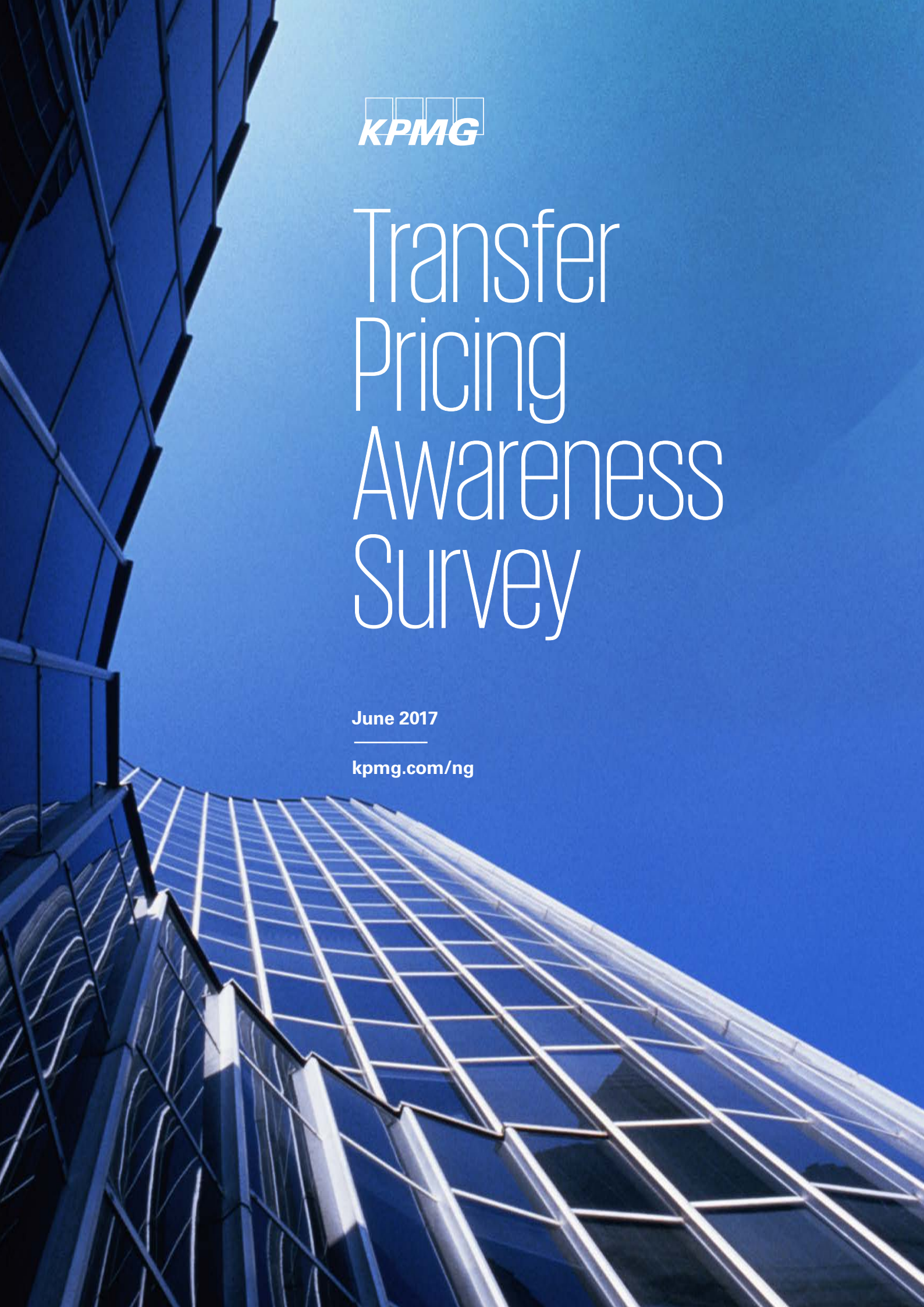

KPMG

Transfer Pricing Awareness Survey

June 2017

kpmg.com/ng

Foreword

The Federal Inland Revenue Service (FIRS), in August 2012, published the Income Tax (Transfer Pricing) Regulations (the Nigeria TP Regulations) with the first year of compliance being the accounting year commencing after the date of publication of the Regulations.

The Nigeria Transfer Pricing (TP) Regulations require taxpayers to carry out all transactions with related parties at arm's length.

With the introduction of TP rules to the Nigerian tax system, it has become imperative for taxpayers to appropriately plan and manage their related party transactions in order to avoid material additional tax liabilities in the event of a TP audit.

KPMG in Nigeria recently conducted a survey to gauge taxpayers' TP awareness and preparedness for TP audits. We are pleased to present the findings from the maiden edition of our TP Awareness Survey. For this maiden edition of the Survey, we had over 50 respondents across the major industry sectors.

This survey report provides valuable insights into various aspects of TP such as compliance awareness, audit processes & outcomes and dispute resolution options. Based on the feedback provided by the respondents, there appears to be an

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appreciable level of awareness of TP compliance requirements.

A number of respondents have received Information and Document Requests (IDRs) from the FIRS, indicating potential commencement of TP audits. With the increased scrutiny by the tax authorities, taxpayers may need to focus more attention and resources on TP going forward. We would like to thank all respondents for taking out time to be a part of the maiden edition of this Survey. We look forward to your participation in subsequent editions.

To the readers of this report, we sincerely hope that you find the feedback and insights useful as you seek to continue to improve on your organization's TP compliance and audit preparedness.

Contents

Overview of Transfer Pricing Regime in Nigeria

Background

The Nigerian Transfer Pricing (TP) Regulations became effective on 2 August 2012. The Regulations cover all transactions entered into by connected taxable persons. Enterprises are considered to be connected where one party participates directly or indirectly in the management, control or in the capital of the other; or, the same person or persons participate directly or indirectly in the management, control or in the capital of both enterprises.

The Regulations also require companies to prepare appropriate documentation to demonstrate compliance with the arm's length principle. This documentation includes a TP policy, TP compliance documentation report and the TP statutory forms (TP declaration and disclosure forms).

TP compliance requirement

The TP Policy is an internal guide that enables companies to price related party transactions in accordance with the arm's length principle. The TP compliance documentation report is prepared annually to demonstrate compliance with the arm's length principle as determined in the TP policy.

The TP statutory forms comprise the TP disclosure and declaration forms. The disclosure form is required to be completed and filed with the FIRS annually together with the corporate tax returns while the declaration form is to be filed once; except where there are changes to information previously declared to the tax authorities. Like most countries of the world, the Nigeria TP Regulations align with the Organisation for Economic Cooperation and Development (OECD) TP Guidelines. The Regulations also recognize the United Nations TP Practical Manual. In addition to the five TP methods recommended by the OECD TP Guidelines, a taxpayer is at liberty to use any other method if it is of the view that none of the recommended OECD methods is appropriate for determining the arm's length pricing of its transactions.

TP audit process

TP audits usually commence with the FIRS sending an Information and Document Request (IDR) to selected companies based on the outcome of the tax authorities' internal TP risk assessment. A selected taxpayer has 21 days to respond to an IDR. The next phase, after IDR, is field visit and interview sessions with key personnel of the company being audited. The tax authorities seek to revalidate the facts and declarations presented in the TP documentation

during the interview sessions. Where tax authorities disagree with taxpayer on their understanding of relevant facts, they may make TP adjustments, resulting in additional tax liabilities.

