2022 Tax Year Planner

Theme: Simplifying Tax Administration in Nigeria: The Benefits of Automation

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20 TAX YEAR PLANNER

THEME:
SIMPLIFYING TAX ADMINISTRATION IN NIGERIA:
THE BENEFITS OF AUTOMATION

OUR VISION
To deliver quality service to taxpayers in partnership with other stakeholders and make taxation the pivot of national development.

OUR MISSION
To operate a transparent and efficient tax system that optimizes tax revenue collection and voluntary compliance.

CORE VALUES
- Professionalism
- Integrity
- Efficiency
- Ownership and Collective Responsibility

CARDINAL GOALS

REBUILDING FIRS INSTITUTIONAL FRAMEWORKS
Build and strengthen the capacity of the Departments and Units of FIRS to deliver their mandates on a long term and sustainable basis.

COLLABORATION WITH STAKEHOLDERS
Foster cooperation between FIRS and key stakeholders in the Nigerian Tax System in order to provide a unified view of our services through proper planning so as to eliminate critical bottlenecks.

CUSTOMER-CENTRIC
Make FIRS an institution that is viable for ease of doing business by focusing on efficient service delivery to taxpayers and providing a positive customer experience on all tax compliant processes.

DATA-CENTRIC
Make FIRS an institution in which its people, processes, and technologies are all geared towards a clear goal of generating and utilizing relevant information for efficient revenue generation.
WHAT IS AUTOMATION?

Automation refers to the streamlining of processes to operate automatically with minimum human intervention.

Some of the automated services currently carried out in the Service are:

- **TaxPro-Max**: This is an Integrated Tax Administration System developed in-house to ease tax administration and compliance in Nigeria.

- **VAT Automation**: This involves restructurimg the Value Added Tax (VAT) filing and collection system to ensure efficient and seamless remittance of VAT on all goods and services subject to VAT.

- **Contact Centre**: A one-stop service outlet aimed at addressing taxpayers’ inquiries and other related issues that may arise.

- **eDRMs**: Electronic Document and Records Management System (eDRMs) combines document management and record management as one integrated system for better organization and accessibility.

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BENEFITS OF TAX AUTOMATION

Automation is the creation and application of technology to monitor and control the production and delivery of products and services.

The following are the benefits of Tax Automation:

- **Accuracy**: The software used for automation automatically takes care of the tax calculation which brings about less error. This will offer the top-notch level of accuracy that is required to complete tax reports.

- **Saves Time & Convenient**: Taxpayers can file their tax returns and make payments with ease from the comfort of their homes/offices which encourages voluntary compliance.

- **Revenue Generation**: Automation of tax processes increases revenue generation.

- **Eliminate Tax Evasion**: The electronic data base of taxpayers built by tax authorities helps to easily identify tax evaders and deal with them statutorily.

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SOME OF THE HIGHLIGHTS OF THE FINANCE ACT, 2021

- Capital gains from disposal of shares and stocks in Nigerian companies, for aggregate proceed amounting to N10 Million or more in any 12 consecutive months period, is now subject to CGT at 10%, provided that the proceed is not reinvested within 12 months.

- Profits of companies engaged in educational activities are no longer exempt from tax under Section 23 (1) of CITA.

- The profits of companies from the exports of goods produced in Upstream, Midstream and Downstream Petroleum operations are no longer exempt from tax under Section 23 (1) (q) of CITA.

- Capital allowance on Qualifying Capital Expenditure (QCE) incurred in generating tax exempt income is no longer deductible from the assessable profit of non-exempt income under CITA, provided that joint QCE shall be pro-rated where the tax-exempt income constitutes more than 20% of the total income of the company.

- The rate of tertiary education tax has been increased from 2% to 2.5% of assessable profit.

- Other agencies of the Federal Government are now under statutory obligation to report cases requiring tax investigation, enforcement or compliance, encountered in the course of performing their function, to the Service for necessary action.

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SOME HIGHLIGHTS OF THE FINANCE ACT, 2021 (CONTD.)

- Taxpayers now have absolute discretion under 77 of CITA, to pay their taxes in instalments, provided that the final instalment shall be paid on or before the due date.

- Companies engaged in the business of banking, mobile telecommunication, ICT, aviation, maritime and oil and gas, with turnover of N100 million and above, are now to pay NASENI tax at 0.25% of their profits before tax and the tax is to be administered by FIRS.

- FIRS has now been empowered to assess, collect, account and enforce the payment of the Nigeria Police Trust Fund Levy of 0.005% of the net profit of companies operating business in Nigeria as provided under the Nigeria Police Trust Fund (Establishment) Act.

