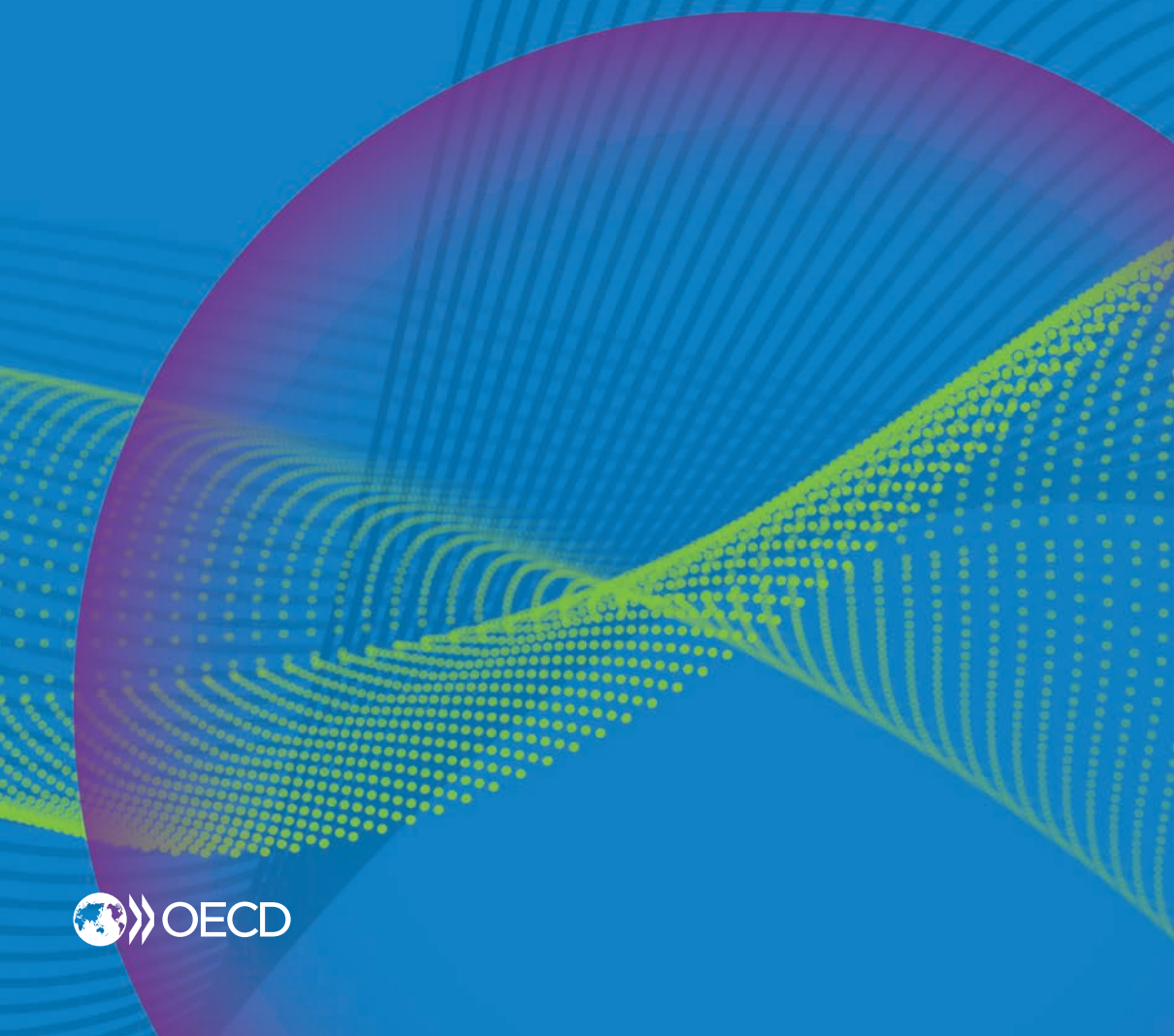
GLOBAL FORUM ON
TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

Peer Review Report on the Exchange of Information on Request

NIGERIA

2023 (Second Round)



OECD

Global Forum on Transparency and Exchange of Information for Tax Purposes: Nigeria 2023 (Second Round)

PEER REVIEW REPORT ON THE EXCHANGE OF INFORMATION ON REQUEST

This peer review report was approved by the Peer Review Group of the Global Forum on Transparency and Exchange of Information for Tax Purposes on 28 February 2023 and adopted by the Global Forum members on 27 March 2023. The report was prepared for publication by the Secretariat of the Global Forum on Transparency and Exchange of Information for Tax Purposes.

