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Trial Attorneys & Transaction Advisors

**THE FEDERAL
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OF NIGERIA
LAUNCHES THE
EXPATRIATE
EMPLOYMENT
LEVY (EEL)**

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INTRODUCTION

The Federal Government of Nigeria in a bid to close the existing wage gaps between expatriates and the Nigerian Labour force introduced the Expatriate Employment Levy (“EEL”) on the 27th of February 2024 through the Ministry of Interior.

The Expatriate Employment Levy is a fee or tax imposed on companies that hire foreign workers. The purpose of the Levy is to co-exist with already existing governmental frameworks aimed at managing immigration, protecting domestic job markets and promoting local employment opportunities.

OBJECTIVES OF EEL

Evidently, the Expatriate Employment Levy aims to strike a balance between supporting local employment, fostering economic growth and managing immigration effectively.

The objectives, as stated in the Handbook are:

1. To promote skill, transfer and knowledge sharing from Expatriates to Local Employees.
2. To balance economic growth and Social Welfare by ensuring that expatriate workers contribute to our economic development without compromising the rights and opportunities of local employees.
3. To enhance collaboration between Public and Private sector, while promoting national driven policies.
4. To address demographic changes by encouraging businesses to focus on local talent acquisition and workforce development initiatives.

ELIGIBILITY AND APPLICATION OF EEL

The EEL applies to:

- I. Employers in private sector industries and operators who utilize foreign workforce or rely on expatriate labor such as construction, Information and Communication Technology (ICT), Agriculture, Manufacturing, Oil and Gas, Telecommunication, Banking and finance, Maritime and Shipping Etc.
- II. Businesses varying in size operating in Nigeria including Multinational Companies, Small and medium enterprises (SMEs) and other entities engaging expatriate talents.
- III. Expatriate workers (Individuals on work permits, visas, or temporary residents) who are engaged on a temporary work permit or who stay or work in Nigeria for a cumulative of 183 days or more within a fiscal year.
- IV. Employers of expatriates, engaging in cross-border assignments or secondment, who occupy quota positions in a Company in Nigeria.

EXEMPTIONS

The applicability of the Expatriate Employment Levy does not apply to the following:

1. All accredited staff of Diplomatic Missions, government officials, international agencies and their dependents unless they are engaged in any employment in Nigeria.
2. Expatriates that may have entered to work on seasonal and short-term Employment for different companies who do not exceed an aggregate of 183 days spent in Nigeria within a fiscal year while working for different companies.

It is important to note that employers can reallocate positions of employees who have left the company to new employees without any charge until the end of the existing EEL validation.

RATES

The EEL is payable annually and the rates are **\$15,000 (Fifteen Thousand United States Dollars)** for Directors and **\$ 10,000 (Ten Thousand United States Dollars) Only** for other categories of Expatriates. The payment deadline is the last day of February of the following year. The EEL is to be paid through an online portal and payment receipt serves as a prerequisite for the issuance or renewal of work or residence permits.

REQUIREMENTS/ENFORCEMENT

Employers are required to maintain comprehensive records, report expatriate employment details or changes and comply with the filing deadlines. On the other hand, expatriates are expected to provide accurate information and cooperate with their employers and government agencies.

Employers are required to register their expatriate employees through an online reporting portal that will be set up for this purpose.

The EEL would be required to be presented upon entry into and exit out of Nigeria by every eligible expatriate.

The Nigeria Immigration Service (NIS) is responsible for verifying information and documents submitted by expatriates and employers, being the implementing agency.

SANCTIONS

Sanctions include the following:

1. Under **Section 56(2) of the Immigration Act, 2015**, any person (individual or company) who make or causes any immigration officer to make any return, statement or representation which he knows to be false or does not believe to be true shall be liable to imprisonment for a term of five (5) Years or a fine of **₦1,000,000.00 (One Million Naira) Only** or both.
2. Failure of a corporate entity to file an EEL attracts a fine of **₦3,000,000.00 (Three Million Naira) Only**

3. Failure to register new employees within 30 days attracts a fine of **N3,000,000.00. (Three Million Naira) Only.**
4. Failure to renew the EEL within 30 days to the expiry date of EEL attracts a fine of **N3,000,000.00 (Three Million Naira) Only.**

CONCLUSION

The EEL has been introduced to balance the benefits of expatriate employment with the protection of the local labor market. This levy is not strange, as similar levies are already being imposed on expatriates in other jurisdictions, it principally serves as part of Nigeria's tax regime which seeks to foster Nigeria's economic growth while enhancing the involvement and welfare of local workforce. Compliance is not only encouraged but required as evidenced by the imposition of sanctions.

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