

IN THE TAX APPEAL TRIBUNAL
IN THE ABUJA ZONE

SECRETARY
TAX APPEAL TRIBUNAL
ABUJA

Sign.....Date..... 5/14/12

BETWEEN

LAMNALCO LIMITED

CERTIFIED TRUE COPY
TAX APPEAL TRIBUNAL
ABUJA
Sign.....Date..... 20/4/12
Name: Kulashra B. D
Designation: O.T.T

TAT/ABJ/APP/2005

APPELLANT

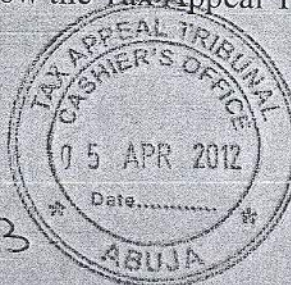
AND

FEDERAL INLAND REVENUE SERVICE RESPONDENT

TERMS OF SETTLEMENT

- 1.0. Federal Inland Revenue Service (FIRS) assessed and issued Assessments Notices on Lamnalco Limited for the ten (10) Years of Assessment which commenced from the year 1995 to 2004, in respect of outstanding tax liability for Company Income Tax.
- 2.0. Lamnalco Ltd disagreed with the aforesaid Assessments and objected to the inclusion of recharges by FIRS in arriving at the Additional Assessments and stated that recharges were part of the operating cost incurred by it (Lamnalco Limited) in the execution of the company's contract from its subsidiary company – Lamnalco Nigeria Ltd which was set up to provide administrative and support services to Lamnalco Ltd in Nigeria.
- 3.0. The FIRS disagreed with the Lamnalco Limited's grounds of objection to the Additional Assessments stating that the recharges were not allowable deductible expenses in the application of deemed profit in respect of companies other than Nigerian companies such as Lamnalco Limited and as provided in Section 26 of Company Income Tax Act, CAP 60, LFN 1990.
- 4.0. As a result, Lamnalco Limited filed this Appeal before the defunct Body of Appeal Commissioners (BAC) (which is now the Tax Appeal Tribunal),

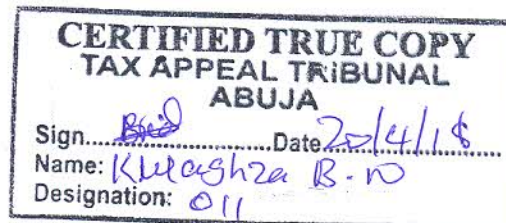
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claiming that FIRS misdirected itself when it erroneously included the payment of recharges as part of the total income earned by Lamnalco Limited before the assessment.

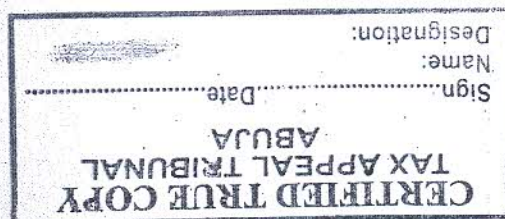
- 5.0. At the commencement of this Appeal before the then BAC, Lamnalco Limited requested and obtained the permission of the BAC to enter into negotiations with the FIRS with a view to arriving at an amicable settlement between the parties.
- 6.0. Lamnalco Limited thereafter made cash payments to the FIRS in the sum of One Hundred Thousand US Dollars (\$100,000.00) on account as directed by the BAC which sum represents a part payment of the tax liability that may be finally decided or agreed between the parties to the Appeal.
- 7.0. That pursuant to the Order of the BAC, the representatives of the parties have held series of meetings on reconciliations and negotiations and have reached a mutually acceptable Terms of Settlement.
- 8.0. The parties have agreed to settle the matter and issues, in respect of the total outstanding tax liability in the sum of \$1,952,181 for the 1995 to 2004 years of Assessment on the following terms and conditions:
 - a) FIRS agreed to discharge Assessment Notices for 1995 to 1999 on Recharges in the total sum of \$937,573 which amount represents the sum due for the period of Assessments, the Board of FIRS having considered that the above assessments were raised before the use of Recharges in tax returns was first questioned in the course of auditing



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Halliburton West Africa Limited and that the first assessment was not raised on Recharges until 2002 and that the financial burden of paying tax on an item dating back to ten (10) years for which no provision was made would be heavy on Lamnalco Limited and has duly approved the discharge of the Assessment Notices for the period of assessments as follows:

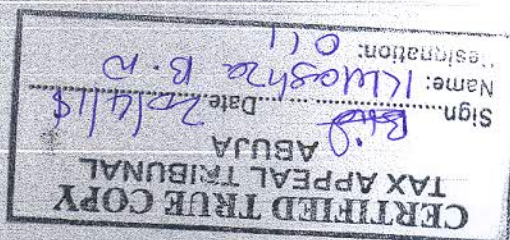
(i)	1995	-	\$93,028
(ii)	1996	-	\$188,021
(iii)	1997	-	\$171,568
(iv)	1998	-	\$211,114
(v)	1999	-	\$273,842



- b) Lamnalco Limited has agreed to immediately pay to the FIRS the total sum of \$1,015,608 which amount represents the Recharges for the period of assessments from 2000 to 2004 as follows:

(i)	2000	-	\$250,441
(ii)	2001	-	\$130,991
(iii)	2002	-	\$205,821
(iv)	2003	-	\$267,508
(v)	2004	-	\$160,847

- c) These payment shall be full and final payment of all taxes for 2000 to 2004 years of assessment on recharges.

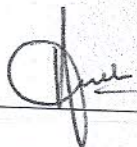


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- d) The parties have agreed that these terms of settlement shall be made the final judgment of the Tribunal between the parties in this Appeal in respect of the outstanding tax liability in the years of assessment under reference.
- e) Each party shall bear its own respective costs.

The Parties to this Terms of Settlement hereby affix their Common Seals and their representatives set their hands.

The Common Seal of **FEDERAL INLAND REVENUE SERVICE** has hereunto been affixed in the presence of:

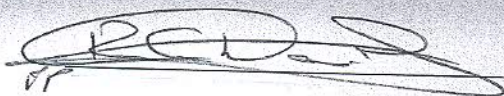


EXECUTIVE CHAIRMAN

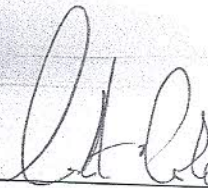


BOARD SECRETARY

The Common Seal of **LAMNALCO LIMITED** has hereunto been affixed in the presence of:



DIRECTOR



SECRETARY

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TAX APPEAL TRIBUNAL
ABUJA**

Sign:  Date: 20/4/16
Name: K. Ulaghze B. N.
Designation: OI