



**GUIDELINE**

**NO: 2021/07**

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**SUBJECT: GUIDELINES ON VALIDATION OF UNUTILISED WHT CREDIT NOTES**

### **1.0 Introduction**

Pursuant to Section 25(4) of the FIRS Establishment Act (as amended to date), the Service is in the process of attaining full automation of the WHT administration, such that WHT Credits will be automatically accounted for in each Taxpayer's record with the Service.

As such, all Taxpayers with unutilized withholding tax credit notes of periods up to 31<sup>st</sup> May, 2020 have been notified to submit them, starting from 1<sup>st</sup> of April, 2021 to 30<sup>th</sup> of June, 2021, to the office where their tax files are domiciled, for validation.

### **2.0 Validation of the WHT Credit Notes**

Tax offices/officers are to take the following steps in validating any WHT Credit Notes submitted for validation:

- I. Verify the genuineness of the WHT credit note by confirming that it was duly issued by the tax office, recorded in the webportal and not duplicated.
- II. Verify the ownership of the WHT credit note by ensuring that the name on the credit note agrees with the requesting taxpayer's name.
- III. Verify the availability of the WHT credit by reviewing the K-Card and other records of the taxpayer to ensure that such credit note has never been utilised.
- IV. Verify the integrity of the WHT credit by confirming that the income that gave rise to the credit has been correctly and completely reported.
- V. Where the income has not been reported, additional assessment should be raised based on the income before validation of the credit note.

### **3.0 Where Request for Validation is made with other evidence of deduction but without physical Credit note**

Where a request for validation is made with other evidences of WHT deduction but without attaching actual WHT credit note, the following procedures should be used to validate the deduction:

- I. The TC minutes the application letter submitted by the taxpayer, on their letterhead paper, to the head Tax Accounting for the following procedures.
- II. Verify the genuineness of the claim by confirming that such credit exists in the FIRS webportal.
- III. Verify the ownership of the credit by ensuring that the name on the documents submitted by the taxpayer agrees with the name and other details in the webportal.
- IV. Verify the availability of the credit note by reviewing the K-Card and other records of the taxpayer to ensure that such credit note has never been utilised.
- V. Verify the taxpayer's claim by confirming that the income that gave rise to the credit has been correctly and completely reported.
- VI. Where the income has not been reported, additional assessment should be raised based on the income before validation of the credit note.

#### **4.0 Validation of WHT Credit Note issued using Special Window for Unposted TIN**

WHT Credit Note issued as a result of using special window (Unposted TIN) needs to be confirmed and validated before migration into the TaxPro-Max Solution.

The following steps should be taken for validation-

- I. Verify the genuineness of the WHT credit note by confirming that it was duly issued by the tax office and not duplicated
- II. Verify the ownership of the WHT credit note by liaising with RAD to ensure that the taxpayer is the genuine owner of the credit note.
- III. Verify the availability of the WHT credit by reviewing the K-Card and other records of the taxpayer to ensure that such credit note has never been utilised
- IV. Verify the integrity of the WHT credit by confirming that the income that gave rise to the credit has been correctly and completely reported
- V. Where the income has not been reported, additional assessment should be raised based on the income before validation of the credit note.

## **5.0 How to Transfer Validated Credits to TaxPro-Max Solution**

Upon completion of the validation process, the next step will then be to credit the taxpayer's account on TaxPro-Max Solution with the verified WHT. The following steps will lead to the taxpayer's account on TaxPro Max Solution being credited:

- I. Raise Journal Adjustment Voucher (JAV) based on the amount validated.
- II. Send the JAV to the Tax Controller for review and approval.
- III. Scan and upload the taxpayer's application and approved JAV (duly signed off by the TC and Taxpayer) to TaxPro-Max Solution for final validation and crediting of Taxpayer's account.

## **6.0 GIFMIS WHT Deduction**

For now, WHT deductions via GIFMIS do not report in the FIRS webportal. Therefore, where a request for validation is made with other evidences of WHT deduction but without attaching actual WHT credit notes and it is not in the webportal as a result of GIFMIS deduction, the following steps should be taken:

- I. On receipt of such request, the Tax Controller should forward same to Revenue Accounting Department (RAD) for validation.
- II. RAD will go through our Bank statement from CBN to validate the taxpayer's claims.
- III. Upon confirmation/validation by RAD, the TC takes the necessary steps to migrate the amount to TaxPro-Max Solution as outlined in 4.0 above.

## **7.0 Stoppage of the Usage of Physical WHT Credit Notes**

Effective from 1<sup>st</sup> July, 2021, the use of WHT Credit for settlement of Companies Income Tax liability and granting of request for WHT refund will be based on the WHT credit in the taxpayer's account with the Service. This means that WHT Credit Notes that are not validated by 30<sup>th</sup> June, 2021 will no longer be recognized, leading to a permanent forfeiture of such unutilized Credits.

For further information or clarifications, please contact:

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