

TIWB Programme N° F2016-0003

Host Administration:
Federal Inland Revenue Service (FIRS), Nigeria

Expert Source:
TIWB Roster Expert

Programme Dates:
June 2016 – May 2018

Nigeria requested TIWB tax audit assistance in transfer pricing (TP) and international taxation issues in August 2016. A TIWB Expert assisted FIRS in increasing its auditors' capacities by conducting a total of six onsite missions and ad-hoc remote assistance from June 2016 to May 2018. Twelve audit cases were progressed inter alia in the telecommunications, manufacturing, and extractives sectors. Tax issues covered under this TIWB Programme included TP (e.g. intragroup loans and services, procurement), permanent establishment (recognition and allocation issues), thin capitalisation, transfer of intangibles and mutual agreement procedure. Significant adjustments were imposed by FIRS following comprehensive discussions with and guidance by the expert. FIRS rated the support provided by the TIWB Secretariat highly.

Impact of the practical audit assistance programme

The TP audit assistance programme helped Nigeria achieve the following results:

- **Human Resource Development - Skill and knowledge transfer:** Seventeen FIRS tax officials furthered their skills in analysing available information sources, investigating facts behind the intra-group agreements, conducting functional analysis and using advanced valuation methods under this programme. FIRS officials also applied the knowledge acquired for enhancing selection of audit cases based on enriched risk assessments. The TIWB expert perceived a noticeable increase in the tax officials' confidence and investigation skills while conducting the audits.
- **Institutional Development – Legislative changes, tools, process and procedures:** Knowledge of different instruments aimed at reducing disputes and providing tax certainty to taxpayers was deepened in order to improve the efficiency of available resources and to move from a tax system based on uncertainty to one based on co-operation. Potential changes to the tax legislation were identified and discussed.
- **Lessons Learned:** Comparability analysis requires a lot of resources, effort and time often resulting in non-satisfying outcomes. Managing expectations of all parties involved is important to ensure timely

achievement of objectives. The need for relevant agencies to collaborate and share data to enhance tax compliance is imperative.

