



# FAQs

## HOTEL OCCUPANCY AND RESTAURANT CONSUMPTION TAX



**1. What is the Hotel Occupancy and Restaurant Consumption Law?**

Hotel Occupancy and Restaurant Consumption Law is a law enacted by the Lagos State House of Assembly which imposes Tax on goods and services consumed in Hotels, Facility or Event Centres within the territory of Lagos State.

**2. Who pays the Hotel Occupancy and Restaurant Consumption Tax?**

Any person, Corporate or otherwise who: Pays for the use or possession of any hotel, facility or event centre; or Purchases consumable goods or service in any restaurant whether or not located within a hotel in Lagos state.

**3. Who is a Consumer?**

A consumer includes a hotel guest or any person who makes use of a hotel, restaurant, event center or hotel facility for a fee.

**4. What is an Event Center?**

It includes halls, auditoriums, fields and places designated for public use at a fee.

**5. How do you define a Hotel?**

It includes a motel, guest house, apartment for short letting, tavern, meeting room and function hall whether or not described as a hotel by the operator.

**6. How do you define a Hotel Facility?**

It includes a room, suite, hall, open space or other facility or resource center which may be let out for a fee within a hotel or other facility covered by this law under a lease, concession, permit, right of license, contract or other agreement.

**7. What is a Restaurant?**

It includes any food sale outlet, bar, tavern, inn or café whether or not located within a hotel.

**8. How do Hotels, Facilities or Event Centres Register?**

Any Hotel, Restaurant or other business affected by this law shall, within 30 days of the commencement of this law (22nd of June 2009) or upon commencement of business, whichever is earlier, register with the Lagos State Internal Revenue Service (LIRS) for the purpose of this law.

**9. What Consumables and Services are Taxable?**

The amount to which this Tax applies is the total cost of Facilities, consumables or Personal services supplied to a customer in, by or on behalf of the hotel, restaurant or event centre.

**10. What is the Consumption Tax Rate?**

The rate of tax imposed by the law is 5% of the total bill issued to the customer excluding Value Added Tax and Service Charge.

**11. Who are the Collecting Agents?**

A person owning, managing or controlling any business or supplying any goods or services chargeable under section 1 of the Law shall collect this for and on the behalf of the State, the tax imposed by the Law based on the Amount charged or Payable by the Customer in accordance with the provisions of Section 2 of this Law.

**12. When was the Effective Date of the Consumption Tax Law?**

The Consumption Tax Law became effective on the 1st of August, 2009.

**13. What is the Process of Remittance?**

Tax collected during a particular month must be paid to a Lagos State Government designated revenue collecting bank on or before the 20th day of the following month into the following revenue codes as applicable: Tax on Food: 425-4010041, Tax on Drinks in bar: 425-4010042, Tax on Accommodation/Rental: 425-4010043, Tax on other Transactions: 425-4010044. The date of Remittance must be forwarded to the office of the Executive Chairman LIRS and must include:

- i. The total amount of payments made for all chargeable transactions during the preceding month.
- ii. The amount of tax collected by the agent during the preceding month.

**14. What are the Penalties for Non-Remittance?**

If a collecting Agent fails to file a report and remit taxes collected within the time allowed by section 6(2) of the Law, that Agent shall, in addition to penalty of 10% of the amount of tax due, pay interest at the rate of 5% per annum above the prevailing Central Bank of Nigeria Minimum Rediscount Rate as determined at the time of actual remittance. Furthermore, any Director, Manager, Officer, Agent or Employee of the collecting Agent who fails to comply with the provisions of the law, shall be guilty of an offence and liable on conviction to a penalty of Six (6) months imprisonment or a fine of Two Million Naira (2,000,000.00) or both.

**15. What happens to the Sales Tax Law?**

As from the commencement of the Law, Sales Tax Law, Cap. S.3, Laws of Lagos State 2003 shall not apply to any facilities for which sections covered by this law.

For Further Enquiries, Please Contact:

### LAGOS STATE INTERNAL REVENUE SERVICE

The Good Shepherd Building, Block H, Plot H1, Central Business District Opposite Lagos State Secretariat Main Gate, Alausa, Ikeja, Lagos State  
☎ 0700-CALL LIRS (0700 2255 5477)

✉ info@lirs.gov.ng | 🌐 www.lirs.gov.ng | 📘 www.facebook.com/lirsgovng

🐦 www.twitter.com/lirsgovng | 📺 www.youtube.com/lirsgovng | 📷 www.instagram.com/lirsgovng

