



it pays to pay your tax

A Publication of
Federal Inland Revenue Service

For all enquiries & Complaints, please contact
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or
Taxpayer Service Department (TPSD)
15 Sokode Crescent, Wuse Zone 5, Abuja
helpdesk@firs.gov.ng
taxpayer.service@firs.gov.ng
+234(0)9073777777
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2023



FREQUENTLY ASKED QUESTIONS AND ANSWERS

FAQ&A

(SERIES 2)

FREQUENTLY ASKED QUESTIONS AND ANSWERS

S/N	QUESTION	ANSWER
1.	What is the requirement for TIN registration?	<p>The following documents are needed for TIN Registration:</p> <ul style="list-style-type: none"> ● Application letter ● Certificate of incorporation / registration ● VAT form 001 ● Utility bill ● Memorandum and Article of Association <p>For NGO TIN registration, constitution of the organization is required in addition to the above documents.</p>
2.	How can one use the e-services provided by FIRS?	<ul style="list-style-type: none"> ● Log on to www.firs.gov.ng ● click on e-Service ● And follow the instructions
3.	What are the different types of taxes collected by FIRS?	<p>Taxes collected by FIRS include:</p> <ul style="list-style-type: none"> ● Petroleum Profits Tax (PPT) ● Companies Income Tax (CIT) ● Value Added Tax (VAT) ● Personal Income Tax (PIT) for non- residents, members of Armed Forces, Police and Officers of Nigerian Foreign Service. ● Tertiary Education Tax ● Capital Gains Tax

		<ul style="list-style-type: none"> ● Hydrocarbon Tax ● National Information Technology Development Levy (NITDL) ● Stamp Duties (SD) ● Nigerian Police Trust Fund levy ● Electronic Money Transfer Levy (EMTL) ● National Agency for Science and Engineering Infrastructure(NASENI) levy
4.	How can I get a Tax Clearance Certificate (TCC)?	<p>Visit https://tcc.firs.gov.ng</p> <ul style="list-style-type: none"> ● Click on apply for TCC ● Enter your login details and login to your account ● Click “ apply” to apply for TCC.
5.	Is JTB TIN different from FIRS TIN?	<p>Yes</p> <p>JTB TIN is generated by Joint Tax Board for PIT, WHT on individuals, instruments and Stamp duties on individuals; while FIRS TIN is generated by Federal Inland Revenue Service for all taxes as in 3 above.</p>
6.	What is the mandate of FIRS?	<p>To assess, collect, account and enforce payment of taxes due to the Federal Government or any of its agencies in line with the provisions of the tax laws</p>
7.	How can a taxpayer file returns using the e-platform?	<p>Visit https://taxpromax.firs.gov.ng</p> <ul style="list-style-type: none"> ● Click on “Login” to login to the e-filing platform ● Click on “Taxes Due” menu to access all outstanding tax returns for filing and payment.

		<ul style="list-style-type: none"> Filing and payment are initiated online and Payment Reference Number (PRN) generated which can be used to make payment at bank or online.
8.	How can a taxpayer calculate the VAT payable?	<p>Visit https://taxpromax.firs.gov.ng</p> <ul style="list-style-type: none"> Click on "Login" to login to the e-filing platform Click on "Taxes Due" menu to access the e-VAT Form. Complete the respective VAT Schedules correctly. The system will automatically calculate VAT at 7.5% of taxable sales for the month. <p>In case you are not on the TaxPro Max and you want to calculate manually, calculate 7.5 % of your sales to arrive at the output VAT. Less your Input VAT from the Output VAT and pay the difference to FIRS.</p>
9.	How can a newly incorporated company register with FIRS?	<p>Go to any Tax Office nearest to you with the following documents :</p> <ul style="list-style-type: none"> Application letter Certificate of incorporation/ Certificate of registration Utility bill Memorandum and Articles of Association Complete VAT Form 001 at the tax office
10.	Why is Tax Clearance Certificate (TCC) not issued automatically every year?	<p>The law requires that TCC should be issued upon request by a taxpayer who has fulfilled the required tax obligations (i.e. all tax liabilities must have been cleared)</p>

