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FILING TAX RETURNS

**A Publication of the
Federal Inland Revenue Service**

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Introduction

Filing of tax returns for various taxes with the Tax Authority is a legal obligation which must be fulfilled by every taxpayer. A taxpayer has a duty to file tax returns as required under a specified tax law. The law specifies the type of returns, the nature of information required as well as the frequency and manner in which the returns should be filed. On the other hand the Tax Authority has the duty to facilitate the process of filing tax returns by providing a taxpayer with standardized forms, guidelines and procedures.

This guide is therefore intended to provide information on the tax returns which are required to be filed with the Federal Inland Revenue Service (FIRS) by various taxpayers under the Federal Tax Jurisdiction.

What is filing of Returns?

Filing is the submission of tax returns by a taxpayer to the relevant Tax Authority in a manner prescribed by law and in accordance with the laid down administrative procedure.

What is a Tax Returns?

A tax returns is a report prepared by a taxpayer containing information on his tax affairs for a given period for the purpose of complying with the tax laws.

Types of Tax Returns Filed with FIRS

A. Companies Income Tax Returns

Every company is required to file Returns with FIRS even if exempted by the law from paying tax.

For new companies, such returns should be filed within eighteen (18) months of incorporation or six (6) months after accounting year end whichever ever come first.

For old and existing companies, the returns should be filed within six (6) months after the accounting year end.

Contents of a Companies Income Tax Returns

With the phased transition to the adoption of International Financial Reporting Standards, as from January 2013; the contents of the returns to be filed include:

1. Duly completed Self-Assessment form.
2. Audited Financial Statement comprising:
 - Statement of financial position (Balance Sheet)
 - Statement of comprehensive income (Profit and Loss Account)
 - Statement of changes in equity.

- Statement of cash flows.
 - Notes on significant Accounting Policies and other explanatory information.
 - Comparative figures of preceding year on the **Generally Accepted Accounting Principles (GAAP)** basis to be included in the returns.
3. Tax computations.
 4. Capital allowances computation.
 5. Schedule of Fixed Assets
 6. Evidence of payment of the taxes due.

The Audited Financial Statement should be signed by two Directors.

The accounts should be audited and signed by External Auditors who must be members of a recognised professional body.

Due Date for Filing Companies Income Tax Returns

- 1) In the case of an **old Company**, that has been in business, within six (6) months from the end of the Company's accounting year.
- 2) In the case of a **newly incorporated Company**, either **within eighteen (18) months** from the date of incorporation or **six (6) months** from the end of the Company's first accounting period whichever is earlier.

B. Personal Income Tax (PIT) Returns

(I) Self-employed Individuals

In this part, a self employed individual is either an individual carrying on a personal business (commonly known as a sole trader), profession or vocation; or each of the individuals jointly carrying on a business in partnership (commonly known as partners).

A self-employed person is required to file Returns with the Tax Authority nearest to his place of residence.

The income is taxed on preceding year basis.

Contents of a Personal Income Tax Return

1. Duly completed Self Assessment form
2. Duly completed Income Tax Form (Form A) :
 - Statement of full amount of income earned in the preceding year from all sources;
 - Particulars of income, reliefs, deductions and allowances the person is entitled to;

- Declaration/attestation of the correctness and completeness of Returns by the taxable person;
3. Evidence of payment of tax.

Due Date for Filing Personal Income Tax Returns

A Personal Income Tax Return must be filed **on or before 31st March** of the year of assessment.

(II) Personal Income Tax Returns by Individuals in Employment

Personal Income Tax is paid by individuals in employment through the Pay As You Earn (PAYE) system. For these individuals, the income is taxed on actual basis; meaning that income earned in a year is taxed within the same year.

The contents of tax returns remain the same as under self-employed individuals except that the taxpayer is required to declare;

- Income other than employment income earned from all sources in the preceding year and
- Income earned from employment in the current year.

(III) Pay As You Earn (PAYE) Tax Returns by Employers

Employers are required to deduct and account for personal income tax deducted from the employment income of their employees under the PAYE system by way of a return filed with the Tax Authority on monthly basis.