Where the taxpayer disagrees with the TP adjustments, it may approach the Decision Review Panel (DRP). The decision of the DRP on any assessment or adjustment is final and conclusive of FIRS position on any TP issue. However, taxpayer can appeal the decision of the DRP, based on point of law, to the Tax Appeal Tribunal* and higher courts.

International support for TP in Nigeria

Since the introduction of TP Regulations in Nigeria, the FIRS has enjoyed tremendous technical support from international and multilateral agencies such as the World Bank, OECD, African Tax Administration Forum, and the United Nations Development Programme (UNDP). Nigeria has also signed up to the Tax Inspectors Without Borders Programme (TIWB). TIWB is a joint initiative of the OECD and the UNDP to support developing countries in building tax audit capacity.

Advance Pricing Agreements (APA)

Although the Nigeria TP Regulations have provisions for Advance Pricing Agreements (APA), the FIRS is yet to commence the APA program. APA allows the tax authorities and the taxpayer agree on the transfer prices of related party transactions before they are conducted.

Tax administrators across the world have discovered, from experience, that the resolution of TP disputes by traditional audit or examination techniques has often proved very cumbersome and costly for taxpayers and tax authorities, both in terms of time and resources. Countries like Canada, the United States of America, Australia and India have embarked upon APA programs that have resulted in significant success stories.

APA can increase the level of certainty in respect of certain transactions that taxpayers and tax administrators may consider complex and of high value.

Conclusion

Transfer Pricing has really advanced within the short period that it took off in the country. Most taxpayers, including the multinational enterprises and those operating within a group structure in Nigeria, are now conscious of the need to comply with the Regulations in planning and executing related party transactions.

Nevertheless, FIRS needs to pay more attention to this area of tax administration. There is need to enhance capacity, training and development of TP staff. FIRS can obtain support from multilateral agencies to implement a medium to long term secondment training programs for staff. The staff will learn more and develop faster if they work with their counterparts in more matured tax administrations outside Nigeria. The staff will then be able to dispense international best practices in TP administration in Nigeria.

> “Like most countries of the world, the Nigerian TP Regulations align with the Organisation for Economic Cooperation and Development (OECD) TP Guidelines.”

* The Federal Government is yet to constitute the Tax Appeal Tribunal since the expiration of the tenure of the previous Tribunal.

Survey Results

The TP Structure in Organisations

Dedicated TP department is still a rarity...

From the Survey, majority (98%) of the respondents indicated that they do not have a dedicated TP department in their organizations. This raises questions on the effectiveness of personnel with oversight on TP matters.

The need for a dedicated TP unit can be viewed based on the size of the organization and the volume of related party transactions. While a relatively small organization with limited related party transactions may not have a need for a TP department or dedicated TP personnel, it is becoming increasingly necessary for larger Multinational Enterprises (MNEs) with high volume of complex related party transactions to have a TP department or dedicated TP personnel.

With the recent wave of TP audits, adequate care must be taken by companies to ensure that safeguards are in place to avoid costly errors during the TP audit process. Such safeguards include ensuring that dedicated TP personnel track and compile all relevant TP documentation and supporting documents to defend the arm's length nature of the company's related party transactions. Also, taxpayers may outsource the TP function to external TP specialists, who are able to assist the company in mitigating TP risks.

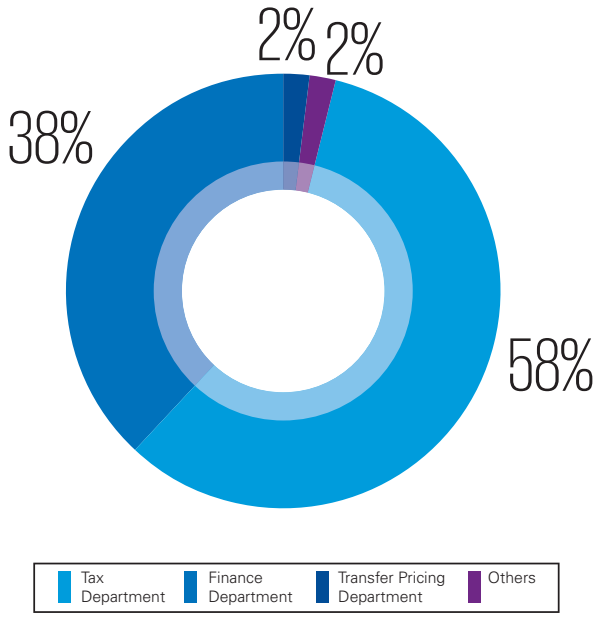


Figure 1:
Which department is responsible for dealing with TP within your organization?

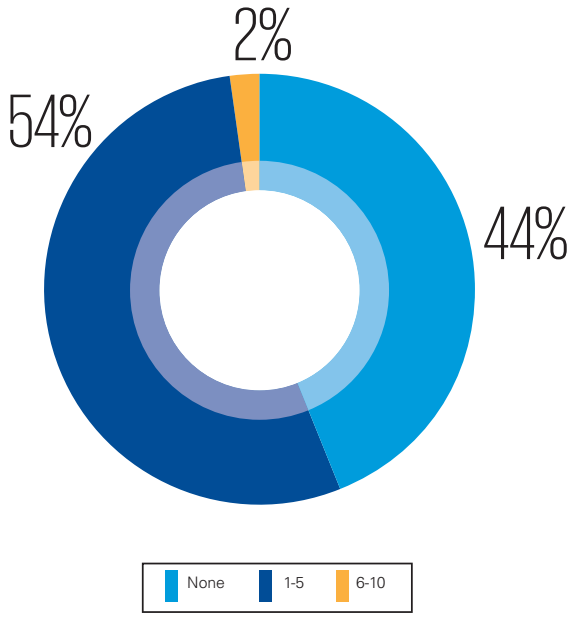


Figure 2:
How many full-time staff would you estimate are employed in dealing with TP in your organization?

TP strategies and processes are driven at the group level...

For companies in a group, majority of the respondents indicated that their TP strategies and policies are set at the group level. This may have the advantage of having a standardized Group TP policy that is implemented consistently across group entities. However, in certain instances, it may also have the disadvantage of the group imposing transfer price policies without necessarily considering the market realities in the local economies.

Finally, where there is a group TP team responsible for the TP needs of all group entities, the local entity may not see the need to have a TP team embedded within it. This may explain why some companies may not have dedicated TP personnel.

