FIRS issues Guidelines for Country-by-Country Reporting in Nigeria

The Federal Inland Revenue Service (FIRS) has issued its Guidelines for Country-by-Country (CbC) Reporting in Nigeria ("the Guidelines") to supplement the Income Tax (CbC Reporting) Regulations, 2018 ("the CbC Regulations"). The Guidelines are intended to provide guidance to the general public, especially Multinational Enterprises (MNEs) operating in Nigeria, on the procedure for completing and filing CbC reports.

Part I of the Guidelines provides a general background to the Organisation for Economic Cooperation and Development (OECD)'s Base Erosion and Profit Shifting Project which introduced the CbC Reporting requirement for MNEs. It explicitly states that the OECD (2018) Guidance on the Implementation of CbC Reporting – BEPS Action 13 as may be updated from time to time ("OECD Guidance") will be relied upon for any clarification or explanation that is not covered in the Guidelines. It further states that the Guidelines will be applied in a manner consistent with the following documents, amongst others:

- The Income Tax (Transfer Pricing) Regulations 2018 (which is expected to be published by the FIRS anytime soon)
- the newly issued FIRS Guidelines for the Appropriate Use of Information contained in CbC Reports, which essentially set out the FIRS' policy on how to avoid abuse of information contained in CbC reports
- The OECD Guidance.

Parts II and III of the Guidelines provide definitions of terms used in the annual CbC Reporting template, and instructions on the period to be covered by the template, the data to be used in populating it, and how each table in the CbCR template should be completed. These instructions are the same as those provided in the OECD Guidance.

Part IV of the Guidelines stipulates how branches, permanent establishments, investment funds, partnerships and other entities would be treated for CbC reporting purposes. Of particular note in this Part is the guidance that the consolidation rule in the International Financial Reporting Standards be adopted as the accounting basis for determining the existence and membership of a group which is required to file a CbC Report in Nigeria.

The final Part of the Guidelines focuses on CbC filing obligations. Essentially, it specifies the CbC Notification Form with which every resident member of an MNE Group is required to submit yearly to the FIRS pursuant to Regulation 6 of the CbC Regulations. It also clarifies issues bordering on CbC reporting threshold, determination of consolidated revenue, and merger, acquisition and demerger arrangements.

Comments

The prompt issuance of the Guidelines by the FIRS is a positive for tax and transfer pricing administration in Nigeria. The Guidelines are expected to ease MNEs' compliance with the CbCR

Regulations, and aid their completion of the CbC annual reporting template for group allocation of income, taxes and business activities, when they file their first returns from 2019.

Click on the links below to download the following FIRS documents and KPMG publications:

- **FIRS Guidelines for CbC Reporting in Nigeria**
- **FIRS Yearly CbC Notification Form**
- **FIRS Guidelines for the Appropriate Use of Information contained in CbC Reports**
- **KPMG Newsletter on the CbC Reporting Regulations**
- **Highlights of FIRS presentation at KPMG June 2018 Quarterly Tax Breakfast Seminar**

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