



THE NIGERIA POLICE TRUST FUND (ESTABLISHMENT) ACT AND IMPLICATIONS FOR CORPORATE TAXPAYERS IN NIGERIA

The Nigeria Police Trust Fund (Establishment) Act (The Act) was recently signed into Law by the President of Nigeria. The Act, which came into force on 24th of June 2019, creates the Nigeria Police Trust Fund (Trust Fund), which is a body corporate with a common seal.

THE OBJECTIVE OF THE ACT

The objective of the Act is to provide a legal framework for the management and control of a special intervention fund for training and retraining of personnel of the

Nigeria Police Force and for the provision of state-of-the-art security equipment, and other related facilities for the enhancement of the skills of the officers of the Nigeria Police Force.

SOURCE OF FUNDING FOR THE NIGERIA POLICE TRUST FUND

The Act provides that the source of funding for the Trust Fund shall comprise of 0.5% of the total revenue accruing to the federation account, take-off grants, aids, donations, and interestingly, 0.005%

of the net profit of companies operating business in Nigeria. While the tax of 0.005% of the Net Profits of the Company is minimal, the introduction of this tax means that Corporate Taxpayers will now have an additional tax liability to the already existing tax obligations imposed under relevant tax laws.

The Act is however silent on the penalty for non-compliance and does not also provide for a timeline within which to remit the contribution.

UTILISATION OF THE FUND

The Trust Fund shall be utilised for the accomplishment of the objectives of the Act which includes the training of the officers of the Nigeria police Force, the overall improvement in the discharge of the duties of the Nigeria Police and for such other purposes incidental to or connected with the attainment of the objective of the Act.

MANAGEMENT OF THE TRUST FUND

The Act establishes the Police Trust Fund Management Board (the Board) for the

management of the Trust Fund. The Board is empowered to set out policies and programs, approve disbursements of monies from the Trust Fund, scrutinise and approve projects and carry out other activities which are considered necessary for the attainment of the objectives of the Act.

THE LIFESPAN OF THE TRUST FUND

From the provisions of Section 27 of the Act, the Trust Fund is for a duration of six years, and upon expiration of the period, the Trust Fund is expected within six months to wind up its activities, settle liabilities and transfer all its assets to the Nigeria Police Force.

CONCLUSION

In conclusion, we believe that the provisions of the Act hold so many potentials in resolving most of the security challenges in Nigeria if strictly implemented. Companies doing business in Nigeria should also take cognizance of the additional tax liability now imposed by the Act and factor same in their annual budget for the stipulated six years period.

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