

FIRS to deploy e-filing platform for transfer pricing related returns

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Background

In 2017, the Federal Inland Revenue Service (FIRS) announced the introduction of six (6) new electronic services. One of the services was e-filing which enables taxpayers to file their returns on FIRS' Integrated Tax Administration System (ITAS). ITAS however did not include a module for the filing of transfer pricing (TP) related returns.

To close this gap, the FIRS now plans to deploy a platform for e-filing of TP-related returns.

At a recent FIRS-organized stakeholders' forum, the FIRS demonstrated a beta version of the platform.

What will the platform accommodate?

When deployed, the platform will have functionality for electronic filing of the following returns:

- TP declaration
- TP disclosure
- Country-by-Country reporting notification
- Country-by-Country Report

The filing module will also enable taxpayers upload relevant attachments such as financial statements and tax computations as required. A size limit will likely apply. Details will be communicated in due course.

When will the platform go live?

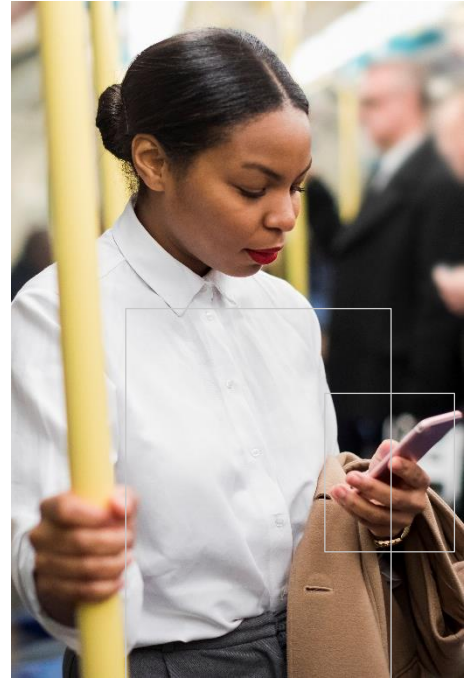
The exact go-live date is yet to be determined but will likely be early in calendar year 2020. Updates and new features will be introduced over time.

How will the platform work?

A one-time setup will be performed for each company. Thereafter, companies will be able to log in, file necessary returns and upload required attachments.

Will it still be possible to file paper returns?

Yes. Taxpayers will still be able to file paper returns. However this will only be available during the initial adoption stage as paper filing will gradually be phased out.



Takeaway

The FIRS' move to extend electronic filing to TP-related returns is a welcome development as it will ease compliance burdens on businesses. Nigeria currently ranks 157th in the World Bank/ PwC *Paying Taxes* report. According to *Paying Taxes*, it takes a business in Lagos an average of 353 hours to comply with tax obligations. The digitalisation of these compliance obligations should help improve these figures.

As companies anticipate the go-live date, it is important that adequate investment in IT infrastructure and capacity is made by the FIRS to avoid excessive downtime for taxpayers. The FIRS should also consider application programming interphase (API) that would allow taxpayers to file directly from their ERP systems onto the e-filing platform.

Taxpayers may also consider digitalization of their processes for seamless collation and submission of the required information onto the portal.



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