



CIRCULAR

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17 November 2020

Administration of Stamp Duty on Securities Transactions

We refer to the Public Notice in the Business Day Newspaper of Monday, 20 July 2020, captioned 'Clarification of Administration of Stamp Duties in Nigeria' issued by the Federal Inland Revenue Service (FIRS) (A copy is attached as Appendix A for ease of reference).

The Public Notice provided, amongst other things, information on dutiable instruments and the applicable flat or *ad valorem* rates, with Contract Notes¹ itemized at an ad valorem rate of 0.08%. As you know, this is at variance with the current rate of 0.075% being administered in the Nigerian Capital Market.

To that extent, Dealing Members of The Nigerian Stock Exchange are to note the following:

1. Effective 7 December 2020, the Central Securities Clearing System Plc. (CSCS) will adjust its system to implement the automated deduction of the Stamp Duty rate of 0.08%;
2. Dealing Members are required to immediately engage their software vendors for the required adjustments to their technology applications, to reflect the 0.08% rate ahead of the effective date of 7 December 2020; and
3. Dealing Members are required to communicate the changes above to their clients immediately, ahead of the effective date.

Please be guided accordingly.

Olufemi Shobanjo
Head, Broker Dealer Regulation

¹ **Section 49. Provisions as to contract notes**, Stamp Duties Act, 1939¹ defines Contract Notes as *"the note sent by a broker or agent to his principal, or by any person who, by way of business, deals, or holds himself out as dealing, as a principal in any stock or marketable securities, advising the principal, or the vendor or purchaser, as the case may be, of the sale or purchase of any stock or marketable security, but does not include a note sent by a broker or agent to his principal where the principal is himself acting as broker or agent for a principal"*.