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Information Circular

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Subject: **GUIDELINES FOR COUNTRY-BY-COUNTRY
REPORTING IN NIGERIA**

These Guidelines are issued to provide guidance to the general public and in particular, Multinational Enterprises (MNEs) operating in Nigeria, all taxpayers, taxpayers' representatives or advisers and staff of the Service on the procedure for the completion and filing the Country-by-Country (CbC) Reports.

PART I Preliminary

1.0 Background

In September 2013, the Organization for Economic Co-operation and Development (OECD) and G20 countries, working together on an equal footing, adopted an ambitious and comprehensive 15-point Action Plan to address BEPS. The Action Plan aims to ensure that profits are taxed where economic activities generating the profits are performed and where value is created. The Action Plan is based on three Pillars; (i) **coherence of corporate tax at the international level**; (ii) **substance or value creation**; and (iii) **cooperation and transparency, coupled with certainty and predictability**.

Actions 11 through 14 calls for greater *Transparency, coupled with certainty and predictability* to curb BEPS. Specifically, BEPS Action 13 requires the OECD to:

- *"develop rules regarding transfer pricing documentation to enhance transparency for tax administrations, taking into consideration the compliance costs for business.*
- *The rules to be developed will include a requirement that MNEs provide all governments with needed information on their global allocation of the income, economic activity and taxes paid among countries according to a common template."*

In response to this requirement, jurisdictions participating in the BEPS Project agreed on revised standards for transfer pricing documentation and a template for country-by-country reporting of income, taxes paid and certain measures of economic activity. On 16 September 2014, the OECD published the "Guidance on Transfer Pricing Documentation and Country-by-Country Reporting" that provided template for country-by-country reporting.

The work on the comprehensive Action Plan on BEPS was concluded in October 2015 and a package of 15 reports delivered, culminating in new or reinforced international standards as well as producing concrete measures to help countries tackle BEPS. One of these measures is the Country-by-Country reporting under Action 13 of the BEPS Project, which is a minimum standard under the BEPS outcomes.

2.0 Introduction

Nigeria is a member of the Inclusive Framework, a group of jurisdictions, committed to the implementation of the minimum standard of the BEPS related measures. Towards this end, Nigeria signed the Multilateral Competent Authority Agreement on Country-by-Country Reporting (CbC MCAA) in January 2016 and has produced the Income Tax (Country-by-Country Reporting)

Regulations 2018 (“CbC Regulations”) for the implementation of the Country-by-Country Reporting in Nigeria.

3.0 Purpose

These Guidelines are issued pursuant to the above commitments, to enable easy compliance with the CbC Regulations and provide guides for completing the template for reporting Multinational Enterprise’s (MNE) group allocation of income, taxes and business activities on a tax jurisdiction-by-tax jurisdiction basis. These instructions form an integral part of the model template for the Country-by-Country Report.

4.0 Applicability of Documents

These Guidelines are issued to supplement the Income Tax (Country-by-Country Reporting) Regulations, 2018 and shall be applied in a manner consistent with the Regulations and following documents:

- The Income Tax (Transfer Pricing) Regulations 2018;
- The Guidelines for the Appropriate Use of Information contained in Country-by-Country (CBC) Reports;
- The Guidelines on Transfer Pricing Documentation;
- The OECD (2018) Guidance on the Implementation of Country-by-Country Reporting – BEPS Action 13 as may be updated from time to time; and
- Any other guideline or document that may be issued by the Service from time to time to implement Transfer Pricing or Country-by-Country Reporting in Nigeria.

The OECD Guidance on the Implementation of Country-by-Country Reporting – BEPS Action 13 shall be relied on for any clarification or explanation that is not provided in these Guidelines.

PART II General Instructions

5.0 Definition of Terms in the Reporting Template and Other Related Issues

5.1 Ultimate Parent Entity

Ultimate Parent Entity has the meaning ascribed to it under regulation 16 of the CbC Regulations. However, where a partnership is the Ultimate Parent Entity, for the purpose of determining where it is required to file the CbC Report in its capacity as the Ultimate Parent Entity, the jurisdiction under whose laws the partnership is formed or organised will govern if there is no jurisdiction of tax residence.

