



Executive Order on Voluntary Assets and Income Declaration Scheme (VAIDS)

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On 29 June 2017, Acting President Yemi Osinbanjo signed an Executive Order (EO) that would encourage Nigerians to voluntarily pay their tax arrears, tagged *Voluntary Assets and Income Declaration Scheme (VAIDS)*. VAIDS is expected to bring additional four (4) million new taxpayers including informal sector players who contribute to Nigeria's GDP but are currently outside the tax net. Our Chuks Okoriekwe's article, "*Taxing the Informal Sector: On Your Marks, Set, Go!*" *Business Day (BDLegal Business)*, 6 April 2017, page 26 discussed feasible options in this regard.

VAIDS would run for nine (9) months; from July 1, 2017 to 31 March 2018 for defaulting taxpayers within and outside Nigeria relating to the preceding six (6) years of assessment. Thursdays have been designated as tax days, being set aside for tax awareness and enrollment, which will be administered by the Federal Inland Revenue Service (FIRS) in collaboration with the State Boards of Internal Revenue.

The VAIDS further stated the eligibility criteria for taxpayers which involves those: who earn an income or own assets but are yet to register with the relevant tax authorities; registered taxpayers with unresolved additional disclosures or need to amend prior disclosures; registered but not filing returns; underpaying or under remitting tax payers; under declaration of taxable income and assets; under a process of

tax audit or investigation with the relevant tax authority; and taxpayers in tax dispute with the tax authority and are willing to settle it out of court.

judgment already obtained in respect of any default in payment of tax for which interest and/or penalty have already accrued.

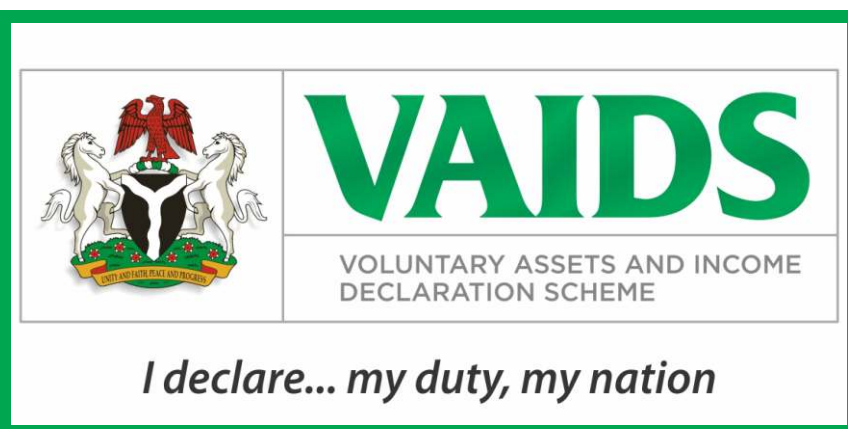
In an earlier article, "*Tax Amnesty: A Step on the Ladder Out of Recession*" (*BD Legal Business, BusinessDay*, 10 November 2016, page 30) I had argued for a VAIDS type policy initiative to drive improvement in tax compliance and revenues. I opined that:

"TAP [Tax Amnesty Programme] would operate as government's limited time offer to a specified group of taxpayers to pay defined amounts, in exchange for 'forgiveness' (including freedom from prosecution/enforcement litigation) of their respective tax liability (inclusive of interest and penalties) relating to a previous tax period(s). The programme would provide a basis for optimal compliance for erstwhile tax defaulters (individuals and corporates), going forward. TAP is not aimed at encouraging tax infractions rather, the time specific 'relaxation' will help to widen the tax net, raise revenue, facilitate capital repatriation and increases future tax compliance... TAP should be sponsored and given both legislative and judicial blessings."

Soft copies of both articles referred to above are available at the *Thought Leadership* page of our website: www.lelawlegal.com.

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Taxpayers that voluntarily comply by declaring and paying outstanding tax liabilities will benefit from: *forgiveness* of overdue interest and penalties; no exposure to criminal prosecution for tax offences; option of spreading payment of outstanding tax liabilities over a maximum period of three (3) years as may be agreed with the relevant tax authority; and also would not be subject to tax investigations. These reliefs, however, does not invalidate any court order or