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# SUSPENSION OF THE MANDATORY LEVY FOR ORGANISATIONS EMPLOYING EXPATRIATE WORKERS

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# INTRODUCTION



The Nigerian government has suspended the implementation of the Expatriate Employment Levy (EEL) which was contained in the EEL handbook recently issued by the Ministry of Interior and launched by the Nigerian President, on 27 February 2024.

## What is the Expatriate Employment Levy (EEL)?



The EEL is a government-mandated contribution imposed on companies that employ expatriate workers in Nigeria. According to the Nigerian government, the EEL is aimed at addressing the wage imbalance between expatriate employees and local employees, whilst also protecting the local job market. The EEL Handbook 2024 (the Handbook) is the law that imposes the mandatory levy on the Organisations. It imposes a mandatory annual levy for organisations employing expatriate workers, requiring them to pay \$15,000 (£12,000) for a director and \$10,000 for other employees. This Levy which is mostly on the offshore earnings of expatriates working in Nigeria aims to balance economic growth and workforce development by ensuring equitable contributions from expatriate employment.

The Nigerian government had said that this move was meant to encourage foreign companies to employ more Nigerian workers.

## Provisions of the Handbook

- Clause 8.2 of the EEL Handbook provides for who is eligible for the Expatriate Employment Levy which depends on factors like industry, expatriate's role and duration of stay or employment in Nigeria. Non-citizen or non-resident expatriates that occupy Quota positions or are engaged through Temporary Work Permits usually fall within the EEL's scope.
- Clause 8.3.1 of the EEL Handbook provides that Employers of Expatriates covered by EEL are required to pay annually the amount of 15,000(USD) for Directors and 10,000(USD) for other categories of expatriates.

## Exemptions of the Payment of EEL

Clause 8.4.1 of the EEL Handbook provides that All Staff of Diplomatic Missions, governmental officials and International Agencies accredited to Nigeria as well as the dependents of all the categories of Expatriates in Nigeria are exempted from payment of the EEL. However, this exemption shall not apply to Dependants who are confirmed to be engaged in any employment while resident in Nigeria.

## Other Provisions of the EEL

Clause 8.6.1 of the EEL Handbook provides that Expatriates engaged in short-term Employments/Assignments may be exempted from the EEL, provided the duration of such employment/engagement is cumulatively less than 183 days in one (1) fiscal year, from the date of entry into Nigeria for such employment/engagement.

Employers are required to maintain accurate records of all their expatriate employees. These records include the employment contracts, salary details, work permits and all relevant documentation regarding the employment. Employers must file, within stipulated timelines, reports of the details of the employment and provide updates as they may relate to any change in the employment circumstance. Currently, employers are also required to file the expatriate quota returns monthly at the Nigerian Immigration Service (NIS) detailing the status of each expatriate quota position.

The Nigerian Immigration Service (NIS) is responsible for enforcing the Levy. Clause 6.3 of the Handbook provides for details of offences, and sanctions/penalties. Infractions including failure to pay the Levy, failure to register the expatriate employee within 30 days, providing false information and failure to renew the annual payment of Levy before its expiration date will each attract a fine of N3,000,000 (Three Million Naira).

## Suspension of the EEL

However, following criticism of the timing and efficacy of the EEL that it could deter foreign investment and diminish economic efficiency, on the 8<sup>th</sup> March 2024, the Federal Nigerian Government suspended the implementation of the recently enacted Expatriate Employment Levy EEL by the Federal Ministry of Interior, as administered by the Nigerian Immigration Service.

This move demonstrates a proactive stance by the government in responding to the concerns of the business community and fostering a conducive environment for economic growth and development.

## Conclusion

The launch of the levy had been greeted with mixed reactions by various stakeholders, many of whom had expressed concerns about the negative implications of implementing a new levy, given the current challenges experienced by many businesses in the country.

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