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Guidelines on Simplified Compliance Regime for Value Added Tax (VAT) for Non-Resident Suppliers

NO. 2021/19

Date: 11th October 2021

These Guidelines are issued by the Federal Inland Revenue Service ("the Service"), pursuant to sections 10 of the Value Added Tax (VAT) Act Cap V1, LFN 2004 (as amended), for the guidance of the general public, tax practitioners and taxpayers, particularly, non-resident suppliers of goods and services to Nigeria. It clarifies the obligations, processes and procedures for compliance with the Simplified Compliance Regime. These Guidelines amend, update or replace contents of any other Guideline, Circular, notice or other publication previously issued by the Service that is inconsistent with its contents to the extent of such inconsistency.

1.0 Introduction

- 1.1 Section 10(1) of the Value Added Tax Act Cap V1, LFN 2004 (as amended) requires Non-Resident Suppliers (NRS) of goods or Services to Nigeria to register and obtain Taxpayer Identification Number (TIN).
- 1.2 Section 10(3) enables the Service to appoint any person to collect VAT on its behalf.
- 1.3 Section 10(5) enables the Service to issue guidelines for the purposes of administration of this regime.
- 1.4 Consequently, these Guidelines are issued for the guidance of NRS supplying goods, services or intangibles to persons in Nigeria through electronic, digital or similar platforms for ease of compliance.
- 1.5 The Guidelines deal with the following issues:
 - i. Requirements for VAT registration under the regime
 - ii. Procedure for registration for VAT by NRS.
 - iii. Supplies that are taxable in Nigeria,
 - iv. Appointment of NRS as VAT Collection Agents
 - v. Procedure for remittance of tax collected,
 - vi. Procedure for deregistration,
 - vii. General obligations of NRS under the Act
- 1.6 Note that, by the coming into effect of the Finance Act 2020, it is no longer necessary for NRS to use the address of the person to whom it is making a supply as its mailing address in Nigeria. Instead, every

relevant NRS shall comply with the VAT Act (as amended) and the regime and practices enshrined in these guidelines.

2.0 Effective date

- 2.1 These Guidelines shall come into effect from 1st January 2022 with respect to supply of services and intangibles and 1st January 2024 for goods.
- 2.2 Nothing in these Guidelines should be construed as deterring any person, including NRS', from collecting and remitting VAT to the Service, under the existing framework, until it has effectively migrated to the simplified compliance regime under these guidelines.

3.0 Basis of Taxation

- 3.1 By Section 2(1) of the Act, VAT is chargeable on all taxable goods and services supplied in Nigeria.
- 3.2 Section 2(2) provides that goods and services consumed or otherwise utilised in Nigeria are supplied in Nigeria. Furthermore:
 - a. Goods are supplied in Nigeria if:
 - i. the goods are physically present in Nigeria at the time of supply, imported into Nigeria, assembled in Nigeria or installed in Nigeria, or
 - ii. the beneficial owner of the rights in or over the goods is a taxable person in Nigeria and the goods or right is situated, registered or exercisable in Nigeria.
 - b. Services are supplied in Nigeria:
 - i. If the service is rendered in Nigeria by a person physically present in Nigeria at the time of providing the service,
 - ii. Irrespective of the jurisdiction of origin of the service, where the services is rendered to a person physically present in Nigeria at the time the service is rendered, or the service is consumed in Nigeria or whether or not the legal or contractual obligation to render such service rests on a person within or outside Nigeria, or
 - iii. The service is connected with existing immovable property (including the services of agents, experts, engineers, architects, valuers, etc.); where the property is located in Nigeria.
 - iv. it can be inferred from information provided that the consumers usual place of residence is Nigeria;
 - c. An incorporeal is supplied in Nigeria if:
 - i. the exploitation of the right is made by a person in Nigeria;
 - ii. the right is registered in Nigeria, assigned to or acquired by, a person in Nigeria, regardless of whether the payment for its exploitation is made within or outside Nigeria, or
 - iii. the incorporeal is connected with a tangible or immovable asset located in Nigeria.

