

*Extraordinary*



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The following is published as supplement to this *Gazette* :

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S. I. No. 30 of 2019

**CHARTERED INSTITUTE OF TAXATION OF NIGERIA  
(CHARTERED BY ACT NO. 76 OF 1992)**

**SCALE OF PROFESSIONAL FEES**

[24th Day of May, 2019] Commence-  
ment.

1. The Chartered Institute of Taxation of Nigeria occupies a unique position amongst statutory professional bodies in Nigeria. This is because membership of the Institute cuts across professionals like Accountants, Lawyers and others that have acquired the requisite tax experience. As a result of the constantly evolving nature of the profession, it has become expedient that the scale of professional fees be reviewed to reflect current realities. Introduction.

2. Three bases have been recommended. Members are advised to primarily base their charges on hourly rates due to the time and expertise required in conducting assignments. The percentage on turnover or percentage of total asset basis should serve as an alternative where it is found more expedient to do so by both the member and the client. Scale of Professional Fees.

The recommended fees are the minimum that should be charged. Every member must adhere to the minimum rates. Defaulters will face appropriate disciplinary measures. There is however, no upper limit as members are free to negotiate in accordance with their perceived capabilities.

3.—(1) A Contingent fee is a fee that is calculated on a pre-determined basis relating to the outcome of a transaction or the result of the work. It is established for the performance of any service pursuant to an arrangement in which no fee will be charged unless a specified finding or result is attained, or amount of the fee is dependent upon the success of a transaction to which the service relates. Contingent Fee.

As far as practicable, tax services for contingent fees should be an exception, rather than the rule. Where it becomes expedient, such rate may range from 1% to 30%.

*Examples include :*

- (i) Refund claim on tax assessment in favour of client.
- (ii) Increased tax revenue for Government client.

(II) FEES BASED ON HOURLY RATES.

<i>Categories</i>	<i>Rate per Hour</i>
Partner	75,000.00
Associate Partner/Director	70,000.00
Senior Manager	60,000.00
Manager	45,000.00
Senior Consultant	30,000.00
Consultant	20,000.00
Associate	15,000.00
Junior/Trainee	10,000.00

(III) FEES BASED ON ACCEPTANCE CERTIFICATE ON NONCURRENT ASSETS.

<i>Value of Noncurrent Assets (N)</i>	<i>Cumulative Value of Noncurrent Assets (N)</i>	<i>Rate Charge (N)</i>	<i>Fee on Acceptance Certificate (N)</i>
1st 1m	1m	5.0	50,000.00
Next 4m	5m	3.0	170,000.00
Next 5m	10m	2.0	270,000.00
Next 20m	30m	1.5	570,000.00
Next 70m	100m	1.0	1,270,000.00
Next 150m	250m	0.5	2,020,000.00
	Above 250m	Negotiable	Negotiable

(IV) Fees based on Percentage of Tax Savings.

<i>Tax Savings (N)</i>	<i>Cumulative Tax Savings (N)</i>	<i>Rate Charge (N)</i>	<i>Fee on Cum Tax Savings (N)</i>
1st 1million	1million	10	100,000.00
Next 49 million	50million	7.5	3,775,000.00
Next 150 million	200million	5.0	11,275,000.00
Next 300 million	500million	2.5	18,775,000.00
Next 500 million	1 billion	1.5	26,275,000.00
Next 1billion	2 billion	1.0	36,275,000.00
	Above 2 billion		Negotiable

## (V) TERMS OF PAYMENT

To reduce the incidence of non-payment of professional fees, all services (except in the case of contingency assignment) should be pre-paid to :

- not less than 50% of the estimated fee at the commencement stage ;
- 85% on agreement of tax computations ;
- 100% on filing of returns with relevant tax authorities.

Tax practitioners are therefore required to have fee estimates for all assignments and discuss same with the client before commencement of engagement.

## 4. PRECEDENTS

Precedents.

Dear Sir,

## TAX SERVICES' ENGAGEMENT LETTER

We write in respect of the taxation services you have engaged us to provide for your company. The services are :

- (1) Computation of Income Tax.
- (2) Computation of Education Tax.
- (3) Computation of Capital Gain Tax.
- (4) Computation of Petroleum Profit Tax.
- (5) Completion of Self Assessment Form IRS3C-4Coy.
- (6) Completion of Self Assessment Form 4DEDT.

