

FIRS commences audit of back-years stamp duties

July 2020 | Nigeria

The Federal Government (FG) has inaugurated an Inter-Ministerial Committee for the Audit and Recovery of Back-Years Stamp Duties. FG also launched the Federal Inland Revenue Service (FIRS) Adhesive Stamp. Both events took place on 30 June 2020. Members of the Committee are persons from the Central Bank of Nigeria (CBN), Federal Ministry of Justice, FIRS, as well as Federal Ministry of Finance, Budget, and National Planning.

The Committee will recover all outstanding stamp duties for five (5) years in line with the Finance Act 2019 and the Stamp Duties Act 2004, SDA. Also, the Committee will review the records of financial and government establishments that collect stamp duties but are yet to remit the funds. For instance, collections from the Corporate Affairs Commission (CAC) and money deposit banks. Government ministries, departments, and agencies are encouraged to cooperate with the Recovery Committee.

Interested parties should note that the review exercise may begin soon. Banks, MDAs, or other organizations that want to integrate the Application Programming Interface (API) for stamp duty can check the webpage, www.stampduty.gov.ng/integration, for further guidance.

About Stamp Duty

Stamp duty (SD) is a charge that gives legal backing to specific instruments. For instance, agreements, bond, covenant, conveyance of sale. The rate could be a fixed sum or an ad-valorem depending on the type of transaction. In the past years, there were traces of uncertainty on the authorized body to collect stamp duty in Nigeria. FIRS has reiterated its role as the sole body for receiving stamp duties.

Henceforth, organizations must pay stamp duties online via the Integrated Stamp Duty Services portal of FIRS. The website is <https://stampduty.gov.ng>. An applicant must, however, register as a user to access the full features of the stamp duty portal.

With the passing of the Finance Act 2019 into law, electronic documents, receipts, bank deposits, or transfers have joined the list of liable instruments. A broader scope means more tax revenue for the Federal Government. But by how much? FIRS reported massive growth in SD revenue of 1000%, NGN66 billion, between January and June 2020 as compared with the prior period. The impact of SD is real to an average bank account holder in Nigeria. Transactions carried out through POS, ATM, and other businesses via electronic channels are now liable to SD.

Closing remarks

Though the outlook of stamp duty looks promising, the tax authority must tread this path with caution. Expanding the tax net is one phase. The accountability of funds collected is a more difficult task in the administrative process. Therefore, the tax authority should nurture the new "tax gold" so as not to lose its shine in value and recognition.