

**FEDERAL TREASURY
CIRCULARS ISSUED
IN YEAR 2002**



Index Of Year 2002 Federal Treasury Circulars

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**OFFICE OF THE ACCOUNTANT-GENERAL
OF THE FEDERATION
FEDERAL MINISTRY OF FINANCE**

Ref. No. TRY/A1&B1/2002
OAGF/TS/026/1/46

P.M.B. 7015,
Garki-Abuja,
Nigeria.
17th April, 2002.

FEDERAL TREASURY CIRCULAR

TO:

The Chief of Staff to the President,
The Deputy Chief of Staff, Office of the Vice-President,
All Honourable Ministers,
Secretary to the Government of the Federation,
Head of Civil Service of the Federation,
Special Advisers,
Service Chiefs/Inspector-General of Police,
Governor, Central Bank of Nigeria,
Chairman, Federal Civil Service Commission,
All Federal Permanent Secretaries,
The Clerk of the National Assembly,
Chief Registrar, Supreme Court of Nigeria,
The Auditor-General for the Federation,
All Directors-General/Chief Executives,
of Extra-Ministerial Departments and Agencies,
Directors of Finance and Accounts,
Heads of Accounts Divisions,
Sub-Treasurer of the Federation,
Heads of Internal Audit Units.

Operation Of Year 2002
Annual General Imprest Warrant

The Annual General Imprest Warrant for Year 2002 has been signed by the Honourable Minister of Finance in accordance with the Provision of Financial Regulations (FR) No. 1102.

2. Consequently, all Accounting Officers in the three arms of government are now authorised to approve funds to heads of departments and other eligible Standing Imprest holders based on their needs. However, the limit of reimbursable Standing Imprest allocation is as follows:-

	N
Honourable Minister	150,000.00
Permanent Secretary/Director-General	100,000.00
Director/ Head of Department	50,000.00
Head of Formation in each State and any other Imprest Holder	30,000.00

It should also be noted that Standing Imprest is an advance granted to officers of the government to meet urgent expenditure under the approved recurrent estimates for which vouchers cannot be presented immediately for payment. Therefore, the frequency of obtaining reimbursement of any standing Imprest should be limited to once in a quarter but not exceeding twice in a quarter where the need arises.

3. Moreover, attention of all Accounting Officers and Officers controlling expenditure is drawn to the provision of Treasury Circular A5&B5/2001 of 7th September, 2001 which stipulates that special Imprests shall not be used in place of Local Purchase Orders and that all local procurement of stores and services costing above ₦100,000.00 shall only be made through contracts.
4. In keeping the account of all Imprests, all Imprest holders are enjoined to adhere strictly to Financial Regulations number 1106 to 1112. Essentially all self-accounting ministries, extra-ministerial offices and agencies in all arms of government must submit to the Accountant-General of the Federation, within thirty-five (35) days from the date of this circular, a return on:
- a). The particulars of the vouchers with which the imprests of Year 2001 were retired.

b.) The details including the location of all imprests issued in respect of Year 2002.

5. The Treasury Inspectorate Department of this Office will carry out regular inspection of all Imprest Accounts during the financial year. Any breach of the regulations on Imprest Accounts will lead to the withdrawal of the right to issue any imprest by the affected ministry or agency.
6. You are kindly requested to bring the contents of this circular to the notice of all officers concerned.



J. K. Naiyeju, JP.
Accountant-General of the Federation.

**OFFICE OF THE ACCOUNTANT-GENERAL
OF THE FEDERATION
FEDERAL MINISTRY OF FINANCE**

Ref. No. TRY/A3&B3/2002
OAGF/TS/026/1/165

P.M.B. 7015
Garki-Abuja,
Nigeria.
1st July, 2002

FEDERAL TREASURY CIRCULAR

TO:

The Chief of Staff to the President,
The Deputy Chief of Staff, Office of the Vice-President,
All Honourable Ministers,
Secretary to the Government of the Federation,
Head of Civil Service of the Federation,
Special Advisers,
Service Chiefs/Inspector-General of Police,
Governor, Central Bank of Nigeria,
Chairman, Federal Civil Service Commission,
All Federal Permanent Secretaries,
The Clerk of the National Assembly,
Chief Registrar, Supreme Court of Nigeria,
The Auditor-General for the Federation,
All Directors-General/Chief Executives,
of Extra-Ministerial Departments and Agencies,
All Directors of Finance and Accounts,
All Heads of Accounts Divisions,
Sub-Treasurer of the Federation
All Heads of Internal Audit Units
All Federal Pay Officers.

**Revolving Fund Account for
Procurement Of Public Reference Books**

1. With reference to Head of Service Circular No. B. 63966/220 of 23rd November 2001, guidelines are hereby issued for the operation of the Revolving Fund Account for the distribution of the Public Service

Reference Books.

2. The Books to be distributed by the Office of Head of Civil Service of the Federation, at their production costs, to all eligible Civil Servants, are as follows:

				Price Per Copy
				₦
i)	Public Service Rules	..	..	750.00
ii)	Financial Regulations	..	..	1,000.00
iii)	Guidelines to Administrative Procedures in the Federal Service	..	..	350.00
iv)	Administrative Guidelines Regulating the Relationship Between the Parastatals/Government-owned companies And the Government	..	..	100.00
v)	Civil Service Handbook	..	..	450.00
vi)	Establishments Circulars Booklet, 1974 1980			850.00
vii)	Establishments Circulars Booklet, 1981 1994			850.00
viii)	Establishments circulars Booklet, 1995 1999			850.00
ix)	Guidelines on Appointment, Promotion and Discipline issued by the Federal Civil Service Commission	..	..	850.00
x)	Schemes of Service for use in the Civil Service of the Federation revised to 1st May, 2000			1,500.00
	Total			<u>₦7,050.00</u>

Monthly Deduction from Salaries

The monthly deductions from salaries of affected officers after the Supply of the books would be as follows:

S/No	Eligible Officers	Principal Amount	Number of Monthly Instalments	Rate of Monthly Deductions
1.	GL.16 and above	7,050.00	9	783.34
2.	GL.15- 14	7,050.00	12	587.50
3.	GL.13- 12	7,050.00	18	391.67
4.	GL.10- 7	7,050.00	24	293.75

Deductions should commence as soon as information is received from the Office of the Head of Civil Service of the Federation about the supply of the books to eligible officers in each ministry, extra-ministerial office, agencies and other arms of government. However, officers are free to choose lower number of installments for settling the bill on account.

