

The background of the page is an aerial photograph of Lagos, Nigeria. The central focus is the Civic Centre Towers, a tall, modern glass skyscraper with a distinctive spire. To its right is the Lagos State Stadium, a large, modern sports arena with a white, geometric, dome-like roof structure. The city is situated along the coast, with a large body of water and a bridge visible in the background. The sky is blue with scattered white clouds. A teal-colored graphic overlay is present in the top left and bottom right corners, framing the central image.

# COUNTRY GUIDE: NIGERIA

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<https://zapeo.net/nigeria/>

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# ABOUT US

ZAPEO is an International PEO co-employer providing Employer of Record ( EOR ) Services in more than 113 countries around the world.

As an EOR, we provide employment contracts, payroll employees, pay over any taxes and statutory contributions and provide sponsorship for visa applications in order to comply with specific laws and regulations in the country.

We also assist with onboarding and termination of both local or expatriate employees.

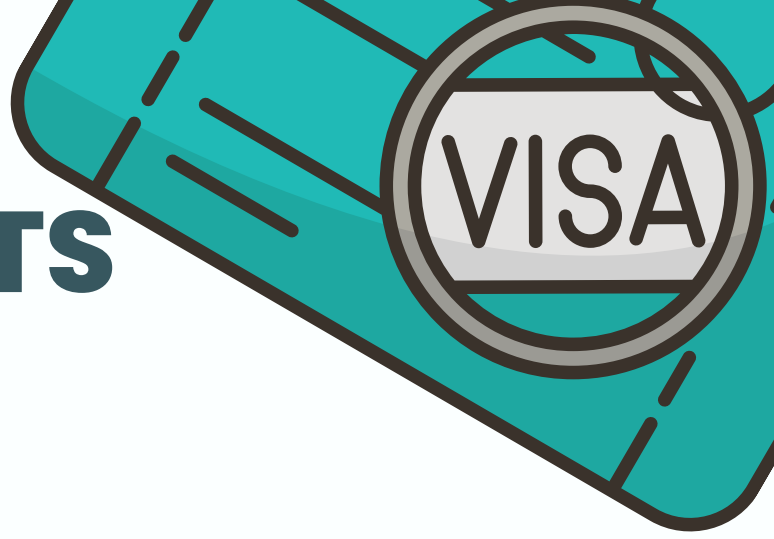
## BENEFITS

- Legal compliance
- Time and cost savings
- Access to global talent
- Flexibility
- Reduced liability
- Expertise





# WORK PERMITS AND VISAS



In Nigeria, there are four main categories of visas available.

Visa for business travel and tourism

Permit to Work Temporarily

Visa under Subject to Regularization (STR)

There are a few additional visas as well, such as those for diplomatic missions and transportation. All of these three-month-valid visas are given to permit entrance into Nigeria.

An STR visa must be obtained by foreign nationals who intend to work in Nigeria. However, the bearer of this visa does not have the authority to operate in Nigeria on its own. They will also require a CERPAC, or combined expatriate residence permit and aliens card, which is a document that allows them to live and work in Nigeria.

# EMPLOYMENT CONTRACTS



## **Probation period**

The probationary period can last anywhere from three to six months, depending on the level of staff.

## **Notice period**

The required notice period for terminating an employment contract is determined by the length of service.

For service of three months or less, the notice period is one day; for service of more than three months but less than two years, the notice period is one week; for service of two to five years, the notice period is two weeks; and for service of five years or more, the notice period is one month.

## **Minimum wage**

The national minimum wage in Nigeria is 30 000 NGN per month.

## **Working hours and overtime**

In Nigeria, a workday is a standard 8-hour shift and 40-hour week. There are no statutory provisions governing the overtime work limit or overtime pay. Overtime pay is entirely determined by mutual agreement (employment contract), collective bargaining agreement, or industrial wages board order.

## **Termination**

Over time, the common law has upheld the at-will doctrine, which states that an employer can terminate an employment contract with an employee for good, bad, or no reason at all.

In Nigeria, employment in the private sector is typically characterized by a master-servant relationship, and as a result, an employer can end an employment relationship with an employee by simply providing notice or payment of salary in lieu of notice, regardless of the motive.

## **Severance**

There is no provision in labor law for severance pay. The employer is not required by law to make any severance payments. Severance pay, on the other hand, may be specified in an employment contract or collective bargaining agreement.

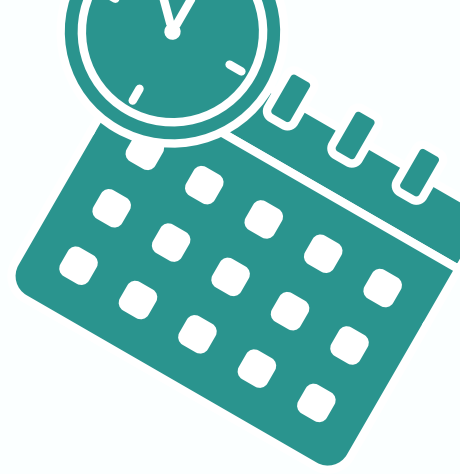
## **Non-compete clause**

A non-compete clause will be enforceable (without the need to prove its justification) as long as it does not exceed two years.