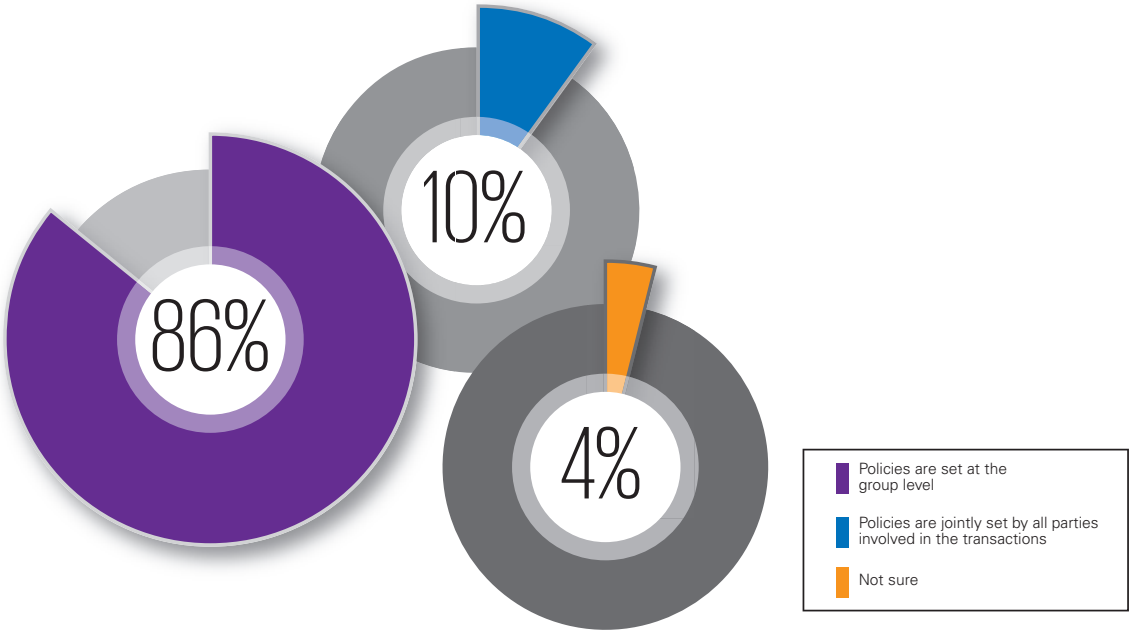


Figure 3:
Who sets the policies for related party transactions in your organization?

> With the recent wave of TP audits, adequate care must be taken by companies to ensure that safeguards are in place to avoid costly errors during TP audit process.

Survey Results

Consciousness of TP Requirements

High level of awareness of TP compliance requirements...

With the Nigerian TP regime in its fourth year, the need for taxpayers to be aware of TP compliance requirements cannot be overemphasized. The results of the Survey indicated a very high level of awareness of TP compliance requirements in Nigeria. Specifically, 70% of the respondents indicated a high level of awareness of the TP requirements while the other 30% indicated an average level of awareness.

The level of awareness of the respondents is also reflected in the level of compliance noted in the filing of TP returns, preparation of TP policy and annual TP compliance report. When asked about the annual TP filing, 74% of the respondents admitted to having filed TP returns for all the years since the inception of TP in Nigeria; 22% had filed for some of the years; while only 4% had not filed TP returns at all.

An interesting observation is the fact that, although 74% of respondents indicated that they have filed annual TP returns for all relevant years, only 65% have prepared contemporaneous TP documentation for those years. This buttresses the need for further education in preparing TP documentation on annual basis.

The respondents also indicated knowledge of applicable penalties that may arise in the event that the TP compliance requirements are not met as and when due.

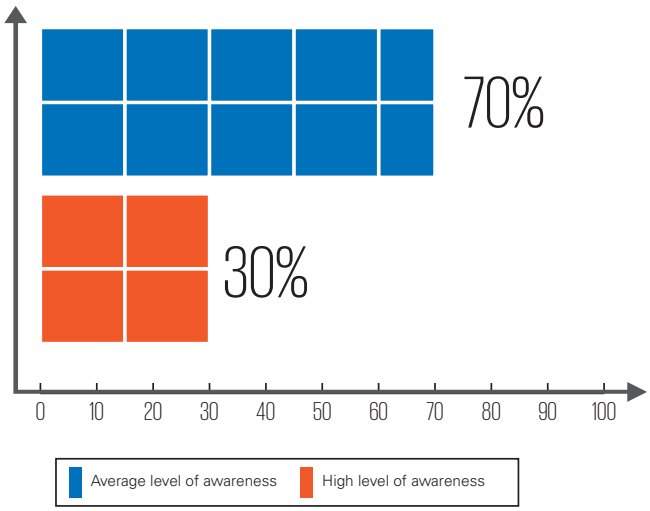


Figure 4:
What is your level of awareness of the TP compliance requirements in Nigeria?

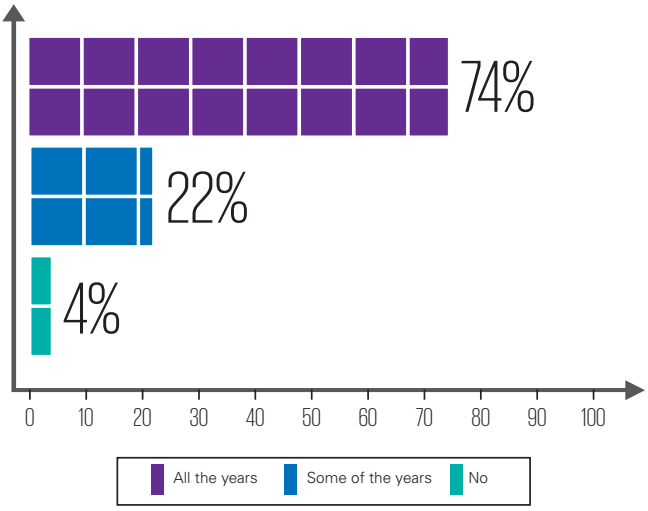


Figure 5:
Has your company filed TP returns annually since the 2013 financial year?

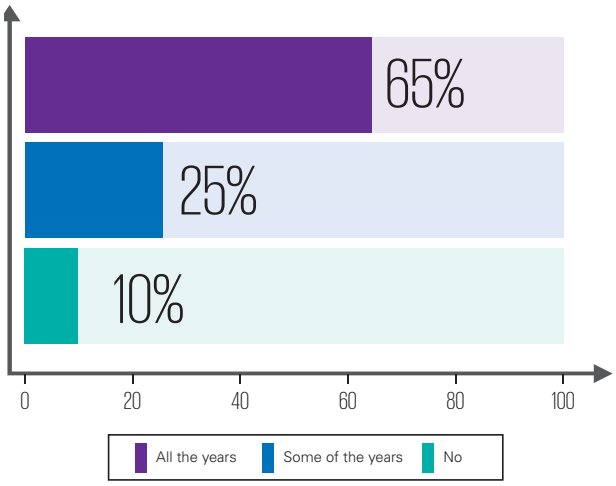


Figure 6:
Has your company prepared contemporaneous TP documentation annually since the 2013 financial year?

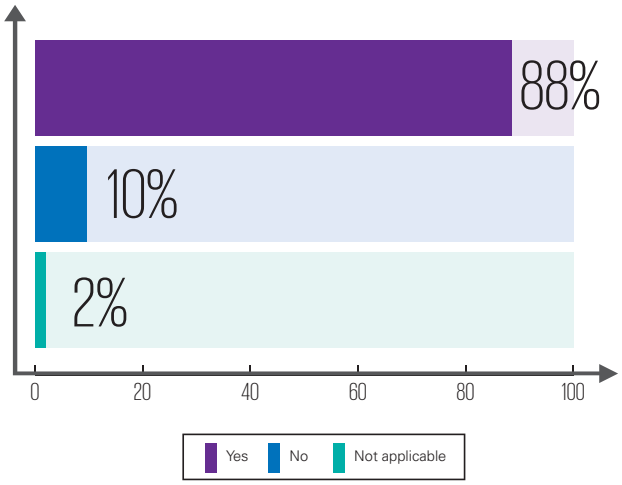


Figure 7:
Does your company have an internal TP Policy that guides your transactions with your related parties?

