

SPECIAL POINTS OF INTEREST:

- **FIRS Routine Compliance Exercise commenced nationwide 12 October 2015.**
- **Full fledged audit by FIRS will commence on 2 November 2015**
- **Our main objective is to ensure there are no surprises.**
- **Kindly review your records and liquidate established liability.**

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Change is here !

We welcome you to the last quarter of the year when most business activities are rounding up for the current year and companies are planning for the next year 2016.

We promised in our last Edition that we would continuously bring to your notice changes as they unfold in the compliance regime in the country. It is no news that there has been changes in the leadership of Federal Inland Revenue Service (FIRS) and Lagos State Internal Revenue Service (LIRS) which is already evidenced in the latest FIRS publication on commencement of Nationwide compliance exercise of all companies.

The Federal Government is looking in the way of Taxation to boost her dwindling revenue caused by the fall in oil price; hence the welcomed change at FIRS.



New Face at FIRS

What is new at Federal Inland Revenue Service (FIRS)?
FIRS witnessed a change in leadership followed by a recent development—the Tax Authority is embarking on a Nationwide Compliance check on all taxpayers which

will cover various taxes such as; Company Income Tax (CIT), Education Tax (EDT), Value Added Tax (VAT), Withholding Tax (WHT).

The exercise commenced on 12 October 2015 with officers of the Tax Authority visiting Taxpayer offices for routine checks. The purpose amongst others are to;

- Improve Voluntary compliance;
- Reduce Tax arrears;
- Boost revenue collection, and;
- Identify tax evaders through third party transaction.

What is expected of you as taxpayer?
Payment of established/outstanding liabilities and update of filing records.

Annual Return Declaration Procedure...

In reference to PITA 2011 Amended, which states that every employer of labour is to file Annual Return of employees taxes for the preceding year on or before 31 January of the current year; and failure to meet this obligation attracts

₦500,000 penalty. It is important the preparation begins in earnest, below are the documents required for Annual Return filing;



Item	Documents	Responsibility
1	Certified Consolidated payroll for the preceding year	Client
2	Certified Projected payroll for the current year	Client
3	Evidence payment of Business Premises	Client
4	Evidence payment of Development Levy	Client
5	Evidence payment of Director Tax	Client
6	Soft copy of payrolls on CD	Client
7	Evidence of PAYE remittance for the year under review	Client

It is important to note that the above documents shall be forwarded to us for verification and approval before submission to LIRS. We would expect this documents to reach before the Christmas break.

We would not take responsibility for any document not brought for approval and later become an issue after submission with LIRS.

Change is here ! ...continues

Value Added Tax (VAT)

As part of the compliance requirement to FIRS Directorate, Any VATable person is expected to file his /her monthly returns to FIRS as stipulated by tax laws which is calculated as 5% of the monthly Turnover. A good (100%) compliance to this requirement will leave the Company with no liability at year end or in the event of a monitoring exercise and/or audit by FIRS. However, where there is no substantial compliance, the company will be largely exposed to both VAT due, penalty and interest.

In accordance with VAT Act, 2007 No.12, a taxable person shall render to the Board, on or before the 21st of the month following in which the transaction was consummated. The following are the consequences for non compliance with the VAT Acts.

Failure to submit VAT returns to the FIRS attracts a fine of ₦5,000 for every month in which the fail-

ure continues (Section 35). Please note that NIL returns filing is essential when your company is exempted from VAT.

Withholding Tax (WHT)

In accordance with section 40 of FIRSA 2007 which states that the tax deducted at source (Withholding taxes) should be remitted within thirty days from the date the tax was deducted. This represents tax withheld from your supplier or service provider.

Failure to deduct and remit WHT within the stipulated time, upon conviction, attracts penalty of 10% of the tax withheld or not remitted per annum and interest at the prevailing Central Bank of Nigeria minimum re-discount rate and **imprisonment for period of not more than three years.**

Our procedure remains:

- Strategic— Develop calendar to alert you at least 1week before the deadline date. Plan your cash flow to meet the obligation.
- Operational – Compute the tax payable from the appropriate income at the end of each month.
- Routine – Fill the appropriate tax form and file with payment receipt (if applicable) at the designated FIRS office.



SOC Focal Point:
Maximum compliance to statutory obligations but minimum exposure to tax”

WHT Credit Notes Usage

The importance of Withholding Credit Note cannot be overemphasized; it is used to absorb/offset the Company Income Tax and future liability. **The collection of original WHT credit notes has become a necessity because FIRS no longer ac-**

cepts the submission of Audited Account without physical/original credit notes to offset the CIT liability. Therefore develop a system to collect credit note for every transaction as they take place.