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Note by the Republic of Türkiye
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Note by all the European Union Member States of the OECD and the European Union
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Table of contents

Reader's guide

The Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum) is the multilateral framework within which work in the area of tax transparency and exchange of information is carried out by over 160 jurisdictions that participate in the Global Forum on an equal footing. The Global Forum is charged with the in-depth monitoring and peer review of the implementation of the international standards of transparency and exchange of information for tax purposes (both on request and automatic).

Sources of the Exchange of Information on Request standards and Methodology for the peer reviews

The international standard of exchange of information on request (EOIR) is primarily reflected in the 2002 OECD Model Agreement on Exchange of Information on Tax Matters and its commentary, Article 26 of the OECD Model Tax Convention on Income and on Capital and its commentary and Article 26 of the United Nations Model Double Taxation Convention between Developed and Developing Countries and its commentary. The EOIR standard provides for exchange on request of information foreseeably relevant for carrying out the provisions of the applicable instrument or to the administration or enforcement of the domestic tax laws of a requesting jurisdiction. Fishing expeditions are not authorised but all foreseeably relevant information must be provided, including ownership, accounting and banking information.

All Global Forum members, as well as non-members that are relevant to the Global Forum's work, are assessed through a peer review process for their implementation of the EOIR standard as set out in the 2016 Terms of Reference (ToR), which break down the standard into 10 essential elements under three categories: (A) availability of ownership, accounting and banking information; (B) access to information by the competent authority; and (C) exchanging information.

The assessment results in recommendations for improvements where appropriate and an overall rating of the jurisdiction's compliance with the EOIR standard based on:

1. The implementation of the EOIR standard in the legal and regulatory framework, with each of the element of the standard determined to be either (i) in place, (ii) in place but certain aspects need improvement, or (iii) not in place.
2. The implementation of that framework in practice with each element being rated (i) compliant, (ii) largely compliant, (iii) partially compliant, or (iv) non-compliant.

The response of the assessed jurisdiction to the report is available in an annex. Reviewed jurisdictions are expected to address any recommendations made, and progress is monitored by the Global Forum.

A first round of reviews was conducted over 2010-16. The Global Forum started a second round of reviews in 2016 based on enhanced Terms of Reference, which notably include new principles agreed in the 2012 update to Article 26 of the OECD Model Tax Convention and its commentary, the availability of and access to beneficial ownership information, and completeness and quality of outgoing EOI requests. Clarifications were also made on a few other aspects of the pre-existing Terms of Reference (on foreign companies, record keeping periods, etc.).

Whereas the first round of reviews was generally conducted in two phases for assessing the legal and regulatory framework (Phase 1) and EOIR in practice (Phase 2), the second round of reviews combine both assessment phases into a single review. For the sake of brevity, on those topics where there has not been any material change in the assessed jurisdictions or in the requirements of the Terms of Reference since the first round, the second round review does not repeat the analysis already conducted. Instead, it summarises the conclusions and includes cross-references to the analysis in the previous report(s). Information on the Methodology used for this review is set out in Annex 3 to this report.

Consideration of the Financial Action Task Force Evaluations and Ratings

The Financial Action Task Force (FATF) evaluates jurisdictions for compliance with anti-money laundering and combating terrorist financing (AML/CFT) standards. Its reviews are based on a jurisdiction's compliance with 40 different technical recommendations and the effectiveness regarding 11 immediate outcomes, which cover a broad array of money-laundering issues.

The definition of beneficial owner included in the 2012 FATF standards has been incorporated into elements A.1, A.3 and B.1 of the 2016 ToR. The 2016 ToR also recognises that FATF materials can be relevant for carrying out EOIR assessments to the extent they deal with the definition of beneficial ownership, as the FATF definition is used in the 2016 ToR (see 2016 ToR, Annex 1, part I.D). It is also noted that the purpose for which the FATF materials have been produced (combating money-laundering and terrorist financing) is different from the purpose of the EOIR standard (ensuring effective exchange of information for tax purposes), and care should be taken to ensure that assessments under the ToR do not evaluate issues that are outside the scope of the Global Forum's mandate.

