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EXTENSION OF DEADLINE ON PENALTY AND INTEREST WAIVER

The Federal Inland Revenue Service (FIRS) has extended the deadline on the waiver of penalty and interest for taxpayers as part of its series of palliative measures to cushion the effects of COVID-19 on businesses and the economy in general.

Recall that on April 30, 2020, FIRS had issued a public notice to tax debtors and granted a waiver of penalty and interest, provided that they pay in full by May 31, 2020. This write-up is an update on the issue, to the effect that, it has granted a further extension to tax defaulters to liquidate their outstanding tax liabilities by June 30, 2020, in order to enjoy waiver of accumulated penalties and interests.

This affects taxpayers with outstanding tax liabilities arising from self-assessment filing; tax audit, tax investigation and desk review assessments and those approved for installment payments under VAIDS who are still in default.

The VAID debtors that fail to comply, risk the withdrawal of the following incentives earlier approved for them; waiver of penalty and interest, exemption from tax audit and exemption from tax investigation.

Comments

No doubt this is highly commendable and a welcome development, in view, of the drastic effect of COVID-19 on businesses across the length and breadth of this country and the world at large.

However, it is yet to be seen how the FIRS intends to enforce this notice with respect to VAID debtors, in view, of the Executive Order on VAIDS of 2017, that granted taxpayers three years period to spread their payments under the VAID order, which certainly extends beyond the June 30, 2020, deadline of FIRS.

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The write-up is meant for general information purposes only. It is not a fully comprehensive work or legal advice on this area of law. In any event, if more clarifications, questions or our assistance is required, kindly, contact us at J-K Gadzama LLP, J-K Gadzama Court, Plot 1805, Damaturu Crescent by Kabo Way, P.O.Box 20304, Garki, Off Ahmadu Bello Way, Garki 2, Abuja, FCT. Tel: +234(0)96233600, E-mail: info@j-kgadzamallp.com, website: j-kgadzamallp.com.