4. **Remittance of Monthly Deductions**

A crossed cheque for all deductions should be issued in favour of "FGN Reference Books Accounts".

The cheque, together with the full list of officers concerned, should be forwarded to the Director, Finance and Supplies Department, Office of the Accountant-General of the Federation, Abuja not later than 21st day of the following month after the deductions. A photocopy of the cheque and the list of the contributing officers should also be forwarded to the office of the Permanent Secretary, Establishments and Management Services, Office of the Head of Civil Service of the Federation, Federal Secretariat, Phase II, Abuja.

5. The monthly deductions should be with effect from July, 2002.

6. The contents of this circular should be brought to the notice of all affected officers for information and strict compliance, please.



J.K. Naiyeju, JP
Accountant-General of the Federation.

**OFFICE OF THE ACCOUNTANT-GENERAL
OF THE FEDERATION
FEDERAL MINISTRY OF FINANCE**

Ref. No. TRY/A4&B4/2002
OAGF/TS/026/1/168

PM.B.7015
Garki-Abuja,
Nigeria.
5th July, 2002

FEDERAL TREASURY CIRCULAR

TO:

The Chief of Staff to the President,
The Deputy Chief of Staff, Office of the Vice-President,
All Honourable Ministers,
Secretary to the Government of the Federation,
Head of Civil Service of the Federation,
Special Advisers,
Service Chiefs/Inspector-General of Police,
Governor, Central Bank of Nigeria,
Chairman, Federal Civil Service Commission,
All Federal Permanent Secretaries,
The Clerk of the National Assembly,
Chief Registrar, Supreme Court of Nigeria,
The Auditor-General for the Federation,
All Directors-General/Chief Executives,
of Extra-Ministerial Departments and Agencies,
All Directors of Finance and Accounts,
All Heads of Accounts Divisions,
Sub-Treasurer of the Federation
All Heads of Internal Audit Units
All Federal Pay Officers.

**Guidelines For Implementation Of
Due Process Certification Of Contracts**

Further to Treasury No. Circular A5&B5/2001 of 30th, October, 2001 on "Due process Certification of Contracts" and Finance Circular Ref. No. F15775 of 27th June, 2001 on "New Policy Guidelines on "Procurement and Award of Contract in Government Ministries/Parastatals", additional due process

guidelines for issuing the Due Process Certificate (MDPC) after certifying that the contract has complied with the underlisted guidelines for contract award process certification:

A. The Tender Process

There shall be established in each ministry, extra-ministerial office, parastatal, agency and other arms of government, a framework for an open and competitive tendering process in accordance with Circular Ref. No. E.15775 of 27th June, 2001. For all contracts below ₦50 million to be considered, a memorandum should be presented to the Tenders Board by the executing Department or Unit. The memorandum should contain the following information in order to enable the Tenders Board to make an informed decision:

- i) Title of the memorandum;
- ii) Purpose of the memorandum;
- iii) Evidence that all aspects of internal preparation for project implementation readiness has been completed; principally:
 - a) Project dossier containing summary details on project objectives and scope;
 - b) Specification of all items of works;
 - c) Bill of quantities;
 - d) Project Design;
 - e) Schedule of basic rates, where relevant;
- iv) Implementation schedule and execution period;
- v) Responsibility for supervision and how capacity building is being addressed for sustainable Operations and Management (O&M);
- vi) Cost of the project and financial provision available from previous allocations and current budget;
- vii) Terms of payment to be used.

B. Advertisement For Award of Contracts

When the Tenders Board is satisfied that a project is ready for contract award process, the Board will authorize the advertisement of the Pre-

Qualification for the contract. For contracts above N1 million but below N10 million, notices for pre-qualification must be placed on the Notice Board of the procuring ministry, parastatals, agency or other arms of government. In the case of contracts above N10 million, advertisement must be placed in at least two national newspapers and procurement and expenditure activities have been approved to guide all future implementation of annual budgets.

Approval of Contracts Below The N1 Million Threshold

All payments and contracts below N1million threshold shall be approved by the Permanent Secretaries/Chief Executives of ministries/extra-ministerial offices provided that the due process is followed in accordance with extant rules and circulars.

Certification of Contracts Above N1million But Below The N50 million Threshold:

- i) For contracts and its related payments above the N1 million but below the N50 million threshold, every ministry/extra-ministerial office and other arms of government are mandated to set up a *Resident Due Process Team (RDPT)* to be composed as follows:
 - a) The Permanent Secretary/Chief Executive as Chairman
 - b) Director, Finance and Account/Head of Accounts - (Member)
 - c) The Director of Planning, Research and Statistics - (Member;)
 - d) Director of Administration/Finance and supplies - (Member;)
 - e) A representative of the Budget Monitoring and Price Intelligence (BMPI) Unit - (Member.)

- ii) In the case of parastatals, for contracts above N700,000 but below N20 million threshold, the composition of the Resident Due Process Team (RDPT) shall be as follows:
 - A) The Chairman of the Board - (Chairman.)
 - b) The Chief Executive - (Member.)
 - c) Director, Finance and Administration - (Member.)
 - d) The Director of Planning, Research and statistics - (Member.)

- e) A representative of the Budget Monitoring and Price Intelligence (BMPI) Unit - (Member.)

Contracts above ₦20 million shall be referred to the Ministerial Tenders Board.

4. The Resident Due Process Team (RDPT) in each ministry, extra-ministerial office, parastatal, agency and other arms of government will be responsible for or government gazette for "Invitation for Pre-Qualification". The submission period shall be two weeks from the date of first advertisement and all pre-qualification documents must be submitted at a time and location to be specified.

