



Tax Alert

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FIRS issues Public Notice on recovery of outstanding taxes

The Federal Inland Revenue Service (FIRS) on 1 December 2020, issued a Public Notice reminding taxpayers to take advantage of its recent palliative for waiver of penalties and interest on outstanding taxes arising from desk examinations, audit exercises, investigations or all other forms of tax assessment to regularise their tax records. Please see our [Tax Alert No. 11.1 of November 2020](#) for details.

With just **19 working days** to the expiration of the **31 December 2020** deadline for the palliative, the FIRS has notified taxpayers of its intention to exercise its powers to recover all outstanding debts with penalties and interest from taxpayers, including the “power of substitution” conferred on it by Section 31 of the Federal Inland Revenue Service (Establishment) Act 2007.

Comments

That not many taxpayers have taken advantage of the recent FIRS’ palliative is a reflection of the times as businesses continue to grapple with the twin impact of the pandemic and the recent civil unrest on their finances. In light of this, while the FIRS has been magnanimous to grant the palliative, it should consider revisiting the 31 December 2020 deadline to enable taxpayers who may need additional time to settle their outstanding tax liabilities to enjoy the palliative.

Meanwhile, the FIRS should follow due process if and when it becomes necessary to exercise its statutory power of substitution. In this regard, consideration should be given to the judgement of the Federal High Court (FHC) judgement in *Ama Etuwawe Esq and the FIRS & Guaranty Trust Bank Plc.* which we reviewed in [Tax alert of No. 10.4 of October 2019](#).

Finally, unless the FIRS extends the deadline of operation of the palliative, affected taxpayers should endeavour to regularise their tax affairs within the deadline, or otherwise proactively engage the FIRS to agree a mutually acceptable arrangement.

Please click [here](#) to read the FIRS' Public Notice

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