

Nigeria Publishes Country-by-Country Reporting Regulations



For a deeper discussion, please contact any of the persons below or your usual contact with PwC Nigeria:

Taiwo Oyedele

+234 1 271 1700 Ext 50004
taiwo.oyedele@pwc.com

Seun Adu

+234 1 271 1700 Ext 52001
seun.y.adu@pwc.com

Olanrewaju Alabi

+234 1 271 1700 Ext 54027
olanrewaju.alabi@pwc.com

Introduction

Nigeria has formally published the Income Tax (Country-by-Country Reporting) Regulations, 2018 with an effective date of 1 January 2018. You can find a copy [here](#).

This follows Nigeria's signing of the Multilateral Competent Authority Agreement (MCAA) for the automatic exchange of Country-by-Country Reports (CbCRs) in January 2016 and subsequent ratification in August 2016.

Obligations of companies headquartered in Nigeria

Groups headquartered in Nigeria will be required to prepare and file a CbCR with the FIRS annually. Prior to this, they will be required to notify the FIRS that they are the party with the

responsibility for filing the CbCR.

The CbCR is to be filed based on the template prescribed by the Regulations and in line with the CbC Guidelines issued by the FIRS. The CbCR will include specific information about each entity in the group including:

- entity revenues;
- profit/loss before tax;
- income tax paid/accrued;
- number of employees;
- accumulated earnings;
- tangible assets; etc.

The CbCRs are to be filed with the FIRS who will then exchange it with tax authorities of other countries that are signatories to the CbCR MCAA.

Obligations of subsidiaries

Subsidiaries of MNEs will be required to notify the FIRS of the identity and tax residence of the entity within the group who has the responsibility to file the CbCR on behalf of the group.

If the relevant agreements are in place, FIRS will be able to receive the CbCRs of groups headquartered outside Nigeria from the tax authority of the headquarters jurisdiction.

Under certain circumstances, the Nigerian subsidiary may be required to file the CbCR directly with the FIRS.

Penalties for non-compliance

These include: Failure to meet filing deadline - ₦10million (about USD 28,000) in the first instance and ₦1million for every month failure continues; Failure to provide notification -

₦5million in the first instance and ₦10,000 for every day in which the default continues. Filing a false/incorrect CbCR - ₦10million.

Other relevant provisions

- **Effective date:** accounting years beginning on or after 1 January 2018;
- **Threshold and Exemptions:** groups with consolidated revenue less than ₦160 billion (USD444m) in the previous reporting period are exempted;
- **Filing deadlines:** no later than 12 months after the last day of the MNE group's accounting year end;
- **Notification deadline** – Affected entities must make an appropriate notification to the FIRS no later than the last day of the group's accounting year end.

The takeaway

CbCRs are expected to provide the FIRS with information that will give insights into the global allocation of MNEs profits.

MNEs should perform a CbCR self-assessment and test run to determine any tax and TP risks that they need to manage.

Considering the high penalties that will apply in the event of errors in the CbCR, taxpayers cannot afford to get it wrong. They must prepare well in advance to ensure that they fully understand the requirements and have the systems in place to extract accurate data.

The FIRS will also need to release its CbCR Guidelines on time so that companies have all the information they need to comply with the requirements.