- 3.3 As such, subject to the exemptions in the VAT Act, all goods, services or intangibles supplied (i.e. consumed or otherwise utilised) in Nigeria are chargeable to VAT in Nigeria.

4.0 Scope of the Guidelines

- 4.1 The Guidelines apply to supplies, through digital means, of goods, services, intangibles and other digital products by persons not physically present, located or represented in Nigeria to businesses ("Business-to-Business" -B2B) or consumers ("Business-to-Consumers" - B2C) in Nigeria.
- 4.2 Supplies covered under these guidelines do not include items expressly excluded from tax under the VAT Act.
- 4.3 The persons to whom these guidelines apply include natural persons, trusts, partnership, corporations, companies and any other person.
- 4.4 The Guidelines does not exempt NRS that are not within the scope of the guidelines from obligations under the VAT Act including registration and inclusion of VAT in its invoice.
- 4.5 This Guidelines provides simplification and guidance to NRS appointed by the Service pursuant to Section 10(3) of the VAT Act and does not replace or restricts the power of the Service under the Section to appoint any person to collect and remit the tax.

5.0 Appointment of VAT Collectors

- 5.1 Pursuant to the provisions of section 10(3) of the VAT Act and all other laws enabling it in that regard, subject only to paragraph 6 of these Guidelines, the Service hereby appoints NRS (where the supply is made or facilitated via electronic or digital means), to collect VAT and remit same to the Service.
- 5.2 The expression "Non-Resident Suppliers" for the purposes of these guidelines is as defined in guideline 26. It includes:
- a. Where the supply is not made through intermediaries, the person making the supply.
 - b. Where the supply is made or facilitated through an intermediary or intermediaries, the intermediary through which the supply was made to Nigeria.
- 5.3 Under paragraph 5.2(a) above, the supplier shall register for VAT in its own name, issue VAT invoices, collect and remit VAT due.
- 5.4 Under paragraph 5.2(b), the intermediary is deemed to be the Supplier, for the purposes of these guidelines, and is required to register for VAT using its own name, issue VAT invoices, deduct and remit VAT due on the supplies made to Nigeria through its platform using its own TIN. In such instance, the deemed Supplier will have the primary responsibility for complying with the charging, collection, remittance, returns filing and record keeping obligations under the Guidelines.
- 5.5 The deemed supplier should collect the VAT when receiving payment from the customer.

- 5.6 In the case of platforms that do not receive payment directly or indirectly from the customer but are entitled to a commission on sales, the tax should be collected alongside the commission and remitted to the Service.
- 5.7 Where the VAT on a supply has been accounted for under paragraph 5.2(b), the underlying supplier is exempt from further obligation under these guidelines with respect to such supply.

6.0 Coordination between Collection by Non-Resident Suppliers and Self-Charge.

- 6.1 Section (10)(3) of VAT Act provides that, "*taxable person, to whom the supply of taxable goods or services are made in Nigeria or such other person as may be appointed by the Service, shall withhold and remit the tax to the Service in the currency of the transaction*"
- 6.2 As such, two categories of persons are required to collect and remit VAT on cross-border supply of goods and services to consumers in Nigeria, namely:
 - i. taxable person to whom supply of taxable goods or services are made in Nigeria in a cross-border transaction (i.e. withholding mechanism), or
 - ii. Persons appointed by the Service.
- 6.3 Having authorised the NRS to collect VAT, in guideline 5.0 above, the NRS shall have a prior obligation to collect tax, under these guidelines.
- 6.4 However, where the NRS fails, for any reason, to collect the tax, or is not required to collect the tax, the person to whom the goods or service is supplied shall withhold or self-account for the tax in line with section 10(3) and section 14(4) of the Act.
- 6.5 For the purposes of these Guidelines, the NRS is deemed to have failed to collect the tax as specified in *guideline 20*.

7.0 Registration for VAT

- 7.1 Section 10(1) of the Act provides that a non-resident person that makes a taxable supply of goods and services to Nigeria shall register for tax with the Service and obtain a Tax Identification Number (TIN).
- 7.2 All NRS are therefore required to register for tax via a dedicated link on FIRS website [*this link will be provided shortly*].
- 7.3 NRS who have already registered for VAT in Nigeria are equally required to migrate to the Simplified Compliance Regime by using the link in guideline 7.2.

