

FILING OF 2017 ESTIMATED PETROLEUM PROFITS TAX (“EPPT”)



January, 2017

We draw the attention of companies operating in the Upstream Oil & Gas sector to the provisions of Section 33 (1) of the Petroleum Profits Tax Act CAP P1 Laws of the Federation of Nigeria (LFN), 2004 (PPTA) (Returns of estimated tax) as amended that states:

“Not later than two months after the commencement of each accounting period of any company engaged in petroleum operations, the company shall submit to the Board a return, the form of which the Board may prescribe, of its estimated tax for such accounting period”;

The EPPT return is expected to be filed not later than **28 February, 2017** by each of the entities that has commenced production and lifting as at 31 December 2016. In any other case, the return must be filed not later than 2 months after lifting (commencement of first accounting period) between January – December 2017.

In view of the above, affected companies are required to file their 2017 EPPT returns not later **28 February 2017**.

However, revised EPPT returns may be submitted if at any time in 2017 accounting year, the company becomes aware that the initial tax estimate submitted requires revision (due to change in circumstances and bases), may result in overpayment/underpayment of tax at the end of the year as applicable. The revised EPPT is submitted, where applicable, based on Section 33 (2) of the PPTA that states:

“If at any time during such accounting period the company having made as provided in subsection (1) of this section is aware that the estimate in such returns requires revision then it shall submit a further return containing its revised estimated tax for such period”

▪ Payment of 2017 EPPT

For an entity that has tax payable after the EPPT computation has been done, the first monthly payment shall be due and payable not later than the third month of the accounting period and shall be payable in equal monthly instalment as shown in the table below:

| Instalment | Due date of payment |
|------------|-------------------------------------|
| 1 | Mar-17 |
| 2 | Apr-17 |
| 3 | May-17 |
| 4 | Jun-17 |
| 5 | Jul-17 |
| 6 | Aug-17 |
| 7 | Sep-17 |
| 8 | Oct-17 |
| 9 | Nov-17 |
| 10 | Dec-17 |
| 11 | Jan-18 |
| 12 | 21 days after notice of assessment. |

▪ Offences and Penalties

An entity that does not comply with the payment schedule as described in the table above might be liable to a sum equal to five per cent of the amount of the instalment of tax due in line with section 46 of PPTA.

It should be noted that in line with the provisions of Section 51 of PPTA, if a Company fails to file its 2017 EPPT returns, it may be liable to a fine of ₦10,000 and ₦ 2,000 for every day during which such default continues. Any person connected with the default in payment of the tax due under the Act may also be liable to six months imprisonment on conviction.

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For enquiries:

Azeez Alatoye
Senior Partner
azeez.alatoye@ascensioncsng.com

Ademola Olanrewaju
Partner
ademola.olanrewaju@ascensioncsng.com

Matthew Johnson
Partner
matthew.johnson@ascensioncsng.com

Lagos

178B, Prince Ade Odedina Str,
Off Sinari Daranijo Str,
Victoria Island,
Lagos.

Port Harcourt

102, Old Aba Road, Shell Industrial Area,
Rumuobiakani,
Port Harcourt.

Abuja

Apo Sparklight Mall (Suite CC10, 2nd Floor),
Durumi Phase II (Federal Capital Territory).