11.	Why is FIRS not distributing tax education pamphlets?	FIRS is still distributing tax education pamphlets and will continue to produce more pamphlets for taxpayers' usage.
12.	Is supply of medical items taxable?	Medical goods and services are exempt from VAT as stated in the Schedule to the Value Added Tax Act, Cap.V1, LFN 2004 (as amended).
13.	How do I file and remit Withholding tax on Taxpro Max solution?	<p>Visit https://taxpromax.firs.gov.ng</p> <ul style="list-style-type: none"> ● Click on "login" to login to the e-filing platform ● Click on "Group Taxes" to access the group taxes menu. ● Click on "Withholding Tax" to initiate filing. ● Download the WHT upload template. ● Populate the template with details of the WHT beneficiaries. ● Upload the WHT beneficiaries schedule and generate Payment Reference Number (PRN) for payment.
14.	Can FIRS make available user guide on TaxPro Max?	<p>TaxPro Max User Guide is accessible through https://www.firs.gov.ng</p> <ul style="list-style-type: none"> ● Click on "e-Service" ● Click on download "TaxPro Max Manual"
15.	What is the tax payable by an individual with income that is less than 30,000 per month?	<ul style="list-style-type: none"> ● An individual who earns employment income of N30, 000.00 or less in a month is exempt from personal income tax. However, the individual must file tax returns with the relevant tax authority. ● An individual who earns income of N30, 000.00 or less from business is liable to pay 1% minimum tax as personal income tax.
16.	Which tax authority administer taxes on Local Government Contractors?	<ul style="list-style-type: none"> ● A contractor can either be a Limited Liability Company or an Enterprise. ● If it is a Limited Liability Company, it pays Companies Income Tax to FIRS. VAT and WHT deducted are also remitted to FIRS. The contractor will file both CIT and VAT returns to FIRS.

		<ul style="list-style-type: none"> ● If it is an unincorporated entity (i.e. enterprise or partnership), WHT is remitted to States Internal Revenue Service, while VAT is remitted to FIRS. The entity is required to file income tax returns with SIRS.
17.	Can you provide us with information guides on Finance Acts 2019, 2020, and 2021?	Information Circulars on Finance Acts, 2019, 2020 and 2021 are uploaded on the FIRS website: www.firs.gov.ng/resources .
18.	Can you provide us with information on e-payment services?	<ul style="list-style-type: none"> ● Log on to www.firs.gov.ng ● Click on e-services payment and follow the prompts
19.	How can VAT filling- sales adjustment be done on TaxProMax platform?	<ul style="list-style-type: none"> ● Go to taxpromax.firs.gov.ng ● Login with your username and password obtained at the Tax Office ● Go to Concluded Assessment ● Identify the Assessment period and Click on view sales schedule ● Identify the particular returned item and copy the item ID ● Go back to Taxes due ● Click on Taxes Due ● Select on the current assessment period ● Click to proceed ● Click on sales schedule to upload sales ● Upload sales schedule if any, then proceed ● Select proceed ● Taxpayers can see available purchases made reported by the irrespective sellers for input claim ● Enter the item ID copied from previous returned

		<ul style="list-style-type: none"> ● Search for the item ● Input the Return Value of the item ● Submit and proceed ● All Returned items will be displayed ● The initial beneficiary account will also be debited, then click proceed ● TaxProMax computes VAT and Automatically less sales adjustment on line 40 ● Confirm and submit ● Select payment gateway to generate PRN, make payment online or Bank Branch
20.	Why is it difficult to get receipt on time?	<ul style="list-style-type: none"> ● Receipts are generated automatically after payment and sent to the designated email address. ● If it is not received, check the spam email box or confirm the correctness of the email address provided to the Service. ● You may visit the nearest tax office to update the email address.
21.	What is the difference between FIRS and FCT IRS?	<ul style="list-style-type: none"> ● FIRS is the tax authority responsible for administering taxes due to the Federation and the Federal Government. FIRS administers all the taxes/laws in Schedule 1 of FIRS Establishment Act. ● FCT-IRS is responsible for collecting PIT from residents of FCT (including their income tax from trade or business), capital gains tax, Stamp duty.
22.	The rate of VAT is too high, can it be reduced to 5%?	<ul style="list-style-type: none"> ● FIRS does not have the power to reduce the rate of VAT. ● The VAT rate can be varied (increase or decrease) by the National Assembly through amendment of the VAT Act.
23.	What limitation do government agencies have when using TaxPro Max platform?	None

