

## Federal Inland Revenue Service issues a public notice to non-resident suppliers of electronically supplied low-value goods



The Federal Inland Revenue Service (FIRS) has issued a public notice<sup>1</sup> (hereinafter “the Notice”) postponing the implementation of the collection and remittance of Value Added Tax (VAT) by non-resident suppliers (NRS) of electronically supplied goods (ESG). The Notice, which was made public on 15 January 2024, is a rider to the “Guidelines on Simplified Compliance Regime for Value Added Tax (VAT) for Non-Resident Suppliers” (hereinafter “the Guidelines”)

It will be recalled that on 11 October 2021, FIRS released the Guidelines in line with section 10 of the Value Added Tax Act as amended (VATA). The Guidelines appointed all NRS of ESG and/or services as VAT collection agents<sup>2</sup> effective 1 January 2022 (for the supply of services and intangibles) and 1 January 2024 (for the supply of goods).

The Notice has now been issued by FIRS to postpone the previously communicated effective date of 1 January 2024 for NRS of ESG to comply with the Guidelines. This postponement is to enable FIRS conclude its development of a seamless process for the effective and efficient collection and remittance of VAT.

We have provided below our comments on the Notice:



### Commentary

The Notice, whilst coming late, has provided NRS of ESG with some needed clarity around their Nigerian VAT compliance obligations. However, there are still some areas that require clarification:



The Notice specifically mentions “low-value” goods whereas there is no such wording in the Guidelines. We expect the FIRS to provide some clarity on what constitutes “low-value” goods in subsequent publications/communications on this subject.



The Notice does not communicate a new effective date. We believe that this has been deliberately done to enable FIRS properly develop a seamless and working compliance process. We, therefore, expect that the process will adequately cater to the needs of all the stakeholders and ensure that NRS are not overly burdened in their bid to comply with Nigerian tax laws.



### Conclusion

It is commendable that FIRS is taking its time to ensure that the modalities for collecting VAT from NRS of ESG are finalized before going ahead with implementation. It is hoped that going forward, FIRS will:



Provide early communication of the new commencement date. This will give NRS of ESG time to change their systems to comply with the new VAT compliance process.



Ultimately arrive at a seamless compliance process devoid of bottlenecks that could occur at the time the goods are imported into the country. The Nigeria Customs Service must be fully aware of the process change regarding VAT collection on a category of imported goods.

<sup>1</sup> The public notice is titled “Postponement of the Implementation of the Guidelines on the Value Added Tax Simplified Compliance Regime on the Supply of Low-Value Goods through Digital Means by Non-Resident Suppliers”

<sup>2</sup> The implementation of this appointment would mean that the VAT collection responsibility on ESG would move from the Nigeria Customs Service to the NRS.

NRS of ESG are advised to take advantage of this postponement to gain a better understanding of the implications of the looming change and make the necessary plans needed for a smooth transition to the new VAT compliance approach.

We will continue to monitor developments and provide necessary updates and insights. For deeper insights, as may be relevant to your business, please reach out to us on [NGTaxPartners@deloitte.com.ng](mailto:NGTaxPartners@deloitte.com.ng).



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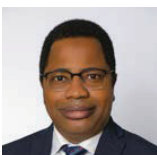
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