The Invitation for Pre-qualification should include the following:

- i) Name and address of the processing agency;
- ii) A brief description of the objective and technical specification of the project;
- iii) The qualification and category of the contractors expected to tender;
- iv) The Invitation for Pre-qualification Reference Number - this will eventually become the Contract Number;
- v) The date by which documents must be returned. (A minimum of 2 weeks should be allowed for submission);
- vi) The place and time for pre-qualification document return. (An addressed label should be used for this purpose);
- vii) The contact details of the Procurement staff member responsible for the invitation for Pre-qualification;
- viii) Details of the procurement/procedure for dealing with queries during the pre-qualification period; and
- ix) Pre-qualification Evaluation Criteria.

* *The evaluation criteria should be clearly defined in the pre-qualification document. The Pre-qualified contractors list should be based solely on the criteria so defined.*

5. **Pre-Qualification of Contractors**

A pre-qualification document shall be issued to all firms that responded to the advertisement or notice. All the responses to the advertisement shall be subjected to a pre-qualification process. The Pre-qualification scrutiny should determine the technical, managerial and financial capacity as well as confirm their previous experiences in performing similar projects and ultimately their suitability as prospective bidders for the project. There should be standardization of all specifications in order to ensure that a common denominator is used to determine pre-qualification of all respondents.

There should be a Pre-qualification Evaluation Committee made up of professionals. The Secretary of the Tenders Board should serve as the Secretary of the Committee, while a representative of BMPI would monitor compliance with Due Process guidelines. Where necessary, pre-bid meetings could be organised with prospective contractors in order to clarify any points or issues in the bidding documents. Bids cannot be allowed to be altered after submission.

6. **Invitation To Bid**

After consideration of the report of the Pre-qualification Evaluation Committee, all the qualified contractors should be issued with the Bid Document to enable them bid for the contract. A period of 6 weeks from the date of invitation to Bid shall be allowed for the submission of completed bids.

7. **Bid Opening And Financial Evaluation**

The following guidelines should be used for bid opening and financial valuation:

- * Opening of tender must be done in public at a designated date and time. The opening should immediately follow the closing of the bidding period to minimize the risks of bid tampering. The bidders or their representatives should be invited and members of civil society or the press should be encouraged to attend;

* The tender that offers the lowest price/best evaluated bid shall be awarded the contract.

8. Contract Agreement

There shall be a provision in the contract agreement stipulating that any contract which is not covered by a Due Process Certification shall be null and void.

9. Transmission Of Ministry Due Process Certificate (MDPC) To The Accountant-General of The Federation

As soon as the contract process has been concluded and the award of the contract has been approved, the contract award certificate shall be issued by the Resident Due Process Team and the certificate shall be forwarded to the Accountant-General of the Federation for clearance of payment of mobilization fee from the Capital Account at the Central Bank of Nigeria.

10. Guidelines For Stages of Works Completion Certification.

a) Once a project is initiated, as characterized by the down payment, all further payments after mobilization fees shall be conditional upon the certification by the Resident Due Process Team that satisfactory progress is being made toward completion of the work. To this end, the p r o j e c t Manager/Consultant is required to submit a technical and financial progress report to enable the Resident Due Process Team effectively evaluate the value for the money to be released(see appendix 1). Moreover, the project Manager/Consultant must notify the Resident Due Process Team about the certification schedules for each project in order to minimize over-all administrative demands of the certification process. Each capital project shall not have more than four (4) work completion valuation certificates. The full mobilization fee already paid shall be recovered embloc from the first of the four certificates.

b) The basis of each certification shall be that:

- i) Funds released earlier have been fully utilized;
- ii) Site visit has been carried out to assess progress of work on contract;

iii) Contract work is being carried out as agreed in the contract;

iv) Percentage of work completed is commensurate with funds spent;

v) Anticipated project results are being achieved or if not, appropriate measures have been taken to ensure that results and goals identified under the contract are fully achieved.

11. Finalization of Internal Due Process Cycle

The Ministry/Spending Unit Due Process Team shall mandatorily submit the records of aggregate certificates issued in the preceding month to the BMPI for the procedural oversight with the necessary reports, facts and information to enable the BMPI complete the due process cycle for each capital project.

12. Certification Schedule For Project Above The Fifty Million Naira Threshold:

a. Requirements before Award of each contract:

For capital projects and payments above the ₦50 million threshold, the Budget Monitory and Price Intelligence (BMPI) Unit retains sole certification mandate. Consequently, before the submission of any memorandum to the Federal Executive Council for the award of any contract above fifty million (₦50 million) Naira, it is mandatory to obtain Due Process Certificate from the BMPI Unit in the Presidency. The guidelines for contract award certification under this threshold are as follows:

i) Tender documents have been prepared in line with Federal government guidelines;

ii) Tender process and selection have been carried out as per guidelines;

iii) Lowest/best evaluated bidder determined to be qualified to perform the contract satisfactorily was recommended for the award of the contract;

iv) Management/Tenders Board has approved the selection or good reasons for change in recommendation have been provided;

- v) The selected contractor can still do the job at the time of contract award;
- vi) Contract price is comparable with local, national, regional or international experience as may be appropriate;
- vii) It has been verified that successful bidder continues to meet pre-qualification requirements; and
- viii) Appropriate performance security has been indicated.

The procedure for certification shall be that each spending unit shall notify the BMPI when it plans to commence the contract award process for contracts above N50 million threshold. BMPI expert(s) shall monitor the procurement process from the point of advertisement, pre-qualification, invitation to bid and selection of successful bidder. The certification by BMPI shall be based on satisfactory adherence to all aspects of the procurement guidelines by the ministry/spending unit. A Due Process Contract Award Certificate shall then be issued to the Office of the Accountant-General of the Federation through the Federal Ministry of Finance to make funds available for project execution.

