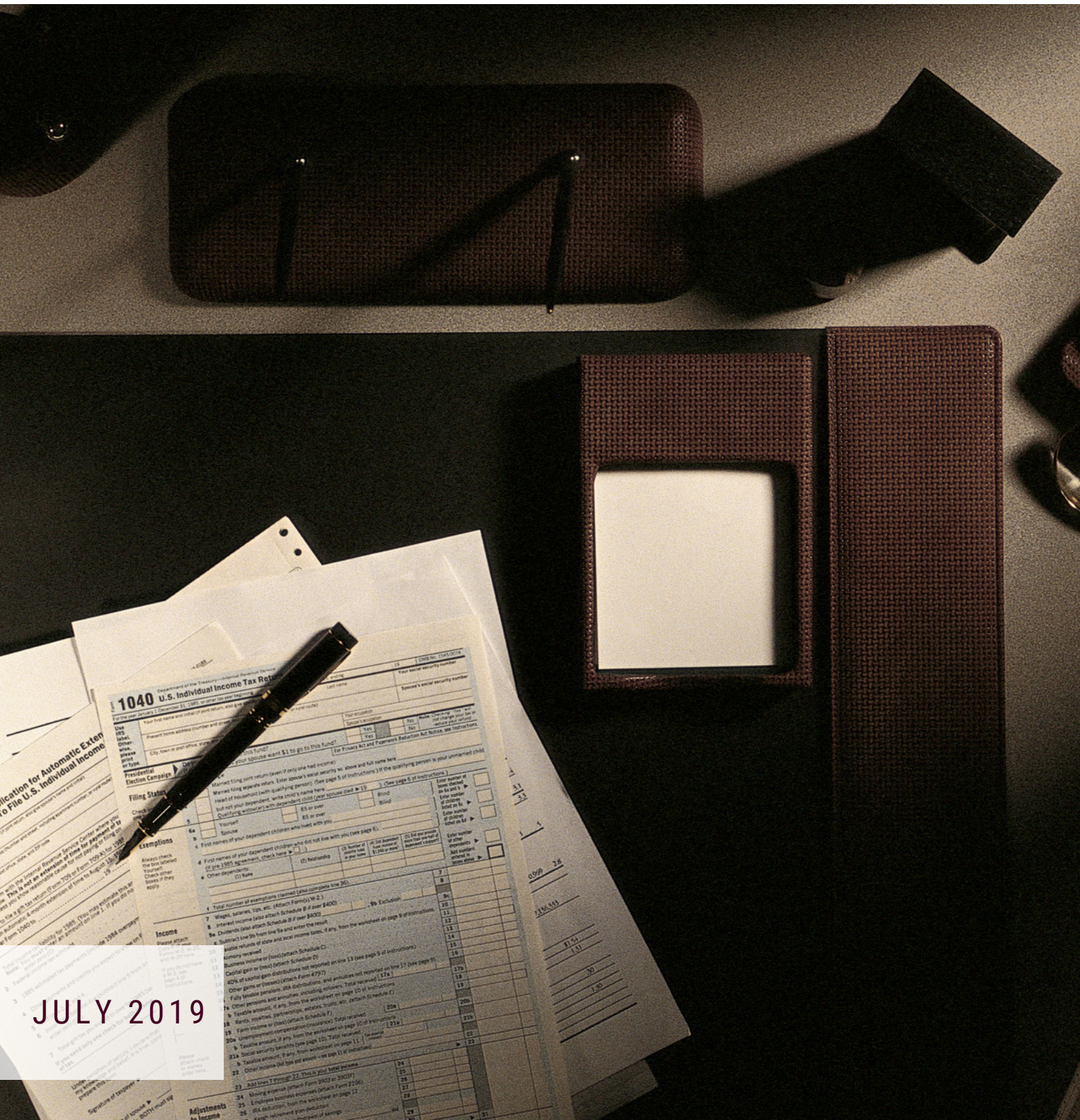


# ÆLEX

## FIRS REDUCES TAX AUDIT CYCLE



JULY 2019





The Federal Inland Revenue Service ('FIRS'), recently introduced new measures to improve the experience of taxpayers during tax audits.

The strategy includes the reduction of the tax audit cycle to 63 days from the previous period of 90 days and the introduction of a single tax audit by the FIRS and the Joint Tax Board ('JTB').<sup>[1]</sup>

Tax authorities commence tax audits to inspect taxpayer's business records and financial affairs to ensure that taxes reported and paid are appropriate and in accordance with tax laws and regulations. During audits, the business operations of a taxpayer are disrupted which impacts on the taxpayer's perception on the efficiency of the tax payment system.

This may have contributed to the recent World Bank's Report on Doing Business 2019 report which ranked Nigeria as 157 out of 190 economies on the ease in paying taxes.<sup>[2]</sup> Perhaps, the implementation of the recommended action by the FIRS would positively contribute to the tax payment experience.

Some of the factors responsible for extended audits are the delay in provision of documents by the taxpayer and the limited availability of skilled taxmen.

Consequently, in order to achieve the proposed 63- day audit cycle, the FIRS would have to put action plans in place to address these issues and thereby save days in the tax audit process.

In introducing the single tax audit, the FIRS has revealed that it entered into a Memorandum of Understanding with the JTB. To benefit from the single tax audit, an organisation which operates in one or more jurisdiction may request for a single tax audit through an application made to the JTB or the Office of the Executive Chairman, FIRS, or the Office of the Chairman of the State Internal Revenue Service ('SIRS') where the head office is located.

FIRS' reduction of the tax audit cycle is expected to promote tax efficiency and improve the ease of doing business in Nigeria.

[1] The JTB is established under Section 86(1) of the Personal Income Tax Act, Chapter P8, Laws of the Federation of Nigeria 2004 to exercise powers in relation to the imposition of tax on companies and promote uniformity in payment of personal income tax and other individual taxes. The JTB is empowered to act by sections 105 and the First Schedule of the Companies Income Tax Act, Chapter C21 Laws of the Federation of Nigeria 2004.

[2] <https://www.doingbusiness.org/en/data/exploreeconomies/nigeria#> (accessed 9th July 2019).



**Florence  
Bola-Balogun**

ÆLEX is a full-service commercial and dispute resolution firm. It is one of the largest law firms in West Africa with offices in Lagos, Port Harcourt and Abuja in Nigeria and Accra, Ghana. A profile of our firm can be viewed [here](#). You can also visit our website at [www.aelex.com](http://www.aelex.com) to learn more about our firm and its services.'

**COPYRIGHT:** All rights reserved. No part of the publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means without the prior permission in writing of ÆLEX or as expressly permitted by law.

**DISCLAIMER:** This publication is not intended to provide legal advice but to provide information on the matter covered in the publication. No reader should act on the matters covered in this publication without first seeking specific legal advice.

ÆLEX is a full-service commercial and dispute resolution firm. It is one of the largest law firms in West Africa with offices in Lagos, Port Harcourt and Abuja in Nigeria and Accra, Ghana.

**Contact us at:**

4th Floor, Marble House,  
1 Kingsway Road, Falomo Ikoyi,  
Lagos, Nigeria

**Telephone:** (+234-1) 4617321-3, 2793367-8, 7406533,

**E-mail:** [lagos@aelex.com](mailto:lagos@aelex.com)

Click here [www.aelex.com](http://www.aelex.com)

to follow our social media handles  
click below



@aelexpartners