



FEDERAL INLAND REVENUE SERVICE

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PUBLIC NOTICE

THE VALUE ADDED TAX (MODIFICATION) ORDER 2020: ITEMS NOT EXEMPTED FROM VAT

The Service received several enquiries from taxpayers requesting to know whether or not some items are exempt from VAT in view of their inclusion in paragraph 2 of Value Added Tax (VAT) (Modification) Order 2020.

The Service hereby clarifies as follows:

1. The main objective of the VAT Modification Order was to provide clear definition of each item listed in the First Schedule to the VAT Act through an extended list of the items so exempted.
2. Paragraph 2 of the Modification Order provides breakdown (including the Common External Tariff (CET) Code) of items exempted from VAT under the VAT Act. The breakdown is to guide importers, other stakeholders and the Nigerian Customs Service (NCS) on the items to which VAT would not be charged at the ports.
3. The following items included in the breakdown are not exempt from VAT as they were not listed in schedule 1 to the VAT Act or in a previous Ministerial Order: (a) Natural gas (b) essential raw materials for the production of pharmaceutical products (c) renewable energy equipment (d) raw materials for the production of baby diapers and sanitary towels. These items shall continue to be liable to VAT at 7.5% until otherwise provided in an appropriate statutory instrument.

Consequently, all taxpayers, tax practitioners, tax officials, other stakeholders and the general public should be guided accordingly.

Muhammad Nami
Executive Chairman