In performance of these assignments, we shall :

- (1) Complete all income Tax returns in accordance with the necessary schedules which we expect will be made available to us.
- (2) File the Financial Statement as the year end.
- (3) File the Self-Assessment form IR3C-4Coy.
- (4) File the Assessment form 4DEDT.
- (5) Secure 1% income tax bonus available to Self Assessment filers who have satisfied the conditions laid down for granting the bonus.
- (6) Obtain necessary approval from Relevant Tax Authority to pay tax liabilities on installments basis.
- (7) Submit all necessary tax forms to the Relevant Tax Authority.
- (8) Check Petroleum Profit Tax Assessment form 4 DO (PET) for correctness.
- (9) Check additional assessment raised by Relevant Tax Authority for correctness.

(10) Obtain cheques and pay into the designated bank account of Relevant Tax Authority.

(11) Provide you with updates of tax legislation changes.

We are also able to render on request some special services, some of which may be on recurrent basis, not included in the retainership services above. Please see *Appendix A*.

You shall be responsible for the authenticity of information supplied to us for the purpose of performing this assignment. We shall not be liable for any damages suffered as a result of inaccurate information or data supplied.

Fees.

5. Our fees are based on the amount of time spent on the assignment by our team. Such work may include attendance at meetings, rendition of written advice, and visits to your offices and tax offices.

Our fee for assignment shall be N..... This shall be paid as under listed.

- not less than 50% of the estimated fee at the commencement stage ;
- 85% on agreement of tax computations ;
- 100% on filing of returns with relevant tax authorities.

Fees chargeable on the special consultancy services listed in *Appendix A* are in accordance with the Chartered Institute of Taxation of Nigeria approved scale of fees.

### AGREEMENT OF TERMS

Agreement of Terms.

This letter if agreed to shall remain effective for a year from commencement. If you agree with the terms and conditions of this letter please sign below and return a copy to us.

Yours faithfully,  
ABC Associates Limited.

Yusuf Obinna Ajayi  
Managing Director

I..... (Name)..... (Designation)  
on behalf of .....(coy), agree to above.

.....  
*Sign*

.....  
*Date*

CLIENT'S LETTER HEAD PAPER

Dear Sir,

We write to inform you that the firm of messrs ..... has been appointed as our Tax consultants.

They are authorised to handle all our tax matters with effect from .....

This authority remains valid until revoked by us in writing.

Yours Faithfully,  
ABC Limited

THE FIRM'S LOGO AND LETTER HEAD (BEARING CTP'S)

TAX RETURNS CERTIFICATE REPORT

Client's Name :	XYZ NIGERIA LTD
Tax Identification No. :	TIN0001111
Financial Year End :	31 DECEMBER 2007
Assessment Year :	2008
Tax File No. :	MC/0L23456
FIRS Tax Office :	LAGOS MAINLAND, AGIDINGBI

This is to certify as follows :

1. that we have prepared this report in certification of the income tax returns (including the Capital Allowances and Tax Computation Schedules) of XYZ Nigeria Ltd set out on page ..... to ....., and
2. the Capital Allowances and Tax Computations were prepared based on the documents and information provided by the client, which to the best of our knowledge represents the tax position of the client as at that date.
3. the Capital Allowances and Tax Computations are in accordance with the existing Tax Laws of the Federal Republic of Nigeria and the Statements of Taxation Standards issued by the Chartered Institute of Taxation of Nigeria (CITN).

<i>Signed</i> .....	<i>Signed</i> .....
<i>Name</i> .....	<i>Name</i> .....
<i>Position in the firm</i> .....	<i>Position in the firm</i> .....
<i>CITN Membership No.</i> .....	<i>CITN Membership No.</i> .....
<i>Practicing License No.</i> .....	<i>Practicing License No.</i> .....

(CITN SEAL & CITN STAMP to be affixed here)

For : AKP & Co.  
Chartered Tax Practitioner  
Abuja, Nigeria.

Dated this .....day of .....20 .....

**XYZ LIMITED**  
**TAX COMPUTATION SUMMARY STATEMENT**  
**FOR 31ST DECEMBER 200X**

Note	200	X
Company Income Tax/PPT	1	X
Education Tax	2	X
Capital Gains Tax	3	X

.....  
*Director or Company Secretary*

**APPENDIX A**  
**OTHER SERVICES**

- Tax audit/special investigation services.
- Completion of all Value Added Tax returns in accordance with the necessary schedule which we expect will be made available to us.
- Filing of VAT Forms 002.
- Submission of withholding tax receipts on behalf of the company to Relevant Tax Authorities and claim tax credits for the Receipt submitted.
- All aspect of Pay As you Earn (P.A.Y.E) tax compliance.
- Other tax consultancy services.

**MADE at Lagos this 24th day of May, 2019.**

**CHIEF (DR.) CYRIL IKEMEFUNA EDE**  
*President/Chairman of Council,*  
*Chartered Institute of Taxation of Nigeria*