24.	What are the tax obligations of small businesses?	<ul style="list-style-type: none"> ● Small businesses with gross turnover of N25 million or less are exempt from payment of CIT and VAT respectively. ● They are also not obligated to charge, collect or remit VAT. They do not have obligation to file VAT returns. However, they have obligation to file income tax returns.
25.	What is the process of remitting Pay-As-You-Earn (PAYE) in the TaxProMax platform?	<ul style="list-style-type: none"> ● PAYE of individuals is remitted to relevant States' Internal Revenue Service where the individual is resident. ● PAYE of non-resident persons, members of the Armed Forces and Police and Staff of the Ministry of Foreign Affairs is remitted to FIRS through Taxpro Max. The remittance process in the Taxpro Max is as follows: <ul style="list-style-type: none"> ■ Visit https://taxpromax.firs.gov.ng ■ Click on "login" to login to the e-filing platform ■ Click on "Group Taxes" to access the group taxes menu ■ Click on "Pay As You Earn" to initiate filing ■ Download the "PAYE upload template" ■ Populate the template with details of the PAYE beneficiaries ● Upload the PAYE beneficiaries schedule and generate Payment Reference Number (PRN) for payment.
26.	What is the difference between stamp duty collected by FIRS and those collected by NIPOST?	<ul style="list-style-type: none"> ● FIRS collects stamp duty on dutiable instruments/documents either at Ad-valorem or fixed rate. ● NIPOST does not have obligation to collect stamp duty under the Stamp Duties Act, rather, NIPOST sells adhesive stamps for purpose of denoting any duty.
27.	How do I reactivate a dormant TIN?	Dormant TIN is reactivated by submitting application for TIN reactivation to the tax office where the TIN was obtained or domiciled.

28.	What are the applicable rates for Withholding Tax?	<table> <tr> <th>Types of Payment</th><th>WHT for Companies</th><th>WHT for Individual</th></tr> <tr> <td>Directors fees</td><td>N/A</td><td>10%</td></tr> <tr> <td>Consultancy</td><td>10%</td><td>5%</td></tr> <tr> <td>Commission</td><td>10%</td><td>5%</td></tr> <tr> <td>Interest</td><td>10%</td><td>10%</td></tr> <tr> <td>Dividend</td><td>10%</td><td>10%</td></tr> <tr> <td>Management services</td><td>10%</td><td>5%</td></tr> <tr> <td>Rent</td><td>10%</td><td>10%</td></tr> <tr> <td>Hire, lease, charter</td><td>10%</td><td>10%</td></tr> <tr> <td>Professional service</td><td>10%</td><td>5%</td></tr> <tr> <td>Technical services</td><td>10%</td><td>5%</td></tr> <tr> <td>Royalties</td><td>10%</td><td>10%</td></tr> <tr> <td>Contract of supplies</td><td>5%</td><td>5%</td></tr> <tr> <td>Contract for construction of road, bridge, building and power plant.</td><td>2.5%</td><td>5%</td></tr> <tr> <td>Contracts for other construction works</td><td>5%</td><td>5%</td></tr> </table>	Types of Payment	WHT for Companies	WHT for Individual	Directors fees	N/A	10%	Consultancy	10%	5%	Commission	10%	5%	Interest	10%	10%	Dividend	10%	10%	Management services	10%	5%	Rent	10%	10%	Hire, lease, charter	10%	10%	Professional service	10%	5%	Technical services	10%	5%	Royalties	10%	10%	Contract of supplies	5%	5%	Contract for construction of road, bridge, building and power plant.	2.5%	5%	Contracts for other construction works	5%	5%
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29.	What are the requirements for TCC for both new incorporated NGOs and Companies?	<p>A newly incorporated NGO or company that wish to obtain TCC must:</p> <ul style="list-style-type: none"> ● Register for tax purposes, ● Pay all relevant taxes due, and ● Request for TCC through the e-TCC platform/portal. 																																													
30.	How can a taxpayer get a refund, when double payment is made on stamp duties?	<p>Tax Refund application is to be written and addressed to the Executive Chairman, FIRS with the following information / documents:</p> <ul style="list-style-type: none"> ● Precise reason for refund ● Type of tax for which refund application is being made ● Period of transaction ● Original FIRS receipt of payment ● Bank tellers (where necessary) 																																													

		<ul style="list-style-type: none"> ● Stamped documents in which the Stamp Duties were paid
31.	What is help desk email address?	Helpdesk@firs.gov.ng
32.	What are the available phone numbers to call for complaints and enquiries?	094602700 09074444441 09074444442 09072111111 09073777777
33.	How can a taxpayer be created on TaxProMax?	Visit our self-service stations domiciled in all Tax Offices of the Federation for creation on TaxProMax.
34.	What section of Companies Income Tax Act (CITA) makes it compulsory to pay taxes?	Section 9 of CITA makes it compulsory for payment of income tax upon the profits of any company accruing in, derived from, brought into, or received in, Nigeria, provided the profits are not subject to tax under the Capital Gains Tax Act, Petroleum Profits Tax Act or Personal Income Tax Act. <ul style="list-style-type: none"> ● For a Nigerian company, its income is taxable in Nigeria whether or not it is made in Nigeria or elsewhere. Whereas for foreign companies, the income taxable in Nigeria is that which is derived in Nigeria.
35.	Are Non- Governmental Organizations (NGOs) required to submit audited financial statements?	Yes. Section 55 of CITA provides that every company, including a company granted exemption from incorporation shall, whether or not the company is liable to tax for a year of assessment, with or without notice from the Service, file a self-assessment return with the Service at least once a year. The return shall contain: <ol style="list-style-type: none"> Audited account, capital allowance and tax computations for the year of assessment, a true and correct statement containing the amount of profit from every source. Duly completed self-assessment Form as may be prescribed by the Service, attested to by a director or secretary of the company.