"An interesting observation is the fact that, although 74% of respondents indicated that they have filed annual TP returns for all relevant years, only 65% have prepared contemporaneous TP documentation for those years."

Survey Results

TP Audit Experience

As a result of the significant drop in crude oil prices in the global market and the resulting decrease in oil tax revenue, the Federal Government has increased its focus on other sources of tax revenue generation. One area of increasing focus is TP audit. In this section of the survey report, we present the views of our respondents with respect to TP audit.

The Nigerian TP audit journey so far...

Typically, the starting point of TP audits is the issuance of Information and Document Request (IDRs) to taxpayers by the tax authorities. Taxpayers are required to respond to these requests within 21 days of receipt. Although few IDRs are used for TP risk assessments and may not necessarily develop into full blown TP audits, most IDRs are usually the commencement of full-blown TP audits.

The feedback obtained from our respondents indicated that 61% are yet to receive an IDR from the FIRS, while 23% have received one and 16% have received multiple IDRs. 39% of the respondents indicated that they have received at least an IDR. This points to the fact that the FIRS has increased focus on TP audit.

A further analysis indicates that 73% of the respondents are yet to undergo a TP audit with 21% presently undergoing TP audits and 6% completed. This observation buttresses the fact that, although the FIRS has been focusing on TP audits, its progress in terms of coverage and duration has been constrained by the limited resources at its disposal.

Nevertheless, it must be noted that tax administrators typically select companies for TP audits based on the outcome of TP risk assessments. As such, taxpayers need to take adequate steps to develop a robust TP compliance process and effectively prepare for audit.

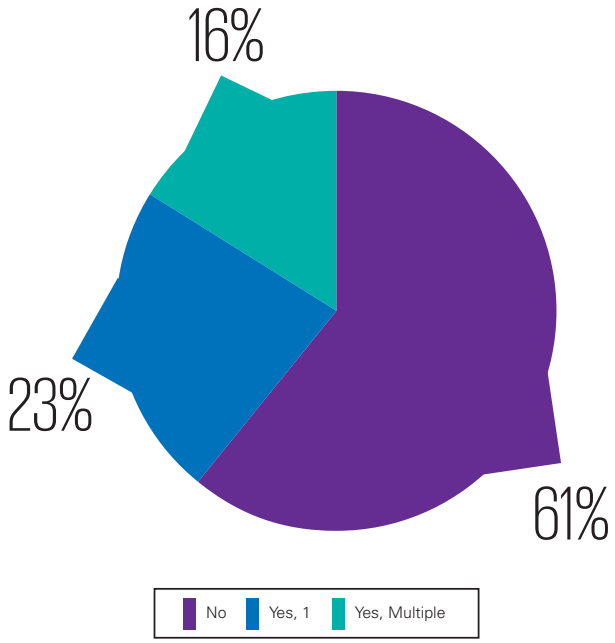


Figure 8:
Has your company received an IDR from the FIRS with respect to TP?

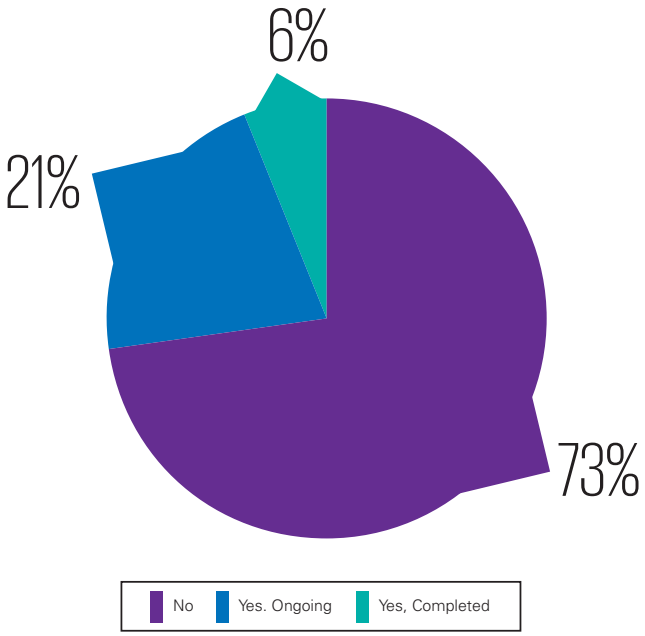


Figure 9:
Is your company undergoing a TP audit? If yes, how many years does/did the audit cover?

FIRS' stance generally aggressive...

A significant number of the respondents consider the FIRS' stance during the TP audit as aggressive. Specifically, only 18% of the respondents consider the FIRS' stance friendly while 46% and 36% of the respondents consider it aggressive and very aggressive, respectively.

A further analysis shows that 57% of the respondents, believe that the FIRS' assessment of additional tax liabilities is material. It is therefore important for companies to comply with all the TP documentation requirements and proactively perform TP diagnostic reviews to ensure that they mitigate their TP risk exposures before undergoing TP audits.

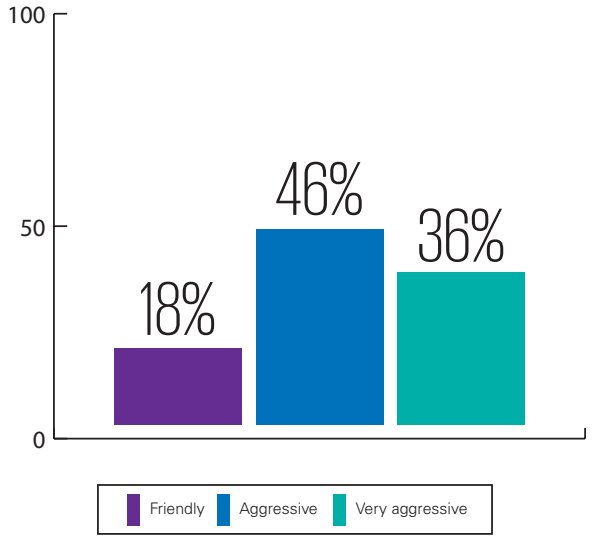


Figure 10:
What was/is the FIRS' stance during the TP audit?

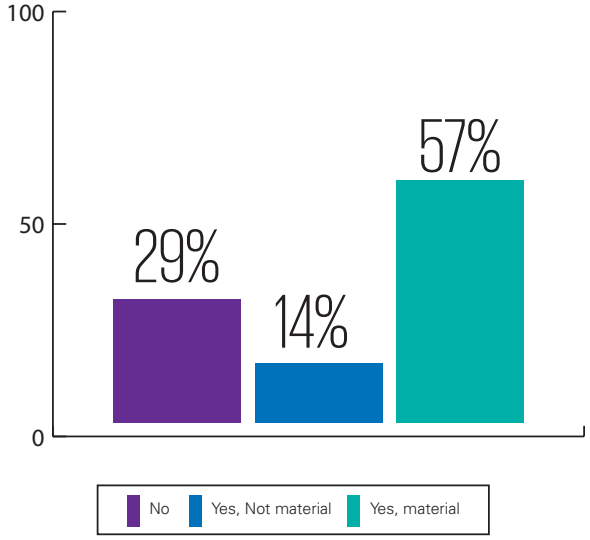


Figure 11:
Did the FIRS make an assessment of additional tax liability?

Transfer Pricing litigation least preferred dispute resolution option...

