



Nigeria Expense Reimbursement Procedure

This guide outlines the rules and conditions for reimbursing business-related expenses in Nigeria. All reimbursements must comply with Federal Inland Revenue Service (FIRS) guidelines, Nigerian labour laws, and Native Teams' internal accounting standards.

General principles

- Employers may reimburse employees for legitimate business-related expenses incurred in the course of their work duties.
- Reimbursements must be wholly, reasonably, exclusively, and necessarily incurred for business purposes to be tax-deductible.
- All reimbursed expenses must be reasonable and substantiated to avoid being treated as employee income by the tax authorities. Electronic payments are preferred for transparency.

Eligible expenses

The following business-related expenses may be reimbursed:

- ◆ **Travel expenses** – Including transportation, accommodation, and per diems.
- ◆ **Home office expenses** – Typical items include internet, power, and minimal office supplies.
- ◆ **Work-related purchases** – Office equipment, software, and assets.
- ◆ **Client and business entertainment** – Meals and events involving employees, clients, or business partners.

Reimbursement conditions



1. Travel expenses

- **Per diem rates:** Nigerian law does not prescribe fixed rates. Rates are typically determined by the company based on seniority, destination, and duration. Claims must be reasonable to avoid taxation as a benefit-in-kind.
- **Mileage rates:** Usually company-specific, following FIRS guidance or internal benchmarks. Documentation of vehicle use and mileage logs is essential.
- **Limits:** Must be within reasonable and approved limits under company policy. Excessive claims may be subject to tax.



2. Home office expenses

- **Eligibility:** Compensation should be outlined in the company's remote work policy.
- **Limits:** There is no statutory reimbursement limit per day/month/year under Nigerian law.
- **Conditions:** Items are subject to prior approval and must be supported by receipts.



3. Work-related purchases

- **Capital expenditure:** Purchases above ₦500,000 (approx. €800) may be classified as capital expenditure.
- **Asset tracking:** These must be recorded as company assets, capitalised, and depreciated in accordance with FIRS guidelines.
- **Documentation:** All purchases must be supported with VAT-compliant invoices.



4. Client and business entertainment

- **Deductibility:** Reimbursable if necessarily incurred for business.
- **Documentation:** Documentation must specify the purpose of the entertainment and include a list of attendees.
- **Limits:** No statutory limits exist, but internal thresholds should be set to ensure reasonableness.

⚠ Documentation requirements

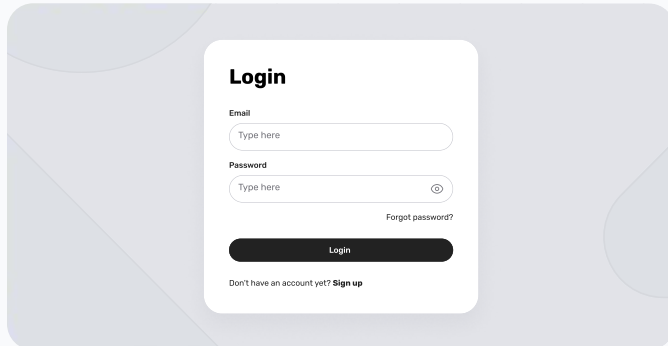
- **Receipts/invoices:** Must be original, VAT-compliant where applicable, and reflect the company's name, including the company's VAT number. Personal receipts are generally not accepted.
- **Expense justification:** A clear explanation of the purpose (e.g., travel objective, client meeting details) is mandatory.
- **Approval process:** All claims must be reviewed and approved by the supervisor and/or HR. High-value claims may require senior management review.
- **Record-keeping:** Records must be retained for a minimum of six years in accordance with FIRS requirements.

Special considerations

- **Statutory deductions:** Reimbursed amounts exceeding regulatory limits may be subject to PAYE tax (progressive rates 7% to 24%).
- **Tax withholding:** The company must withhold applicable taxes on benefits-in-kind or allowances that exceed limits.
- **Minimum wage & hours:** As of 2024, the national minimum wage is **€70,000/month**. Standard hours are 8 hours/day (40 hours/week), with overtime compensated at 1.5x the regular rate.
- **Social contributions:** PAYE (7-24%), pension (employer 10%, employee 8%), NHF (2.5% of basic), NHIS (Employer 10%, Employee 5%), and Employee Compensation Scheme (1%).

