



LAGOS STATE GOVERNMENT

PUBLIC NOTICE



VALUATION OF ACCOMMODATION PROVIDED BY EMPLOYERS

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

“An employer provided accommodation” will constitute a taxable benefit to the employee in any of the following situation:

- accommodation is available to the employee on a permanent basis (i.e. more than 90 days),
- employee does not have a personal (primary) accommodation running in parallel to the accommodation provided by the employer;
- employee is expected to pay the rent on a property but employer is instead paying on behalf of the employee; and
- accommodation is necessitated by any circumstance other than business related reasons.

Legal basis

Section 5(1) of Personal Income Tax Act (PITA), accommodation benefit is taxable only based on annual values as determined for local rates purposes. However in practice the annual value is not available. Section 5(3) empowers the “relevant authority” to determine the annual value in other cases (where the rates are not available).

Compliance Requirements

1. The taxable value of a “leased accommodation” (where an employer pays the rent on behalf of the employee) shall be the total rent paid.
2. The taxable value of an “accommodation owned by an employer” (where the employer owns the accommodation and provides the accommodation to an employee) shall be the commercial value of comparable properties in a similar location.
3. “Hotel accommodation” provided by an employer will not be taxable so long as the employee is staying in the hotel on a temporary basis (i.e. not more than 90 days). The taxable benefit of “hotel accommodation” occupied by an employee for more than 90 days shall be the amount paid by the employer for the hotel room or the room rate.

Reporting Obligation: Every employer is expected to disclose details of the accommodation provided to employees; which include; the name of the landlord; the location of the property, the value of the rent paid annually to the landlord; and any other details as may be required from time to time.

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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