

FIRS Clarifications on the amendments of the Stamp Duty Act

Introduction

The Finance Act 2019 introduced significant amendments to the Stamp Duties Act (SDA). The FIRS circular seeks to provide additional information and guidance on the SDA amendments.

Introduction of Electronic Documents

The Finance Act expanded the scope of instrument liable to stamp duties to include "electronic documents". The expansion thus made possible **electronic stamping** and **electronic denoting**.

The Finance Act also amended the definition of the following terms:

- **Stamp** means to administer a mark or a pattern by means of an engraved or inked block die as an adhesive stamp or an electronic acknowledgement for denoting any duty fee.
- **Instrument** includes every written document and electronic document.
- **Stamped** with reference to instruments and material, applies to instruments and material impressed with stamps by means of an engraved or inked block die, adhesive stamps affixed thereto as well as to instruments and material digitally tagged with electronic stamp or notional stamp on an electronic documents to make it legally acceptable.
- **Receipt** means any form of agreement either in writing or electronically stating that money, or any bill of exchange or promissory note for money is collected or deposited, or where debt or demand have been settled or discharged or which signify or imports any such as acknowledgement.

Specific Amendments to the SDA

1. Instruments and Receipts liable to Stamp Duties.

- All written or printed dutiable instruments or receipts.

- All electronic dutiable instruments or receipts (i.e. in the form of electronic media content, electronic documents or files, e-mails, Short Message Service (SMS), instant messages (IM), any internet-based messaging service, website or cloud-based platform, etc.)

- All electronically generated receipts and any form of electronic acknowledgement of money for dutiable transactions.

2. Mode of Denoting Stamp Duty

- Using a dye impressed on an instrument as an adhesive stamp
- Using printed adhesive stamps (issued by the service) on instruments.
- Direct electronic printing or stamping on the instrument.
- Electronic tagging.
- Issuance of stamp duties certificate
- Any other form of acceptable payment of stamp duties adopted by the service.

3. Other specific amendment includes:

- Stamp Duties on Bank Deposits or Transfers of N10,000 or More: All deposits banks and financial institutions are required to charge stamp duties of N50 on every eligible transaction above N10,000. There are exemptions for transactions between accounts held by the same bank customer for salary accounts.
- Electronic Documents Received in Nigeria: Documents, receipts or instruments executed outside Nigeria (Hard copy or electronic copy) is received if it is accessed in or from Nigeria and/or is stored on a device (flash drive or hard drive) and brought into Nigeria or is stored on a device or computer in Nigeria.

The documents must be presented for stamping within:

- Ten (10) days in the case of Charter Parties.
- Thirty (30) days in the case of instruments subject of ad valorem stamp duties.
- Twenty-One (21) days in any other instance

4. Failure to comply with Stamp Duties Act

FIRS indicated that failure to comply with provisions of the SDA may result into any of the following consequences:

- i. Prosecution for offences under the Act
- ii. Payment of penalties of various degrees
- iii. Inability to use the relevant instrument as evidence in court or other judicial or quasi-judicial proceedings.
- iv. Enforcement actions, etc

5. Authorities to Collect Stamp Duties: The FIRS will charge and collect duties upon instruments relating to transactions carried out between corporate bodies or between a corporate body and an Individual while the relevant SIRS is responsible for instruments carried out between individuals at a rate imposed by the Federal Government.

WYZE Comments

It is important for taxpayers to keep abreast of changes to the tax laws and FIRS' position as contained in the relevant Information Circulars to minimize the risk of inadvertent noncompliance

The Circular supersedes other publications previously issued by the FIRS on stamp duties to the extent of any inconsistency and may be withdrawn, amended, or replaced at any time.

Please download a copy of the FIRS information circular via this [Link](#).

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