
CIRCULAR

NSE/RD/BDR/CIR5/19/07/10

10 July 2019

EXPIRATION OF THE VALUE ADDED TAX (EXEMPTION OF COMMISSIONS ON STOCK EXCHANGE TRANSACTIONS) ORDER, 2014

Please refer to our circular with reference **BDR/CIR/GOI/10/14** dated 27 October 2014 on the above subject matter (attached as Appendix A); and the Value Added Tax (VAT) Exemption of Commissions on Stock Exchange Transactions Order (Order) granted by the Coordinating Minister for the Economy and Honourable Minister of Finance in 2014. (*See, Official Gazette of the Federal Republic of Nigeria: No. 95, Vol. 101 issued on 30 July 2014*).

The Order which became effective on 25 July 2014 is valid for a period of five (5) years, and thus the exemption granted in the Order is set to expire on 24 July 2019. To that extent, all Dealing Members of The Nigerian Stock Exchange are to note that effective 25 July 2019, barring any further extensions from the Federal Government:

- i. VAT is to be charged on all commissions applicable to capital market transactions. These are commissions:
 - a. earned by Dealing Members on traded values of shares; and
 - b. payable to The Nigerian Stock Exchange (NSE) and the Central Securities Clearing System Plc. (CSCS);
- ii. The CSCS will automate the deduction of VAT charged on commissions payable to The NSE and the CSCS; and
- iii. Dealing Members are required to resume the deduction of VAT on commissions earned.

Consequently, Dealing Members are required to engage their software vendors for the automation of VAT deductions, and communicate to their clients the above ahead of the effective date. Furthermore, Dealing Members are reminded to ensure that the VAT charged on the commissions earned are 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

BDR/CIR/GOI/10/14

CIRCULAR TO ALL DEALING MEMBER FIRMS

27th October, 2014

Notice on Value Added Tax (VAT) Exemption of Commissions on Stock Exchange Transactions.

Further to the measures announced by the Coordinating Minister of the Economy and Honourable Minister of Finance (CME) Dr. Ngozi Okonjo-Iweala, CFR on December 3, 2012, to resuscitate the Nigerian Capital Market, The Exchange is pleased to inform all Dealing Members of The Exchange that the VAT exemption is now effective on all commissions applicable to capital market transactions. These are commissions: (a) earned on traded values of shares, and (b) payable to the Securities and Exchange Commission (SEC), The Nigerian Stock Exchange (NSE) and the Central Securities Clearing System (CSCS). The exemption is effective for a period of five years according to the Federal Government gazette on the issue.

This initiative is aimed at reducing the cost of transactions for investors and to encourage investments in the Nigerian Capital Market. Dealing Members are encouraged to enlighten their clients and other relevant stakeholders of this development.

Please note that the stamp duty waiver, which was also announced in 2012 by the Honourable Minister is yet to be implemented. The Exchange will continue to work with the Ministry of Finance and other stakeholders to ensure that it is implemented in due course.

For any further clarification, please contact the undersigned.

Thank you.



Olufemi Shobanjo

Head, Broker Dealer Regulation