



REVENUE HOUSE

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**PUBLIC NOTICE TO FEDERAL AND STATE MINISTRIES, DEPARTMENTS AND AGENCIES, LOCAL GOVERNMENT COUNCILS, CORPORATE ORGANIZATIONS AND OTHER COLLECTING AGENTS ON VALUE ADDED TAX MONTHLY REMITTANCES AND RETURNS**

**1. MANDATORY PAYMENT:**

Notice is hereby given to all Federal and State Government Ministries, Departments, Agencies, Local Government Councils of the Federation, Corporate organizations and all other Collecting Agents on the mandatory direct E- Payment of Value Added Tax (VAT) to Federal Inland Revenue Service (FIRS) accounts.

Collecting agents are also requested to submit schedules along with the payments as shown under item 6 in approved templates in electronic form (Ms-Excel) to the relevant tax offices of the FIRS.

The administrative arrangement spelt out above is predicated on the provisions of Financial Regulations as follows:

- *Financial Regulations 334 (I) to (III) specify the role of Accounting Officers in making provision for VAT on supplies and Services, remittances as and when due to bank accounts of the relevant tax authority.*
- *Financial Regulations 334 (IV) stipulates that in the event of failure to provide for and remit the tax to FIRS, the tax shall be recovered from the Statutory Allocation of the defaulting government agency.*

Over the years, huge arrears of taxes accumulated by Federal, States, Local Government Councils and all other collecting agents all over the country have impacted negatively on the nation's revenue profile. It is also a known fact that the nation needs a sustained flow of revenue for her development projects.

Furthermore, tax arrears have arisen from the following practices:

- (a) Failure to charge correct rates of VAT on transactions;
- (b) Misclassification of transactions resulting in under-remittance;
- (c) Illegal retention of VAT funds after deduction have been duly made and illegal use of such funds.

## 2. LEGAL INSTRUMENTS

Total compliance with the relevant provisions of the Tax Laws will be a safeguard against accumulation of arrears and ensure availability of funds for sustainable national development. The relevant tax laws include:

- *Section 40 of the Federal Inland Revenue Service (Establishment) Act 2007, which imposes a general obligation on agents to deduct and remit taxes in accordance with specific provisions of the various tax laws;*
- *Section 13(1) of the Value Added Tax Act Cap. V1 LFN 2004 (as amended), which imposes an obligation on Ministries, Departments, Agencies of government to withhold VAT at source on all payments and remit same to the FIRS;*

It should be noted that failure to comply with the various provisions of the tax laws quoted above attracts sanctions ranging from payments of penalties and interest to imprisonment.

In fact, Section 40 of the FIRS (Establishment) Act 2007 states that *any person who is obliged to deduct any tax under this Act or the laws in the First Schedule to the Act (Inclusive of Companies Income Tax Act, Capital Gains Tax Act, Value Added Tax Act, Stamp Duties Act, Taxes and Levies, Approved List of Collection, etc) but fails to deduct or having deducted fails to pay to the Service within thirty days from the date the amount was deducted or the time the duty to deduct arose, is guilty of an offence.* The law also stipulates that the offender on conviction is *liable to pay the tax withheld or not remitted in addition to a penalty of 10 percent per annum of the tax withheld or not remitted and interest at the prevailing Central Bank of Nigeria's minimum rediscount rate and imprisonment for a period of not more than 3 years.*

Note that the years of imprisonment prescribed is not an alternative but it is in addition to the payment of tax, penalty and interest.

Also, under Section 24 of the FIRS (Establishment) Act, *the Accountant General of the Federation has the power to deduct at source from the budgetary allocation, unremitted taxes due from any Ministry or Government Agency.*

For the avoidance of doubt, FIRS has jurisdiction over Value Added Tax on all categories of taxpayers.

3. **PREVAILING TAX RATES FOR VAT PAYMENTS**

The rate chargeable for VAT is five percent (5%) except those expressly exempted by the VAT law and the categories of zero rated goods namely:

- (a) Non-Oil Exports;
- (b) Goods and Services purchased by diplomats; and
- (c) Goods and Services purchased for use in humanitarian donor funded projects.

