



LAGOS STATE GOVERNMENT

PUBLIC NOTICE



TAXATION OF NON-NATIONALS WITH A TEMPORARY WORK PERMIT

The Lagos State Internal Revenue Service (LIRS) is issuing this Public Notice to all employers, company owners or their representatives, employees, high net worth individuals and other members of the public.

Definition

A “Non-National with a Temporary Work Permit” (TWP) is an individual who is a national of another country with a visa which allows him/her to work in Nigeria.

Legal basis

Section 10(1) of the Personal Income Tax Act (PITA) provides 3 conditions that jointly must be met before a non-resident employee is exempted from income tax in Nigeria. While section 6 stipulates that the taxable income for an independent contractor is the income that is attributable to their presence or that of their agent in Nigeria.

Compliance Requirements

Employees

1. A non-national employee who pays income tax in a country that has a double taxation treaty with Nigeria will become liable to tax in Nigeria after 183 days or once he/she becomes taxable in Nigeria in accordance with the tax treaty.
2. Non-national employees that are not liable to tax in a country that has a double taxation treaty with Nigeria will become liable to tax in Nigeria from the first day they arrive into Nigeria as they would not meet the three conditions as stated in Section 10(1).

Independent contractors

3. A non-national independent contractor will be subject to tax in Nigeria where:
 - a. He or she has a fixed base in Nigeria from where he carries on his business. A fixed base is created when the contractor requires a work permit other than a business visa. Also, if he or she shifts profits from a Nigeria business using uncommercial pricing that is not supported by transfer pricing documentation.
 - b. He or she is involved in a contract that includes components of installation or construction work in Nigeria and if the individual has a warehouse from which he makes deliveries to customers.

However, where the independent contractor is a resident of a country that has a Double Taxation Treaty with Nigeria, relief will be granted in line with the treaty.

For further enquiries, please call **0700-CALLLIRS (0700 2255 5477)** or visit **www.lirs.gov.ng**

Thank You

Signed

Ayodele Subair

Executive Chairman

Lagos Internal Revenue Service

Lagos State Internal Revenue Service

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