8.0 Qualification for Registration

- 8.1 An NRS is required to register, as prescribed in paragraph 7.2 if, within 12 consecutive months immediately before the coming into effect of these guidelines or any 12 consecutive months thereafter, it has made

or expects to make a single or series of supplies to Nigeria which (in aggregate value) amounts to \$25,000 (or its equivalent in other currencies) and meets any of the following conditions:

- (a) The supplies are made by the NRS, through digital means, to a person in Nigeria from a location outside Nigeria,
- (b) The supplies are delivered to, consumed or otherwise utilised in Nigeria,

8.2 An NRS, having registered for tax, shall continue to fulfil its obligations under these Guidelines unless it has been deregistered by FIRS in accordance with Guideline 11.2.

9.0 Information Required for Registration

9.1 The NRS is to log on to the registration portal indicated in paragraph 7.2 and supply the information prescribed in paragraph 9.2 in a prescribed online form.

9.2 The information to be supplied by the NRS include:

- a. Name of the business, including the trading name;
- b. Whether it is a Primary or Intermediary Supplier or both;
- c. Nature of supplies;
- d. Name of contact person or agent responsible for dealing with the Service;
- e. Registered address of the business and its contact person (if different from (d) above);
- f. Telephone number of the contact person;
- g. Electronic address of the contact person (email et cetera.);
- h. Websites URL of the NRS through which its business is conducted in Nigeria;
- i. Tax identification number of the NRS in its jurisdiction of residence, if such a number is issued to the supplier to conduct business in the supplier's jurisdiction;
- j. Nigerian Tax Identification (If already registered for VAT in Nigeria);
- k. Any other information the NRS may deem relevant.

10.0 NRS to Comply with the Guidelines

Having been appointed by the FIRS as an agent of collection and remittance of VAT by virtue of section 10(3) of the VAT Act, all NRS are obligated to comply with these guidelines.

11.0 Deregistration

11.1 An NRS who has failed to meet the requirement in Guideline 8.1 above for three consecutive years may communicate to the Service its intention to be deregistered from the regime.

11.2 The Service may deregister such person after due verification that it no longer meets the pre-conditions for registration.

11.3 An NRS who has been deregistered but subsequently meets the condition in Guideline 8 above shall apply to the Service for reactivation

of its registration.

12.0 Registration Does Not Constitute Taxable Presence for Income Tax

Nothing in these Guidelines shall be construed to imply that registration under the guidelines constitutes a taxable presence for an NRS for the purposes of income tax, except where such NRS has a taxable presence pursuant to the relevant provisions of the Income Tax Act and tax treaty.

13.0 Rate of Tax

13.1 The rate of VAT is 7.5%

13.2 Note that under Section 38(a) of the VAT Act, the Minister in Charge of Finance may, by Order published in a government gazette, amend the rate of tax chargeable under the Act.

13.3 The tax rate may also be varied through an Act of the National Assembly.

14.0 Services covered

14.1 Services covered by these guidelines include any intangible or services delivered via electronic or digital means or similar networks, whose supply is essentially automated, involves minimal human intervention, and is impossible to ensure in the absence of information technology.

14.2 Services covered shall include but not limited to:

- i. Streaming, downloading or access to digital content including movies, music, e-books, magazines, news, applications, games, library services or like services;
- ii. Online gaming;
- iii. Online ticketing excluding international air travels and freight charges;
- iv. Online betting services;
- v. Online intermediation platform services, including online marketplaces, payment platforms, ride hailing, travel and accommodation booking, rental services or like services;
- vi. Online advertising services;
- vii. Subscription based social media platforms including video conferencing applications, instant messaging, chat, dating, image/video sharing or like services;
- viii. Standardised online education services such as e-learning, webinars or like services;
- ix. Cloud computing services including cloud storage services;
- x. Auction services;
- xi. Automated online professional and consultancy services
- xii. Online stores;
- xiii. E-library;

14.3 The definition shall not cover, in particular:

- i. Professional and consultancy services that are not automated but are delivered via the internet (e.g. via email);
- ii. Broadcasting services;
- iii. Telecommunications services;
- iv. Services that are exempt from tax under the First Schedule to the Act.