PAYE returns must be submitted for each month on or **before the 10th day** of the month following the month to which the tax deductions relate using the appropriate schedule

(IV) Annual Returns by Employers

Employers are required to file annual returns in respect of PAYE deductions made from their respective employees' income in the past year

Contents of Annual Returns

1. Completed form A (Income Tax Form for Returns of Income and claims for allowances and relief)
2. Form H1 (Annual Income declaration)

3. A schedule of tax deduction from the employer containing the following information:

- Name of employer
- Taxpayer Identification Number (TIN) of employer
- Names of employees
- Taxpayer Identification Number (TIN) of employee
- Total emolument for each employee
- Consolidated relief
- Tax deducted
- Overall total tax charged and remitted

4. Evidence of payment of tax

Due Date for Filing Annual Returns by Employers

Every employer is required to file a return not later than 31st January of every year

C. Petroleum Profits Tax (PPT) Returns

Companies engaged in petroleum operations file their tax returns at different stages:

(I) Estimated Tax Returns

Every company engaged in petroleum operations is required to file a return of estimated tax not later than two (2) months of the commencement of each accounting year.

Contents of the Estimated Tax Returns

- A statement of estimated income and expenses for the period.
- A statement of estimated adjusted profit and loss
- Estimated tax and capital allowances computation for the period
- Computation of estimated monthly tax payment.

Where, at any time during such accounting period the company is aware that the estimate in such returns requires revision, the company is required to forward another return containing the revised estimated tax.

(II) Annual Returns

This returns is based on actual operation of the company. It is filed within five (5) months after the end of the company's accounting period with the evidence of payment of the final installment of tax (13th installment).

Contents of an Annual Returns

- Audited financial statement and accounts for the period.
- A statement showing all qualifying expenditure incurred during the period

- Computation of chargeable profits and loss for the period
- A statement of other sums deductible, the liabilities of which were incurred for the period.
- Computation of Capital allowances claimable for the period
- Computation of actual (and final) tax payable for the period.
- Signed declaration of the correctness of the returns.
- Evidence of payment of the final (13th installment) tax

Due Date for Filing Annual Returns

Every company which is or has been engaged in petroleum operations with respect to any accounting period of the company is required to file a return within five months after the expiration of that period

D. Transfer Pricing Returns

Companies or entities, which are members of a group or otherwise connected with another company or entity in Nigeria or overseas, are required to submit the following along with the annual income tax returns:

a) Transfer Pricing Declaration Form

This form is completed once except in the event of significant changes to the information provided initially. The form is to be completed and submitted at the Tax Office where the taxpayer normally files its income tax returns.

b) Transfer Pricing Disclosure Form

This form shall be completed in order to disclose details of controlled transactions for each year of assessment. The form shall be packaged separately with a copy each of Audited Financial Statements, completed Self-Assessment Form and tax computation schedules and submitted along with the annual income tax returns at the Tax Office where the taxpayer normally files its income tax returns.

E. Value Added Tax (VAT) Returns

Every taxable person is required to file VAT returns every month with FIRS.

Contents of the VAT Returns

A duly completed VAT form 002 with the following details:

- Total Value of supplies made during the period
- Disclosure of the value of output tax charged on its invoices
- Total value of purchases on which input tax was paid

- Schedules of both input and output tax attached to the VAT returns, together with any adjustments made during the period, for bad debts, credit notes, etc.
- Net VAT due i.e. the excess of output tax over input tax, with evidence of payment of the VAT
- A signed declaration of completeness and correctness of the returns.

Due Date for Filing VAT Returns

The VAT returns must be filed on or before the 21st day of the month following that in which the transaction was made.

All MDA's and Oil & Gas Companies serve dual roles as payers and withholding agents of VAT, and are also required to file monthly returns not later than 21st day following the month of transaction using the appropriate schedule

F. Withholding Tax (WHT) Returns

Withholding tax returns must be filed with the relevant Tax Authority by persons and bodies required to deduct and remit Withholding Tax.

- In the case of withholding tax deducted from payments due to all limited liability companies, the relevant Tax Authority is Federal Inland Revenue Service (FIRS).
- In case of individuals and unincorporated entities operating in the Federal Capital Territory (FCT) Abuja, the relevant Tax Authority is FIRS.
- In the case of non-resident individuals and companies, the relevant Tax Authority is FIRS
- In case of withholding tax deducted from payments due to individuals and unincorporated entities outside the FCT, the returns should be filed with the Tax Authority of the relevant State, where the individual who suffers the withholding tax is resident.

