CIRCULAR

29 January 2020

IMPLEMENTATION OF THE FINANCE ACT 2019

Further to the implementation of the Finance Act 2019, Dealing Members are required to note that effective 1 February 2020, Value Added Tax (VAT) charged on commissions applicable to capital market transactions will increase from 5% to 7.5%. These include commissions:

i. earned by Dealing Members on the traded value of shares; and
ii. payable to The Nigerian Stock Exchange (NSE) and the Central Securities Clearing System Plc. (CSCS).

Consequently, Dealing Members are required to engage their software vendors for the amendment of their systems to reflect the increase in the VAT rate, and communicate to their clients ahead of the effective date.

CSCS will implement the increment and continue to deduct the commissions payable to the NSE and CSCS from the effective date. However, Dealing Members are to ensure that the VAT charged on brokerage commissions are deducted and remitted to the Federal Inland Revenue Service (FIRS) as and when due; and that the corresponding evidence of remittance is retained for future reference.

Please be guided accordingly.

Olufemi Shobanjo
Head, Broker Dealer Regulation