

# A BILL

## FOR

AN ACT TO ESTABLISH NATIONAL SECURITY TAX FUND (NSTF)

*Sponsored by Senator Kashamu Buruji*

[ ] Commencement

BE IT ENACTED by the National Assembly of the Federal Republic of Nigeria:

1                   1.-(1) As from the commencement of this Act, there shall be  
 2 National Security Tax Fund which shall be assessed, collected and  
 3 administered in accordance with the provisions of this Act. Imposition of  
Police Tax

4                   (2) The tax which shall be at the rate of 5 percent shall be charged  
 5 on all goods and services provided-by any company registered in Nigeria (in  
 6 this Act referred to as a "Company").

7                   (3) (i) The assessable profit of a company shall be ascertained in  
 8 the manner specified in the Companies Income Tax Act or the Petroleum  
 9 Profits Tax Act as the case may be (Cap. 60 LFN and Cap.354 LFN);

10                   (ii) the tax shall be charged on the assessable profit of companies  
 11 registered in Nigeria.

12                   2.-(1) The Federal Board of Internal Revenue (in this Act referred Assessment and  
Collection of  
Tax  
 13 to as the "Board") shall assess and collect from a company, the tax imposed  
 14 by this Act and shall:

15                   (a) assess the company for the tax due under this Act when  
 16 assessing Companies Income Tax or Petroleum Profit Tax for an accounting  
 17 period of the Company;

18                   (b) apply the provision of the Acts governing the collection of  
 19 Companies Incomes Tax or Petroleum Profit Tax to tax due under this Act  
 20 provided that in the event of any inconsistency, the provisions of this Act  
 21 shall prevail.

22                   (2) The tax imposed by this Act shall be due and payable within 60

1 days after the Board has served notice of the assessment on a company.

2 (3) The Board may devise such forms as it may deem necessary for the  
3 purpose of assessing and collecting the tax imposed by this Act.

Establishment  
of the National  
Security Tax  
Fund

4 **3.**-(1) There is hereby established a fund to be known as the National  
5 Security Tax Fund (in this Act referred to as "the Fund") which shall be  
6 managed by Board of Trustees, established under Section 4 of this Act.

7 (2) The Fund:

8 (a) shall be a body corporate with perpetual succession and a common  
9 seal; and

10 (b) may sue and be sued in its corporate name.

11 (3) The Board shall pay tax collected under this Act into the Fund and  
12 shall when doing so, submit to the Board of Trustees of the Fund, in a format  
13 approved by the Board of Trustees a return showing:

14 (a) the name of the company making the payment;

15 (b) the amount collected for the development and funding of the  
16 Nigerian Police Force;

17 (c) the assessable profit of the company for the accounting period; and

18 (d) such other information as may be required by the Board of  
19 Trustees the proper administration of the tax for.

Establishment  
of Board of  
Trustees

20 **4.**-(1) There is hereby established for the management of the Fund, a  
21 National Security Tax Fund Board of Trustees (in this Act referred to as the  
22 Board of Trustees) which shall consist of:

23 (a) a Chairman;

24 (b) six other members, each reflecting a geopolitical zone of the  
25 Federation;

26 (c) a representative each of the Federal Ministry of Finance, Police  
27 Affairs, Nigerian Civil Defense Corps, State Security Service, Nigerian Prison  
28 Service and Nigerian Fire service;

29 (d) the executive secretary who shall be the Secretary to the Board of  
30 Trustees as provided in section 11 of this Act.

1 (2) The members of the Board of Trustees shall:

2 (a) be persons with considerable experience from both the public  
3 and private sectors to represent the business, financial and Police sector;

4 (b) be appointed by the President and on the recommendation of  
5 Minister for interior, subject to confirmation by the Senate;

6 (c) other than the ex-officio members, each shall hold office for a  
7 term of four years in the first appointment and may be eligible for  
8 appointment for a further and final term of four (4) years.

9 (3) Remuneration and allowances payable to members of the  
10 Board of Trustees shall be determined by the National Revenue  
11 Mobilization Allocation and Fiscal Commission.

12 (4) The Board of Trustees shall meet for the conduct of its business  
13 at such times as the Chairman may appoint, at least four (4) times a year.

14 (5) The supplementary provision contained in the schedule of this  
15 Act shall have effect with respect to the proceedings of the Board and other  
16 matters contained therein.

17 **5.-(1)** A member of the Board of Trustees shall cease to hold office Tenure of office  
18 if:

19 (a) he becomes of unsound mind;

20 (b) he becomes bankrupt or makes a compromise with his  
21 creditors;

22 (c) he is convicted of a felony or any offences involving  
23 dishonesty; or

24 (d) he is guilty of serious misconduct in relation to his duties.

