

## **360-DEGREE TAX SOLUTION FOR SMALL AND MEDIUM ENTERPRISES (SMEs).**

### **Introduction**

Small and Medium businesses contribute approximately 50% to Nigeria's GDP and account for over 80% of employment in the country. The Nigerian tax environment with the introduction of the annual Finance Act, requires a careful examination of today's tax function to better adapt to inevitable changes, manage risks, and create value for your organization while addressing the capability gaps.

The cost of tax compliance is far cheaper than any imagined nightmare of non-compliance.

### **Tax-Proof Your Current System**

An ethical business operation involves paying tax, and paying tax means doing a lot of computations and filling out prescribed tax forms (returns) within statutory timelines. This includes reviewing contracts for tax optimization and mitigating tax risk embedded in business arrangements. Review of operational transactions and the financial statements as a basis of the information produced from Bookkeeping are critical to a tax proof system.

The Tax compliance function will make sure all statutory forms and tax returns are proactively completed and submitted on-time to the relevant tax authorities to avoid penalty and interest. A strong Tax compliance function in a small and medium business will go one step beyond simple compliance and will find ways within harmless tax provisions and reliefs to minimize tax, so as to maximize the company's net income

### **Minimum and Efficient Tax**

The Tax Function should endeavor and ensure that all tax issues affecting the business are taken seriously at all level of operation and escalated for timely resolution as soon as possible. To achieve this, the finance staff should embrace the **"Think Tax Ahead Concept"** This will make all stakeholders to understand the tax impact of major and minor activities within the business operation and create a tax awareness culture across the business for maximum efficiency. This could be adopted through sharing and reading tax advertorials such as this, tax publications, tax roadshows and deliberate tax workshops.

### **Straighten Your Past Tax History**

A periodic diagnostic tax health check for business regulatory issues would engender best practices. A self-initiated tax-proof compliance exercise covering identified tax obligations

such as Value Added Tax (VAT), Company Income Tax, Withholding tax (WHT), PAYE tax, and other transaction taxes is usually very helpful in the long run.

Typical tax audit process entails review of taxpayer's records to ascertain compliance with relevant tax laws. It is usually for not more than 6 years back from the date of submission of the relevant returns or when the audit notice is received.

The anticipated outcome of a tax health-check is to close identified gaps and make necessary provisions to address the gaps and ensure that the tax returns filed going forward are accurate, compliant, timely, and supported by up-to-date and precise documentation.

### **Tax Defense**

Having tax-proofed your system and straightened your past history, it is easy to confidently defend your position without fear of the tax man. The Tax function should manage tax audits by defending positions taken in the tax returns with all reasonable technical and factual arguments on a cost-effective basis to minimize any unexpected additional taxes and/or penalties. This includes proper documentation of material positions.

### **Tax Clearance Certificate**

No doubt the annual Tax clearance certificate (TCC) issued by the Federal Inland Revenue Service (FIRS) in the case of incorporated entities or the State Internal Revenue Service (SIRS) in the case of individuals and unincorporated business registration shows that the business tax affairs is in good shape. The TCC is required for a number of corporate transactions as stipulated by law and the application for a TCC starts with obtaining a Taxpayers Identification Number (TIN) from the relevant tax authority and this is free of cost.

### **Conclusion**

There are still some other strategic tax functions required as the business grows bigger, however the focus is for every business owner to essentially build a efficient Finance department (inclusive of the tax function) that is a strategic partner for the overall fulfillment of the purpose of the business.

*So why not let us do some work for you? We'll do the "watchout" while you spend your time where it counts: managing and growing your business.*

- *With our unparalleled training and experience, we offer a range of tax services to assist small and medium taxpayers with*

- *tax planning, compliance, tax audit reconciliations and appeals.*
- *We have the ability to uncover hidden deductions and tax credits that will significantly cushion your taxes.*
- *We diligently create personalized tax plans to reduce your tax burden and protect income for highly successful business owners.*
- *Our staff with cutting edge training and experience, will provide a 360 degree support all the way from Tax registration, Tax computation, Income Tax filing, VAT & PAYE returns, Tax Audit defence and Tax clearance certificate.*