The Survey indicated that companies would prefer a less adversarial approach in resolving TP disputes. 73% of the respondents would rather resolve their TP disputes through the Decision Review Panel (DRP), while 18% will consider challenging additional tax assessments in court. Only 9% of our respondents indicated the willingness to pay assessed liability.

Given the preference for less adversarial approach to dispute resolution, the FIRS will have to reconsider its delay in implementing its Advance Pricing Agreement (APA) provision, to ensure that taxpayers with high risk transactions can seek for certainty in the pricing of such transactions.

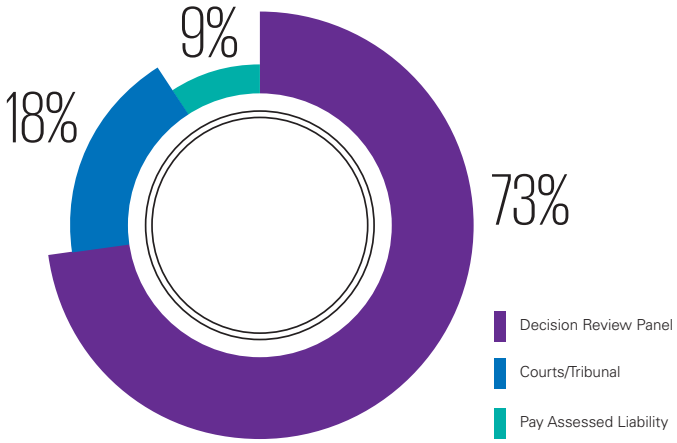


Figure 12:
What dispute resolution options will your company prefer to use if you should disagree with the FIRS on key issues during a TP audit?

Retaining current consultants vs new TP consultants during TP audit...

When asked if taxpayers will consider using external TP consultants or consider changing their current TP consultants during an aggressive TP audit, 52% of respondents indicated they would, 15% indicated they would not, while 33% were unsure.

Some of the reasons advanced by the respondents, who would consider using external TP consultants or changing consultants, include: need for better representation, degree of complexity of the issue, experience, cost and the level of integrity. This is a clear indication of the level of importance attached to the TP audit process compared to the preparation of TP documentation. However, considering that preparation of TP documentation is a taxpayer's first line of defence during a TP audit, both services should be accorded comparable level of importance.

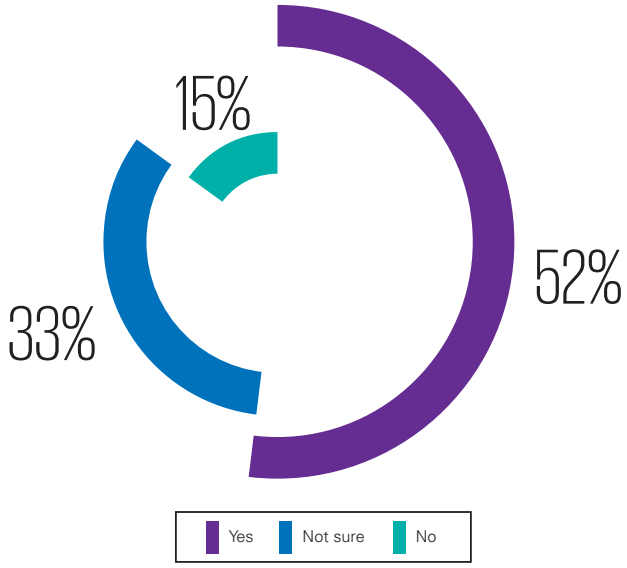


Figure 13:
Will you consider using an external TP adviser or change TP advisers during an aggressive TP audit?

The need for intercompany agreements ...

Based on the responses from the survey, 86% confirmed that their organizations have contracts/agreements for their related party transactions. While this may be true, based on our experience, we have noted that the substance of the transaction may differ from what is stipulated in the contract/agreement. Where the tax authorities are of the opinion that the agreement (form of transaction) does not reflect what happens in reality (substance of transaction), they may cherry-pick whether to go with the form of the transaction or the substance of the transaction as long as that choice potentially results in a higher assessment of tax liability. As such, the best practice is for companies to ensure that the agreement aligns with what occurs in practice.

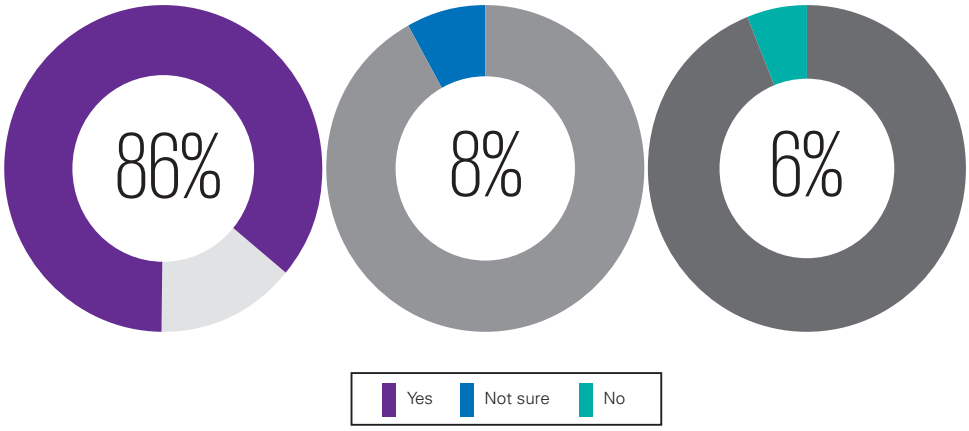


Figure 14:
Does your organisation have agreements or contracts for transactions with related parties?

Is a TP pre-audit diagnostic review value adding?

A TP pre-audit diagnostic review enables a company to assess its level of TP risk exposure by identifying gaps in its TP arrangements and documentation, and to proactively take measures to close those gaps with the view of mitigating its TP risk exposure.

This may involve an independent review of related party transactions before issuing the financial statements. This helps a great deal in identifying potential TP risk areas and affords the taxpayer an opportunity to make relevant self adjustment before the financial statements are signed.

It also involves a detailed review of existing TP documentation and supporting documents prior to the commencement of a TP audit.

According to the survey, 60% of the respondents believe that a TP pre-audit diagnostic review will significantly add value to their organization and would engage external TP consultants to perform the task. A further analysis indicates that most companies perform an independent review of their related party transactions before issuing the financial statements.

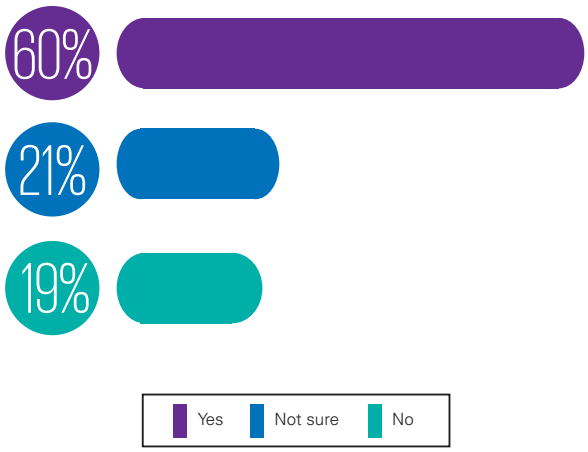


Figure 15:
Do you envisage significant value in proactively performing a TP diagnostic review of your company prior to being selected for a TP audit?

