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Lagos State Internal Revenue Service (LIRS) launches Service Charter

Background

On 28 July 2021, the Lagos Internal Revenue Service ("LIRS" or the "Revenue") released a Service Charter (the "Charter"), highlighting the LIRS' mode of operations and services to be provided to taxpayers and other stakeholders. The Charter also underscores the rights, obligations and expectations of the LIRS and its stakeholders, with the aim of enhancing effective customer-friendly service delivery.

Highlights

The Charter spells out the Revenue's vision, mission statements, and core values. The Revenue's vision is to be foremost in achieving the highest level of voluntary compliance and its mission is hinged on a simple and cost effective tax administration. The LIRS core values are specified to include professionalism, integrity, innovation and teamwork. The Charter further identifies the services and expected standards relating to 8 directorates/units in the LIRS (including the Office of the Chairman) as follows:

- **Directorate of Administration and Human resources (DAH)** - This Unit is responsible for providing administrative support to the other directorates, maintaining the Revenue's facilities, and Human Resources management.
- **Directorate of Personal Income Tax (DPIT)** - The Unit is saddled with ensuring effective assessment of taxpayers and administration of PIT. The Charter includes certain timelines which the LIRS is expected to comply with in service delivery, for example, electronic Tax Clearance Certificates (e-TCCs) are required to be issued 72 hours after application.
- **Directorate of Legal Services (DLS)**: The DLS is responsible for providing legal advisory services to the Revenue and assisting with prosecution issues.
- **Directorate of Tax Audit (DTA)**: This Unit is assigned with collection of outstanding liabilities due to the state. Notable standards required from the DTA include; issuing tax audit notifications 14 days prior to the visit to the taxpayer, delivering a tax audit demand notice 30 days after completing a tax audit exercise, and issuing a revised demand notice within 30 days upon receipt of an objection letter to a Best of Judgement assessment.
- **Directorate of Informal Sector and Special Duties (DISSD)**: The aim of this Unit is to enlighten taxpayers on voluntary tax compliance, with a focus on widening the tax base especially from the informal sector. The Unit is expected to send out registration letters to newly identified and registered individuals/companies within 48 hours.
- **Directorate of Finance and Account (DFA)**: The DFA is tasked with dealing with the financial matters of the Revenue, including contractor services. The unit is expected to promptly settle vendors within 24 hours of receipt of relevant documents.

- **Directorate of New Growth Areas (DNGA)**: This Unit is responsible for driving revenue growth for the LIRS by applying tax law changes. The directorate is required to issue withholding tax credit notes within 3 days of receiving relevant documents, among other responsibilities.
- **Office of the Executive Chairman (OEC)**: This Unit administers the LIRS and is mandated to ensure efficiency and cost effectiveness in tax administration. The OEC is also responsible for managing the LIRS' social media platforms, committing to a 3-minute response time for online inquiries. It is also responsible for stamp duties assessments as applicable.

A Service Delivery Unit of the LIRS will be responsible for monitoring and reporting on the Revenue's compliance with the Charter. A quarterly report is expected to be published on the Revenue's website. The Charter also contains contact information that can be used by the public to make complaints to the LIRS. Responses to such complaints are to be provided by the LIRS within 24 hours.

Takeaway

The Charter is designed to guide the tax compliance process and the general administration of the LIRS, and is expected to boost trust and accountability between the LIRS and its stakeholders, including taxpayers.

The LIRS' vision is to be foremost in advancing voluntary compliance and its mission is to collect taxes effectively. One sure way to do this is a continuous recognition that there is a social contract with taxpayers which behoves on them to do good not only in collection but reducing collection costs and delivering communications with the highest standard of professionalism. The charter recognises this with measurable timelines to hold the LIRS accountable to. The release of the charter also aligns with best practice but it is expected that subsequent to its issue, annual reports are issued and performance measured within a reporting framework. As an example, ratios for determining how cost-effective collection has been, would be good to see rather than singular numbers which may distort context. Same can be said for other indices such as the number of taxpayers within the tax net, and so on.

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