5.2 Constituent Entities

For purposes of completing CbC Report, Constituent Entities of an MNE group are:

- (i) any separate business unit of the MNE group that is included in the Consolidated Financial Statements of the MNE group for financial reporting purposes, or would be so included if equity interests in such business unit of the MNE group were traded on a public securities exchange;
- (ii) any such business unit that is excluded from the MNE group's Consolidated Financial Statements solely on size or materiality grounds; and
- (iii) any permanent establishment of any separate business unit of the MNE group included in (i) or (ii) above provided that the business unit prepares a separate financial statement for such permanent establishment for financial reporting, regulatory, tax reporting, or internal management control purposes.

5.3 Reporting Entity

The “**Reporting Entity**” is the Constituent Entity that is required to file a country-by-country report conforming to the requirements of regulations 7 and 8 of the CbC Regulations on behalf of the MNE Group. The Reporting Entity may be the Ultimate Parent Entity, the Surrogate Parent Entity, or any other Constituent Entity where the conditions described in regulation 4 of the CbC Regulations exist. A notification is required to be submitted pursuant to regulation 6 of the CbC Regulations to notify the Service the Reporting Entity for the MNE Group.

5.4 Fiscal Year

Fiscal year means the accounting year or annual accounting period of the entities. It is the period in which the financial accounts of the entities are made up.

5.5 Related Parties

For the purpose of filling the third column of Table 1 of the CbC Report, related parties, which are defined as “associated enterprises” in the Action 13 report should be interpreted as the Constituent Entities listed in Table 2 of the CbC Report. “Constituent entity” has the same meaning as defined in regulation 16 of the CbC Regulations and paragraph 5.2 of these Guidelines.

5.6 Consolidated Financial Statements

The Consolidated Financial Statements are the financial statements of an MNE group in which the assets, liabilities, income, expenses and cash flows of the Ultimate Parent Entity and the Constituent Entities are presented as those of a single economic entity. The Consolidated Financial Statement should be prepared in line with the requirements of the International Financial Reporting Standard (IFRS) or any other accounting standard as may be approved by the Financial Reporting Council of Nigeria (or other relevant authority in the jurisdiction of the Ultimate Parent Entity or

Surrogate Parent Entity) for group financial reporting or presentation of financial statements.

5.7 Period covered by the annual template

The CbC Report should cover the fiscal year of the Reporting MNE. For Constituent Entities, at the discretion of the Reporting MNE, the template should reflect on a consistent basis either:

- (i) information for the fiscal year of the relevant Constituent Entities ending on the same date as the fiscal year of the Reporting MNE, or ending within the 12 month period preceding such date, or
- (ii) information for all the relevant Constituent Entities reported for the fiscal year of the Reporting MNE.

5.8 Source of data

The Reporting MNE should consistently use the same sources of data from year to year in completing the template. The Reporting MNE may choose to use data from its consolidation reporting packages, from separate entity statutory financial statements, regulatory financial statements, or internal management accounts. It is not necessary to reconcile the revenue, profit and tax reporting in the template to the consolidated financial statements. If statutory financial statements are used as the basis for reporting, all amounts should be translated to the stated functional currency of the Reporting MNE at the average exchange rate for the year stated in Table 3 (Additional Information) of the CbC template. Adjustments need not be made, however, for differences in accounting principles applied from tax jurisdiction to tax jurisdiction.

The Reporting MNE should provide in Table 3 a brief description of the sources of data used in preparing the CbC template. If a change is made in the source of data used from year to year, the Reporting MNE should explain in Table 3 the reasons for the change and its consequences.

5.9 Aggregation of Data

Where there is more than one constituent entity in a jurisdiction, the data to be reported should be reported on aggregated basis only. This is in line with the requirements of Action 13 Report. Accordingly, data should be reported on an aggregated basis, regardless of whether the transactions occurred cross-border or within the jurisdiction. This guidance is particularly relevant for the columns on related party revenues and total revenues. An MNE Group should use Table 3 to explain the data.

