

**FREQUENTLY
ASKED
QUESTIONS
& ANSWERS
(FAQAs)
ON VAT AUTOMATION**



it pays to pay your tax

FAQ&



Frequently Asked Questions & Answers (FAQs) on VAT Automation

1. What is VAT Automation?

Answer: A tax system integrated with advanced technology to collect VAT from taxable persons automatically.

2. Is automation mandatory for every taxpayer?

Answer: Yes, it is mandatory for all taxable persons to automate within thirty (30) days of notice from the Service.

3. Is there a legal basis for the automation?

Answer: Yes, Section 25 subsection (3) and (4) of the FIRS Establishment Act as amended states this.

4. Who is a Merchant?

Answer: A Merchant refers to a taxpayer or a business supplying goods and services.

5. What is automation platform?

Answer: This is the application that serves as a base where automation of tax administration processes are performed.

6. What is TIN?

Answer: TIN is the short form of Taxpayer Identification Number; this is the FIRS Unique reference number allocated and issued to Taxpayers to identify persons (individual or a Company) for Tax purposes.

7. What is EJ report?

Answer: Electronic Journal Report captures and summarises all transactions for a

particular period i.e. input VAT, output VAT, zero-rated sales, VAT exempt sales, total sales (VAT inclusive), total sales (VAT exclusive) and VAT amount.

8. What are MDA sales?

Answer: Income earned on transactions with Government Ministries, Departments and Agencies (MDAs) on which VAT deductions were done at source.

9. Does the automation use internet?

Answer: Yes, an internet connection is required for automation.

10. Who pays for the internet?

Answer: The Taxable person.

11. Does the VAT automation recognize exempt goods?

Answer: Yes. All expanded list of exempt goods & services in line with the VAT Act, as amended are captured in the automation platforms.

12. Does the VAT automation recognize zero-rated items?

Answer: Yes, all zero-rated goods and services in the First Schedule of the VAT Act are recognized.

13. Is it compulsory for a taxpayer to key into the VAT automation?

Answer: Keying into VAT automation is not optional; it is a compulsory obligation according to the Nigerian Tax Law and failure to comply will lead to imposition of sanctions in line with Section 26 of the FIRS Establishment Act as amended.

14. Can I claim input VAT from a merchant that has no TIN?

Answer: No. For an input VAT claim to be valid, it has to be issued by a merchant/business/individual duly registered with FIRS and having a TIN. A merchant without TIN will not be able to remit the amount deducted to FIRS and VAT not remitted to FIRS cannot be claimed as input.

15. Will there be a receipt for goods bought through VAT automation platform?

Answer: Yes, all goods/ items bought will be receipted.

16. Does the new receipt carry any feature different from the normal receipt?

Answer: Yes- the unique difference is that it has the FIRS logo and a barcode.

17. Is it possible to file two different VAT returns for the same month on the VAT automation platform?

Answer: No. VAT return is filed on monthly basis, 21 days following the month in which the transaction was carried out.

This is the step to follow:

- Log on to <https://taxpromax.firs.gov.ng> on your browser,
- Click on the activity you want to carry out,
- Follow the instruction, carry out all your VAT / Tax transactions on the FIRS Portal

18. How can I file & pay VAT in foreign currency transaction?

Answer: Same way as local currency but you select the returning currency or currency of transaction (i.e. currency type)

19. Where there is no income, how do I file for VAT for that month?

Answer: Follow the regular way of filing but populate NIL in the relevant fields.

20. Once a return is submitted, can I go back to review and adjust an information entered earlier?

Answer: No, submission cannot be adjusted nor reversed. Caution should be exercised to reviewing all entries before submitting.

21. Is there a provision for installment payment on the platform?

Answer: No, the assessed output VAT is taken by direct debit on a designated date.

22. Will there be a penalty if I file after the cutoff date of 21st?

Answer: Yes, penalty & interest will apply after the due date of filing.

23. Do I still have to file if I trade only on exempt goods?

Answer: Yes.

24. How is payment remitted under VAT automation?

Answer: By a direct debit mandate authorizing the remittance of the VAT aggregate amount for the month from a designated bank account.

25. What is meant by deduction at source?

Answer: Payment by direct debit mandate from a designated bank account provided to FIRS.

26. What happens if the VAT amount due for payment is higher than the envisaged amount set aside through direct debit mandate?

Answer: A new direct debit mandate will have to be set up to cover the new VAT amount.

27. What is NDA?

Answer: Non-Disclosure Agreement.