While on a case-by-case basis an EOIR assessment may take into account some of the findings made by the FATF, the Global Forum recognises that the evaluations of the FATF cover issues that are not relevant for the purposes of ensuring effective exchange of information on beneficial ownership for tax purposes. In addition, EOIR assessments may find that deficiencies identified by the FATF do not have an impact on the availability of beneficial ownership information for tax purposes; for example, because mechanisms other than those that are relevant for AML/CFT purposes exist within that jurisdiction to ensure that beneficial ownership information is available for tax purposes.

These differences in the scope of reviews and in the approach used may result in differing conclusions and ratings.

More information

All reports are published once adopted by the Global Forum. For more information on the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes, and for copies of the published reports, please refer to www.oecd.org/tax/transparency and http://dx.doi.org/10.1787/2219469x.

Abbreviations and acronyms

AML	Anti-Money Laundering
AML/CFT	Anti-Money Laundering/Countering the Financing of Terrorism
AMATM	African Tax Administrations Forum Multilateral Agreement on Mutual Assistance in Tax Matters (AMATM)
CAC	Corporate Affairs Commission
CAMA	Companies and Allied Matters Act
CBN	Central Bank of Nigeria
CDD	Customer Due Diligence
CITA	Companies Income Tax Act
CRP	Company Registration Portal
DNFIs	Designated Non-Financial Institutions subject to AML obligations
DTC	Double Taxation Convention
ECOWAS	Economic Community of West African states
EFCC	Economic and Financial Crimes Commission
EOI	Exchange of information
EOIR	Exchange of Information on Request
EUR	Euro
FCT	Federal Capital Territory
FIRS	Federal Inland Revenue Service
FIRSEA	Federal Inland Revenue Service Establishment Act
FRC	Financial Reporting Council

Global Forum	Global Forum on Transparency and Exchange of Information for Tax Purposes
MLPA	Money Laundering (Prohibition) Act, 2011 (as amended)
Multilateral Convention	Convention on Mutual Administrative Assistance in Tax Matters, as amended in 2010
NFIU	Nigeria Financial Intelligence Unit
NGN	Nigeria Naira (legal currency)
PITA	Personal Income Tax Act
SBIRs	State Boards of Internal Revenue Services
SCUML	Special Control Unit Against Money Laundering
SEC	Securities Exchange Commission
TIN	Taxpayer Identification Number
TOR	Terms of Reference related to EOIR, as approved by the Global Forum on 29-30 October 2015

Executive summary

1. This report analyses the implementation of the standard of transparency and exchange of information on request in Nigeria on the second round of reviews conducted by the Global Forum. It assesses both the legal and regulatory framework in force as of 2 December 2022 and the practical implementation of this framework against the 2016 Terms of Reference, including in respect of EOI requests received and sent during the review period from 1 October 2018 to 30 September 2021. This report concludes that Nigeria continues to be rated overall **Largely Compliant** with the standard.

2. In 2016, the Global Forum evaluated Nigeria in a combined review against the 2010 Terms of Reference for both the legal implementation of the EOIR standard as well as its operation in practice. The report of that evaluation (the 2016 Report) concluded that Nigeria was rated Largely Compliant overall.

Comparison of ratings for the First Round Report and the Second Round Report

Element	First Round Report (2016)	Second Round Report (2023)
A.1 Availability of ownership and identity information	Partially Compliant	Partially Compliant
A.2 Availability of accounting information	Partially Compliant	Largely Compliant
A.3 Availability of banking information	Compliant	Largely Compliant
B.1 Access to information	Compliant	Compliant
B.2 Rights and Safeguards	Compliant	Compliant
C.1 EOIR Mechanisms	Compliant	Compliant
C.2 Network of EOIR Mechanisms	Compliant	Compliant
C.3 Confidentiality	Compliant	Compliant
C.4 Rights and safeguards	Compliant	Compliant
C.5 Quality and timeliness of responses	Largely Compliant	Compliant
OVERALL RATING	**Largely Compliant**	**Largely Compliant**

Note: the four-scale ratings are Compliant, Largely Compliant, Partially Compliant, and Non-Compliant.

