



COVID-19 PALLIATIVE MEASURES: LAGOS STATE INTERNAL REVENUE SERVICE (LIRS) GRANTS FURTHER COVID-19 RELIEFS TO TAXPAYERS

On the 9th of July, 2020, the LIRS issued a public notice to introduce additional palliative measures for its taxpayers in the face of the covid-19 pandemic. This is preceded by the earlier 3 month extension of the deadline for filing annual returns on incomes and claims by taxable persons from the 31st of March 2020 to the 30th of June, 2020.

The additional palliative measures include the following:

- 1) **Instalmental payment of outstanding liabilities:** The LIRS shall, on a case by case basis allow the instalmental payment of outstanding liabilities to ease the cash flow challenges which taxpayers may be facing. This is in line with Section 68 of the Personal Income Tax Act (PITA) which grants the LIRS the power to extend the time within which tax is paid.
- 2) **Waiver of penalty on late payment of monthly PAYE:** There shall be no late payment penalty (being 10% of the unpaid amount) on monthly PAYE remittances which were supposed to be made between the period of March-May 2020 being the duration of the lockdown due to the covid-19 pandemic.
- 3) **Waiver of penalty on late filing of self-assessment return:** By virtue of Section 44 of PITA, every taxable person is required to file an annual tax return on or before 31st March every year. The LIRS has now waived any penalty due on the late filing of 2019 returns which became due on the 30th of June, 2020 following the 3 month extension.
- 4) **Waiver of penalty and interest on outstanding tax audit liabilities:** The LIRS has granted a waiver of penalty and interests on all outstanding tax audit liabilities from 2009-2015. This is upon the condition that the concerned entities shall present and keep to a structured payment plan that terminates on or before 31st December, 2020.
- 5) **Tax credit on donations:** Individual taxpayers who made cash and kind donations to the Lagos State Government due to the covid-19 pandemic shall be granted a tax credit of 20% against their 2021 Year of assessment tax return. This will only be subject to a cap of 35% of the tax due in 2021 if 20% of the donations made exceeds 35% of the tax due in 2021. This is an interesting addition as PITA does not have any specific provision which supports the grant of credit on donations by individuals. In light of this, it is expected that the LIRS will give further legal backing to this palliative measure asides the issuance of a public notice.

- 6) **Increased Payment Channels:** In order to make the remittance of taxes easier, the LIRS plans to provide more payment channels and the list of additional payment channels shall be made available to the public in due time.

- 7) **Form of Tax Audit Reconciliation Committee:** In order to comply with social distancing measures as stipulated by the Government, Tax audit reconciliation meetings will now be held via video conferencing.

Taxpayers are advised to take advantage of these palliative measures proposed by the LIRS and make the requisite payments before the stated deadlines. The efforts of the LIRS to provide reliefs to taxpayers in these uncertain times are laudable, however LIRS is expected to provide further guidance and ultimately the necessary legislation required for granting of tax credit on donations made by individuals.

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For more information please contact:

Blackwood and Stone LP

info@blackwoodstone.com

+234 903 3501 613