

## WHO IS A STAFF

- “ A staff may be an employee or an independent contractor
- “ An **employee** is one who is under a contract of employment which entails **offer** (of work) being **accepted** for a **consideration** (of wages)
- “ An **independent contractor** is one who is under a contract to provide a specified service not in the capacity of an employee but as an outsider

## **Relationship between staff and employer**

- “ The employer to provide the work
- “ The obligation on the employee to carry out the work personally
- “ The obligation on employer to pay wages
- “ Mutual Trust & Confidence - basically entails respect for each other

## **Duties of Staff to Employer**

- . Performance of given assignments with due diligence and care following due process as laid down by the employer . Quality service delivery
- . Acting with the limit of authority allowed by employer . so as not to bring avoidable liability on employer
- . Show complete loyalty to employer
- . Keeping secret of employer
- . Not engaging in other private practice
- . Timeliness

## **Duties of Employer to Staff**

- . Health and Safety . Provision of safe work environment free from preventable health hazards
- . Payment of salaries and other benefits as agreed per contract of employment. Includes benefits payable upon cessation of contracts such as compensation/gratuities
- . Compliance with relevant statutory provisions relating to staff and employment

## Obligations - When Employee is engaged

- “ **Pay as you earn (PAYE):** - Tax file reference and tax paid in previous employment
- “ **Pension and gratuity** - Pension file reference and his PFA and determine revised contribution based on new pay.
  - Ascertain if he is eligible for gratuity or other scheme which is based on pay and/length of service
- “ **Fringe benefits** - Determine eligibility for pre-paid health scheme and any other fringe benefits.
  - Evaluate the tax implications of the fringe benefits on the organisation

# Obligations during Employment - 1

## “ **Payment of Salaries:**

- Ensure salaries including benefits are paid in accordance with the agreed contract
- Ensure that payslip stating details of pay and deductions are issued

## “ **Pay as you earn (PAYE):**

- . Obtain tax file reference and certificate of income and tax paid up to date of cessation of previous employment
- . If this is the first employment, then register him/her for PAYE by giving him relevant return forms for filing with the Internal Revenue
- . Deduct appropriate PAYE upon ensuring that maximum relief entitlements are claimed by employee
- Remit PAYE deductions to Revenue

## Obligations during Employment 2 (Contd)

### “ **Pension and gratuity:**

- Obtain Pension file reference and his PFA and determine revised contribution based on new pay
- If first employment, then register him under Nigerian Pensions Act
- Ascertain if he is eligible for gratuity or other scheme which is based on pay and/length of service
- Remit pension deductions to PFA

### “ **Fringe benefits:**

- Determine eligibility for pre-paid health scheme
- Determine eligibility for any other fringe benefits
- If entering into a salary sacrifice arrangement with the employee, ensure the arrangement is agreed by both parties and documented.
- Evaluate the tax implications of the fringe benefits on the organisation

## Obligations during Employment 3 (Contd)

### “ **Health and Safety:**

- Ensure that employee is registered under NHIS pre-paid health plan
- Ensure that work environment is safe as appropriate to the nature of work and free from preventable health hazards
- Ensure compliance with the new Employees Compensation Act 2010 which requires employers to Employees Compensation Fund

### “ **Training and gratuity:**

- Ensure compliance with ITF requires contribution of 1% of Payroll
- Expose staff to appropriate training programmes to enhance skills and development
- If this is the first employment, then register him/her for pension under Nigerian Pensions Act

# Obligations – Upon Employment Cessation

**Pay as you earn (PAYE):** - Make final PAYE remittance on employee's behalf

- Include details of final payments in PAYE returns

” **Compensation and Gratuity:** - Calculate and pay any compensation for loss of employment or other employment termination payments and gratuity (if applicable).

- Ensure that those elements that are tax exempt are treated as such

**Other taxable benefits** - Include other taxable fringe benefits (including pension entitlements) in employee's final payment summary.