

TAKE ADVANTAGE OF VAIDS WHILE YOU CAN

The Voluntary Assets and Income Declaration Scheme (VAIDS) is a voluntary scheme established by Executive Order No. 004 of 2017, signed on the 29th of June, 2017 by the Vice President of Nigeria (Professor Yemi Osinbajo). VAIDS commenced on the 1st of July, 2017 and tax defaulters have until the 31st of March 2018 to benefit from it. The objective of VAIDS is to provide a form of time-limited tax amnesty to tax defaulters who are willing to participate in the scheme.

VAIDS is designed to encourage tax defaulters to make full, frank and complete disclosure of all their assets and income within the specified period. In a bid to encourage compliance, the government has made available certain incentives including:

- Waiver of penalties and Interests that have accrued as a result of tax defaults.
- Up to 3 years guaranteed flexible payment plan for the principal tax.
- Exclusion of voluntary participants from full-fledged tax audits.
- Opportunity to make arrangements for taxes due to be paid in instalments.
- Confidentiality of information on assets and income declared.
- After 31 December 2017, tax defaulters would enjoy all of the above, but would be expected to pay, in addition to the outstanding principal tax, interests on the outstanding tax.

The purpose of VAIDS is for the government to raise as much tax revenue as possible within a specified, short period of time. Tax defaulters are only given a small window of opportunity to come clean and comply with their tax obligations. The benefits of participating in the Scheme can also reduce the possibility of other adverse consequences of tax avoidance, such as the payment of full interests and penalties accrued over the years, as well as criminal prosecution as stipulated in various Nigerian tax laws.

Who is eligible for VAIDS?

The Scheme is open to any person (individual and corporate body) liable to pay Federal and State taxes in Nigeria (Companies Income Tax, Personal Income Tax, Petroleum Profits Tax, Capital Gains Tax, Stamp Duties and Tertiary Education Tax), especially persons who have not been fully compliant with their tax obligations.

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How Does VAIDS work?

To enjoy the benefits of VAIDS the tax defaulter is required to disclose all previously undisclosed assets and income and pay all outstanding taxes thereon for the preceding 6 years from disclosure. In addition to the foregoing the tax defaulter is to make a voluntary disclosure before the relevant tax authority knows about the non-compliance. The Government has devised several ways of finding out about the degree of tax compliance, these include gathering data from Bank Verification Number (BVN) records, Foreign Account Tax Compliance Act (FATCA) information, review of Corporate Affairs Commission records, whistle blower tips, through tax information exchange agreements and from various voluntary disclosure programs.

With the relevant tax authorities receiving increasing amounts of information from the sources mentioned above, tax defaulters looking to take advantage of VAIDS should act quickly. It is advisable to fully explore this one-time opportunity given by the Federal Government by participating in VAIDS, to escape the unavoidable sanctions prescribed in the tax laws for defaulters.

Blackwood & Stone LP. January 30th, 2018

This publication only provides general information about the law and does not constitute legal advice.