

Finance Act 2023: Commencement Date Deferred till 1st September 2023

Friday, 7th July, 2023



“The President has suspended the application of the recent increment in import duty on named vehicles...”

President Bola Ahmed Tinubu on Thursday 6 July 2023, signed four (4) Executive Orders, among which is the Finance Act (Effective Date Variation) Order 2023. These Orders primarily vary recent amendments to laws which involve the imposition of taxes and custom duties.

Highlights of the Executive Orders

The Executive Orders have made the following variations to existing tax provisions:

- i. Deferment of the Commencement Date of Finance Act 2023: Recall that the FA 2023 was signed by the former President on 28th May 2023, with its effective date backdated to 1st May 2023. The new effective date of the recently passed Finance Act 2023 has now been postponed till 1 September 2023. The rationale behind this is to allow for the 90-day notice requirement in the event of changes in tax laws, as contained in the 2017 National Tax Policy document.
- ii. Extension of Implementation of the Customs, Excise Tariff, Etc. (Variation) Amendment Order 2023: This Order was recently signed with the commencement date set as 27 March 2023. Via this new action, the President has now suspended its implementation till 1st August 2023, in line with the National Tax Policy.
- iii. Suspension of 5% Excise Tax on Telecommunication Services and Locally Manufactured Goods: Further to the extension of the implementation of the Custom, Excise Tariff Order, the re-

introduced excise duty on telecommunication services and locally manufactured goods has now been suspended accordingly till the new commencement date.

- iv. Suspension of Green Tax: Recall that a 'green tax' was newly introduced via the Customs, Excise Tariff, Etc. (Variation) Amendment Order 2023, to be imposed on single-use plastics. This now stands suspended following the pronouncement of the President.
- v. Suspension of Import Tax Adjustment Levy on Specific Vehicles: The President has suspended the application of the recent increment in import duty on named vehicles, and thus the old rates are still expected to apply.

Our Comments

It is laudable that the directive of the National Tax Policy is being adhered to, by ensuring that taxpayers have ample notice before amendments to tax laws are implemented. This is especially commendable as retrospective commencement of laws often prove harmful from a business perspective, which ultimately threatens the ease of doing business in the country. The provision of the new Executive Orders will help businesses and other relevant stakeholders make the necessary business decisions which are most favourable, whilst still complying with the provisions of the relevant laws. We therefore urge taxpayers to take note of these changes and the attendant effects on their businesses, pending further guidance from the appropriate quarters.



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