

June 2023

Nigeria Statutory Update

President Muhammadu Buhari signed the Business Facilitation (Miscellaneous Provisions) Act 2023, (“the Omnibus Act” or “the Act”) into law in February 2023 as part of the Federal Government's initiatives to foster an enabling environment for micro, small, and medium-sized enterprises (MSMEs) in Nigeria.

One of the key changes of the Business Facilitation Act relates to the National Housing Fund Act.

Summary of Changes

Section 4 of the National Housing Fund Act, has resulted in the following changes:

Employees earning at least the national minimum wage* are liable to make NHF contributions. The previous Act, provided that employees earning a basic salary of at least N 3,000 per annum were liable to contribute to NHF.

* Currently the National minimum wage is N 30,000 per month as per the National Minimum Wage Act of Nigeria.

The contribution is based on 2.5% of monthly income. Previously, the contribution was based on 2.5% of the monthly basic salary.

Although the Act does not define monthly income, case law provides that recourse is to be made to the ordinary dictionary meaning of a word or phrase that is not defined in a statute.

The online Oxford Advanced Learner's Dictionary defines “income” as “the money that a person ... earns from work.”

For this reason, "monthly income", as used in the NHF Act, means all the monthly earnings of an employee, inclusive of any bonus payment.

Public sector employees and self-employed persons shall contribute to NHF should they earn at least the national minimum wage. The NHF contributions are now voluntary for private sector employees. Previously, the contributions were applicable to Nigerian employees irrespective of sector.

Paymaster Impact

- The above changes have been implemented on the system effective 01 February 2023.
- A new exemption field has been created called 'Exempt from NHF' on the Employee > Basic Profile > Employee Details screen. This field is specifically designed to accommodate employees who are exempt from NHF (National Housing Fund) due to the voluntary deduction ruling. Once activated, the National Housing Fund deduction will not calculate.

Statutory Fields

contributor (employee) nhf number: <input type="text"/>	employee npf number: <input type="text"/>	employer npf name: <input type="text"/>	employment category: Employee ▾
bank verification number: <input type="text"/>	PFA Code: <input type="text"/>	Exempt from NHF: <input type="checkbox"/>	

- Manual adjustments must be calculated and captured for the previous closed months by utilising the National Housing Fund Deduction Adjustment (NHFEAR) component on the next available open payroll.
- All Nigerian payrolls with open runs have been recalculated.