25 (2) A member of the Board of Trustees may be removed from the  
26 office by the President if he is satisfied that it is not in the interest of the fund  
27 or in the interest of the public that the member should continue in office.

28 (3) A member of the Board of Trustees other than an ex-officio  
29 member may resign his appointment by a notice in writing under his hand,  
30 addressed to the President.

	1	(4) Where a vacancy occurs in the membership of the Board of	
	2	Trustees, it shall be filled by the appointment by the President, of a successor to	
	3	hold office for the remainder of the term of office of his predecessor.	
Function of the Board of Trustees	4	<b>6.</b> The Board of Trustees shall have responsibility to:	
	5	(a) monitor and ensure collection of tax by the Federal Inland	
	6	Revenue Service and ensure transfer to the Fund;	
	7	(b) manage and disburse the tax collected pursuant to this Act;	
	8	(c) liaise with the appropriate Ministries or bodies responsible for	
	9	collection or safe-keeping of the tax;	
	10	(d) receive, request and approve projects relevant to the development	
	11	of the agencies after due consideration;	
	12	(e) ensure disbursement to various departments, levels and categories	
	13	of the agencies;	
	14	(f) monitor and evaluate the execution of the projects of the Police	
	15	Force funded with the tax;	
	16	(g) update the Federal Government on its activities and progress	
	17	through annual reports and audited reports;	
	18	(h) receive progress reports and suggest improvements within the	
	19	provisions of this Act and	
	20	(i) reform such other acts as are necessary or incidental to the objects	
	21	of the Fund under this Act.	
Administration of tax	22	<b>7.-(1)</b> The Board of Trustees shall administer the tax imposed by this	
	23	Act and disburse the amount in the Fund to develop, maintain and provide	
	24	facilities and equipment for the agencies and institutions in Nigeria.	
	25	(2). the Board of Trustees shall disburse the fund to the following	
	26	security agencies:	
	27	(i) Nigerian Police Force	35%
	28	(ii) Nigerian Civil Defense Service	15%
	29	(iii) State Security Service	15%
	30	(iv) Nigerian Prisons	25%

1 (v) Nigeria Fire Service 10%

2 **8.**-(1) A person who contravenes or fails to comply with any Offence  
3 provision of this Act is guilty of an offence under this Act.

4 (2) Subject to the provision of sub-section (3) of this section:

5 (a) if tax due under subsection (2) of this section is not paid within  
6 the time specified in that section, the Board shall serve on the company, a  
7 demand note for the unpaid tax plus a sum which is equal to fifteen percent  
8 of the tax; and

9 (b) if a sum demanded under paragraph (a) of this sub-section is not  
10 paid within two months of the demand, the company is guilty of an offence  
11 under this Act.

12 (3) The Board shall remit in whole to the Board of Trustees, the  
13 penalty sum added to unpaid tax under subsection (2) (a) above.

14 (4) Where an offence under this Act is committed by a company  
15 registered in Nigeria - a body corporate, firm or partnership:

16 (a) every Director, Manager, Secretary or other similar officer of  
17 the body corporate;

18 (b) every partner or officer of the firm;

19 (c) every person concerned in the management of the affairs of the  
20 association;

21 (d) every person purporting to act in the capacity as aforesaid is  
22 guilty of that offence and is liable to be prosecuted for the offence in like  
23 manner as if he had committed the offence, unless he proves that the act of  
24 omission constituting the offence took place without his knowledge,  
25 consent or connivance.

26 **9.**-(1) Except as otherwise provided in this Act a person who is Penalty  
27 guilty of an offence under this Act shall on conviction, be liable:

28 (a) for a first offender, to a fine of N500,000 or imprisonment for a  
29 term of three years, and

30 (b) for a second and subsequent offence, a fine of N100,000,000,

1 imprisonment for a term of five years or both.

2 (2) The institution of proceedings or imposition of a penalty under  
3 this Act shall not relieve a company from liability to pay to the Board any tax  
4 which is or may become due under this Act.

Regulation

5 **10.** The Ministry may with the approval of the National Executive  
6 Council, make general regulations for the purpose of this Act and the  
7 administration thereof.