## **Collective bargaining**

Collective bargaining is becoming more common in Nigeria.

# PAID TIME OFF



## **Annual Vacation**

A worker is entitled to at least six days of paid annual leave per year. For young workers (those under the age of sixteen), including apprentices, annual leave is increased to at least twelve working days. To be eligible for annual leave, a worker must have worked for at least twelve months.

## **Sick**

Workers are entitled to a maximum of twelve working days of paid sick leave in the event of illness. The registered medical practitioner must certify the patient's illness. Sick leave is fully paid leave that is calculated as the worker's basic wage minus overtime pay and other allowances.

## **Maternity**

The current civil service rule in Nigeria provides for four months of maternity leave for new mothers. Pregnant mothers are given a month before birth and three months after birth. In addition, until the baby is six months old, nursing mothers are permitted to close early upon resumption.

## **Paternity**

The law allows 14 days of Paternity Leave.

## **Family**

N/A

## **National Holidays**

Public holidays are paid days off for religious or memorial purposes. The President decides on the number of paid public holidays, which must be at least eleven.

## **Other Paid Time Off**

N/A

# EMPLOYEE BENEFITS



## Statutory

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### Unemployment

N/A

### Workers compensation

Employees Compensation Scheme- 1% Contribution on Gross Emoluments

### Social Security

Employees pay 8% and employers 10% of monthly emoluments.

### Retirement

National Contributory Pension Scheme - 10% Contribution on Gross Emoluments

### Health

Private health mandatory.

## Private

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### Workers compensation

No Private worker's compensation available.

### Retirement

Private retirement schemes available.

### Health

Private health insurance mandatory.

### Life

Private life Insurance mandatory.

# TAX



## Personal Income Tax ( PIT )

- **Tax year** : January 1st to December 31st
- **Tax rate** : The highest tax rate is 24% whilst the lowest is 7%.
- **Tax method** : A monthly employee's tax is calculated by working out their annual tax year to date and applying tables. A credit is applied in the event the employee has paid too much tax.
- **Tax residency requirements** : A person is considered a resident if he or she is physically present in Nigeria for at least 183 days (including leave and temporary absence) in any 12-month period, or if they serve as a Nigerian diplomat or diplomatic agent abroad.
- **Double taxation agreements ( DTA's )** : Nigeria has multiple double taxation agreements.

## Investment Income Tax

The following transactions or areas are covered by the withholding tax (WHT) deduction:

- Building, construction, and related services in all aspects.
- Other than the outright sale and purchase of goods and property in the ordinary course of business, all types of contracts and agency arrangements are prohibited.
- Consultancy, technical, and professional services are available.
- Services for management
- Commissions
- Royalty and Interest

## Taxable Income

- Remuneration (income from employment), such as, salaries, wages, bonuses, overtime pay, taxable (fringe) benefits, allowances and certain lump sum benefits
- Profits or losses from a business or trade
- Income or profits arising from an individual being a beneficiary of a trust
- Director's fees
- Investment income, such as interest and foreign dividends
- Rental profit or losses
- Income from royalties
- Annuities
- Pension income
- Certain capital gains



# PAYROLL



## Payroll Elements

- **Income:** Employers can pay or provide basic salaries, housing allowances, transportation allowances, utilities, lunch allowances, leave allowances, club subscriptions, clothing allowances, leave passage, insurance premiums, and certain reimbursements to their employees, among other things. Except for reimbursements supported by third-party invoices/receipts and reasonable relocation expenses, the entire list is fully taxable.
- **Deductions:** NHF contributions, National Health Insurance Scheme contributions, life assurance premiums (not including deferred annuities), national pension scheme contributions, and gratuities are deductible.
- **Benefits in Kind:** Benefits or other perquisites allowed, given, or granted to an employee are taxed.
- **Employer contributions:** Workers compensation and social security.

## Payroll Taxes

Industrial Training Fund Levy - 1% Contribution on total Payroll Value

## Payroll Calendar

There are no predetermined dates on which employees must be paid.

Weekly, Bi-weekly, fortnightly and monthly payrolls are acceptable.

# LEGISLATION AND STATUTORY BODIES



## LEGISLATION

- The Labor Act, 2004
- The Employees Compensation Act, 2010
- The National Minimum Wage Act, 2011
- The Trade Disputes Act, 2004

## STATUTORY BODIES

- The Ministry of Labor
- The National Industrial Court
- Tax Authority
- Social Security Fund



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