PART III Specific Instructions – Template for the Country-by-Country Report

6.0 Table 1 – Overview of allocation of income, taxes and business activities by tax jurisdiction

6.1 Tax Jurisdiction

In the first column of the table, the Reporting MNE should list all of the tax jurisdictions in which Constituent Entities of the MNE group are resident for tax purposes. A tax jurisdiction is defined as a State as well as a non-State jurisdiction which has fiscal autonomy. A separate line should be included for all Constituent Entities in the MNE group deemed by the Reporting MNE not to be resident in any tax jurisdiction for tax purposes.

Where a Constituent Entity is resident in more than one tax jurisdiction, the applicable tax treaty tie breaker should be applied to determine the tax jurisdiction of residence. Where no applicable tax treaty exists, the Constituent Entity should be reported in the tax jurisdiction of the Constituent Entity's place of incorporation.

6.2 Revenues

Revenue, as used in these guidelines and in the Regulations, shall include revenues from sales of inventory and properties, services, royalties, interest, premiums, extraordinary income, gains from investment activities and any other amounts. All revenue, gains, income, or other inflows shown in the financial statement prepared in accordance with IFRS (or any other applicable accounting rules relating to profit and loss as may be approved from time to time by the Financial Reporting Council of Nigeria or other relevant approved body), should be reported as Revenues in Table 1.

For example, where the income statement prepared in accordance with the applicable accounting rules shows sales revenue, net capital gains from sales of assets, unrealized gains, interest received, and extraordinary income, the amount of those items reported in the income statement should be aggregated and reported as Revenues in Table 1.

However, "Revenues" as used in the Regulations and in these Guidelines should exclude payments received from other Constituent Entities that are treated as dividends in the payer's tax jurisdiction. Other Comprehensive income or earnings, revaluations, and/or unrealized gains reflected in net assets and the equity section of the balance sheet should not be reported as Revenues in Table 1. The net amount of any income item shown on the income statement need not be adjusted back to gross.

Where a financial statement is prepared using fair value accounting, or some items in the financial statement reported at fair value measurement, the amounts reported as revenue and profits in those financial statements used as the source of data should be reported as Revenue and Profits in the CbC Report without further adjustments.

In the three columns of the template under the heading Revenues, the Reporting MNE should report the following information:

- (i) Second column – the sum of revenues of all the Constituent Entities of the MNE group in the relevant tax jurisdiction generated from transactions with independent parties;
- (ii) Third column – the sum of revenues of all the Constituent Entities of the MNE group in the relevant tax jurisdiction generated from transactions with associated enterprises;
- (iii) Forth column – the total of (i) and (ii) above.

6.3 Profit (Loss) before Income Tax

In the fifth column of the template, the Reporting MNE should report the sum of the profit or loss before income tax for all the Constituent Entities resident for tax purposes in the relevant tax jurisdiction. The profit or loss before income tax should include all extraordinary items (addition of income and deduction of expense).

6.4 Income Tax Paid (on Cash Basis)

In the sixth column of the template, the Reporting MNE should report the total amount of income taxes actually paid during the relevant fiscal year by all the Constituent Entities resident for tax purposes in the relevant tax jurisdiction.

This should include not only advanced payments fulfilling the relevant fiscal year's tax obligation but also payments fulfilling the previous year(s)' tax obligation (e.g. payment of the unpaid balance of corporate income tax accrued in relation to the previous year(s), including payments related to reassessments of previous years), regardless of whether those taxes have been paid under protest. The amount of Income Tax Accrued-Current Year should be reported independently.

Taxes paid should include cash taxes paid by the Constituent Entity to the residence tax jurisdiction and to all other tax jurisdictions. Taxes paid should include withholding taxes paid by other entities (associated enterprises and independent enterprises) with respect to payments to the Constituent Entity. Thus, if company A resident in tax jurisdiction A earns interest in tax jurisdiction B, the tax withheld in tax jurisdiction B should be reported by company A.

For income tax paid but refunded, the refund should generally be reported and reflected in Income Tax Paid (on Cash Basis) in the reporting fiscal year in which the refund is received. An exception to this may be permitted where the refund is treated as revenue of the MNE group under the applicable accounting standard or in the source of data used to complete Table 1. Where this is the case, taxpayers should provide the following statement in Table 3: *"Tax refunds are reported in Revenues and not in Income Tax Paid (on Cash Basis)"*.