- It is now an offence, punishable by a fine of N10m, imprisonment or both, for any Agency of the Federal Government (other than FIRS) or any of their staff or consultant, to demand for books or returns for the purposes of tax, or carry out the function of assessment, collection or enforcement of tax, or pay any portion of tax revenue to any person or into any account, other than the relevant accounts designated by the constitution or relevant laws of the National Assembly.

- Any bank that fails to prepare and submit quarterly return or returns of any information requested, or submit incorrect returns or information to the relevant tax authority, as required by Section 28 of FIRSEA or Sections 47 and 49 of PITA, is now liable to a penalty of N1m for each quarterly return or information not provided or incorrect returns or information provided.

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TAXPRO-MAX

The Service is using technology to drive tax compliance, increase revenue performance and create a tax environment that is conducive for taxpayers to fulfil their tax obligations. FIRS introduced the TaxPro-Max Solution to promote ease of paying taxes and ease of doing business.

This is an FIRS in-house solution being developed module by module to enhance tax administration and compliance in Nigeria.

It can be accessed by both tax officers and taxpayers via both the intranet and internet through https://taxpromax.firs.gov.ng

The System has the following functionalities:

- Registration of taxpayers;
- Filing and payments of VAT, CIT, WHT, WVAT;
- Issuance of Payment Receipt and WHT Credit Notes;
- Maintenance of Taxpayers accounts (Automated K-CARD);
- Processing and issuance of TCC;
- Reporting

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Registration process on TaxPro Max

REGISTRATION PROCESS FOR TAXPRO MAX

- Go to https://taxpromax.firs.gov.ng
- On Left navigation menu, click on "Admin Page"
- Login
- Click on "Taxpayer Service"
- Click on "Registration"
- Select "Corporate Affairs Commission"
- Input RC Number, BN Number or IT number for Corporate, Enterprise or Trustees respectively
- Submit
- Input Taxpayer Identification Number (TIN) under the Web-Portal Details (Details returned must match system data generated from CAC)
- Input correct address
- Select the State and Local Government from the drop down
- Input phone number and email address
- Input Nature of business
- Fill in commencement status and commencement date
- If taxpayer has commenced business, enter accounting year end
- Select business classification and Sub-Sector from the drop down box
- Select E-Services option "Yes" or "No"
- If "Yes" fill out the E-Services data form with the following information as below: Name, Phone number, Email and Designation
- Fill the sign off column by providing the "Name" and "Designation" of the person requesting for the updates
- Declare and submit.

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CONTACT CENTRE AUTOMATION

The role of modern tax administration is to continuously reduce the administrative burden of taxpayers by improving the tax services and simplifying the procedures.

In order to achieve global best practice in the administration of taxes in Nigeria, a robust Contact Centre was established by the Service in order to provide timely and efficient support service to Taxpayers and other Stakeholders.

The Contact Centre serves as a one-stop service outlet for addressing Taxpayers’ issues and any other enquiries from other stakeholders. It is a multi-lingua services with seven (7) languages i.e. English, Hausa, Ibo, Yoruba, Spanish, French and Arabic.

Taxpayers and the general public can contact FIRS Contact Centre/Helpdesk through:

- Telephone line: 09074444441, 09074444442, 09072111111, 09073777777, 094602700
- Email address: helpdesk@firs.gov.ng
- Website: www.firs.gov.ng
- Physical contact: Walk-in Taxpayers at the Headquarters and all Tax Offices.
- To aid easy access to the Contact Centre, a Quick Response (QR) code *829# has been deployed. This service can be accessed via the major GSM service providers on any GSM phone device.

All enquiries and complaints are documented for necessary follow-up with relevant offices to address the concerns of Taxpayers and also provide feedback.

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July 2022

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- Due date for remitting Pay As You Earn (PAYE)
- Due date for Value Added Tax (VAT) & Withholding Tax (WHT) returns
- Due date for Companies Income Tax (CIT), Tertiary Education Tax (TET) & National Information Technology Development Levy (NITDL) returns
VAT AUTOMATION

The Federal Inland Revenue Service (FIRS) has automated its Value Added Tax (VAT) filing and collection system. The automated VAT collection system is to ensure the efficient and seamless remittance of VAT on all VAT-able transactions in the wholesale/retail sector, and enable direct audit/reconciliation of all VAT transactions. The automated VAT collection system applies to the following businesses:

- Branded shops;
- Superstores;
- General supermarkets;
- Standard restaurants; and
- Eateries

The affected businesses are also required to ensure their transactions or sales receipts contain the following information:

- FIRS Tax Identification Number (TIN) or Joint Tax Board TIN
- Print Date
- Goods/Product Description
- Receipt Number
- Customer's total bill including VAT at 7.5%

Also, in line with the Finance Act, taxable persons with annual turnover of less than N25 million are not required to charge or file VAT returns. This implies that the VAT platform will only apply to all categories of business with annual turnover of N25 million or more.

