

FIRS waives interest and penalty for certain taxpayers in response to COVID-19

April 2020 | Nigeria

As most businesses in Nigeria are on lockdown, economic activities have reduced. Low economic activities hurt fiscal revenue and cash flow. To boost tax revenue, the Federal Inland Revenue Service (FIRS) has granted a palliative measure to taxpayers with outstanding tax liabilities from desk review, tax audit, and investigation. Taxpayers with outstanding tax balances will get a waiver on interests and penalties if the principal sum is paid by 31st May 2020. However, the notice does not include any tax year.

Furthermore, the concession is only valid if FIRS receives the full payments by 31st May 2020. Interested taxpayers may contact the Tax Controller where the business file is domiciled.

Is the one-month offer from FIRS adequate for taxpayers to regularize tax obligations?

BRC comments:

FIRS is not alone in the plan to sustain revenue during the COVID-19 threat. Several taxpayers also have to deal with cash flow issues. An ideal concession should consider the holistic state of the Nigerian economy. A 31-day tax waiver seems short. Also, the offer is valid only within the first month that the Federal Government eased lockdown. That is May 2020.

Some businesses may not commence full operations in the next 30 days. Taxpayers need money to pay tax in the first instance. Therefore, a total period of at least 90 days is more appropriate. Overall, FIRS concession should strike a balance between sourcing for reliable revenue and supporting the economic development of the country.

A copy of the notice is available [here](#).