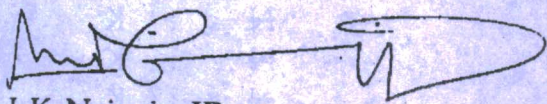
b. Guidelines for Stages of Work Completion Certification

After the payment of mobilization fee, all further payments are conditional upon the certification by spending units/ministries in conjunction with BMPI that satisfactory progress is being made towards completion of the work. To this end, spending units/ministries are required to prepare and submit to the BMPI a technical and financial progress report with advice on possible modifications, cost implications and timing for completion to enable the BMPI effectively evaluate value-for-money to be released. The certification by BMPI requires that the spending unit/ministry shall notify the BMPI about certification schedules for each project in order to minimize over-all administrative demands of the certification process. Each capital project shall not have more than five aggregate certificates. The basis of certification under this threshold shall

be that:

- i) Funds released earlier have been fully utilized,
- ii) Site visit has been carried out to assess progress of work on contract;
- iii) Contract work is being carried out as contained in the contract agreement;
- iv) Percentage of work completed is commensurate with funds spent;
- v) Anticipated project results are being achieved or if not appropriate measures have been taken to ensure that results and goals identified under the contract are fully achieved.

13. The implementation of this circular is with immediate effect. All Accounting Officers are required to ensure strict compliance with all the Due Process guidelines and procedures in order to facilitate and expedite the certification process and prompt payments to contractors.



J. K. Naiyeju, JP
Accountant-General of the Federation.

**THE PRESIDENCY
BUDGET MONITORING AND
PRICE INTELLIGENCE UNIT (UNIT)**

**Format For Requests
For Stages of Work Completion Certification**

- A. Project Name:.....
- B. Contractor:
- C. Contract sum:
- D. Budget Appropriation:.....
- E. Financial Progress:
- | | | | | | |
|----|-------------------------------------|---|----------|---|---|
| 1. | Total Value of Schedule Item | - | ₹ | : | K |
| 2. | General Item | - | ₹ | : | K |
| 3. | Total Value of works as at | - | ₹ | : | K |
| 4. | Advance Granted | - | ₹ | : | K |
| 5. | Advance Deducted | - | ₹ | : | K |
| 6. | Total Expenditure Certified to date | - | ₹ | : | K |
| 7. | Percentage Completion Expenditure | - | ₹ | : | K |
| 8. | Actual Payment to date | - | ₹ | : | K |
| 9. | Outstanding Payments (Certificates) | - | ₹ | : | K |
- F. Work Progress:
- | | | | |
|----|------------------------------|---|---|
| 1. | Completion of Schedule Items | - | % |
| 2. | Completion of all Works | - | % |
| 3. | Time Lapsed | - | % |

Compliance with this format by all Ministries and spending units will help facilitate and expedite the certification process.

**OFFICE OF THE ACCOUNTANT-GENERAL
OF THE FEDERATION
FEDERAL MINISTRY OF FINANCE**

Ref.No. TRY/A5&B5/2002

OAGF/TS/026/1/179

PM.B. 7015
Garki-Abuja,
Nigeria.
2nd July, 2002

FEDERAL TREASURY CIRCULAR

TO:

The Chief of Staff to the President,
The Deputy Chief of Staff, Office of the Vice-President,
All Honourable Ministers,
Secretary to the Government of the Federation,
Head of Civil Service of the Federation,
Special Advisers,
Service Chiefs/Inspector-General of Police,
Governor, Central Bank of Nigeria,
Chairman, Federal Civil Service Commission,
All Federal Permanent Secretaries,
The Clerk of the National Assembly,
Chief Registrar, Supreme Court of Nigeria,
The Auditor-General for the Federation,
All Directors-General/Chief Executives,
of Extra-Ministerial Departments and Agencies,
All Directors of Finance and Accounts,
All Heads of Accounts Divisions,
Sub-Treasurer of the Federation
All Heads of Internal Audit Units
All Federal Pay Officers.

**Personal Income Tax Act, 1994: Non Implementation
Of The Correct Pay-As-You-Earn (PAYE) Rules**

It has been observed that most ministries, extra-ministerial offices, agencies, and other arms of government have not been applying the correct Pay-As-

You-Earn (PAYE) Rules (as stipulated in the Personal Income Tax Act, 1994) in calculating the amount due as tax from staff salaries at both the headquarter and branch offices in the states. Instead of applying the rule, a flat rate of 1% is being applied across the board. This is a serious violation of the Personal Income Tax Act and it should stop forthwith.

2. As from 1st July, 2002, the PAYE Tax Deduction guide based on the Harmonized Public Salary Structure should be adopted and applied strictly by all ministries, extra-ministerial offices, parastatals, agencies, and other arms of government. For avoidance of doubt, a copy of the approved PAYE Tax Deduction Table is attached hereto for proper application in calculating tax deductions without any exemption.

3. Treasury Internal Auditors and Inspectorate Officers will be deployed from time to time to ascertain the level of compliance with this circular and appropriate sanction shall be imposed against any breach of it.

4. All accounting Officers are enjoined to please bring the contents of this circular to the attention of all officers concerned and to ensure strict compliance.



J.K. Naiyeju, JP
Accountant-General of the Federation.

RECOMMENDED PAYE TAX DEDUCTION GUIDE BASED ON THE HARMONISED PUBLIC SALARY STRUCTURE W.E.F. 1/1/2001.

