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With Your
TIN
Taxpayer Identification Number
TIN is free!

A Publication of the
Federal Inland Revenue Service

For all Enquiries & Complaints, Please contact:

Customer Service Desk of the nearest Tax Office

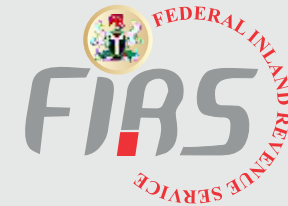
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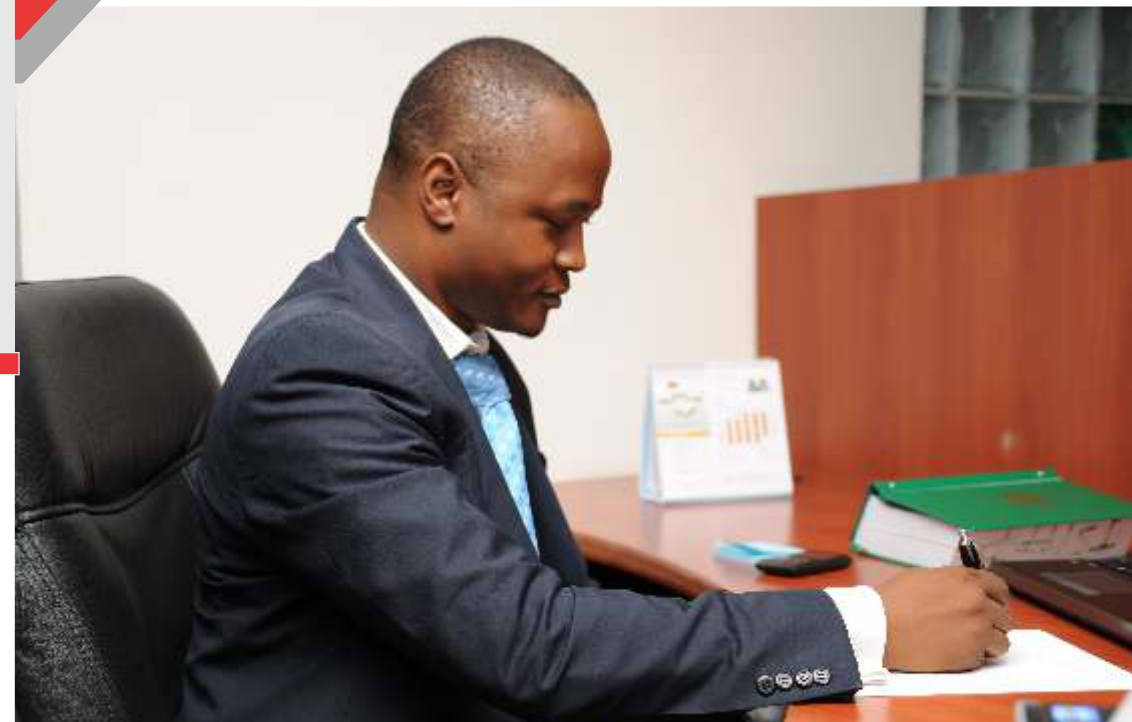
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2016



Understanding SELF-ASSESSMENT



**MAKING
TAX PAYMENT
EASY**

1. Introduction

This document is intended to guide taxpayers and the general public on the Self-Assessment Regime. The Government of Nigeria introduced a system of tax administration called Self-Assessment Regime as a modern practice of paying tax. It encourages taxpayers to assess themselves and pay their tax liabilities voluntarily. The regime is based on the fact that taxpayers have the best information about their own activities and hence are in the best position to assess their own tax liabilities.



2. Self-Assessment

Self-assessment is a method whereby a taxpayer is required to correctly compute own tax liability, properly complete the tax return, pay the self-assessed tax and submit the tax returns together with the accompanying documents on or before the due date according to the relevant tax law.