15.0 When internationally traded services and intangibles are taxable in Nigeria.

15.1 Nigeria's place of supply rules are built on place of consumption. As such, services consumed or otherwise utilised in Nigeria by individuals or businesses are taxable in Nigeria.

15.2 Subject to the Illustrations in paragraph 15.3 below, digitally supplied services are consumed or utilised in Nigeria where:

- (a) the recipient of the supplies resides in Nigeria, as evidenced by the billing, business, residential or postal address in Nigeria;
- (b) it can be inferred from information provided that the consumers usual place of residence is Nigeria;
- (c) the customer is a company incorporated under any law in Nigeria;
- (d) the customer's URL, geo-location or IP address is in Nigeria;
- (e) it is physically performed in Nigeria;
- (f) there is any other evidence suggesting that the supply is consumed or utilised in Nigeria or that such supplies can only utilised in Nigeria; or

(g) a place of consumption cannot be established for the supplies, using any of the above indicia, the place of consumption is Nigeria if the payment for such supplies originates from a bank or any other financial institution licensed in Nigeria pursuant to Nigerian laws.

15.3 Instances where internationally traded service or intangibles are taxable under these guidelines include:

- a. The services or intangibles are consumed or intended to be consumed in Nigeria. Under this rule, a mobile application or similar digital content streamed, downloaded or installed by person whose usual place of residence is Nigeria is taxable in Nigeria.

Illustration 1(a): Mobile Apps Download by Individuals

Facts: Company X, a resident of Country X, owns a mobile Operating System (OS). Mr. Z, downloads an app from Company X's OS for a fee. In completing the transaction, Mr. Z provided Company X with a billing and residential address in Nigeria.

Tax Treatment: Notwithstanding the physical location of Mr. Z or the App, the app (a service/intangible) is consumed in Nigeria. VAT is

payable on such consumption in Nigeria. Company X shall charge VAT and remit to the Service in accordance with these guidelines

Illustration 1 (b): Mobile App Download by Corporate Persons

Facts: *Company Z, a resident of Country Z, owns a mobile Operating System (OS). Company Y downloads an App from Company Z OS and provided information that show that it is incorporated in Nigeria. The business address provided for the transaction is also Nigeria.*

Tax Treatment: *in line with Guideline 15.2, Company Y's place of incorporation and its business shall be used as a proxy to determine that the place of consumption of the App is Nigeria.. As such, the app (a service/intangible) is consumed in Nigeria. VAT is payable on such consumption in Nigeria. Company Z shall charge VAT and remit to the Service in accordance with these guidelines.*

- b. the service is rendered in Nigeria by a person physically present in Nigeria at the time of providing the service.

Illustration 2 (a): Car-Hailing Apps used by Individuals

Facts- *Company U, a company based outside Nigeria operates a car hailing app that connects drivers and customers. Mrs T, uses this app to hail a taxi from her office in Abuja. The invoice and payment for the service is facilitated by Company U's mobile app.*

Tax treatment- *the transportation service was rendered in Nigeria by Company U through persons physically present in Nigeria (the driver). Company U is to Collect VAT and remit to the Service on payment for the transportation service provided by the driver to the rider. Also, Company U is to deduct and remit VAT on the payment for the services it provided to the driver (i.e. being remuneration for the use of the app and other related services).*

Illustration 2 (b): Car-Hailing Apps used by Corporate Persons

Facts: *DCo., a resident of Country D, owns a mobile application that facilitates car hailing. The app is available for free on various online stores. Company B, a company incorporated in Nigeria downloads the app and uses it to connect with a driver for its transportation needs. The invoice and payment for the service is facilitated by DCo's mobile app.*

Tax Treatment – *the service or intangible provided by the app and the transportation it enables are consumed in Nigeria. VAT is*

payable on such consumptions in Nigeria. DCo shall charge VAT on the total amount paid by Company B and remit same to the Service notwithstanding the fact that Company B is a corporate entity. DCo is also expected to collect and remit VAT on the payment for the services it provided to the driver.