Grade Levels	STEPS														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
01															
Basic Salary	48,000.00	49,104.00	50,208.00	51,312.00	52,416.00	53,520.00	54,624.00	55,728.00	56,832.00	57,936.00	59,040.00	60,144.00	61,248.00	62,352.00	63,456.00
Tax Per Annum	970.00	1,014.15	1,058.30	1,102.45	1,146.60	1,190.75	1,234.90	1,279.05	1,323.20	1,367.35	1,411.50	1,455.69	1,499.80	1,543.90	1,588.00
Tax Per Month	80.33	84.51	88.19	91.87	95.55	99.55	102.91	106.59	110.27	113.95	117.63	121.30	124.98	128.66	132.33
02															
Basic Salary	49,932.00	51,408.00	52,884.00	54,360.00	55,836.00	57,312.00	58,788.00	60,264.00	61,740.00	63,216.00	64,692.00	66,168.00	67,644.00	69,120.00	70,596.00
Tax Per Annum	1,047.30	1,106.30	1,165.30	1,224.30	1,283.30	1,342.30	1,401.30	1,460.30	1,519.30	1,578.30	1,637.30	1,696.30	1,755.30	1,814.30	1,873.30
Tax Per Month	87.28	92.19	97.11	102.03	106.94	111.86	116.78	121.69	126.61	131.53	136.45	141.36	146.28	151.20	156.12
03															
Basic Salary	51,588.00	53,436.00	55,284.00	57,132.00	58,980.00	60,828.00	62,676.00	64,524.00	66,372.00	68,220.00	70,068.00	71,916.00	73,764.00	75,612.00	77,460.00
Tax Per Annum	1,113.50	1,187.40	1,261.30	1,335.20	1,409.10	1,483.00	1,556.90	1,630.80	1,704.70	1,778.60	1,852.50	1,926.40	2,000.30	2,074.20	2,148.10
Tax Per Month	92.79	98.95	105.11	111.27	117.43	123.58	129.74	135.90	142.06	148.22	154.38	160.54	166.70	172.86	179.02
04															
Basic Salary	54,168.00	56,388.00	58,608.00	60,828.00	63,048.00	65,268.00	67,488.00	69,708.00	71,928.00	74,148.00	76,368.00	78,588.00	80,808.00	83,028.00	85,248.00
Tax Per Annum	1,216.70	1,305.50	1,394.30	1,483.10	1,571.90	1,660.70	1,749.50	1,838.30	1,927.10	2,015.90	2,104.70	2,193.50	2,282.30	2,371.10	2,459.90
Tax Per Month	101.39	108.79	116.19	123.59	130.98	138.38	145.78	153.18	160.58	167.98	175.38	182.78	190.18	197.58	204.98
05															
Basic Salary	61,740.00	64,320.00	66,900.00	69,480.00	72,060.00	74,640.00	77,220.00	79,800.00	82,380.00	84,960.00	87,540.00	90,120.00	92,700.00	95,280.00	97,860.00
Tax Per Annum	1,539.20	1,745.60	1,952.00	2,158.40	2,364.80	2,571.20	2,777.60	2,984.00	3,190.40	3,396.80	3,603.20	3,809.60	4,016.00	4,222.40	4,428.80
Tax Per Month	128.27	143.47	162.67	179.87	197.07	214.27	231.47	248.67	265.87	291.40	308.60	325.80	343.00	360.20	377.40
06															
Basic Salary	75,876.00	79,020.00	82,164.00	85,308.00	88,452.00	91,596.00	94,740.00	97,884.00	101,028.00	104,172.00	107,316.00	110,460.00	113,604.00	116,748.00	119,892.00
Tax Per Annum	2,670.10	2,921.60	3,173.10	3,424.60	3,676.10	3,927.60	4,179.10	4,430.60	4,682.10	4,933.60	5,185.10	5,436.60	5,688.10	5,939.60	6,191.10
Tax Per Month	222.50	243.47	264.43	285.38	306.34	327.30	348.26	369.22	390.18	429.20	449.16	469.12	489.08	509.04	529.00
07															
Basic Salary	101,760.00	105,636.00	109,512.00	113,388.00	117,264.00	121,140.00	125,016.00	128,892.00	132,768.00	136,644.00	140,520.00	144,396.00	148,272.00	152,148.00	156,024.00
Tax Per Annum	4,861.20	5,326.35	5,791.50	6,256.65	6,721.80	7,186.95	7,652.10	8,117.25	8,582.40	9,047.55	9,512.70	9,977.85	10,443.00	10,908.15	11,373.30
Tax Per Month	405.10	443.86	482.63	521.39	560.15	598.91	637.68	676.44	715.20	753.96	792.73	831.49	870.25	909.01	947.78
08															
Basic Salary	133,632.00	138,288.00	142,944.00	147,600.00	152,256.00	156,912.00	161,568.00	166,224.00	170,880.00	175,536.00	180,192.00	184,848.00	189,504.00	194,160.00	198,816.00
Tax Per Annum	8,685.90	9,244.50	9,803.10	10,361.70	10,920.30	11,478.90	12,037.50	12,596.10	13,154.70	13,713.30	14,271.90	14,830.50	15,389.10	15,947.70	16,506.30
Tax Per Month	723.83	770.38	816.93	863.48	910.03	956.58	1,003.13	1,049.68	1,096.23	1,142.78	1,189.33	1,235.88	1,282.43	1,328.98	1,375.53

RECOMMENDED PAYE TAX DEDUCTION GUIDE BASED ON THE HARMONISED PUBLIC SALARY STRUCTURE W.E.F. 1/1/2001.

