Nigerian resident branches and subsidiaries of foreign Multinational Enterprises to comply with local filing obligation under Regulation 4 of the Income Tax (Country-by-Country Reporting) Regulations, 2018

The Federal Inland Revenue Service (FIRS) has issued a Public Notice to withdraw its May 6, 2021 suspension (please refer to our Tax Alert Issue No. 5.4 of 24 May 2021 for details) of the local filing obligations of Nigerian resident branches and subsidiaries (constituent entities) of foreign Multinational Enterprises (MNEs) under Regulation 4 of the Income Tax (Country-by-Country (CbC) Reporting) Regulations, 2018 (“the Regulations”).

Regulation 4 requires constituent entities of MNEs operating in Nigeria to submit a CbC report to the FIRS, where no Automatic Exchange of Information exists between Nigeria and the Ultimate Parent Entity (UPE)’s country of residence. Therefore, constituent entities affected by the conditions stipulated in Regulation 4 are expected to comply with the local filing obligation effective from 1 January 2022.

Comments

The withdrawal of the suspension of local CbC filing obligation aligns with Nigeria’s change in status to a “reciprocal jurisdiction” following a review of its compliance with the confidentiality and data safeguard requirement, and submission of notification for reciprocal exchange of CbC reports.

Nigeria’s change in status to a reciprocal jurisdiction means that it can now receive CbC reports from the other 78 exchange partners under the Multilateral Competent Authority Agreement on the exchange of CbC report.

Constituent entities whose UPEs are not resident in the jurisdictions of any of the above exchange partners may have local filing obligation in Nigeria. Therefore, taxpayers are
advised to check their status under the CbC Regulations in line with the recent development to ensure continued compliance with the law.

Please click here to read the FIRS' Public Notice.

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