

# **CBN GUIDELINES FOR E-EVALUATOR, E-INVOICING: TRANSFORMING THE IMPORT AND EXPORT DYNAMICS**

## **INTRODUCTION TO THE TRANSFORMATIVE ROLE OF E-INVOICING IN NIGERIA**

For decades, Nigeria has been actively engaged in import and export activities, playing a pivotal role in the global trade landscape. Companies involved in international trade had to manage extensive paperwork, including invoices, bills of lading, customs declarations, and various permits, often resulting in a time-consuming and paperwork-heavy process. However, with effect from February 1, 2022, the Nigerian government, through the Central Bank of Nigeria (CBN) mandated the use of an e-invoicing system for all goods imported and exported to and from the nation through the Cross-Border Electronic Invoicing (e-invoicing) program, which is aimed at controlling the import and export of goods as well as enhancing transparency in import and export activities. The core objective of the cross-border e-invoicing system is to safeguard against foreign currency depletion and monitor deceptive trade practices. As per this directive, all import and export invoices in Nigeria, which fall within the stipulated frameworks are to be submitted electronically through the Automated Tax Administration System.

The e-invoicing system in Nigeria is mandatory for all businesses with an annual turnover exceeding 25 million Naira. Companies are required to create e-invoices in a format prescribed by FIRS. This e-invoice authenticated by the FIRS can then be sent to their customers.

Furthermore, a global price mechanism is to be utilized by government. Hence, where the unit prices of imported goods exceed the global verified accurate value by more than 2.5%, they will be barred from electronic filing using Form M (which is a declaration of intention to import physical goods into Nigeria) or Form NXP (which is statutory document to be completed by all exporters for shipment of goods outside Nigeria.)

In order to ensure transparency and consistency, all providers of goods and services must complete registration on the CBN portal. After successful registration, the CBN will issue a Verification Report and a Digital Certificate valid for 1 year from the date of issuance. Suppliers are also to remit an annual subscription fee per authentication and use the Digital Certificate issued by CBN for the signing of any e-invoice to be submitted on the portal for validation and authentication before the CBN delivers the e-invoice to the buyer.

Although the government of Nigeria aims to expand the e-invoicing system, the underlisted entities are currently exempted from the system:

- Individual invoices less than \$10,000 or equivalent except where suppliers have annual turnover equal to or above \$500,000.
- Businesses that have a projected annual turnover of less than N25 million or less than 25 employees are exempt from the e-invoicing system.
- Diplomatic missions and personnel associated with them are also exempted from filing e-invoices.
- Goods supplied by foreign governments to Nigeria are exempted from filing e-invoices.
- Import and export transactions made by security agencies.
- Supplies made to United Nations (UN) agencies and diplomatic missions alongside their associated personnel.
- Nigerian government agencies are also not required to comply with the e-invoicing system.

### **Significance of E-invoicing**

The significance of E-invoicing in Nigerian trade extends beyond mere technological adoption; it fundamentally transforms the way cross-border trade is conducted. This innovative system presents a host of benefits that facilitate a more efficient, transparent, and reliable trade ecosystem for both local and foreign businesses involved in import and export activities in Nigeria.

E-invoicing offers a myriad of benefits for both Nigerian and foreign companies involved in import and export activities. These advantages contribute to operational efficiency, financial management, and overall business growth:

- 1. Enhanced Efficiency and Speed:** E-invoicing significantly expedites the invoicing process, reducing the time taken to create, transmit, and process invoices. This swifter turnaround time leads to quicker payment cycles, ensuring improved cash flow for both Nigerian and foreign entities engaged in trade activities.
- 2. Cost Savings and Reduced Errors:** The automation and digitization inherent in E-invoicing decrease the costs associated with manual invoicing processes, such as printing, postage, and handling. Additionally, the reduction in manual data entry and invoicing minimizes errors, leading to more accurate invoices and fewer discrepancies, enhancing accuracy in financial transactions; reliability and precision in business dealings for the benefit of both Nigerian and foreign entities.
- 3. Streamlined Cross-Border Transactions:** For foreign companies engaged in trade with Nigerian counterparts, E-invoicing streamlines cross-border transactions by standardizing processes and facilitating smoother interactions. This leads to a reduction in trade barriers, promoting a more efficient and transparent trading environment.

- 4. Environmentally Friendly Practices:** Embracing E-invoicing aligns with global sustainability goals by significantly reducing paper usage. Both Nigerian and foreign companies contribute to eco-friendly practices through reduced paper waste and a smaller carbon footprint.
- 5. Competitive Edge and Market Integration:** The adoption of E-invoicing provides a competitive edge for companies operating in Nigeria's import and export landscape. For foreign entities, embracing this technology allows them to align with local practices, making their operations more compatible and competitive in the Nigerian market.

In essence, the advantages of E-invoicing extend to both Nigerian and foreign companies involved in import and export activities, providing a comprehensive array of benefits. The future of E-invoicing in Nigerian trade holds immense promise, presenting opportunities for improved efficiency, reduced operational costs, and a more transparent and competitive trade ecosystem. As technology and regulatory frameworks evolve, the adoption of E-invoicing is poised to play a pivotal role in reshaping the future of import and export operations in Nigeria.