6.5 Income Tax Accrued (Current Year)

In the seventh column of the template, the Reporting MNE should report the sum of the accrued current tax expense recorded on taxable profits or losses of the year of reporting of all the Constituent Entities resident for tax purposes in the relevant tax jurisdiction. The current tax expense should reflect only operations in the current year and should not include deferred taxes or provisions for uncertain tax liabilities.

6.6 Stated Capital

In the eighth column of the template, the Reporting MNE should report the sum of the stated capital of all the Constituent Entities resident for tax purposes in the relevant tax jurisdiction. With regard to permanent establishments, the stated capital should be reported by the legal entity of which it is a permanent

establishment unless there is a defined capital requirement in the permanent establishment tax jurisdiction for regulatory purposes.

6.7 Accumulated Earnings

In the ninth column of the template, the Reporting MNE should report the sum of the total accumulated earnings of all the Constituent Entities resident for tax purposes in the relevant tax jurisdiction as of the end of the year. With regard to permanent establishments, accumulated earnings should be reported by the legal entity of which it is a permanent establishment.

Where a constituent entity reports a negative figure for accumulated earnings in its financial statements, the negative figure should be reported without further adjustment. Where there are two or more constituent entities in a jurisdiction, the negative figure reported by a constituent entity shall be netted with the positive earnings from the other constituent entity (entities) in the same jurisdiction while reporting in Table 1. In this case, the reporting entity shall include a statement in Table 3 stating that “accumulated earnings include negative figures for jurisdictions”.

6.8 Number of Employees

In the tenth column of the template, the Reporting MNE should report the total number of employees on a full-time equivalent (FTE) basis of all the Constituent Entities resident for tax purposes in the relevant tax jurisdiction. The number of employees may be reported as of the year-end, on the basis of average employment levels for the year, or on any other basis consistently applied across tax jurisdictions and from year to year.

For this purpose, independent contractors participating in the ordinary operating activities of the Constituent Entity may be reported as employees. Reasonable rounding or approximation of the number of employees is permissible, providing that such rounding or approximation does not materially distort the relative

distribution of employees across the various tax jurisdictions. Consistent approaches should be applied from year to year and across entities.

6.9 Tangible Assets other than Cash and Cash Equivalents

In the eleventh column of the template, the Reporting MNE should report the sum of the net book values of tangible assets of all the Constituent Entities resident for tax purposes in the relevant tax jurisdiction. With regard to permanent establishments, assets should be reported by reference to the tax jurisdiction in which the permanent establishment is situated. Tangible assets for this purpose do not include cash or cash equivalents, intangibles, or financial assets.

7.0 Table 2 – List of all the Constituent Entities of the MNE group included in each aggregation per tax jurisdiction

7.1 Constituent Entities Resident in the Tax Jurisdiction

The Reporting MNE should list, on a tax jurisdiction-by-tax jurisdiction basis and by legal entity name, all the Constituent Entities of the MNE group which are resident for tax purposes in the relevant tax jurisdiction. As stated above with regard to permanent establishments, however, the permanent establishment should be listed by reference to the tax jurisdiction in which it is situated. The legal entity of which it is a permanent establishment should be noted (e.g. XYZ Limited – Tax Jurisdiction A PE).

7.2 Tax Jurisdiction of Organisation or Incorporation, if different from Tax Jurisdiction of Residence

The Reporting MNE should report the name of the tax jurisdiction under whose laws the Constituent Entity of the MNE is organised or incorporated, if it is different from the tax jurisdiction of residence.

7.3 Main Business Activities

The Reporting MNE should determine the nature of the main business activity (or activities) carried out by the Constituent Entity in the relevant tax jurisdiction, by ticking one or more of the appropriate boxes.

Business Activities	Tick
Research and Development	
Holding or Managing Intellectual Property	
Purchasing or Procurement	
Manufacturing or Production	
Sales, Marketing or Distribution	
Administrative, Management or Support Services	
Provision of Services to Unrelated Parties	
Internal Group Finance	
Regulated Financial Services	
Insurance	
Holding Shares or Other Equity Instruments	
Dormant	
Others ¹	

Note:

1. If "Others" is ticked, the Reporting Entity should specify the nature of the activity of the Constituent Entity in Table 3 (i.e. "Additional Information" section).