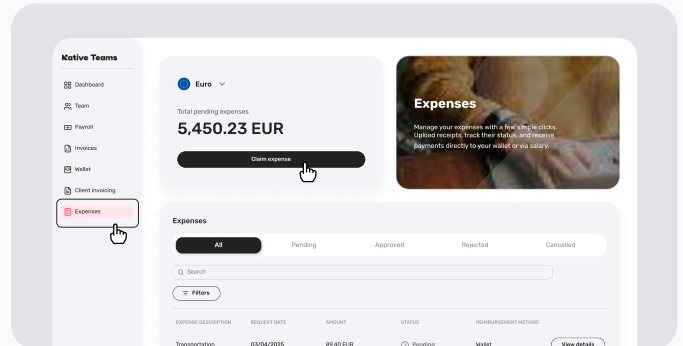
Expense Submission Process

Submitting via **Native Teams** Platform



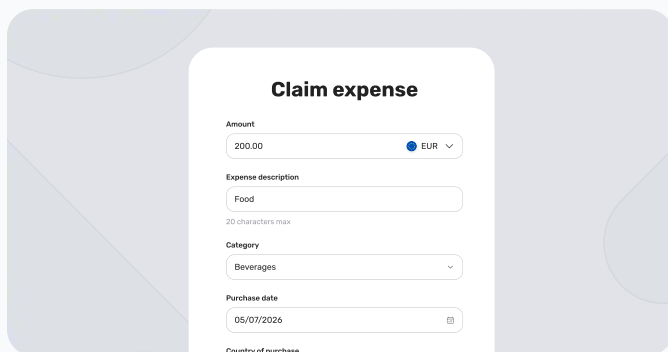
STEP 1

Log in to your Native Teams account.



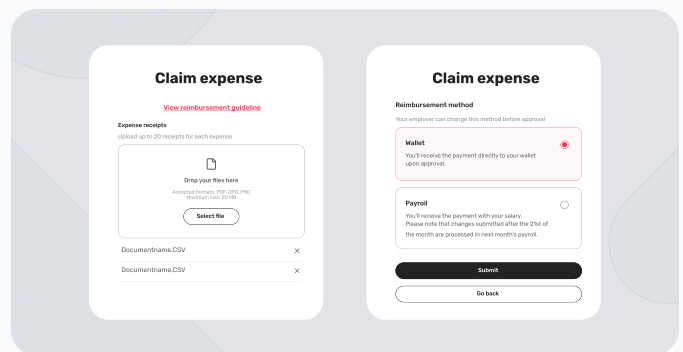
STEP 2

Click on the **Expenses** section on the left side menu and then on the **Claim expense** button.



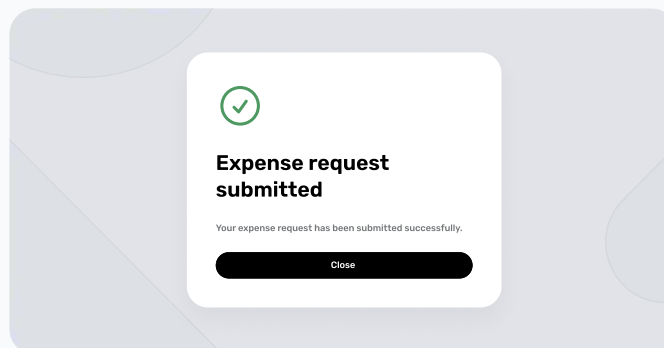
STEP 3

Fill in the required fields for the amount, expense description, category, purchase date, and country of purchase.



STEP 4

Attach a proof and select your reimbursement method: wallet or payroll.



STEP 5

Submit the claim and wait for your employer's approval of the reimbursement.

! Submission deadlines

- All expense claims must be submitted by the **10th of the month** to be processed in the same payroll cycle.
- Claims submitted after the 10th will be included in the following month's payroll.
- If the 10th falls on a weekend or public holiday, the deadline will be brought forward to the previous working day.

Native Teams legal entity - Nigeria



◆ **Entity name:** Native Teams Limited

◆ **Entity registration number:** 1951045

◆ **Address:** Wuraola House, No 90, Allen Avenue, Ikeja, Lagos State

Native Teams

For any questions regarding expense reimbursements, please contact
customersuccess@nteam.com