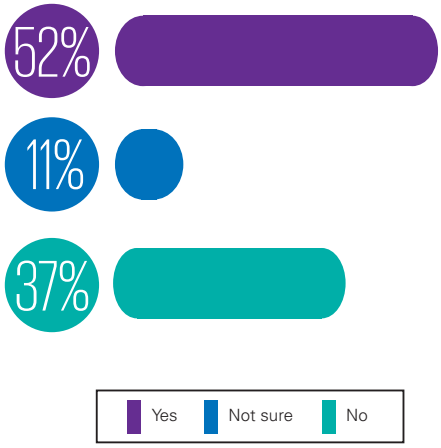


Figure 16:
Do you carry out an independent review of the related party transactions before issuing your financial statements

> Some of the reasons advanced by the respondents, who would consider using external TP consultants or changing consultants, include: need for better representation, degree of complexity of the issue, experience, cost and the level of integrity.

Base Erosion and Profit Shifting (BEPS)

The OECD defines Base Erosion and Profit Shifting (BEPS) as tax avoidance strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no tax locations. BEPS can be direct or indirect movement of taxable profits from one tax jurisdiction to another in order to reduce the effective tax liability of a Multinational Enterprise (MNE). This undermines the fairness and integrity of tax systems, which have been set up in different jurisdictions. Businesses that operate across borders can use BEPS to gain unfair advantage over enterprises that operate at a domestic or national level. This distorts competition and creates inefficiencies in the administration of the tax systems. Also, as MNEs find ways to legally avoid paying income tax, the likelihood of voluntary compliance by other taxpayers reduces.

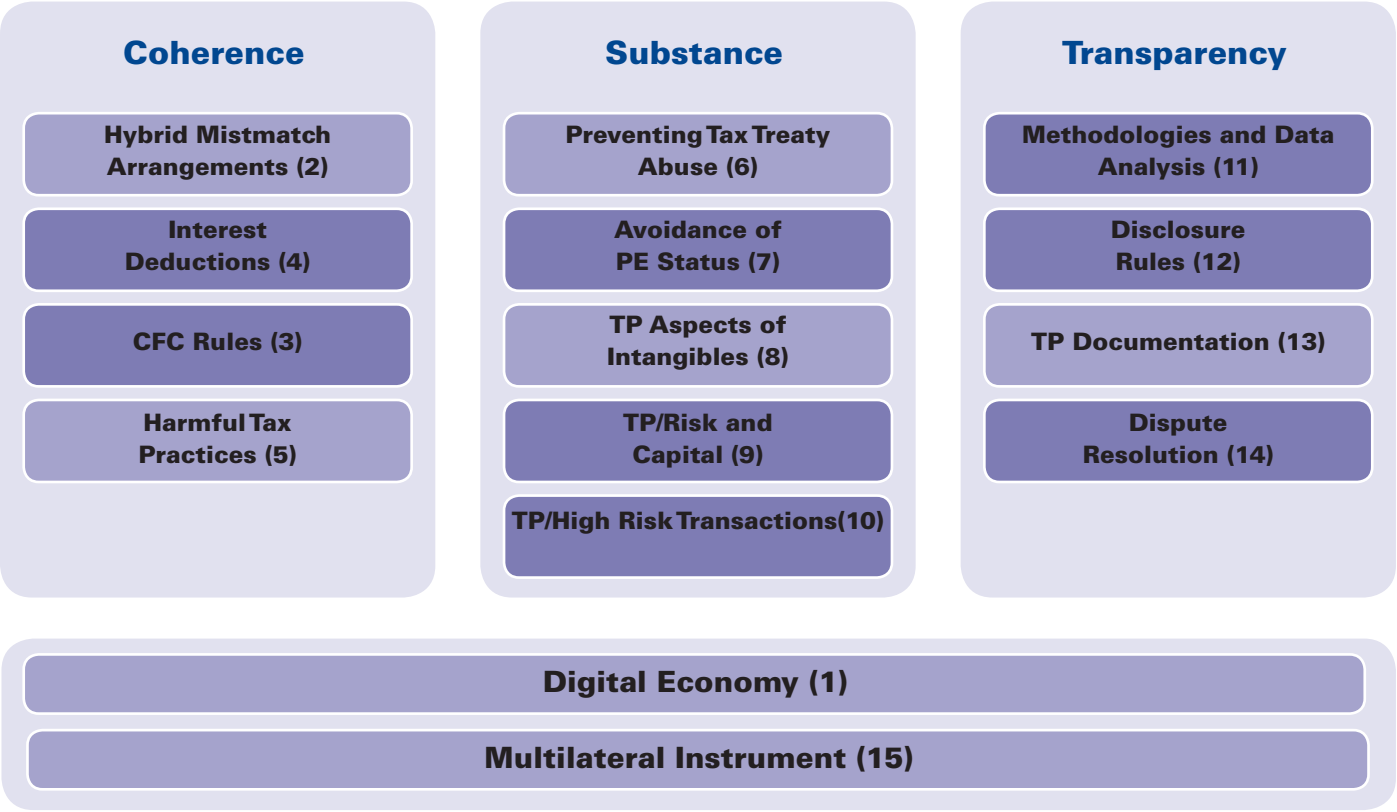
In order to address the problem of BEPS, the OECD, with the backing of the Group of Twenty (G20), undertook the BEPS project in 2013. The project is aimed at

equipping governments with the domestic and international instruments needed to tackle BEPS. The BEPS Action Plan is based on three broad principles: coherence, substance and transparency, and sets forth 15 actions to fundamentally change the rules for the taxation of cross-border profits. The three broad measures to address BEPS are explained below:

- *Coherence in tax systems* – This measure broadly addresses the need for standards in corporate income taxation that will complement the standards that prevent double taxation and with a new set of standards designed to avoid double non-taxation.

- *Substance in cross border dealings* – The aim of this measure is to modify tax rules to ensure alignment with substance. In a few cases, tax treaties and TP rules can facilitate the undue separation of taxable profits from associated value-creating activities. An example of this is the use of shell companies that have little or no economic substance. The BEPS project aims to align income with the economic activities that generate it.

- *Transparency* – Considering globalisation, there is need for greater transparency across governments and entities. This assists tax administrations to identify risk areas and focus their audit strategies. Transparency also aids in breaking down information on a country-by-country basis ensuring better documentation for MNEs and providing greater certainty and predictability. The figure below shows the classification of the 15 action points under the three broad principles with actions 1 and 15 spanning all three principles.



Survey Results

Base Erosion and Profit Shifting

BEPS and its impact on TP in Nigeria

The Nigeria TP Regulations aligns with the OECD TP Guidelines. BEPS Actions 8-10 and 13 introduced significant changes to the OECD TP Guidelines. It is expected that these changes will directly and automatically impact the TP compliance requirements in Nigeria.

Also, Nigeria has indicated intent to implement BEPS Action 13 on TP Documentation (including Country-by-Country reporting) and BEPS Action 15 on Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS.

Taxpayers awareness of the BEPS project

Based on the responses from the Survey, 69% of the respondents indicated that they are aware of BEPS.

This shows that most personnel saddled with oversight on tax and TP are aware of the current global trends. However, there is still the need for some education in this area, since BEPS could have far reaching implications for taxpayers once the Federal Government and the FIRS legislate or implement some of the key action points.