8.0 Table 3 – Additional Information

The Reporting Entity should complete this table by providing any further information or explanation that is considered necessary, or that would facilitate the understanding of the compulsory information provided in the Country-by-Country Report.

PART IV Treatment of *Entities, Branches and Permanent Establishments*

9.0 *Branches and Permanent Establishments*

The permanent establishment data should be reported by reference to the tax jurisdiction in which it is situated and not by reference to the tax jurisdiction of residence of the business unit of which the permanent establishment is a part. Residence tax jurisdiction reporting for the business unit of which the permanent establishment is a part should exclude financial data related to the permanent establishment.

10.0 Investment Funds

There is no general exemption for Investment Funds. This position is in line with paragraph 55 of the Action 13 Report. Accordingly, an MNE Group shall follow the accounting consolidation rules. For example, where the accounting rules instruct investment entities not to consolidate with investee companies (e.g. because the consolidated accounts for the investment entity should instead report fair value of the investment through profit and loss), then the investee companies should not form part of a Group or MNE Group (as defined in the CbC Regulations) or be considered as Constituent Entities of an MNE Group. This principle applies even where the investment entity has a controlling interest in the investee company.

On the other hand, if the accounting rules require an investment entity to consolidate with a subsidiary, such as where that subsidiary provides services that relate to the investment entity's investment activities, then the subsidiary should be part of a Group and should be considered as a Constituent Entity of the MNE Group (if one exists).

It is still possible for a company, which is owned by an investment fund, to control other entities such that, in combination with these

other entities, it forms an MNE Group. In this case, and if the MNE Group exceeds the revenue threshold of One Hundred and Sixty Billion Naira (N160 Billion) it would need to comply with the requirement to file a CbC Report.

11.0 Partnerships

This section shall guide for the purposes of completing CbC Report for a partnership which is:

- (i) tax transparent and thus has no tax residency anywhere
- (ii) a reverse hybrid partnership, being tax transparent in its jurisdiction of organisation but considered by a partner's jurisdiction to be tax resident in its jurisdiction of organization.

To determine if a partnership or any of the arrangements referred to in this paragraph is a Constituent Entity, the governing principle is to follow the accounting consolidation rules. Where the accounting consolidation rules apply to a partnership, then that partnership may be a Constituent Entity of an MNE group subject to CbC Reporting.

Where a partnership is not tax resident in any jurisdiction then the partnership's items, to the extent not attributable to a permanent establishment, should be included in the line in table 1 of the CbC Report for stateless entities. Any partners that are also Constituent Entities within the MNE Group should include their share of the partnership's items in table 1 in their jurisdiction of tax residence.

Table 2 of the CbC Report should include a row for stateless entities and a sub-row for each stateless entity including partnerships that do not have a tax residence - that is, the reporting for stateless entities should parallel the reporting for Constituent Entities that have a tax residence. For a partnership included in the stateless entity category, the field in Table 2 for "tax jurisdiction of organisation or incorporation if different from

tax jurisdiction of residence" should indicate the jurisdiction under whose laws the partnership is formed or organised.

The MNE shall provide an explanation in Table 3 (Additional Information) of the CbC report on the partnership structure and on the stateless entities. For instance, a note in Table 3 may indicate that a partnership's "stateless income" is includable and taxable in the partner jurisdiction.

Where a partnership is the Ultimate Parent Entity, for the purpose of determining where it is required to file the CbC Report in its capacity as the Ultimate Parent Entity, the jurisdiction under whose laws the partnership is formed or organised will govern if there is no jurisdiction of tax residence.

A permanent establishment of a partnership would be included in the CbC Report in the same manner as any other permanent establishment.