Grade Levels	STEPS																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15				
09 Basic Salary Tax Per Annum Tax Per Month	157,512.00	163,050.00	168,600.00	174,144.00	179,688.00	185,232.00	190,776.00	196,320.00	201,864.00	207,408.00	212,952.00	218,496.00	224,040.00	229,584.00	236,128.00				
	11,281.50	12,289.00	13,176.00	14,063.00	14,950.00	15,837.00	16,724.00	17,611.00	18,498.00	19,385.00	20,272.00	21,159.00	22,157.50	23,166.25	24,275.00				
10 Basic Salary Tax Per Annum Tax Per Month	183,436.00	191,533.00	197,628.00	203,723.00	209,820.00	215,916.00	222,012.00	228,108.00	234,204.00	240,300.00	246,396.00	252,492.00	258,588.00	264,684.00	270,980.00				
	15,869.50	16,845.20	17,820.60	18,796.00	19,771.40	20,746.80	21,722.20	22,697.60	23,673.00	24,648.40	25,623.80	26,599.20	27,574.60	28,550.00	29,525.40				
12 Basic Salary Tax Per Annum Tax Per Month	218,040.00	227,640.00	237,276.00	246,912.00	256,548.00	266,184.00	275,820.00	285,456.00	295,092.00	304,728.00	314,364.00	324,000.00	333,636.00	343,272.00	352,908.00				
	21,080.60	22,778.00	24,705.50	26,632.50	28,559.75	30,487.00	32,414.25	34,341.50	36,268.75	38,196.00	40,123.25	42,050.50	43,977.75	45,905.00	47,832.25				
13 Basic Salary Tax Per Annum Tax Per Month	243,733.00	253,920.00	264,108.00	274,296.00	284,484.00	294,672.00	304,860.00	315,048.00	325,236.00	335,424.00	345,612.00	355,800.00	365,988.00	376,176.00	386,364.00				
	25,996.50	28,034.00	30,071.50	32,109.00	34,146.50	36,184.00	38,221.50	40,259.00	42,296.50	44,334.00	46,371.50	48,409.00	50,446.50	52,484.00	54,521.50				
14 Basic Salary Tax Per Annum Tax Per Month	269,580.00	280,548.00	291,516.00	302,484.00	313,452.00	324,420.00	335,388.00	346,356.00	357,324.00	368,292.00	379,260.00	390,228.00	401,196.00	412,164.00	423,132.00				
	31,166.00	33,399.50	35,533.00	37,666.50	39,800.00	41,933.50	44,067.00	46,200.50	48,334.00	50,467.50	52,601.00	54,734.50	56,868.00	59,001.50	61,135.00				
15 Basic Salary Tax Per Annum Tax Per Month	301,452.00	316,260.00	331,068.00	345,876.00	360,684.00	375,492.00	390,300.00	405,108.00	419,916.00	434,724.00	449,532.00	464,340.00	479,148.00	493,956.00	508,764.00				
	37,540.50	40,602.00	43,663.50	46,725.00	49,786.50	52,848.00	55,909.50	58,971.00	62,032.50	65,094.00	68,155.50	71,217.00	74,278.50	77,340.00	80,401.50				
16 Basic Salary Tax Per Annum Tax Per Month	333,420.00	351,216.00	369,012.00	386,808.00	404,604.00	422,400.00	440,196.00	457,992.00	475,788.00	493,584.00	511,380.00	529,176.00	546,972.00	564,768.00	582,564.00				
	43,924.00	47,493.25	51,062.50	54,631.75	58,201.00	61,770.25	65,339.50	68,908.75	72,478.00	76,047.25	79,616.50	83,185.75	86,755.00	90,324.25	93,893.50				
17 Basic Salary Tax Per Annum Tax Per Month	371,748.00	391,944.00	412,140.00	432,336.00	452,532.00	472,728.00	492,924.00	513,120.00	533,316.00	553,512.00	573,708.00	593,904.00	614,100.00	634,296.00	654,492.00				
	51,999.50	65,638.75	59,678.00	63,717.25	67,756.50	71,795.75	75,835.00	79,874.25	83,913.50	87,952.75	91,992.00	96,031.25	100,070.50	104,109.75	108,149.00				
Committed Salary	Members IAP & others		SP Assl & others		Prin Secs		Perm. Secs.		Min. of States Senators & others		Ministers & others		Dep. Pres Of Senate & others		Speaker & others		Seni. President & others		
	533,400.00	626,700.00	736,200.00	865,200.00	1,016,700.00	1,194,600.00	1,403,700.00	1,649,400.00	1,938,000.00	2,269,900.00	2,646,000.00	3,067,300.00	3,533,800.00	4,046,500.00	4,605,500.00	5,210,800.00	5,863,500.00	6,564,800.00	7,315,800.00
Basic Salary Tax Per Month	83,930.00	102,650.00	124,490.00	150,290.00	180,590.00	216,170.00	257,990.00	307,130.00	364,850.00	431,450.00	508,150.00	595,050.00	693,350.00	803,250.00	924,850.00	1,058,350.00	1,203,850.00	1,361,350.00	1,530,850.00

INSTRUCTION FOR INFORMATION

This PAYE Tax Deduction Guide has been prepared for use mainly in Ministries, Parastatals and other Agencies of Government. The Private Sector operators may also find it very useful when attempting to compute the tax payment of their employees. This presentation has been based on the information contained in the circular on Harmonized Public Salary Structure released by Government in May, 2000 for both civil servants and top Federal Public office holders.

2. The figures of tax liabilities computed in this recommended Tax Guide is the minimum tax that can be assessed for all steps in each salary Grade Level but the amount of tax could be higher where an employee has received any allowance in excess of the existing approved limits as follows:-

- | | | | |
|------|-------------------------|---|--------------------------------|
| i. | Rent Allowance | - | maximum of ₦150,000 per annum. |
| ii. | Transport Allowance | - | maximum of ₦20,000 per annum. |
| iii. | Utility Allowance | - | maximum of ₦10,000 per annum. |
| iv. | Meal Allowance | - | maximum of ₦5,000 per annum. |
| v. | Entertainment Allowance | - | maximum of ₦6,000 per annum. |
| vi. | Leave Allowance | - | 10% of Basic Salary per annum. |

in which case, such amount representing the excess allowances or payments will be disallowed for tax purposes and added along with the employee's salary and taxed in accordance with the prescribed rate of tax as shown in Appendix A. The allowances as approved by Government are contained in the Personal Income Tax Act 1994 (Incorporating all tax amendments up to and including Year 2001)

3. All allowance due to the employees (Personal allowance, Children allowance and Dependant Relative allowance) have been automatically granted in full, except for insurance claim allowance, which ordinarily has to be supported with an evidence of premium payment (subject to an approved limit) before the claim can be admitted under the Act.

4. The Federal Inland Revenue Service seeks the co-operation of all those responsible for salary and wages preparation and in particular the Internal Auditors in the various establishments to ensure that the implementation of this Tax Guide is properly observed.

Federal Inland Revenue Service

January, 2001

The figures of taxability contained in this document are for illustrative purposes only. The actual tax liability of an employee will depend on the amount of tax credits and other allowances available to him. The amount of tax payable will be the difference between the tax liability and the tax credits and other allowances available to him.

1	Rem Allowance	Maximum of 150,000 per annum
2	Transport Allowance	Maximum of 40,000 per annum
3	Utility Allowance	Maximum of 10,000 per annum
4	Meal Allowance	Maximum of 25,000 per annum
5	Entertainment Allowance	Maximum of 10,000 per annum
6	Leave Allowance	10% of basic salary per annum

In which case, such amount representing the excess allowances or payments will be disallowed for tax purposes and added along with the employee's salary and other allowances with the prescribed rate of tax as shown in Appendix A. The allowance is approved by Government and is stated in the Personal Income Tax Act 1997.

All claims for the employee's personal allowance, Children's allowance and Dependent Relative Allowance have been automatically granted in full, except for instance claim allowance which ordinarily has to be supported with an evidence of premium payment (subject to an approved limit) before the claim can be granted under the Act.