Contents of the WHT Returns

- Schedule of withholding tax deducted, showing period covered, name, address and Taxpayer Identification Number (TIN) of each supplier (beneficiary), nature of supply, gross amount, withholding tax rate, amount of tax deducted, and TIN of the company or organization making the remittance.
- Evidence of payment

Due Date for Filing WHT Returns

In the case of companies other than Petroleum Companies, withholding tax returns are filed within **twenty one (21) days** from the date the amount was deducted or the time the duty to deduct arose.

In any other case including Petroleum Companies, withholding tax returns are filed within **thirty (30) days** from the date the amount was deducted or the time the duty to deduct arose.

G. Education Tax (EDT) Returns

The returns for Education Tax are rendered along with those of Companies Income Tax or Petroleum Profit Tax as the case may be, in a form prescribed from time to time by FIRS. Education tax is paid separately.

Contents of Education Tax Returns

- Computation of education tax payable
- Duly Completed Self-Assessment form attested to by a Director or Secretary of the company
- Evidence of payment of the education tax due

H. Capital Gains Tax (CGT) Returns

The duty to file CGT returns arises when there is a capital gain from the disposal of a chargeable asset. CGT returns are filed along with the various tax returns for individuals and companies. Capital Gains Tax is paid separately at the rate of 10%.

Contents of CGT returns

- Duly completed self-assessment forms
- Computation of Capital Gains Tax payable
- Schedule of Assets including proof of sale
- Evidence of asset and asset improvement
- Other relevant information
- Evidence of payment of the CGT

I. National Information Technology Development Levy (NITDL)

FIRS is empowered to assess and collect the levy on the profit of companies and enterprises, with an annual turnover of N100million and above operating in the business areas listed under the third schedule of the National Information Technology Development Agency Act of 2007. The Levy is 1% of the profit before tax and, when paid by the Companies and Enterprises, is tax deductible.

Companies and Enterprises Liable to NITD Levy

- GSM service providers and telecommunication companies
- Cyber companies and internet providers
- Pension managers and pension related companies
- Banks and other financial institutions
- Insurance companies

Contents of NITDL returns

- Computation of tax payable
- Evidence of payment of tax due

J. Companies operating in the Capital Market

In addition to the obligation of filing their annual tax returns, Companies operating in the Capital Market are required to file monthly tax returns containing details of their transactions for every preceding month.

Contents of the Return

For Primary Market Operators, the contents include:

- Type of Offer
- Value of Services rendered or received
- Amount of tax deducted at source
- Amount of Value Added Tax (VAT) payable
- Evidence of tax paid (e-ticket)

For Secondary Market Operators, the contents include:

- Number and value of transactions
- Commission received or paid
- Amount of tax deducted at source
- Amount of VAT payable
- Evidence of tax paid (e-ticket)

Due Date for filing the Returns

For both Primary and Secondary Market Operators, the monthly tax returns is required to be filed not later than seven (7) days after the end of each month.

General Procedures for filing Tax Returns with FIRS

1. Obtain the relevant returns form **FREE** from any tax office of FIRS
2. Complete the returns form **CAREFULLY** and **CORRECTLY**
3. Get the form **SIGNED** correctly
4. **CAREFULLY** and **CORRECTLY** complete the relevant form for paying the tax (pay-in slip) at the approved collecting bank
5. Cross check your tax payment forms to be sure they are correct
6. Make payment with appropriate payment instrument such as draft, cash, internal transfer, etc through the approved/collecting banks
7. Collect **e-ticket** from the bank as evidence of tax payment and verify the details on it to ensure completeness and correctness
8. Present to the FIRS tax office that handles your tax matters the following documents:
 - I. E-ticket issued by the bank as evidence of tax payment;
 - ii. Duly completed return form;
 - iii. All required documents (as the case may be)
9. Collect **TAX RECEIPT** from the tax office and **CONFIRM** it is issued correctly
10. Reconcile tax accounts with the tax office (if necessary) to ensure that no tax is outstanding

...it pays to pay your tax