Appointment of  
the Executive  
Secretary and  
other staff of the  
Fund

8 **11.** There shall be for the Fund, an Executive Secretary who shall:

9 (a) Be appointed by the President of the Federal Republic of Nigeria  
10 on the recommendation of the Minister;

11 (b) Be versed in administration procedures and processes;

12 (c) Be the Chief Executive and Accounting Officer of the Fund;

13 (d) Have such qualifications and experience as are appropriate for a  
14 person required to perform the functions of the officer under this Act; and

15 (e) Hold office for a period of 4 years in the first instance and may be  
16 eligible for re-appointment for a further and final term of 4 years.

17 (2) The Executive Secretary shall subject to the general direction of  
18 the Board of Trustees be responsible:

19 (a) For the day to day administration of the Fund;

20 (b) For keeping the books and proper records of the proceedings of the  
21 Board of Trustees;

22 (c) For the administration of the secretariat of the Board of Trustees;

23 (d) for the general direction and control of all other employees of the  
24 fund.

25 (3) The Board of Trustees shall have power to:

26 (a) employ either directly or on transfer or secondment from any Civil  
27 or Public Service in the Federation such number of employees as may in the  
28 opinion of the Board of Trustees and the Executive Secretary be required in the  
29 discharge of any of their functions under this Act;

1 (b) Request security agencies to second their personnel as staff to  
2 the fund.

3 (c) Pay to persons so employed who shall not be more than 10% of  
4 the staff on secondment from agencies, such remuneration (including  
5 allowances) as the Board of Trustees may, after consultation with  
6 appropriate bodies determine.

7 **12.**-(1) Service in the Fund shall be approved service for the  
8 purposes of the Pensions Act. Service in the  
Fund to be  
Pensionable

9 (2) Employees of the Fund shall be entitled to pensions, gratuities  
10 and other retirement benefits as are enjoyed by person holding equivalent  
11 grades in the Civil Service of the Federation.

12 (3) Nothing in subsection (1) or (2) or in this Act shall prevent the  
13 appointment of a person to any office on terms which preclude the grant of  
14 pensions and gratuities in respect of that office.

15 (4) For the purpose of application of the provisions of the Pensions  
16 Act, the powers exercisable there under by a Minister or other authority of  
17 the Government of the Federation (other than the power to make regulations  
18 under section 23 thereof) are hereby vested in and shall also be exercisable  
19 by the Board of Trustees;

20 **13.**-(1) Subject to the provisions of the Act, the provisions of the  
21 Public Officer Protection Act shall apply in relation to any suit instituted  
22 against any officer or employee of the Fund. Limitation of suit

23 (2) Notwithstanding any provision contained in any other law or  
24 enactment, no suit shall be instituted against any member of the Board of  
25 Trustees, the Executive Secretary, or any other officer or employee of the  
26 Fund for any act done in pursuance, or execution of this Act, or any other  
27 law, or enactment, or of any public duty, or authority or in respect of any  
28 alleged neglect, or default in the execution of this Act, or such law, or  
29 enactment, duty or authority, in any court unless:

30 (a) it is commenced within three months next of the act, neglect or

1 default complained of; or

2 (b) in the case of a continuation of damage or injury, within six  
3 months after the cessation of the said damage or injury.

4 (3) No suit shall commenced against a member of the Board of  
5 Trustees, the Executive Secretary, officer, employee of the Fund before the  
6 expiration of a period of one month after written notice of intention to  
7 commence the suit shall have been served upon the Fund by the intending  
8 plaintiff or his agent.

9 (4) The notice referred to in subsection (3) shall clearly and explicitly  
10 state the case of action, the particulars of the claims, the name and place of  
11 abode of the intending plaintiff and the relief which he claims.

Service of  
documents

12 **14.** A notice of summons or other document required or authorized to  
13 be served upon the Fund shall be delivered to the Executive Secretary by  
14 sending it by registered post and addressed to the Executive Secretary at the  
15 principal office of the Fund.

Restriction on  
Execution against  
property of the  
Fund

16 **15.-(1)** In any action or suit against the Fund, no execution or  
17 attachment of process in the nature thereof shall be issued against the Fund.

18 (2) Any sum of money which may be the judgment of any court and is  
19 to be awarded against the Fund shall subject to any direction given by court,  
20 where notice of appeal of the said judgment has been given, be paid from the  
21 general reserve of the Fund.

Indemnity of  
Offices

22 (3) A member of the Board of Trustees, the Executive Secretary, any  
23 officer or employee of the Fund shall be indemnified out of the assets of the  
24 Fund against any proceeding whether civil or criminal, in which judgment is  
25 given his favour, or in which he is acquitted, if any such proceedings is brought  
26 against him in his capacity as a member of the Board of Trustees, the Executive  
27 Secretary, officer or employee of the Fund.

