



VAIDS: The Clock Ticks!

by Endurance Agbor¹

As the sun gradually sets on the Voluntary Assets and Income Declaration Scheme (VAIDS/Scheme), the Minister of Finance has reiterated **government's** resolve to stick to the March 31st, 2018 deadline. The Minister, who stated this at the VAIDS Stakeholders Symposium held in Kaduna State on March 1st, 2018, further added that “**the** federal government has the political will and data to go after tax evaders who fail to take advantage of the tax amnesty **program.**”

Now that this has finally put paid to permutations from several quarters on the flexibility of the VAIDS deadline and possible extension of its 9-month lifespan, it is clear that time is fast running out for last-minute declarations under the scheme.

Indeed, the past 9 months has served as some form of “**amnesty program**” for the Nigerian taxpayer, who, under the Scheme, has been allowed to:

1. Make voluntary, full, frank, complete and verifiable declarations of his/its income and assets;
2. Escape prosecution for tax evasion provided an honest declaration has been made;
3. Merely file returns for only unpaid taxes between 2011 and 2016;
4. Stretch the payment to tax authorities for established (2011 – 2016) tax liability for up to 3 years; and
5. Have interests payable on established tax liability waived.

Although the Federal Inland Revenue Service (FIRS) post-31 December 2017 no longer waives interests on established liability under the Scheme, the Lagos State Internal Revenue Service

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(LIRS) and some other State Inland Revenue Services (**IRS'**) continue to do so. However, all other enumerated benefits of the Scheme still apply across board.

Interestingly, there have been indications from the relevant tax authorities (notably the FIRS) that provided declarations under the Scheme are full, frank, complete and verifiable, a **declarant's** pre-2011 tax liability would not be investigated. However, all bets are off once it is discovered that a declaration under the Scheme has been made dishonestly.

Post-VAIDS, government has promised to let the law run its full course. In furtherance of this, somewhat contemporaneously with the administration of VAIDS, the Federal Government has introduced a data mining process codenamed "**Project Lighthouse**". Project Lighthouse harmonises data on incomes/revenues and assets of all taxable persons from a host of sources. This process seeks to plug any hitherto existing loopholes which encouraged tax evasion.

Undeniably, the defaulting taxpayer is better off taking full advantage of the Scheme, as he/it stands to lose nothing by partaking in it. While the flexibility of VAIDS remains its major attraction, it is evident that it is drawing to a close; it is therefore in the interest of every affected taxpayer to key in before the Scheme phases out.

If you would like to get more information on this, you may contact the **ÆLEX** Taxation Practice Group through its email address: taxgroup@aelex.com.

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