- c. The service is provided to and consumed by a person in Nigeria, irrespective of whether the services are paid for by a third party who is not a resident of Nigeria.

Illustration 3 (a): Video Streaming: Information to be used in identifying place of consumption

Facts- Online Theatre, A foreign-based movie streaming company uses its platform to stream movies to its customers worldwide. The customers are required to submit information regarding their country of residence. Mr P, a customer of the company, has indicated in the process of subscription that his usual place of residence is Nigeria. He regularly makes payment using cards issued by banks in Nigeria. The company also offers Mr. P contents specifically curated for Nigerians.

Tax treatment: the information available to the company, i.e. (the residence of the customer or the billing address) is sufficient, jointly or severally or in addition to other circumstantial considerations like the content Mr P consumes, to determine that he is in Nigeria. The Company should therefore charge and remit VAT on the service.

Illustration 3(b): Video Streaming Service where Payment is made for the subscriber

Facts- Mrs X subscribes to the Services of NET co, an online video streaming service based outside Nigeria. Mrs X supplies his address as Nigeria and also is subscribed to packages curated for Nigeria. Payment for the subscription is made by Mr. F, who is resides outside Nigeria.

Tax treatment: the service delivery address for Mrs X is established as Nigeria by the information provided. NET Co to charge, collect and remit VAT to Nigeria under this guideline.

Illustration 3(c): Video Streaming Service where the Viewer is viewing Under a Foreign Subscriber's Account

Facts: Mr. Brit, a Citizen of country B subscribed to the online streaming service providing his billing and residential address as country B. Mr. Brit is entitled to have five viewers under his subscription and has extended one viewing slot to Mrs X who is a resident of Nigeria. Mrs X enjoys her viewership slot in Nigeria.

Tax Treatment: Notwithstanding the fact that Mrs X is in Nigeria consuming the content in Nigeria, the subscription by MR. Brit will not be taxable in Nigeria and will be out of scope of these guidelines.

However, where the reverse is the case and the subscriber has submitted his place of residence, billing address, etc as Nigeria and extends viewing slots to persons outside Nigeria, the online service provider is expected to continue to charge and remit the tax to Nigeria under these guidelines.

- d. by the actual design of the service, the consumption or utilisation is to take place in Nigeria.

Illustration 4: Ticketing for Services to be performed in Nigeria

Facts- Tourist Co, a foreign-based global tourist company has put on its platform different tourist packages to take place in Nigeria. Interested tourists all over the world goes to the platform to buy these packages.

Tax treatment: Tourist Co, seeing that its product, tourism, is customised for Nigeria shall include VAT on its invoice, collect and remit the tax in accordance with these guidelines.

- e. The supply is tied to an immovable property located in Nigeria

Illustration 5: Online rental or leasing of properties located in Nigeria

Facts- H Co, an online hotel booking firm based outside Nigeria provides a digital platform through which hotel rooms across the globe can be booked and paid for. Hotel Q, a Nigerian based hotel gets its rooms regularly booked through H Co's platform for a commission payable to H Co.

Tax treatment- H Co's services is tied to immovable property in Nigeria (Hotel Q). Hotel Co to collect VAT on payment for the hotels and remit to the Service. Hotel Co is also required to include, deduct and remit VAT on the commission accruing from Hotel Q to H Co for the use of its platform.

- f. Where the supplies of services and intangibles are connected with movable property located in Nigeria and is consumed in Nigeria.

Illustration 6: Purchases of Software Updates

Facts: - Mrs K purchased an electric car, which system is regularly updated remotely by Company T, the car-maker, from its headquarters in Country T. Mrs. K who uses her car in Abuja-Nigeria pays certain amount in US dollars to Company T for the update.

