



Tax Alert

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The FIRS announces a full waiver of penalties and interest on outstanding tax liabilities

The Federal Inland Revenue Service (FIRS) has issued a public notice announcing a **full** waiver of penalties and interest on outstanding tax liabilities. However, affected taxpayers must remit the principal liabilities established during the various tax inquiry processes by **31 December, 2023**. According to the FIRS, this concession is intended to alleviate the challenges faced by taxpayers in settling their outstanding tax liabilities.

Consequently, the FIRS has advised affected taxpayers to settle all outstanding principal liabilities within the stipulated window. After this grace period, taxpayers who have not fully settled their outstanding undisputed liabilities will be subject to the reinstatement of full penalties and interest.

Commentary

The decision by the FIRS to waive penalties and interest on outstanding tax liabilities could not have come at a better time, particularly given the economic challenges that businesses have been grappling with. This singular action will ease some of the compliance burden on taxpayers, who only now have to focus on paying the principal liabilities established during the various tax inquiry processes.

Furthermore, the significance of the waiver of penalties and interest cannot be overstated in its role in promoting tax compliance. In numerous tax audit cases, the cumulative penalties and interest often surpass the principal tax amount owed, which taxpayers often find difficult to settle. Through the waiver of these additional charges, the FIRS will not only assist businesses in settling their tax obligations, but encourage compliance on a larger scale, which will positively impact overall revenue collection.

Nonetheless, the timeline provided for taxpayers to benefit from this concession may pose a challenge for many businesses already facing financial constraints. Given the short window, it would be beneficial if the FIRS considers extending this deadline. An extension could afford businesses more time to manage their finances effectively and take full advantage of the waiver; thereby contributing to an upswing in overall tax compliance.

In the interim, taxpayers with outstanding undisputed tax liabilities should promptly settle the principal liabilities, while taxpayers with open tax reviews, audits and/or investigations should proactively engage their respective tax offices for quick resolution of the disputes before the set deadline.

Please click [here](#) to read the FIRS' Public Notice.

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