuja.

Or

Director, Tax Policy and Advisory Department,
Federal Inland Revenue Service,
Revenue House Annex 4,
12, Sokode Crescent,
Wuse Zone 5, Abuja.

Or

Email: tpld@firs.gov.ng