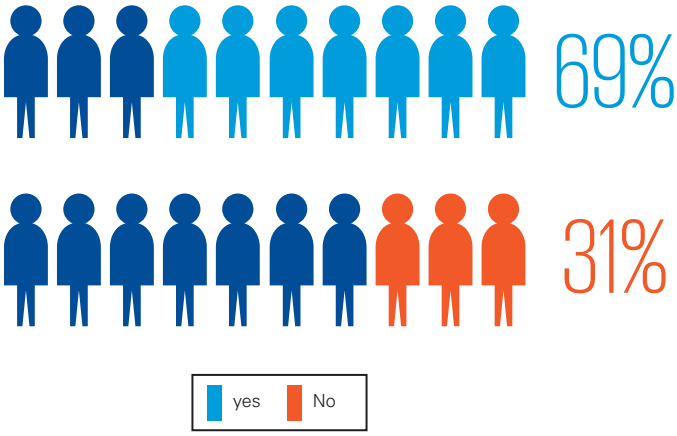


Figure 17:
Are you aware of the BEPS project?

Global Transfer Pricing Services

The TP environment is constantly changing, in terms of both risk and opportunities. In the wake of the OECD's BEPS action plans, multinationals must be able to present cogent, globally consistent arguments supporting their TP decisions, substantiated by thorough, authoritative analyses that reflect local rules governing their transactions. Given the increasing call for a greater transparency, multinationals are left facing more complexity than ever.

Multinationals need to ensure that they stay up-to-date with the latest developments and TP best practices. In doing so, they can optimize the opportunities and their global effective tax rate and ensure they remain compliant with changing guidelines and regulations, while at the same time minimizing the risks associated with TP audit. A well-designed TP policy and properly coordinated defence strategy for such a policy are basic necessities in today's dynamic commercial environment.

Keeping track of the fast-developing TP landscape is itself a challenge. From detailed TP regulations to stricter documentation requirements, the call for greater transparency, robust audit practices to harsher penalties for non-compliance, global companies must deal with an even more complex environment. Above all, ensuring an effective TP strategy means being proactive in planning, implementation, risk management, documentation and dispute resolution. Taxpayers need to understand the global perspective, but also be able to call on expertise and insight to combine it with local orientation to be able to put together a coherent and defensible TP policy which is responsive enough to adapt to the constant changes that businesses experience.

TP has also become a topic of public controversy on the matter of whether the current TP rules permit multinationals to pay less than their fair share of tax in some of the territories that they operate in. This means that multinationals now need to evaluate their TP practices from the perspective of subjective areas like corporate reputation and public perception.

Organizations recognize that TP strategies can add significant value to business projects and help fund future growth as they look to maximize efficiencies and optimize their global tax liabilities.

> "A well-designed TP policy and properly coordinated defence strategy for such a policy are basic necessities in today's dynamic commercial environment."

KPMG approach

In today's post BEPS world, TP has been transformed. Companies face new reporting and information sharing challenges and the need for a global narrative.

KPMG's Global Transfer Pricing Services (GTPS) Practice includes a core TP group of more than 2,000 professionals representing 48 member firms around the world. The Practice, which includes an extensive network of former government officials, comprises economists, tax practitioners and financial analysts with years of experience.

KPMG firms can help companies develop and implement economically supportable transfer prices, document the policies and outcomes, and respond to questions raised by the tax authorities. With KPMG's global network providing access to TP professionals around the world, the GTPS Practice is well-equipped to provide the local experience and global context that multinationals need to thrive in today's environment.

How clients can benefit

Professionals in the KPMG GTPS network help clients make difficult decisions about prioritizing limited resources every day. Navigating the proliferation of BEPS-driven requirements with a finite budget requires careful risk tiering and consideration. It also requires a focus on process and technology.

Member firm clients can benefit from a technology-enabled, risk based approach by:

- Reducing controversy
- Limiting double taxation
- Increasing the likelihood of favorable outcomes when controversies arise
- Aligning tax goals with business objectives
- Reducing the amount of time that corporate resources need to spend on TP.

Transfer Pricing life cycle and services

Thought Leadership


taxnotes international

Transfer Pricing in Nigeria — The Journey So Far

by Tayo Ogungbenro, Amaka Samuel-Onyeani, and Olanrewaju Alabi

Reprinted from Tax Notes Int'l, November 21, 2016, p. 789

Transfer Pricing in Nigeria – the journey so far by Tayo Ogungbenro, Amaka Samuel-Onyeani and Olanrewaju Alabi.

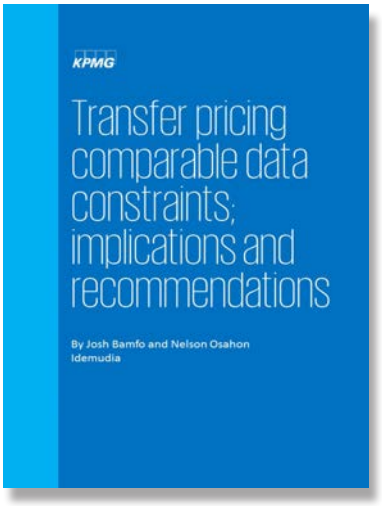

Tayo Ogungbenro


Amaka Samuel-Onyeani

The Nigeria Income Tax (Transfer Pricing) Regulations were published in the official gazette on September 21, 2012. The Regulations sought to achieve the following:

- ensure that Nigeria is able to tax on an appropriate taxable basis corresponding to the economic activities deployed by taxable persons in Nigeria, including in their transactions and dealings with associated enterprises;
- provide the Nigerian tax authorities the tools to fight tax evasion perpetuated via over- or underpricing controlled transactions among associated enterprises;

You can read the full article at http://bit.ly/2sdXxFN


KPMG

Transfer pricing comparable data constraints; implications and recommendations

By Josh Bamfo and Nelson Osahon Idemudia

Transfer Pricing comparable data constraints; implications and recommendations by Josh Bamfo and Nelson Osahon Idemudia


Josh Bamfo

Since Nigeria Transfer Pricing Regulations (the Regulations) with 2 August, 2012 as commencement date, transfer pricing has become one of the hottest tax issues in Nigeria. However, one of the challenging aspects of the implementation of the Regulations is the lack of local and regional (African) external comparable data to assist with the application of some of the Regulation's recommended transfer pricing methods.

You can read the full article at http://bit.ly/2srMlYi

Compliance | Transfer pricing

Understanding TP compliance for commencement tax returns

Companies beginning a new business venture in Nigeria face complex compliance rules on their transfer pricing in the first three years. Victor Adegite and Adedayo Adebowale of KPMG Nigeria guide businesses through the possible hurdles.

TRANSFER PRICING

Understanding TP compliance for commencement tax returns by Victor Adegite and Adedayo Adebowale

Nigerian companies are required to file income tax returns annually. This is expected to occur six months after a company's accounting year-end or 18 months after incorporation of the company, whichever is earlier. In the same vein, the Income Tax (Transfer Pricing) Regulations (Nigeria TP Regulations) require taxpayers to submit TP returns annually alongside the income tax returns.

