

FIRS launches new electronic platforms for tax payments



The FIRS in a move to improve tax compliance has launched three e-channels for tax remittance. If properly implemented some of the current challenges and inefficiencies encountered in processing tax payments will be reduced.

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

Taiwo Oyedele

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

Ugochukwu Dibia

+234 1 271 1700 Ext 50005
Ugochukwu.dibia@ng.pwc.com

Gbemisola Ayaoba Aisida

+234 1 271 1700 Ext 50036
gbemisola.aisida@ng.pwc.com

On 20 June 2016, the Federal Inland Revenue Service (FIRS) rolled out three electronic-tax payment platforms (ePPs) to enable taxpayers remit their taxes online through online payment portals.

The FIRS had introduced the Integrated Tax Administration System (ITAS) project in 2013 aimed at simplifying the tax compliance process in Nigeria. ITAS envisages the provision of electronic platforms for taxpayers to remit taxes, generate tax clearance certificates, and get instant credit for withholding taxes amongst others.

The roll out of the ePPs via three platforms (Remita, NIBSS and Interswitch), if properly implemented would improve the ease of paying taxes in Nigeria.

Taxpayers would now have the avenue to remit the tax due with the click of a button on any electronic device that is connected to any of the platforms. Penalties and interests for late remittance can be avoided if payments are done timely.

From the FIRS's perspective, this will certainly reduce the cost of administration, collection and create a database for monitoring compliance.

The platform will also help the FIRS monitor consistency in payments and raise questions when defaults arise.

The ePPs are apparently simple to use and designed to validate

the taxpayer's ID upon payment. Companies may also consider this useful in verifying the TIN of their vendors when making withholding tax payments for example.

Also, there is an option to give a payment instruction (standing order) to the payer's bank for tax remittance. The portals are mail enabled to notify the taxpayer of the tax transactions done on the portal.

Overall, we consider this as a good initiative and a step towards full implementation of e-filing which is one of the objective of the ITAS project.

Takeaway

There is an active drive for increased tax revenue. While the e-platforms will make tax remittances easier, they also provide additional justification for the FIRS to impose penalties and interest for defaults.

Taxpayers are encouraged to embrace the new e-platforms of payment and must now review their level of compliance to avoid sanctions.

The FIRS should monitor implementation and deal with teething issues that may arise as well as broader issues like awareness and taxpayer education, system downtime, access to network, reconciliation and correction of erroneous remittances and systems security measures.