**Note:** VAT rate is 7.5%

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New Tax audit measures

NEW TAX AUDIT MEASURES

Tax Audit is an inspection of a taxpayer’s business records and financial affairs to ensure that taxes reported and paid are appropriate and in accordance with tax laws and regulations.

The Service has introduced measures to improve the tax audit experience for all taxpayers in the country.

The new measures have reduced the tax audit cycle to 63 days from 90 days and cut out multiple tax audits by various tax authorities through an MOU signed with the Joint Tax Board (JTB).

So, when you operate in more than one tax jurisdiction, at your request, you would go through ONE single tax audit; your business records and financial affairs need not go through ANOTHER audit process.

All you need to do is to apply for a joint audit through the Joint Tax Board (JTB) or the Office of the Executive Chairman, Federal Inland Revenue Service, or the Office of the Chairman, State Internal Revenue Service where your head office is domiciled.

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As part of the Ease of Doing Business Initiatives, Certificate of Incorporations issued by the Corporate Affairs Commission for companies registered under Part A of CAMA now bears the Tax Identification Number (TIN) issued by the Federal Inland Revenue Service (FIRS).

Other efforts employed by the Service to widen the tax net is the deployment of state-of-the-art technology for collection of taxes and collection of data by connecting all business premises to a central server. This is targeted at grabbing the country’s fair share of taxes from digital and other offsite transactions that would have normally escaped taxes in Nigeria before the amendments were introduced.

The FIRS also revamped its website to be more interactive and address all the needs of the taxpayer. Some of the key items available on the website are:

(i) Payment of taxes
(ii) Verification of TCC
(iii) Office location
(iv) Step-by-step guide & videos to all our services
(v) Access to help desk details
(vi) Interactive FAQs.

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CLASSIFICATION AND THRESHOLD FOR TAX PAYMENT

The classification of taxes is based on the burden of tax payment. Taxes are therefore classified as Direct and Indirect.

Direct Taxes: These are taxes imposed directly on the income of individuals and companies. The burden is borne by the taxpayer i.e., it cannot be shifted to another person. Examples of Direct taxes are Personal Income Tax (PIT), Companies Income Tax (CIT), Petroleum Profits Tax (PPT), Capital Gains Tax (CGT) and Education Tax (EDT).

Indirect Taxes: These are taxes on consumption of goods and services. The burden can be shifted wholly or partly from the taxpayer (manufacturer, seller) to another person (consumer) depending on the elasticity point. Examples of Indirect Taxes are: Value Added Tax (VAT), Excise Duties, Export Duties and Stamp Duty.

The Finance Act introduced threshold for tax payment for the following categories of companies:

- Companies with annual turnover of 25 million naira and below are exempted from paying company income tax and education tax.
- Companies with annual turnover greater than 25 million naira but less than 100 million naira are required to pay CIT of 20% of their profit.
- Companies with annual turnover greater than 100 million are required to pay 30% CIT.
- However, the exemption policy does not exclude them from filing annual returns.
- The obligation to file still incumbent on the companies exempted from payment of taxes.

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E-Services on the new FIRS website

E-SERVICES

The Federal Inland Revenue Service E-Service platforms for ease of doing business are as follows:

- **e-Registration**: It is an online platform that enables Taxpayers to register and have access to all FIRS e-Services.
- **e-Stamp Duty**: This electronic solution allows Taxpayers to pay their stamp duty, stamp their documents electronically and download the e-stamp duty certificate.
- **e-Tax Payment**: A solution that allows taxpayers to pay their taxes from their comfort zones using any of the approved FIRS online payment channels such as internet banking, Remita, interswitch, e-Transact, Nigeria Inter-Bank Settlement System (NIBSS), and Government Integrated Financial Management Information System (GIFMIS).
- **e-Receipt**: It enables taxpayers receive and verify e-receipts generated for taxes paid through the e-Tax Payment. It also enables taxpayers to confirm whether WHT and VAT deductions have been remitted to the Government.
- **e-Filing**: It is used for filing of taxes by electronic means. It enables taxpayers to file their tax returns and conduct other tax activities online at their convenience, irrespective of their locations once they have internet access.
- **e-Tax Clearance Certificate (e-TCC)**: This electronic solution enables Taxpayers to apply for their Tax Clearance Certificate (TCC) after fulfilling their tax obligations, download TCC through their emails and also enables third party to verify the authenticity of TCCs issued by FIRS.
- **e-VAT Filing and Collection System**: This collection system is to ensure an efficient & seamless collection of VAT remittance on all Vatable transactions in the wholesale/retail sector and enable direct reconciliation of all VAT transactions.

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