Tax treatment: the service (i.e. the update) is tied to a property in Nigeria, Company T is to deduct VAT, in US dollars, from the payment made by Mrs. K and remit to FIRS.

- g. the exploitation of the right over an intangible or the utilisation of the service is carried out, by a person, in Nigeria.

Illustration 7: Subscription to Cloud-based Services

Facts – Mr. Z a Nigeria-based software engineer pays for the right to utilise a suite of software, hosted in the cloud owned by company Y, a Software giant based outside Nigeria.

Tax Treatment-The exploitation of the software was done in Nigeria. Accordingly, Company Y is to include VAT on the transaction and remit to Nigeria]

15.4 The instances given in the foregoing paragraphs are not exhaustive.

16.0 When internationally traded goods are taxable in Nigeria

- 16.1 All taxable goods supplied to persons in Nigeria, through electronic or digital means (e.g. marketplace, platform, app, portal, etc.) are liable to VAT in Nigeria under these guidelines.
- 16.2 The NRS is to collect and remit VAT on the supply of taxable goods to Nigeria as appropriate.
- 16.3 Goods are supplied to Nigeria and therefore taxable in Nigeria where the delivery address of the goods is in Nigeria;
- 16.4 Goods evidenced to have been charged to VAT under these guidelines shall not be liable to VAT on entry into Nigeria.
- 16.5 With respect to the goods being imported, VAT incurred under these guidelines shall be deducted from the total VAT liability computed at the port of entry.
- 16.6 Nothing in these Guidelines shall stop the Nigeria Custom Services or other agents of the Service from charging appropriate taxes on Goods that has not been so charged to tax under these guidelines or on such other goods which are not within the scope of these guidelines.

17.0 Issuance of Tax Invoice

17.1 A registered NRS is required to issue an electronic tax invoice to a purchaser of the goods, services or intangible. The invoice, which may be in the format used in the NRS jurisdiction, must contain the following basic information:

- i. Name and the TIN of the NRS;
- ii. description of supply;
- iii. date of supply;
- iv. value of supply; and
- v. VAT charged.

17.2 As a transitory measure, a NRS may apply to the Service for phased compliance with the requirements under guideline 17.1 and to agree a time for full compliance with the guideline; provided that the NRS shall, from the effective date of these guidelines, file returns and pay the tax on all supplies made to persons in Nigeria.

18.0 Filing of Returns

18.1 An NRS registered for VAT purposes will be required to file monthly VAT returns even for months where no taxable supply has been made to Nigeria.

18.2 The return may be filed, where possible, remotely via [include a link].

18.3 The return may also be filed using the VAT Form 002^{NRS} and forwarded by email to (-----)

18.4 The report shall be submitted in prescribed template issued by the Service, indicating:

- Supplier's registration identification number;
- Tax period;
- Taxable amount;
- Currency of payment;
- Total tax paid or payable;
- The name of the person from whom the tax was collected; and
- Such other information as may be prescribed by the service.

18.5 The returns are to be rendered no later than 21 days after the end of the month in which the supplies were made.

18.6 Where an NRS is unable to meet the requirement of Guideline 18.5 above, it may obtain approval for extension of the due date of filing from FIRS, which shall not be more than one month and must be granted prior to the period specified in that Guideline.

19.0 Payment of Tax

19.1 The NRS is required to remit, using its name and TIN, the amount due to the FIRS as follows:

- a. In the case of local currency (Naira), through any of the collecting banks in Nigeria.
- b. In the case of foreign currency, through electronic payment methods using *<(insert website link) and provide payment details including swift code, etc. or*

Bank transfer to the following accounts:

- i. CBN - VALUE ADDED TAX - FIRS
 - 32524205 (Euro),
 - 32524213(GBP),
 - 400216698(USD)
- ii. All US dollar tax payments shall be through JP Morgan Chase Bank, N.A. New York, USA (CHASUS33).
- iii. All Euro and GB Pound Sterling tax payments within the United Kingdom shall be made through JP Morgan Chase Bank, N.A. London.
- iv. Euro payments outside the UK, shall be made through JP Morgan AG, Frankfurt, (CHASDEFX) Germany. For the account of JP Morgan Chase Bank, N.A. London (CHASGB2L), account number 6231400604 for "further Credit" of relevant Euro tax account number (i.e. VAT) this should be followed by the relevant IBAN Number which must be added.
- v. GP Pound Sterling payments outside UK, shall be made direct to JP Morgan Chase Bank, N.A. (CHASGB2L), Sort code 60-92-42 and the phrase FOR FURTHER CREDIT (the relevant account names and numbers) followed by the relevant IBAN Number which must be added.