28. What is the assurance that my data is safe after connection or how is confidentiality addressed under VAT Automation?

Answer: FIRS has confidentiality clauses in its agreement and will Sign a Non-Disclosure Agreement (NDA)

29. When is payment remitted under VAT Automation?

Answer: Remittance is made on or before the latest time provided by law for the remittance (21st of each month)

30. What is the role of FIRS Vendors/Consultants in VAT Automation?

Answer: To provide end-to-end automation systems that leads to automated remittance.

31. What is VFD?

Answer: VFD means Virtual Fiscal Device. It is a utility software that delivers the automation program on the taxpayer's electronic invoicing System.

32. Are there offline capabilities?

Answer: Yes. Offline capabilities are limited to 150 offline transactions per till/point of sales every day.

33. What is integration?

Answer: Integration is the linking of the taxpayers' invoicing system to their user account on the VAT Automated Platform (VATrac) where they can easily manage their VAT Returns including filing and payment.

34. Is VAT form 002 embedded in the taxpayers user account in the automation platform?

Answer: Yes, the VAT Returns Form 002 is embedded in their user accounts.

35. What is API?

Answer: Application Program Interface; it is a model of the VFD that uses a single interface to integrate a taxpayer. It is designed for large taxpayers with multiple branches /outlets across multiple cities.

36. What happens if a receipt is void or goods are returned?

Answer: When a receipt is voided or goods returned, the system will convert the invoice or receipt into a credit note which will be used to adjust that transaction when filing your returns. The credit note covers transactions at both the Item level as well as the invoice Level.

37. What is required for Automation?

Answer: The use of electronic cash registers and printers for transaction is a requirement for automation. All taxpayers are advised to adopt electronic invoicing systems to key into the VAT Automation Program.

38. What is onboarding?

Answer: Onboarding is the process of moving taxpayers from the manual system of VAT administration to the Automated VAT Platform.

39. What are mandatory tokens?

Answer: Mandatory Tokens are transaction information that must appear on a receipt issued to a customer by a taxpayer (Merchant or Trader). They include - TIN, date, invoice or receipt number, List of items or description of goods, standard 7.5% VAT amount applicable, grand total etc.

40. What happens if additional assessment arises on invoices that do not qualify for input through routine audit?

Answer: Additional assessment will be raised for payment.

41. What is public notice?

Answer: Notices published by FIRS to inform, guide, educate and notify the general public on relevant tax issues.

42. What are the benefits of VAT Automation?

Answer: It makes compliance easy; it provides business intelligence & a vast array of sales and transaction reports for merchants; It provides administrative support; auto-population of VAT form 002; electronic filing of VAT returns; status updates; the entire VAT life cycle can be administered from the comfort of your home/office & the automation is free and at zero cost to the taxpayer.

43. What should I do if I don't have the beneficiary TIN while filing VAT returns?

Answer: You are required to put zero under the beneficiary TIN. This will enable you to update the schedule at any time the beneficiary provides the TIN.

44. How do I upload my sales schedule?

Answer:

- Log on to <https://taxpromax.firs.gov.ng> on your browser,
- Click on taxes due,
- Choose the VAT returns you want to file, earlier forms shall be filed first.
- Click to download on sales schedule, there is a template form with the following details for you to complete:
 1. TIN
 2. Item Description
 3. Item Cost (Net of VAT)
 4. Description
 5. VAT Status 0 - Vatable,
 1 - Zero Rated,
 2 – VAT Exempt

45. How many lines/entries can I upload on the template?

Answer: Each template can take a maximum of 1,000 lines. For companies that have more than 1,000 details, the schedule can be uploaded in batches but subject to a maximum of 1,000 in each batch.

46. What if my customer returns goods after I had filed VAT returns?

Answer: We have provision for sales adjustment where you can key in details of any customer refunds.

47. How do I make a claim for input on my purchases?

Answer: The field is enabled for you to key in the input incurred for the period. This will however be subject to verification. The following will apply to input VAT claims that TaxPro MAX is unable to verify, validate or manually trace:

- Suppliers that could be located/traced, but who are yet to render VAT returns, will be required to render all outstanding returns immediately. Penalty and interest will be imposed on such suppliers, in accordance with the provisions of the Tax Laws. Tax audit, investigation or enforcement activities may be triggered on such persons.
- For Suppliers that could not be traced or located, input tax claimed by the purchaser shall be disallowed. The claimant shall be required to assist the Service to locate the supplier within a stipulated timeline (one month following the month the VAT returns was filed).



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For all enquiries & Complaints, please contact
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