You can read the full article at http://bit.ly/2sdXWZ9

Victor Adegite

Adedayo Adebowale

BEPS | Developing countries

BEPS and its influence on TP audit processes in Nigeria

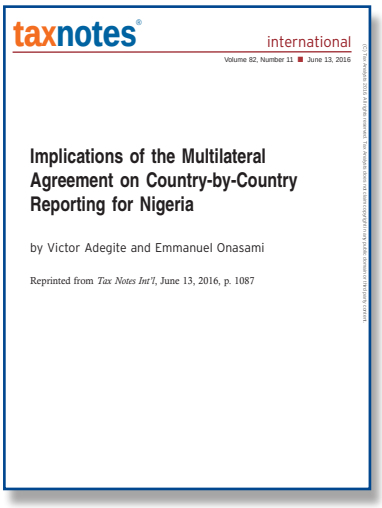
Victor Adegite of KPMG looks at how the Nigerian Federal Inland Revenue Service has incorporated BEPS Project action points into its transfer pricing audit processes.

BEPS and its influence on TP audit processes in Nigeria by Victor Adegite

Since the onset of the BEPS project, Nigeria has closely worked with other non-OECD countries on an equal footing to build consensus on the project's final outcome. After the release of the first set of BEPS action plans, some countries, including China, the United Kingdom, Austria and France, have proactively taken steps to implement some of the ideas to address one form of BEPS issue or another, even before the release of the final reports.

You can read the full article at http://bit.ly/2sCO5ym

Victor Adegite



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Implications of the Multilateral Agreement on Country-by-Country Reporting for Nigeria

by Victor Adegite and Emmanuel Onasami

Reprinted from *Tax Notes Int'l*, June 13, 2016, p. 1087

Implications of the multilateral agreement on country-by-country reporting for Nigeria by Victor Adegite and Emmanuel Onasami.

On January 27, 2016, Nigeria and 30 other countries signed the OECD Multilateral Competent Authority Agreement (MCAA) on country-by-country (CbC) reporting. (Prior coverage: Tax Notes Int'l, Feb. 1, 2016, p. 397.) CbC reporting is the third tier of transfer pricing documentation recommended in the OECD's final report on Action 13 of its base erosion and profit-shifting project.

You can read the full article at http://bit.ly/2tpstTd

Victor Adegite

Emmanuel Onasami

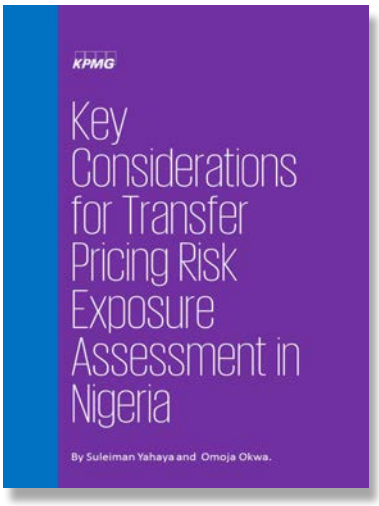
Transfer Pricing considerations for intragroup service transactions by Suleiman Yahaya and Abisola Agboola.

One of the key requirements in the Regulations is for companies to conduct their related party transactions at arm's length. This means that the conditions made or imposed between two or more Connected Taxable Persons (CTPs) in their commercial or financial relations should be similar with those which would be made between independent enterprises.

You can read the full article at http://bit.ly/2s3XkXk


Suleiman Yahaya


Abisola Agboola



Key Considerations for Transfer Pricing Risk Exposure Assessment in Nigeria by Suleiman Yahaya and Omojo Okwa.

The Federal Inland Revenue Service (FIRS) is paying a lot of attention to revenue generation and collection. This is due to the decline in revenue accruing to Federal Government of Nigerian (FGN) from sale of crude oil. The FGN has notified the stakeholders that it will turn to the non-oil sector, through taxation, to finance a part of the 2016 budget.

Expectedly, the FIRS has raised the tempo for revenue drive with a view to ensuring that more companies are brought within the tax net. Those already within the net are being pressurized to fully discharge their tax obligations. For instance, the FIRS has invoked the relevant provisions of the Companies Income Tax Act (CITA) that require companies that declare interim dividends to pay provisional tax on the amount, rather than wait till the end of the relevant financial year. Similarly, the tax authority has stepped up the audit of companies' tax and accounting records for compliance with various taxes especially Valued Added Tax (VAT), Withholding Tax and Transfer Pricing (TP) Regulations.

This article explores the risk exposures and key considerations for organizations, shedding light on the correlation between transfer pricing requirements and tax efficiency.

You can read the full article at http://bit.ly/2sdPmt4

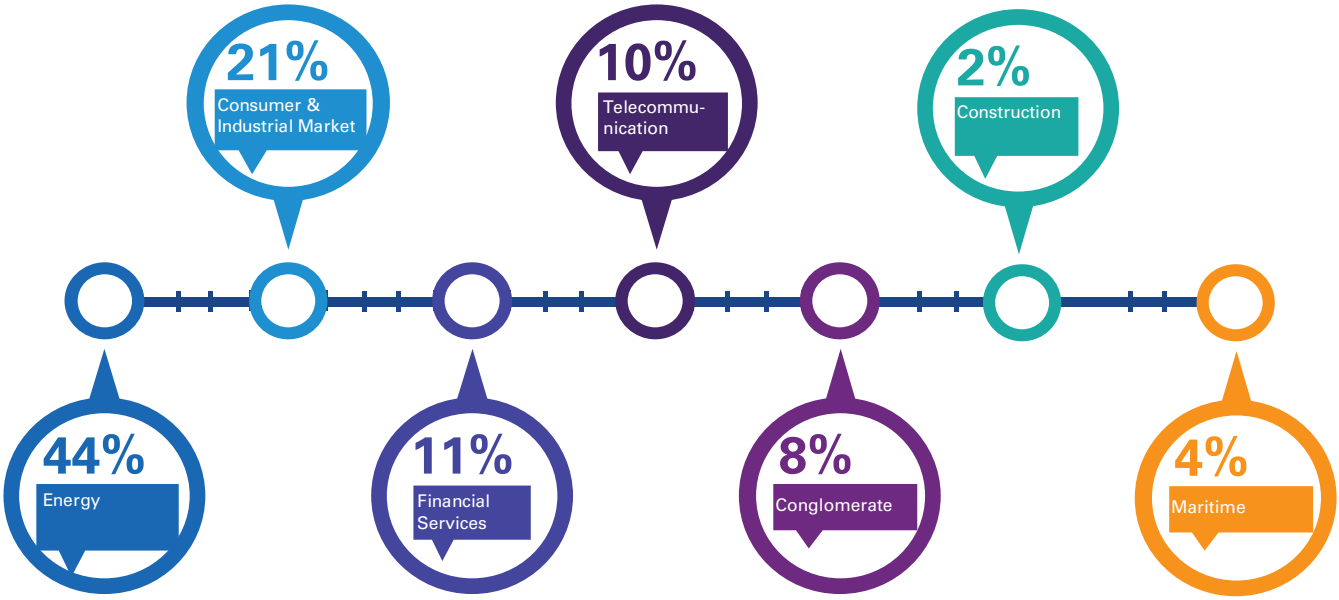

Suleiman Yahaya


Omojo Okwa

About the Survey

This report presents our findings from the 2017 TP Awareness Survey conducted by KPMG Nigeria. The Survey was administered on 52 persons, who are mainly Tax Managers/ Directors, CFOs and Heads of Finance in leading organizations across all major industry sectors in Nigeria.

The Survey elicited responses in respect of TP compliance, TP audit, TP controversy and dispute resolution as well as BEPS. The distribution of the respondents across the sectors is illustrated below:



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