**OFFICE OF THE ACCOUNTANT-GENERAL
OF THE FEDERATION
FEDERAL MINISTRY OF FINANCE**

Ref. No. TRY/A8&B8/2002
OAGF/TS/026/1/192

P.M.B. 7015
Garki-Abuja,
Nigeria.
15th November, 2002

FEDERAL TREASURY CIRCULAR

TO:
The Chief of Staff to the President,
The Deputy Chief of Staff, Office of the Vice-President,
All Honourable Ministers,
Secretary to the Government of the Federation,
Head of Civil Service of the Federation,
Special Advisers,
Service Chiefs/Inspector-General of Police,
Governor, Central Bank of Nigeria,
Chairman, Federal Civil Service Commission,
All Federal Permanent Secretaries,
The Clerk of the National Assembly,
Chief Registrar, Supreme Court of Nigeria,
The Auditor-General for the Federation,
All Directors-General/Chief Executives,
of Extra-Ministerial Departments and Agencies,
All Directors of Finance and Accounts,
All Heads of Accounts Divisions,
Sub-Treasurer of the Federation
All Heads of Internal Audit Units
All Federal Pay Officers.

**Prohibition of Placement of Government
Funds in Fixed Deposit Account**

Reports reaching this office indicate that majority of ministries and extra-ministerial offices, as well as other arms of government, have been trading

with government money released to their bank accounts from budgetary appropriations. Such funds are usually placed on deposit accounts in banks to earn prohibitive interest rates and the yield is often not paid into the Treasury, contrary to appropriation rules.

2. It is now unequivocally stated that the practice of investing government money in fixed deposit accounts, to earn interest, not only contravenes the financial regulations but also denies the government of proper control over monetary indices in the economy. For this purpose, all Accounting Officers are advised to note that the practice of placing fund meant for government expenditure on deposit is irregular. It is a violation of financial regulations No. 1601, which provides that "*unclaimed salaries, wages, unspent balances of voted expenditures, sums due to merchants or any form of revenue shall not be placed on fixed deposit*".
3. Consequently, government has directed that the placement of government funds in fixed deposit accounts in commercial banks or discount houses should be prohibited henceforth. All fixed deposit accounts currently operated by ministries, parastatals and other arms of government, in commercial banks, must be closed immediately and evidence of such closure and transfer of interest earned to the Treasury shall be furnished to my office in order to obtain appropriate clearance.
4. Any failure to comply strictly with this circular shall be treated as **gross financial misconduct** and appropriate disciplinary actions shall be imposed by government accordingly.



J. K. Naiyeju, JP
Accountant-General of the Federation.
15th November, 2002.

**OFFICE OF THE ACCOUNTANT-GENERAL
OF THE FEDERATION
FEDERAL MINISTRY OF FINANCE**

Ref. No. INSP/0089/S.948/Vol.1/1

P.M.B. 7015
Garki-Abuja,
Nigeria.
21st November, 2002

FEDERAL TREASURY CIRCULAR

TO:

The Chief of Staff to the President,
The Deputy Chief of Staff, Office of the Vice-President,
All Honourable Ministers,
Secretary to the Government of the Federation,
Head of Civil Service of the Federation,
Special Advisers,
Service Chiefs/Inspector-General of Police,
Governor, Central Bank of Nigeria,
Chairman, Federal Civil Service Commission,
All Federal Permanent Secretaries,
The Clerk of the National Assembly,
Chief Registrar, Supreme Court of Nigeria,
The Auditor-General for the Federation,
All Directors-General/Chief Executives,
of Extra-Ministerial Departments and Agencies,
All Directors of Finance and Accounts,
All Heads of Accounts Divisions,
Sub-Treasurer of the Federation
All Heads of Internal Audit Units
All Federal Pay Officers.

Closure of Year 2002 Accounts

Year 2002 is fast drawing to the end and I wish to draw your attention to some of the requirements of the Financial Regulation which must be complied with

by all Accounting Officers, Officers Controlling Votes of Expenditure and Sub Heads of Revenue in order to avoid lapses in the process of closing all the books of accounts at the year 2002 financial year end.

2. **Discharge of Contracts and Compliance with Due Process Circular:**
In accordance with Financial Regulations, (FR) Nos. 804(ii) and 513, no payment vouchers should be raised on cheques issued in respect of contracts yet to be performed, services yet to be rendered and goods yet to be supplied.

Also, all payments must comply with the due process circulars. Any officer found violating these rules shall face disciplinary actions and appropriate sanctions shall be imposed on the ministry or extra-ministerial office and other arms of government in accordance with extant rules and regulations.

3. **Revenue Accounting**

- 3.1 It has been observed that some ministries, agencies, and other arms of government collect independent revenue such as fees, interests and similar revenues, but fail to remit them to the Treasury. This is a serious offence under the financial regulations. Therefore all revenue collected before and during the financial year 2002, and all arrears of revenue for previous years shall be brought into account on or before the close of business on Monday 30th December, 2002.

- 3.2 All Revenue Collectors should ensure that monies collected are promptly paid into the consolidated Revenue Fund Account (CRF) and accounted for by showing evidence of payment, duly supported by Treasury Form 15A, and submitted to the Federal Sub-Treasury, Abuja, or the appropriate Federal Pay Office before close of work on Tuesday, 31st December, 2002, in accordance with FR. No.322. On no account shall revenue, including contract tenders fees, toll-gate fees, interest on bank deposits and rent be spent by any arm of government including

ministry, extra-ministerial office or agency. Any breach of the rules on revenue accounting shall be seriously penalised.

4. **Retirement of Imprest**

All imprest holders are advised to retire their Imprests on or before Monday, 30th December 2002, in accordance with Financial Regulations No. 1111(a). Any renewal of Imprest Accounts in the New Year shall be subject to evidence of retirement of the previous ones.