3. Objectives of the Self-Assessment Regime

The main objectives of the Self-Assessment Regime are:

- to make payment of tax easy by enabling taxpayers to assess themselves and pay a fair tax according to their business activities.
- to test the honesty and integrity of the taxpayer
- to build trust in the taxpayer
- to make the Tax Administration System friendly and more efficient through:
 - easing the process of paying tax;
 - reducing the pressure on taxpayers by Tax Authorities;
 - minimising tax disputes between taxpayers and Tax Authorities;
 - focusing more on supporting taxpayers to comply voluntarily.
 - ensuring steady inflow of revenue to the government without waiting till when revenue authorities reach every taxpayer.

4. Advantages of the Self-Assessment Regime

- The Self-Assessment Regime helps the taxpayer to manage his tax affairs and be fully accountable without being forced.
- A tax return filed by a taxpayer under the Self-Assessment Regime is deemed to be an assessment in its own right by law and, therefore, will be accepted subject to verification of completeness.
- The system aims at promoting voluntary compliance by making it easy for a taxpayer to pay tax.
- Taxpayers under this regime are exempted from provisional tax payment.

5. Self-Assessment Return Forms

The Self Assessment return forms are available free of charge at every TAX OFFICE of the FIRS for the following tax types:

- Personal Income Tax (PIT)
- Companies Income Tax (CIT)
- Value Added Tax (VAT);
- Any other taxes not specified above.

6. Due Dates for Filing Self Assessment Tax Returns

Personal Income Tax (PIT) : returns filed and tax paid by self employed individuals on or before 31st day of March of every year.

Companies Income Tax (CIT):

- for old companies :- within six (6) months from the end of the accounting year.
- for new companies :- within eighteen (18) months from the date of incorporation or not later than six (6) months after the end of its accounting period, whichever is earlier.

Petroleum Profits Tax (PPT) :

- Filing a return of estimated tax for an accounting period is within two (2) months after the commencement of each accounting period;
- Commencing the installment payment is not later than the third month of the accounting period;
- Filing a final return is within five (5) months after the end of the accounting period accompanied with the evidence of payment of the final installment.

**Self Assessment is a trust
Do not betray it**

Value Added Tax (VAT): filing returns and paying VAT due of the preceding month is on or before the 21st day following the month of transaction.

Pay-As-You-Earn (PAYE):

Paying the tax deducted at source with an accompanying return showing the total emoluments and total tax deducted from each employee within ten (10) days of the end of every month.

Filing an annual return regarding each employee not later than 31st January of every year.

The term 'Due Date' refers to the last date of the period given by law to a taxpayer to file a specific tax return and/or pay the related tax.

7. Finality of a Self-Assessment Return

Under the Self-Assessment Regime, the return filed by a taxpayer is accepted in the first instance as an assessment in its own right and it could be final.

However, the returns will normally be subject to risk checks and those identified with revenue risks will be scrutinised and followed up.

8. Administrative Assessment

Administrative Assessment is a method whereby the tax authority assesses a taxable person or entity to tax using available information or third party sources, or trend /ratio analysis to raise such assessment and serves such on the taxpayer, specifying the tax payable and due date. Administrative assessment arises when:

- A taxpayer has failed to file a return and pay tax due on or before the due date or
- The Tax Authority has established that there is an understatement of tax in the return filed by a taxpayer.



9. Taxpayer Obligations under the Self-Assessment Regime

a) Registration

The registration requirement applies to persons under the various tax laws.

Registration involves;

- Obtaining an application form for registration from FIRS Tax Office responsible for the area of operation of the business activity
- Completing the form correctly with all required information
- Submitting the completed application form with all required identification documents to the relevant Tax Office of FIRS
- Obtaining a Taxpayer Identification Number (TIN).

The registration process and the TIN are **FREE**

b) Maintenance of business records

To facilitate voluntary compliance and submission of correct tax returns, every taxpayer is required to keep proper business records which reflect a true and fair view of the business at all times.

