



Tax Alert

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Update: LIRS announces implementation of additional tax incentives and reliefs for taxpayers in Lagos State

The Lagos State Internal Revenue Service (LIRS or “the Service”) has issued a Public Notice communicating additional palliatives that the Service is implementing to cushion the impact of COVID-19 pandemic on taxpayers resident in the State.

The Public Notice follows its earlier COVID-19 palliative measures published in our [Tax Alert Issue No. 3.7 of March 2020](#) and [Tax Alert Issue No. 6.12 of June 2020](#).

The additional palliative measures to be implemented by the Service are as follows:

1. Approval of instalment payment of outstanding liabilities on case-by-case basis to ease the cashflow challenges that taxpayers are currently facing;
2. Waiver of penalty for late payment of Pay-As-You-Earn liabilities for March – May 2020;
3. Waiver of penalties due for late filing of 2020 annual tax returns (Form A);
4. Waiver of interest and penalty on additional tax liabilities arising from 2009 to 2015 tax audit exercise for taxpayers who commit to a structured payment plan that terminates by 31 December 2020;
5. Grant of tax credit of 20% of cash and kind donations made by resident individuals to Lagos State Government (LASG) for COVID-19 management. The credit will be available to offset 2021 year of assessment tax liabilities and subject to a cap of 35% of tax due;
6. Increase in payment channels that are easier, simpler and more convenient for taxpayers; and

7. Adoption of video conferencing as the default mode of conducting tax audit reconciliation committee meetings.

In return, the LIRS urges taxpayers to reciprocate the gestures of the LASG by discharging their civic responsibilities as and when due.

Comments

We commend the LIRS for these palliative measures which will further ease the impact of COVID-19 on taxpayers resident in the State. The tax credit granted by the State Government for donors to COVID-19 management is remarkable, as the benefit is much more than what they would have clawed back if the palliative was limited to a mere tax deduction. This will hopefully encourage more taxpayers in a position to donate to the Government to do so. Hopefully, it will also influence other State Governments to consider a similar intervention in addition to other palliative measures that they might have given their resident taxpayers

The waiver of interest and penalty on additional tax liabilities arising from 2009 to 2015 tax audit for taxpayers who can pay up by 31 December 2020 is a significant incentive for affected taxpayers to regularize their position with the LIRS.

Please click [here](#) to read the LIRS Public Notice and [here](#) to access KPMG Business Impact Series on COVID-19.

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