5. **Treatment of Unspent Balances of Recurrent Expenditure Accounts**

5.1 In accordance with Financial Regulations No. 513(a), the authority for expenditure conveyed by any of the recurrent expenditure warrants shall lapse at the end of the financial year to which it relates. Moreover, the Federal Government, by the provision of Financial Regulations No. 515, requires all Accounting Officers to exercise due economy in all financial transactions of their Ministries. **Money shall not be spent merely because it had been voted.** Consequently, all unspent cash and bank balances in the Recurrent Expenditure Cash Books at the end of the financial year must be paid back to the Consolidated Revenue Fund account through the Federal Sub-Treasury at Old Secretariat, Gar, Area 1, Garki, Abuja or the appropriate Federal Pay Office latest by the close of work on Monday, 30th December, 2002.

5.2 Each Accounting Officer is required to *file a return of unspent cash and bank balances* on the recurrent expenditure *cash books*, together with copies of Treasury Receipts, to reach the Office of the Accountant-General of the Federation latest by 3p.m. on Tuesday, 31st December 2002. Failure to comply with this regulation shall be treated as very serious dereliction of duty and appropriate disciplinary actions and penalties shall be imposed accordingly, including placement of embargo on release of funds from the treasury.

6. **Treatment of Unspent Balances of Capital Expenditure Accounts:**

Year 2002 is the end of the 2000/2002 National Rolling Plan.

Consequently, in conformity with Financial Regulation 513(b), all unspent balances on Capital Accounts with CBN will lapse and should be credited to the Consolidated Revenue Fund (CRF). In addition, unreleased capital allocations for year 2002 shall lapse by the year end.

7. **Arrangements for Closing the Year 2002 Accounts**

It is to be emphasized that no financial transaction should take place on the last working day of the financial year. All entries into the Accounting records, Departmental Vote Expenditure Allocation (DVEA) Books, Cash Books, Ledgers, Cheques Summary Register and Imprest Accounts shall be concluded and balanced on Monday, 30th December, 2002. Treasury Officers shall be deployed to all arms of government, including ministries and agencies, on **Tuesday, 31st December, by 8.00 a.m.** to confirm the proper closure of the books, take cash book balances and make situation reports.

8. **Annual Board of Survey and Verification of Cash and Bank Balances**

In accordance with Financial Regulations No. 1401, the Annual Boards of Survey shall be convened as from Thursday 2nd January 2003 to examine the Cash on hand, Bank Balances, Stamps and other security documents held by all arms of government, including Ministries, Extra-Ministerial offices and Agencies. Thereafter, Treasury Officers shall be deployed to all Ministries and other arms of government in the first week of January, 2003 to extract all relevant accounting information pertaining to the closure of all books of accounts for the financial year and ascertain the level of compliance with the provisions of this circular.

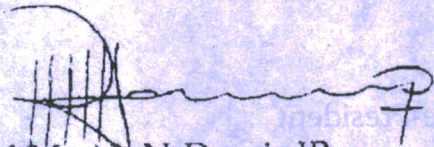
9. **Submission of Transcripts of Accounts for Year 2002**

To ensure that the financial statements of accounts of the Federal Government are compiled, prepared and submitted for audit examination within the statutory period, all arms of government, ministries, extra-ministerial offices and agencies are enjoined to prepare and submit all the *transcripts of accounts* for the twelve (12) months of Year 2002 on or before 31st January, 2003. The Treasury is working earnestly to finalize the accounts for year 2002 by the end of

March 2003. It should be noted that no cash backing shall be given to any defaulter in the rendition of transcripts of accounts, henceforth.

10. **Conclusion:**

Accounting Officers are enjoined to please bring the contents of this circular to the attention of account and audit staff for strict compliance, please.



Chief (Mrs.) L. N. Dangin JP,
Ag. Accountant-General of the Federation

**OFFICE OF THE ACCOUNTANT-GENERAL
OF THE FEDERATION
FEDERAL MINISTRY OF FINANCE**

Ref. No. TRY/A9 & B9/2002
INSP/0089/S.948/Vol.1/27

P.M.B. 7015
Garki-Abuja,
Nigeria.
10th December, 2002

FEDERAL TREASURY CIRCULAR

TO:

The Chief of Staff to the President
The Deputy Chief of Staff, Office of the Vice-President
All Honourable Ministers,
Secretary to the Government of the Federation
Head of Civil Service of the Federation
Special Advisers
Service Chiefs/Inspector-General of Police
Governor, Central Bank of Nigeria
Chairman, Federal Civil Service Commission
All Federal Permanent Secretaries
The Clerk of the National Assembly
The Auditor-General for the Federation
Secretary, National Judicial Commission
All Directors-General/Chief Executives
of Extra-Ministerial Departments and Agencies
All Directors of Finance and Accounts
All Heads of Accounts Divisions
The Sub-Treasurer of the Federation
All Heads of Internal Audit Units
All Federal Pay Officers.

Closure of Year 2002 Accounts:
Treatment of Unspent Balance of Capital Expenditure Votes.

Further to Treasury Circular Ref. No. INSP/0089/S.948/Vol.1 of 21st November, 2002 on closure of year 2002 accounts, it has become necessary to make the

following clarifications in respect of the closure of Capital Accounts.

2. In accordance with the provisions of the Appropriation Acts, any amount not cash-backed before the end of the fiscal year shall automatically lapse.
3. All amounts released and cash backed to the capital accounts of all arms of government, ministries, extra ministerial offices and agencies with the CBN and not utilized before 20th December, 2002 shall be transferred to the CRF from that date.
4. However, all agencies that may be affected by the action in paragraph 3 above shall have access to their funds, provided they comply with the following conditions:
 - i) The expenditure must have been budgeted for in year 2002 Appropriation Acts.
 - ii) The due Process Certificate for jobs completed must be produced.
 - iii) The amount must have been released previously to the capital account for the job, from the year 2002 Appropriation Acts.
 - iv) The Schedule of payments and other relevant documents must be forwarded to this office for confirmation and clearance before the CBN could be directed to release the fund into the capital accounts for payment.
 - v) The particulars of all Cheques drawn on capital accounts as at 20th December, 2002 but not reflected in the last Bank Statements should be submitted to this Office not later than 24th December, 2002.
5. This Office will rely strictly on the authority of the year 2002 Appropriation Acts for any release of the Transferred Funds in paragraph 3 above. In view of the above clarifications, Accounting Officers are advised not to be in a hurry to exhaust the balances in their