Generally, business records include transactions relating to:

- Sales and purchases of goods and services for profit
- Purchases/acquisition and sales/disposal of fixed assets
- Expenditures on day-to-day running and expansion of business
- Additional capital into the business
- Personal drawings (cash and goods in-kind withdrawal from business for private use)
- Loans to and from the business
- Books of Accounts, which are part of documents to accompany tax returns, are prepared from properly maintained business records
- Bank Statements
- File of invoices and receipts



c) Voluntary disclosure

Every taxpayer is required by law to make voluntary disclosure of transactions for a given period under the relevant tax law. Voluntary disclosure involves making correct:

- declaration of all relevant information as required in the tax return form
- computation of capital allowance
- computation of the tax liability by applying the correct rate(s) of tax.

d) Completion and Signing of Tax Returns

Tax Return Forms should be duly completed and signed by the taxpayer even in case where a tax agent/consultant has been engaged by a taxpayer for the purpose of filing tax returns:

- In the case of tax returns filed by individuals, the form must be signed by the taxpayer in person
- In the case of tax returns filed by Companies, the form must be signed by:
 - i. The Chairman or Managing Director of the Company and
 - ii. The Company Secretary

e) Payment of Tax

Every taxpayer is required to pay the relevant taxes to FIRS through the collecting banks by:

- properly completing the deposit slip available at the banks
- accompanying the deposit slip with the amount of tax to be paid and presenting the slip and amount to the bank
- receiving an e-ticket from the bank as evidence of the tax paid
- confirming from the e-ticket that the tax was paid into the appropriate tax account (eg. VAT or CIT, etc)

f) Filing Tax Returns

A taxpayer is required to voluntarily file the tax returns to FIRS in a manner prescribed by the relevant tax law.

A taxpayer should collect the relevant tax form from the Tax Office of FIRS, properly complete the form and accompany it with the following documents:

- Audited Accounts
- Tax computation
- Capital Allowance computation
- Schedule of fixed assets
- Evidence of tax payment of the whole or part of the tax into a collecting bank i.e E-ticket issued by a collecting bank
- Any other document(s) as may be specified
- Submit the completed form to the Tax Office on or before the specified due date

(g) Tax Audit

Tax audit exercise is usually carried out periodically to compliment and support the self assessment regime.

Taxpayers are required during tax audit exercise to:

- Cooperate with Identified FIRS officers assigned to carry out the tax audit
- Provide all or relevant books of records or documents requested by the tax auditors

10. Conditions and Responsibilities of Taxpayer and Agents

- A taxpayer may exercise his right to engage the service of an Agent (consultant) to file tax returns on behalf of the taxpayer. In such a case, the taxpayer is required to notify FIRS in writing of such appointment.
- The Agent should, however, satisfy the necessary requirements in order to be accepted by FIRS to represent the taxpayer. In particular, the Agent must be tax compliant i.e. fulfilling own obligations under the relevant tax laws, rules and regulations.
- Taxpayers should also note that:
 - Agents are NOT authorized to sign tax return forms of the taxpayers they represent
 - Agents should not be Staff or Employees of the Tax Authority

11. Duties of FIRS under the Self-Assessment Regime

The primary duty of the FIRS is to provide the appropriate service and support to taxpayers to fulfil their obligations.

FIRS will therefore ensure:

- Efficient service delivery
- Simplified information on tax matters
- Professional guidance
- Simplified compliance procedures
- Transparency
- Prompt attention to enquiries and complaints
- Fair and equitable treatment
- Promotion and support of voluntary compliance



Self Assessment is based on mutual trust and commitment to fulfill our duties and responsibilities

12. Consequences of non-compliance under Self-Assessment

A taxpayer who fails to comply with the provisions of the tax laws commits offences for which the taxpayer is liable to various sanctions such as fines, penalties, interest and imprisonment. Offences amongst others include;

- failure to register for tax purposes
- failure to keep proper business records
- failure to file tax returns and pay tax on or before the due date
- understatement of tax in a return
- failure to produce such records or information as may be required by the Tax Authority

NOTE:

For further details on requirements and steps for filing tax returns and consequences of not filing, you are advised to read the Taxpayer Guide on “FILING TAX RETURNS” issued by FIRS.

13. Conclusion

The Self-Assessment regime is based on mutual trust and commitment to fulfil our duties and responsibilities as taxpayers. FIRS is committed to ensuring that taxpayers are provided with effective, efficient and technical guidance in order to foster continuous partnership and achieve voluntary compliance.

...it pays to pay your tax