Interpretation

28 **16.-(1)** In this Act, unless the context otherwise requires:

29 "Act" means the Police Tax Act establishment by this Act;

30 "Board" means the Federal Board of Inland Revenue established under the



1           Income Tax Management Act;  
2           "Board of Trustees" means the Police Tax Board of Trustees established  
3           under Section 4 of this Act;  
4           "Company" means a company registered in Nigeria;  
5           "Fund" means the fund established under Section 3 of this Act;  
6           "Minister" means the Minister charged with the responsibility for matters  
7           relating to Police Affairs; and  
8           "President" means the President of the Federal Republic of Nigeria.

9                         (2) Where no provision is made in this Act for a matter relating to  
10           the assessment and collection of the tax imposed by this Act, the provision of  
11           the Act relating to the assessment and collection of Companies Income Tax  
12           or Petroleum Profit Tax, as the case may be, shall apply mutatis mutandis to  
13           that matter.

14                         **17.** This Act may be cited as the National Security Tax Fund Bill,     Citation  
15           2015.

- 1 SCHEDULE
- 2 SUPPLEMENTARY TRUSTEES PROVISIONS RELATING TO THE BOARD OF
- 3 TRUSTEES
- 4 *Proceedings of the Board of Trustees*
- 5 1.-(1) Subject to this Act and Section 27 of the Interpretation Act, the
- 6 Board of Trustees may make standing orders regulating its proceedings or those
- 7 of any of its Committees.
- 8 (2) The quorum of the Board of Trustees shall be five members and
- 9 the quorum of any Committee of the Board of Trustees shall be determined by
- 10 the Board of Trustees.
- 11 2.-(1) The Board of Trustees shall meet not less than four times in each
- 12 year and subject thereto the Board of Trustees shall meet whenever it is
- 13 summoned by the Chairman.
- 14 (2) If the Chairman is required to do so by notice given to him by not
- 15 less than three other members, he shall summon a meeting of the Board of
- 16 Trustees to be held within fourteen days from the date on which the notice is
- 17 given.
- 18 (3) At any meeting of the Board of Trustees, the Chairman shall
- 19 preside but in his absence, the members present at the meeting shall appoint
- 20 one of their number to preside at that meeting.
- 21 (4) Where the Board of Trustees desires to obtain the advice of any
- 22 person on a particular matter, the Board of Trustees may co-opt such a person
- 23 for a such a period as it thinks fit; but a person who is in attendance by virtue of
- 24 this subparagraph shall not be entitled to vote at any meeting of the Board of
- 25 Trustees and shall not count towards a quorum.
- 26 *Committees*
- 27 3.-(1) The Board of Trustees may appoint one or more Committee to
- 28 carry out, on behalf of the Board of Trustees, such of its functions as the Board
- 29 of Trustees may determine.
- 30 (2) A Committee appointed under this paragraph shall consist of such

1 number of persons (not necessarily members of the Board of Trustees) as  
2 may be determined by the Board of Trustees and shall hold office on the  
3 Committee in accordance with the terms of his appointment.

4 (3) A decision of a committee of the Board of Trustees shall be of no  
5 effect until it is confirmed by the Board of Trustees.

6 *Miscellaneous*

7 4.-(1) The fixing of the seal of the fund shall be authenticated by the  
8 signature of the Chairman, Executive Secretary or any other person  
9 specifically authorized to act in that capacity by the Board of Trustees.

10 (2) Any contract or instrument which, if made or executed by a  
11 person not being a body corporate, would not be required to be under seal  
12 may be made or executed on behalf of the Fund by Chairman, Executive  
13 Secretary, or any person authorized to act for the purpose by the Board of  
14 Trustees.

15 (3) Any document purporting to be a document duly executed  
16 under the seal of the Fund, shall be received in evidence and shall unless and  
17 until the contrary is proved be presumed to be so executed.

18 5. The validity of any proceeding of the Board of Trustees, or of a  
19 Committee thereof shall not be adversely affected by any vacancy in the  
20 membership of the Board of Trustees or Committee, or by any defect in the  
21 appointment of a member of the Board of Trustees, or of a Committee, or by  
22 reason that a person not entitled to do so took part in the proceedings of the  
23 Board of Trustees or Committee.

## EXPLANATORY MEMORANDUM

This Bill seeks to establish a National Security Tax Fund to provide adequate funding for the Security agencies for crime detection and prevention.

This Bill also seeks to devise new means by which the Security agencies can receive extra funds in addition to the existing Federation Allocation in order to make these agencies more efficient in ensuring the safety of lives and property throughout the Federation.