

Who is a taxpayer?

A taxpayer is every individual, whether self-employed or employed by another, and every business entity operating in Imo state, and who are obligated by relevant laws to pay taxes to the Imo state government.

Tax Payer Obligations;

- The first obligation of a taxpayer is to register and obtain the Imo state Social identification number (ISSIN). This is a pre-requisite for any individual or institution resident in Imo state and wishes to engage in any state government services e.g., Hospital, schools, etc.
- Conduct a self-assessment to determine the amount of tax to be paid.
- Deduct and remit PAYE (for employers) to the government before the tenth day of every month. These employers of labor act as PAYE agents for the IIRS and are also obligated to submit a schedule showing details of staff monthly salaries.
- Make full voluntary disclosure of all incomes and expenditures (for self-employed persons).
- File tax returns, on or before the due dates, which for Direct Assessments is 90 days and for PAYE is 30 days after the commencement of every year.
- Declare and pay tax in full on or before the due date through Imo State Internal Revenue Service (IIRS) designated collection banks and obtain e-receipts.
- Keep proper books of accounts, records and documents.
- Comply with all the other obligations imposed on the taxpayer by the tax laws.

TAX LAWS AS PUBLISHED BY IIRS

1. Personal Income Tax (PIT)

This serves as a guide for self-employed individuals and employers of labor, in making their tax returns and remittances to the Imo State Internal Revenue Service (IIRS).

The Personal Income Tax Act (as amended 2011) is the law that guides the collection of PIT and the Imo State Government through the IIRS is responsible for this collection. Generally, every resident of Imo state, regardless of if they are federal, state, local government or private workers have a legal obligation to pay PIT to the state government.

There are two methods of PIT collection: Pay As You Earn (PAYE) i.e. taxes from employment and Direct Assessments i.e. Taxes from self-employed persons.

- **Pay As You Earn (PAYE)** is a method of PIT from employee' salaries and wages through deduction at source by an employer. By the provisions of Sections 81 and 82 of the PITA, the employer is responsible for making such deductions and remitting same to the government within the stipulated time. These remittances must be accompanied by a detailed schedule of all the employees for which the deduction was made. IIRS shall provide the format for the schedule.
- **Direct Assessment (DA)** is raised directly on self-employed persons (e.g. Professionals, Contractors, traders etc.). Section 41 of PITA charges such persons to, without notice or demand, file a return of income earned in the preceding year to the state tax authority.

2. Withholding Tax (Individuals Only) WHT;

Withholding tax is income tax paid to the government by the payer of the income rather than directly by the recipient of the income. The obligation of the payer in this instance is to deduct the tax on the date when the income becomes due or payable to the recipient and remit same to the government within 30 days of such deduction. Refer to sections 69-75 of the PITA for further guidance on this tax obligation. Below is a list of WHT items and their percentages to be deducted and remitted.

SN	WHT ITEM	%	DEPENDENT VARIABLE
1	WHT on Rent	10%	Value of Rent
2	WHT on Interest and Deposit	10%	Interest
3	WHT on Dividend	10%	Value of Dividend

4	WHT on Consultancy	5%	Value of Consultancy
5	WHT on Agency and Contract	5%	Value of Contract
6	WHT on Construction	5%	Value of Construction
7	WHT on Management Service	5%	Value of Service
8	WHT on Commission	5%	Value of Commission
9	WHT on Royalty	5%	Value of Royalty
10	WHT on Director's Fee	10	Value of Fee

3. Capital Gains Tax (Individuals Only);

This is a tax paid to the government on the disposal of capital goods and assets. What this means is that the owner of an asset is obligated to pay to the state government 10% of any profit he makes from the sale of the asset. Such assets include houses, shares, investment properties, bonds, cars, or even collectibles and art. This tax is backed by the Capital Gains Tax Act, Cap. 354, LFN 1990.

4. Stamp Duties on instrument executed by individuals;

Stamp Duties Tax is backed by the Stamp Duties Act, Cap. 441 LFN, 1990. The tax provides for the levying of stamp duties on certain instruments/documents whether physical or electronic. The power to collect Stamp Duties by the State Tax Authority is enshrined in Section 4(2) of the Act where the State is given the power to collect the duties in respect of instruments executed between persons or individuals at such rates to be imposed or charged as may be agreed with the Federal Government.

It is the responsibility of MDAs, MDBs, Companies, Landlords, Executors, etc to ensure that service providers, contractors and tenants pay stamp duties due on agreements, receipts and other dutiable instruments. Taxpayers, Banks, MDAs or other persons who have collected or are in possession of stamp duties are mandated to immediately pay same over to the state government.

5. Land use Charge, where applicable.

The Land Use Charge Tax is backed by The Land Use Charge Law (2020) which was introduced to consolidate all land based charges under one single charge for ease of administration and collection. The owners of land or landed properties in the state are obligated to pay this tax to the government.

6. Business Premises Fees

It is a tax on any property used for the production of income including rental houses, office buildings, factories, etc.

Business premises registration fee in respect of urban and rural areas, which includes the initial registration fees and yearly renewals of registration, is fixed by each state and is paid by the occupier of such premises. The person who carries on business in any premises is obligated to register with the state government and obtain the business premises certificate of registration and is expected to always have it displayed on the premises, this certificate is to be renewed every end of the year.

7. Hotel, Restaurant or Event Centre Consumption Tax, where applicable.

It is a tax imposed on goods and services consumed in hotels, bars, restaurants and event centers within Imo State. This tax is payable by the consumers who purchase these goods and services. The hotels, bars, restaurants and event centers serve as collecting agents for the government and are expected to remit same to the government within the stipulated time. See the Hotel Occupancy and Restaurant Consumption Tax Law of Imo State.

OTHER RELEVANT REVENUES IN THE STATE

1. Waste Management fees;
2. Pool Betting, Lotteries Gaming and Casino Taxes.
3. Road Taxes
4. Development Levy (individuals only) not more than 100 per annum on all taxable individuals.
5. Naming of street registration fees in the State Capital.
6. Right of Occupancy fees on lands owned by the State Government in urban areas of the State.
7. Market Taxes and Levies where State finance is involved.
8. Slaughter or Abattoir fees, where applicable.
9. Infrastructure Maintenance Charge or levy, where applicable.
10. Fire Service Charge.
11. Economic Development Levy, where applicable.

12. Signage and Mobile Advertisement.