

Voluntary Assets and Income Declaration Scheme (VAIDS) has been launched



Taxpayers are expected to voluntarily declare all previously undisclosed assets and income under the Scheme from 1 July 2017 to 31 March 2018.

For a deeper discussion, please contact any member of our team below or your usual contact within PwC Nigeria:

Taiwo Oyedele
+234 1 271 1700 Ext 50002
taiwo.oyedele@pwc.com

Kenneth Erikume
+234 1 271 1700 Ext 50006
kenneth.erikume@pwc.com

Folajimi Olamide Akinla
folajimi.akinla@pwc.com
+234 1 271 1700 Ext 52008

Priscilla Manah
priscilla.manah@pwc.com
+2341 2711700 Ext.

Introduction

Today 29 June 2017, the Acting President, Prof. Yemi Osinbajo, SAN formally launched the Voluntary Assets and Income Declaration Scheme (VAIDS). The Scheme will commence on 1 July 2017 for a period of 9 months.

VAIDS is an initiative designed to encourage voluntary disclosure of previously undisclosed assets and income for the purpose of payment of all outstanding tax liabilities.

The Scheme would be implemented by the Federal Inland Revenue Service (FIRS) in collaboration with all 36 State Internal Revenue Services and the FCT IRS.

Objectives

The main objective of the scheme is to increase the number of taxpayers in the tax net and raise revenue. Specifically, to:

- Increase Nigeria's tax to GDP ratio from the current 6% to between 10% and 15%.
- Broaden the national tax base.
- Curb non-compliance with existing tax laws.
- Discourage illicit financial flows and tax evasion.

Overview of the Scheme

Framework: The legal basis for the Scheme is an Executive Order signed into law by the Acting President and a Memorandum of Understanding signed between the FIRS and the State Internal Revenue Services.

Incentives: Taxpayers who make full and honest declarations will enjoy waiver of interest and penalty, immunity from prosecution, confidentiality, exemption from tax audits for the periods covered and flexible payment of tax due.

Scope and applicable taxes: The Scheme is applicable to all persons (individuals, companies, executors, trustees, partnerships etc.) liable to tax in Nigeria. Taxes covered include Companies Income Tax, Personal Income Tax, Petroleum Profits Tax, Capital Gains Tax, Value Added Tax, Stamp Duties, Tertiary Education Tax and NITDA levy.

Non declaration: Taxpayers who fail to participate in the Scheme will be investigated and if found culpable will be subject to criminal prosecution. A 'name and shame' list of tax evaders will be published.

Other matters: There will be sensitisation for professionals and taxpayers in general. About 7,500 Community Tax Liaison Officers (CTLO) are being recruited and trained for this purpose. Effective July 2017, every Thursday will be declared as '**Tax Thursday**' to focus on tax matters.

As a fall-back option, government would rely on various international conventions and multilateral agreements to obtain information required for prosecution of defaulting taxpayers or those who make false declarations.

An international forensic and asset tracing company has been engaged to support this process.

Takeaway

Given the state of the economy in view of the huge fall in oil revenue, ballooning budget deficit and rising debt servicing cost, it is not surprising that government is taking a drastic measure to change the country's tax narratives.

We encourage taxpayers to embrace this opportunity to correct any areas of non-compliance with their tax obligations and hold government accountable for effective utilisation of revenue collected.