12.0 How to determine the existence and membership of a group

Given that the Action 13 Report does not specify that any particular accounting standard's consolidation rule be used, it is hereby required that IFRS or such accounting standard as may, from time to time, be prescribed by the Financial Reporting Council of Nigeria be used for the purpose of determining the existence and membership of a group which is required to file a CbC Report in Nigeria by reason of its Ultimate Parent Entity or Surrogate Parent Entity being resident in Nigeria.

13.0 Entities owned by or operated by multiple interests or unrelated MNE Groups

Where a Constituent Entity has a minority interests which are held by unrelated parties, 100 percent of its revenue should be fully consolidated and included for the purpose of applying the N160 Billion thresholds (this is the near equivalent amount to EUR 750

Million in Nigerian currency as of January 2015). The entity's financial data which is included in the CbC Report should represent the full 100 percent amount and should not be pro-rated.

Where an entity is owned or operated by more than one unrelated MNE Groups, the treatment of the entity for CbC Reporting purposes should be subject to the accounting rules applicable to each of the unrelated MNE Groups separately. Where, by the applicable accounting rules, the entity is to be consolidated into the consolidated financial statements of an MNE Group, the entity would be considered as a Constituent Entity of that group pursuant to the CbC Regulations. Accordingly, the financial data of such an entity should be reported in the CbC Report of the MNE Group. This applies to entities included in the MNE Group's consolidated financial statements using either full consolidation or pro rata consolidation. If an entity is not required to be consolidated under the said applicable accounting rules, the entity would not be considered a Constituent Entity and, accordingly, the financial data of such an entity would not be reported in the CbC Report. Therefore, an entity included in the MNE Group's consolidated financial statements under equity accounting rules would be a constituent entity.

Where pro rata consolidation is applied to an entity in an MNE Group in preparing the group's consolidated financial statements, a pro rata share of the entity's total revenue should be taken into account for the purpose of applying the N160 Billion threshold, instead of the full amount of the entity's total revenue. A pro rata share of the entity's financial data should also be included in its CbC Report, in line with the information included in the MNE Group's consolidated financial statements, instead of the full amount of this financial data.

14.0 Entities Exempted from Preparing Consolidated Financial Statements

The deemed listing provision in the definition of the term "Group" in Regulations 16 of the CbC Regulations is only relevant where an enterprise would otherwise be the Ultimate Parent Entity, but it is not required to prepare Consolidated Financial Statements in Nigeria where it is resident for tax purposes. In this case, the Group includes all entities that would be included in the Consolidated Financial Statements that the relevant enterprise would be required to prepare if it was listed on a public securities exchange. In applying the deemed listing provision, it is irrelevant whether or not a particular type of entity is in fact able to be listed, taking into account, among other things, Nigerian's company law and/or regulations governing the securities exchange.

Provided always that neither the deemed listing provision in Regulations 16 nor this guideline should be interpreted as giving rise to any exemption from the obligation to file the CbC Report other than as set out in the Regulations and other relevant OECD documents (see paragraph 55 of the Action 13 Report).

Part V: Filing Obligation for the CbC Report

15.0 Submission of Yearly Notification

Every Constituent Entity that is resident in Nigeria has obligation to submit yearly notification to the Federal Inland Revenue Service pursuant to regulation 6 of the CbC Regulations. The entity will notify the Service whether it is the Ultimate Parent Entity or Surrogate Parent Entity, or otherwise, the details of the Reporting Entity. A Form has been developed to enable entities in Nigeria provide this notification to the Service.

An entity providing the required notification should download the Form on FIRS website (<http://www.firs.gov.ng/Tax->

[Management/Pages/Country-by-Country-Reporting.aspx](#)), which should be completed and signed by relevant officers.

16.0 Currency fluctuations

The agreed threshold, as set out in the Action 13 Report, is EUR 750 million or a near equivalent amount in domestic currency as of January 2015. Nigeria has implemented a reporting threshold of N160 Billion being the near equivalent of EUR 750 million in domestic currency as it was at January 2015. No Nigerian MNE Group that complies with this local threshold should be exposed to local filing in any other jurisdiction that is using a threshold denominated in a different currency owing to the MNE's revenue being in excess of the jurisdiction's EUR 750 million or its near equivalent due to currency fluctuations as long as same remained under N160 Billion.