Progress made since previous review

3. Since the 2016 Report, Nigeria has made important progress on transparency and exchange of information and in addressing recommendations made in that Report.

4. In respect of the substantial number of inactive companies that affected the availability of ownership and accounting information, Nigeria has introduced changes at the commercial registry, including launching a revamped online portal to ease the process of filing annual returns and identifying non-compliant/inactive entities more efficiently. Other changes have been introduced at the tax administration, including exempting entities with low turnover from paying tax whilst they retain filing obligations and putting in place mechanisms to detect potential under-reporting, notably by using data from third parties. The latter has led to an increase in the number of entities filing returns and hence providing information to the tax authorities.

5. Nigeria has introduced penalties for sanctioning non-compliance for every day or every month that a particular non-compliance with regulatory obligations to maintain information remains un-corrected. Additionally, the authorities continue to carry out extensive monitoring and supervision regarding various obligations to maintain appropriate information.

6. To ensure the availability of beneficial ownership information in respect of all relevant legal entities and arrangements, Nigeria has established a beneficial ownership register under the direct supervision of the Corporate Affairs Commission (CAC) since January 2021 and the register is now the primary source of beneficial ownership information for the Competent Authority. This register is in addition to the existing anti-money laundering (AML) obligations provided for under the AML legal framework. Additionally, amendments to sectoral AML regulations for financial institutions and Designated Non-Financial Institutions were introduced. However, there is room for improvement concerning the definition and identification of beneficial ownership information (for the Register) and how to keep the information up to date (for the AML framework).

7. The Competent Authority office in Nigeria is well resourced and answered received requests to the satisfaction of their treaty partners. The Competent Authority officials receive regular training and Nigeria has put in place a detailed process including the use of an interagency committee to ensure that information required for EOI purposes is always sourced in a timely manner. Further, following a recommendation in the 2016 Report, Nigeria has made timely updates when there have been changes in the addresses of its Competent Authorities.

Key recommendations

8. The key recommendations in this report relate to the strengthening of the standard to require the availability of information on beneficial owners of legal entities and arrangements and the mechanisms put in place in Nigeria to ensure availability of this information. Other recommendations relate to Nigeria's efforts to improve the compliance of entities required to make regulatory filing of ownership and accounting information to the authorities.

9. Nigeria has introduced a central Register of beneficial ownership information for all companies, limited partnerships and limited liability partnerships based on obligations contained in the Company and Allied matters Act. The definition of beneficial owner in this Act is not fully in line with the standard, since it does not explicitly require that a beneficial owner must be a natural person in all cases. Additionally, the definition does not provide for a backstop option for legal persons when no natural person meets the ownership and control tests. Further, since the Register of beneficial owners has been recently implemented, Nigeria is in the process of putting in place a systematic supervisory, verification and enforcement programme to ensure that the information submitted to the Register is complete, accurate and up to date (Element A.1). Nigeria is recommended to address the gaps in the beneficial ownership definition and to monitor the supervision of these obligations.

10. Under the AML framework, customer due diligence measures and updating of beneficial ownership information on existing customers are carried out based on risk and in certain circumstances. There is no specified frequency in the legal and regulatory framework to update customer due diligence and hence the information kept by obliged persons may not be up to date if no triggering risk or circumstance occurs. The availability of beneficial ownership information on trusts and co-operative societies is required by the AML framework exclusively. Therefore, beneficial ownership information on trusts and co-operative societies (Element A.1) and bank accounts in general (Element A.3) may not always be up to date. Additionally, there is no obligation for co-operative societies to engage an AML obliged person and as such beneficial ownership information may not always be available.

11. Except at incorporation, and when shares are held in trust, there are no requirements for nominee shareholders to disclose their nominee status, and identity information of persons whom they represent (the nominators) to the company or to the Corporate Affairs Commission in relation to private companies having nominee shareholdings in their ownership structure. This gap also applies to public companies where the nominee shareholder owns less than 5% of unrestricted voting rights. Therefore, the company and the

authorities may not be aware that a specific shareholder is acting in nominee capacity and may also not be aware about the identity of the nominator (Element A.1). Further, nominees who are not subject to the anti-money laundering legislation, for example due to not providing these services in a professional capacity, will not be required to maintain ownership and identity information on their nominator.