		iii. Evidence of payment of the whole or part of the tax due into the designated bank.
36.	What are the possible periods of filing Companies income tax returns?	{a} In the case of a newly incorporated company, within 18 months from the date of its incorporation or not later than 6 months after the end of its first accounting period, whichever is earlier. {b} in case of a company that has been in business for more than 18 months, not more than six months after the end of its accounting year.
37.	When is a company required to render its VAT returns?	A taxable person is required to render VAT returns to the Service, on or before the 21st day of the month following that in which the taxable purchase or supply was made.
38.	Can a person who import goods into Nigeria pay VAT?	Yes. A person that imports goods into Nigeria is required to pay VAT at the point of entry and render returns on all the taxable goods imported by him to the Service.
39.	What is the penalty for failure to render VAT returns?	A taxable person shall be liable to a fine of N 50,000.00 in the first month of default and N 25,000 for every month in which the default continues. This means that the penalty is cumulative until the returns is filed.
40.	What is the penalty for failure to notify change of address or permanent cessation of trade or business?	A taxable person who refused to notify the Service of any change of address within 30 days or failed to notify of permanent cessation of trade or business is liable to: I. N 50,000.00 for the first month of failure II. N 25,000.00 for subsequent months in which the failure occurs.
41.	What are the applicable VAT rates in Nigeria today?	<ul style="list-style-type: none"> ● 7.5% ; and ● 0 % for zero rated goods

42.	Can a Non-resident Company register for VAT in Nigeria?	Yes. A non-resident Company that makes a taxable supply of goods or services to Nigeria shall register for tax with the Service and obtain Tax Identification Number (TIN). He shall include tax on his invoices for all taxable goods and services.
43.	When is a Company said to be resident in Nigeria?	I. A company is said to be resident in Nigeria if it is a Nigeria company. II. A resident or Nigerian company as defined under Section 105 of CITA i.e. any company formed or incorporated under any law in Nigeria. III. A resident company is subject to tax on all its global or worldwide income or profit in Nigeria.
44.	What is Dual Residence?	It refers to a situation where a taxpayer is resident for tax purpose in more than one country at the same time.
45.	What is Permanent Establishment? Give examples	Permanent Establishment is a tax treaty term that refers to a fixed place of business, through which the business of a non-resident is wholly or partially carried on in Nigeria. Examples include; a branch, an office, a factory, a workshop, a shopping malls, a place of management, a dependent agent, a building site or construction project.
46.	What is Thin Capitalization?	This is a process where business operations are excessively funded with interest bearing debt rather than equity capital.
47.	When is the profit of a foreign company deemed to be “derived” from Nigeria?	If the profits meets the conditions stated in Section 13 (2) of the Companies Income Tax Act (CITA) or Section 3 (1) of the Personal Income Tax Act (PITA).

48.	What is the tax implication of business combination through acquisition or merger of companies a, b and c to form company d?	<ul style="list-style-type: none"> ● No Initial Allowance on the assets acquired while annual allowance is limited to the residue of the asset; ● Commencement and Cessation rules will apply except the entities meet the following conditions: <ul style="list-style-type: none"> i. The parties apply in writing to obtain the consent of the Service; ii. The entities prove to the satisfaction of the Service that one company has control over the other or that the companies are controlled by some other person or are members of a recognised group of companies; iii. The entities involved must have been related for not less than a consecutive period of 365 days before the reorganisation;
49.	What is the penalty for failure to collect tax?	A taxable person who fails to collect tax under the VAT Act, is liable to pay a penalty of 150% of the amount not collected, plus 5% interest above the Central Bank of Nigeria rediscount rate.
50.	What does this acronym "RRN" stand for?	Remita Retriever Number.
51.	What do I do if my company is not reflecting on TaxProMax Portal?	Taxpayer should register the company on the TaxProMax portal or update its records through its tax office in order to receive a password for TaxProMax registration.