Similarly, Regulations 4 of the CbC Regulations may not apply to Constituent Entity, whose Ultimate Parent Entity ought not to have reached the EUR 750 Million or its equivalent of N160 Billion Naira in Nigeria but for the fluctuations in currency.

There is no requirement for Nigeria to periodically revise this in order to reflect currency fluctuations.

17.0 Determining Consolidated Group Revenue

In determining whether the total consolidated group revenue of an MNE Group is less than N160 Billion Naira as of January 2015, all of the revenue that is (or would be) reflected in the consolidated financial statements should be used.

For financial entities, which may not record gross amounts from transactions in their financial statements with respect to certain items, the item(s) considered similar to revenue under the IFRS or applicable accounting rules should be used in the context of financial activities. Those items could be labelled as 'net banking

product', 'net revenues' or others, depending on the accounting rules. For example, if the income or gain from a financial transaction, such as an interest rate swap, is appropriately reported on a net basis under applicable accounting rules, the term 'revenue' means the net amount from the transaction.

An MNE Group that complies with the rules of the jurisdiction of the Ultimate Parent Entity or the Surrogate Parent Entity on the calculation of consolidated group revenue for purposes of determining its CbC filing obligations, would not be exposed to local filing in Nigeria provided the rules of the jurisdiction where the Ultimate Parent Entity/Surrogate Parent Entity is resident for tax purposes are consistent with the Action 13 minimum standard, as supplemented by the OECD implementation guidance.

18.0 Transitional or Voluntary Filing Options

Given that Nigeria could not fully implement CbC Reporting, alongside other countries by January 1st, 2016 as anticipated in Action 13 Report, there arises some transitional issue where other jurisdictions introduce a local filing obligation and do not otherwise provide any transition relief to address this issue.

In such situations, Nigeria accommodates voluntary filing for Ultimate Parent Entities resident in Nigeria. This would allow the Ultimate Parent Entities of an MNE Group resident in Nigeria to voluntarily file their CbC Report for the fiscal periods commencing on or from 1 January 2016 in manner consistent with the provisions of the CbC Regulations and Action 13 position relating to "parent surrogate filing" (see Regulations 5 of the CbC Regulations).

19.0 Mergers, Acquisition and Demerger

Where in any given year there occurs mergers, acquisitions and demergers, the CbC filing obligation for that year as well as the

information that shall be reported in the CbC Report shall be in accordance with this guideline.

For the year in which a merger or acquisition or demerger occurs, the determination of whether the Group is or is not an Excluded MNE Group shall be based on the Group's total consolidated group revenue during the Fiscal Year immediately preceding the Reporting Fiscal Year, as reflected in its Consolidated Financial Statements for such preceding Fiscal Year. There is no need to adjust the consolidated group revenue for the preceding Fiscal Year due to a merger or acquisition or demerger occurring during the following year.

As to the information to be reported in the CbC Report for the year in which the merger or acquisition or demerger occurs, the accounting principles or standards used for determining the existence and membership of a group in paragraph 12.0 above will govern the determination as to the period for which the financial data of the merged or acquired or demerged constituent entities should be included in CbC Reports of the relevant MNE Groups (e.g. a pro rata share or full year). In accordance with the flexibility given on the source of data for purposes of completing Table 1, the information reported in Table 1 may be taken from a source using different accounting principles or standards from those applied in the Consolidated Financial Statements.

20.0 Review of the Guidelines

The Service shall review this Guideline, from time to time, and make changes that are considered desirable as appropriate.

21.0 Enquiries

All enquiries on any aspect of these Guidelines should be directed to the office of:

Executive Chairman
Federal Inland Revenue Service
Revenue House
No 20 Sokode Crescent
Wuse Zone 5, Abuja.

Or

Director, Tax Policy and Advisory Department
Federal Inland Revenue Service
Revenue House (Annex 1)
No 15 Sokode Crescent
Wuse Zone 5, Abuja.

Or

Director, International Tax Department
Federal Inland Revenue Service
3rd Floor, FIRS Building
17B, Awolowo Road
Ikoyi, Lagos.

Or

Visit our website: www.firs.gov.ng

Email: enquiries@firs.gov.ng

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