

## FIRS Grants Further Palliatives in Response to Recent Business Disruptions

Following the disruption to businesses occasioned by the recent EndSARS protest across Nigeria, the Federal Inland Revenue Service (FIRS) on Wednesday, 4 November 2020 issued a public notice (the Notice) granting additional palliatives to businesses in Nigeria.

### Additional palliatives granted by The Service

The additional palliatives granted by the Service relate to waiver of interest and penalty on outstanding tax liabilities resulting from tax desk reviews, audit and/or investigations and self-assessments from 4 November to 31 December 2020. However, this waiver only applies where taxpayers settle their outstanding tax liabilities (principal amount) on or before 31 December 2020.

According to the Notice, the additional window granted for obtaining a waiver of interest and penalty on outstanding tax liabilities is necessary to provide some relief to businesses that have suffered disruptions as a result of the recent protest across the country, in addition to disruptions caused by the COVID-19 Pandemic. The FIRS also reiterated that the following palliatives earlier granted to companies are still in place:

1. Extension of the filing and payment deadline for Withholding Tax and Value Added Tax returns from 21st day of the month to the last day of the month.
2. Taxpayers who earn revenue in Nigerian Naira but are facing challenges in obtaining foreign exchange (Forex) for use in offsetting their tax liabilities can pay their outstanding tax liabilities in Naira at the prevailing Investors and Exporters (I&E) Forex window rate on the day of payment.

### Commentaries

The latest palliative is a welcome development as the unrest has further worsened the situation of businesses which are still challenged by the ongoing COVID-19 pandemic.

While we commend the FIRS for being sensitive to the challenges faced by businesses at this time, the deadline of 31 December 2020 may not be enough for taxpayers given the magnitude of the twin impact of the pandemic and the recent unrest on their finances.

Thus, the FIRS should be open to taxpayers' application for extension of time to settle their outstanding tax liabilities as they struggle to generate enough cashflow to stay afloat.

The FIRS should further consider extending the waiver to taxpayers who have undisputed tax positions but are yet to fully resolve disputes with the FIRS. This will enable such taxpayers to take advantage of the relief pending resolution of their disputes with the FIRS.

Meanwhile, it is expected that affected taxpayers will embrace the new palliative and use their best endeavours to comply within the deadline, or otherwise proactively engage the FIRS to agree a mutually acceptable arrangement.

*For more enquiries, please contact our tax team:*



**Aliu Yesufu**  
*Partner, Tax*  
234 (0) 803 311 4535  
[aliu@nexianigeria.com](mailto:aliu@nexianigeria.com)



**Mathew Agada**  
*Senior Manager, Tax*  
234 (0) 703 7419 350  
[mathew@nexianigeria.com](mailto:mathew@nexianigeria.com)