All Schedule Officers in charge of Accounts are therefore enjoined to deduct and remit VAT.

PLEASE NOTE THAT ON NO ACCOUNT SHOULD ANY TAX PAYMENT DUE TO THE FEDERAL INLAND REVENUE SERVICE BE MADE TO AN ACCOUNT OTHER THAN THAT OF THE RELEVANT FIRS ACCOUNT IN THE COLLECTING BANKS, AS THIS IS A CONTRAVENTION OF THE TAX LAWS, WHICH ATTRACTS APPROPRIATE SANCTIONS.

4. **MANDATORY TIN GENERATION**

A key element of VAT schedule is the unique Taxpayer Identification Number (TIN) for both the collecting agents and the beneficiaries. TIN is readily generated at Relevant Tax Offices of FIRS all over the country subject to submission of appropriate

information relating to the supplier/contractor.

The relevant information needed for this purpose for companies, individuals and enterprises are as follows:

(I) COMPANIES

- a. Name of Company
- b. Incorporation Number
- c. Business Address
- d. Date of Incorporation
- e. Line of Business
- f. Email Address
- g. Phone Numbers

(II) INDIVIDUALS

- a. Name of Taxpayer
- b. ID Type and Number (Work ID, National ID, Drivers Licence or International Passport)
- c. Taxpayer's Address
- d. Line of Business
- e. Email Address
- f. Phone Numbers

(III) ENTERPRISES

- a. Name
- b. Registration No.
- c. Business Address
- d. Date of Registration of Business
- e. Line of Business
- f. Email Address
- g. Phone Numbers

All State Government Ministries, Departments, Agencies and Local Government Councils are required to ensure that all contractors provide their TIN before engaging in any transaction with such entities and in the same vein, all staff of State MDAs and Local Government Councils must obtain TIN to facilitate the remittances of VAT.

contracts/supplies should be made to the FIRS not later than the 21<sup>st</sup> day of the month following the month of purchase/supply. The returns should be made to the relevant tax office.

**5. SUBMISSION OF RETURNS**

Submission of returns for amounts for VAT deducted from

(a) **Monthly Returns of VAT**  
**To**  
**Tax Controller/State Monitor of the Relevant Tax Offices**

Name of Organization/Ministry/  
State/Local Govt  
Type of Tax (VAT)  
Total Amount Remitted  
Month and Year of Remittance

**6. SCHEDULES TO BE ATTACHED TO PAYMENTS**  
**MONTHLY VAT RETURNS FORM**  
**(To be submitted at the relevant FIRS office)**

Name of Organisation: \_\_\_\_\_

MONTHLY RETURNS OF VAT TO FIRS FOR THE MONTH OF: \_\_\_\_\_ 201\_\_\_\_\_

| S/No. | Name of Taxpayer | Address of Taxpayer | Taxpayer Identification Number (TIN) | Nature of Contract | Date of Contract Award | Contract Invoice No. | Gross Value of Contract (N) | VAT Rate Applied | Amount of VAT Deducted (N) | Net Contract Payment (N) |
|-------|------------------|---------------------|--------------------------------------|--------------------|------------------------|----------------------|-----------------------------|------------------|----------------------------|--------------------------|
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**7. FIRS ONLINE**

Furthermore, the e-payment policy of the Federal Government represents another effort in institutionalizing accountability, transparency and efficiency in the polity. In this direction, a taxpayer can make payment to FIRS through designated collecting banks.

State MDAs and Local Government Councils are required to take advantage of e-payment platform and print out the e-ticket as an acknowledgment of remittance from the collecting bank whenever payment is made.

## 8. CONCLUSION

In view of the enormous government projects to be funded even in the face of dwindling oil revenue, the Federal and State Ministries, Departments, Agencies, Local Government Councils and other collecting agents are enjoined to be alive to their obligations by complying with the Tax Laws.

For further clarifications, please contact;  
Executive Chairman,  
Federal Inland Revenue Service

Revenue House,  
15 Sokode Crescent, Wuse Zone  
5  
Abuja.

Or

Visit our website:  
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