19.2 A paying NRS is to note that all taxes payable in foreign currencies have three accounts each in the three major currencies in which taxes should be paid (i.e. US \$, GBP and Euro).

19.3 All payment instructions should clearly spell out the following:

- i. The bank's name and address;
- ii. The bank's code number;
- iii. The value date;
- iv. The account name (Beneficiary) and account number;
- v. The currency in which payment will be made;
- vi. The IBAN number (where applicable);
- vii. Name and address of the company; and
- viii. Tax type (i.e. VAT) and related period.

19.4 For Euro and GB Pound payments, the Bank code must be added. Where the payments are cross-border payments (outside UK) the IBAN Number, the Sort Code and the Phrase "for further credit" must be added.

19.5 Other details required for foreign currency payments include:

- i. SORT CODE: 60-92-42
- ii. IBAN Numbers for Euro settlement: GB51CHAS60924232524205.
- iii. IBAN Numbers for GBP settlement: GB29CHAS60924232524213

19.6 The payment is to be made no later than 21 days following the end of the month within which the supplies were made or as may be agreed between the NRS and the FIRS.

19.7 Where the transaction is in a currency other than Naira, US Dollars, Euro or British Pound, the currency may be converted to US Dollars, Euro or British Pound, for the purposes of remittance, using the Central Bank of Nigeria published Rate at [Central Bank of Nigeria | Exchange Rate \(cbn.gov.ng\)](http://www.cbn.gov.ng/ExchangeRate)

20.0 Failure to account for VAT by NRS.

20.1 An NRS will be regarded as having failed to collect VAT on the supplies where:

- a. it does not include the transaction in its return.
- b. from the facts of the transaction, it shows that the NRS has not charged VAT or collected the tax on the transaction

21.0 Consequences of the Failure to Account for or remit VAT or Comply with these Guidelines

Where the NRS fails to account for or remit VAT or generally comply with these Guidelines, the Service may:

- i. Take all necessary steps to recover the amount due and get restitution;
- ii. Use the Mutual Administrative Assistance in tax collection instrument, where applicable to collect the tax; and
- iii. Do all such things as may be necessary for it to enforce the tax laws and to collect the taxes due.

22.0 Recovery of Input VAT

The NRS shall remit the whole tax collected without deducting input tax. This is because exports, under the destination principle are, generally, zero-rated. As such, the NRS may claim input tax in the jurisdiction of origin of the supply where the domestic VAT rules of that jurisdiction provides for input VAT deduction on exported goods and services.

23.0 Record Keeping and Retention

23.1 All NRS making supplies to Nigeria are required to keep reliable and verifiable records indicating the full and accurate representation of

supplies made to Nigeria and should be made available to the Service upon request.

23.2 Information required to be kept should indicate:

- a. type of supply;
- b. date of the supply;
- c. VAT payable; and
- d. such other information as may be required to evidence that the tax for each supply has been charged and accounted for correctly.

23.3 Any information required by the Service, which is available to the NRS but not included in the return by default should be made available to the Service within 3 months of request.

23.4 Where any information requested by the Service cannot be provided by the NRS due to legal or other domestic requirement of its country of residence, the NRS shall notify the Service citing the reason.

24.0 Use of Third Party Service providers

24.1 Section 10 (4) of the Act enables a taxpayer to appoint a representative for the purposes of compliance with the Act. As such, the NRS may utilise the services of a representative or a third-party service provider to act on its behalf in carrying out certain procedures or auxiliary functions, such as submitting returns, et cetera.

24.2 The service provided by such third-party service provider shall not discharge the NRS of its obligation to ensure due diligence, and compliance with these Guidelines.

24.3 Any action taken by such third-party service provider is deemed as taken by the NRS itself.

24.4 Where the NRS empowers the service provider or representative to pay tax collected, the tax so collected must be accounted and remitted in the name and TIN of the NRS.

24.5 A service provider acting on behalf of an NRS shall not (in relation to the transactions of the NRS) register for tax in its own name in compliance with these guidelines, but in the name of the principal i.e. the NRS.

24.6 Any service provider communicating with the Service for the purposes of compliance with these guidelines must quote the name and TIN of its client (the NRS) on all such correspondences.

24.7 Where the NRS appoints or terminates the appointment of a third-party service provider whose function may warrant direct communication with the Service, the NRS should immediately communicate that fact to the Service.

25.0 Abbreviations

B2B means Business –to-Business

B2C means Business-to-Consumer

NRS means Non-Resident Suppliers

TIN means Tax Identification Number

VAT means Value Added Tax Act

26.0 Definition of Terms

Business to business (B2B) Supplies mean supplies where both the supplier and the customer are businesses.

Business to consumer Supplies (B2C) are supplies where the supplier is a business but the customer is an individual.

Collecting Banks means any bank periodically designated by the Federal Inland Revenue Service to collect VAT on its behalf. The list of such banks are usually listed in the Service Website

"Supply through electronic or Digital Means" includes supplies made using digital platforms, any software, electronic or digital interface that enables or facilitates the supply like websites, mobile applications, computer application, online marketplaces, online or digital portals, or like technology. The mechanism for the supply must be automated in nature or involve only minor human interference.

"Digital platforms" mean multi-sided platforms (electronic or digital) that enable, by electronic means, direct interactions between two or more customers or participant groups (typically buyers and sellers). It is characterised by two key features: (i) each group of participants ("side") are customers of the multi-sided platforms in some meaningful way, and (ii) the multi-sided platform enables a direct interaction between the sides.

"electronic tax invoice" includes any form of electronic receipt or acknowledgement issued by the NRS to confirm the transaction with the purchaser of the goods, services or intangible.

Intermediary means any person, a digital interface or platform who facilitates the supply of goods, services or intangibles through electronic or digital means or who is responsible for issuing the invoices and collecting payment for the supply on behalf of the underlying suppliers.

Non-Resident Suppliers mean the suppliers, located outside the territory of Nigeria, who supply taxable goods, services, digital products or intangibles to Nigeria through digital or electronic platforms or means or the intermediary where such intermediaries are not the actual owners or suppliers of the goods or services but facilitate the supply, issuance of invoices and payment.

Goods mean all forms of tangible properties, movable or immovable, but does not include, land and building, money or securities.

Services mean —

- (a) anything, other than goods, or services provided under a contract of employment; and
- (b) includes any intangible or incorporeal (product, asset or property) over which a person has ownership or rights, or from which he derives benefits, and which can be transferred from one person to another, excluding interest in land and building, money or security.

"The Act" as used in these guidelines means the Value Added Tax Act (as amended).

"the Service" means the Federal Inland Revenue Service (FIRS).

"the supplies" means supplies of goods, services or intangible by NRS to Nigeria.

27.0 Review of the Guidelines

The Service will review these Guidelines on an ongoing basis and make changes that are considered desirable as appropriate in which case the NRS shall be notified as appropriate.

Enquiries

All enquiries on any aspect of this circular may be directed to the office of:

Executive Chairman,
Federal Inland Revenue Service,
Revenue House,
No 20 Sokode Crescent,
Wuse Zone 5, Abuja-Nigeria.

Or
Non-Resident Tax Office
17B Awolowo Road, Ikoyi
Lagos-Nigeria.

Or
Director, Tax Policy and Advisory Department
Federal Inland Revenue Service
Revenue House (Annex 1),
No 15 Sokode Crescent,
Wuse Zone 5, Abuja-Nigeria.

Or
Email: tpld@firs.gov.ng; nrptax.itd@firs.gov.ng