12. Changes in legal and beneficial ownership information and accounting information are mainly reported to the authorities through annual filing processes. There is a significant number of entities that do not file their annual returns, which would in turn be categorised as inactive. Nigerian authorities have introduced mechanisms to reduce the number of such companies, limited partnerships and limited liability partnerships. The measures include an improved and automated online filing process at the commercial registry, exempting entities with low turnover from payment of tax while they retain an obligation to file tax returns, and executing various supervisory and enforcement actions that include striking entities off the Register. Improvements have already been registered especially with tax filing, but most of these measures were introduced in 2021 and 2022 and could not be fully assessed in practice by the time of the onsite visit that took place in July 2022. It is also not clear how effective these measures will be since inactive entities are only struck off if they do not file for ten years consecutively and do not cease to exist before ten more years. Therefore, there may be situations where the information available to the authorities on entities is not up to date (Element A.1 and Element A.2).

Exchange of information in practice

13. Nigeria's EOI experience has grown compared to the last review period. From 1 October 2018 to 30 September 2021, Nigeria received 14 requests and sent out 33 requests compared to 2 received and no requests sent from 1 July 2011 to 30 June 2014.

14. Nigeria demonstrated effectiveness in exchange of information by providing all information requested and doing so in a timely manner. During the review period, Nigeria replied to 83% of requests within 90 days. Nigeria's organisation and procedures to process EOI requests are complete and coherent. This was corroborated in the peer input from Nigeria's partners who were generally very satisfied with what they consider as a co-operative and effective working relationship with Nigeria.

Overall rating

15. Nigeria has been assigned a rating for each of the ten essential elements as well as an overall rating. The ratings for the essential elements are based on the analysis in the text of the report, taking into account any recommendations made in respect of Nigeria's legal and regulatory framework and the effectiveness in practice. On this basis, Nigeria has been assigned the following ratings: Compliant for Elements B.1, B.2, C.1, C.2, C.3, C.4 and C.5, Largely Compliant for Elements A.2 and A.3, and Partially Compliant for Element A.1. Nigeria's overall rating is Largely Compliant based on the global consideration of its compliance with the individual elements.

16. This report was approved at the Peer Review Group of the Global Forum on 28 February 2023 and was adopted by the Global Forum on 27 March 2023. A follow up report on the steps undertaken by Nigeria to address the recommendations made in this report should be provided to the Peer Review Group no later than 30 June 2024 and thereafter in accordance with the procedure set out under the 2016 Methodology as amended.

Summary of determinations, ratings and recommendations

Determinations and ratings	Factors underlying recommendations	Recommendations
Jurisdictions should ensure that ownership and identity information, including information on legal and beneficial owners, for all relevant entities and arrangements is available to their competent authorities *(ToR A.1)*		
The legal and regulatory framework is in place but needs improvement.	Nigeria has created a central Register of beneficial owners through obligations contained in the Company and Allied Matters Act for Nigerian companies limited partnerships and limited liability partnerships. The definition of beneficial owner contained in this Act is deficient as it does not explicitly state that a beneficial owner must only be a natural person and it does not provide for a backstop option to identify senior managing officials if no natural person meets the ownership and control tests. Consequently, there may be instances where not all the beneficial owners are identified properly.	Nigeria is recommended to ensure that accurate, complete and up-to-date beneficial ownership information is available for all companies and partnerships in line with the standard.
	Except at incorporation, and when shares are held in trust, there are no requirements under the Companies and Allied Matters Act for nominee shareholders to disclose their nominee status, and identity information of persons whom they represent to the Company or to the Corporate Affairs Commission in relation to private companies having nominee shareholdings in their ownership structure. This gap also applies to public companies where the nominee shareholder owns less than 5% of unrestricted voting rights. In these instances, information identifying nominees and their nominators may not be available to the authorities. Further, nominees who are not subject to the anti-money laundering legislation, for example due to not providing these services in a professional capacity, will not be required to maintain ownership and identity information on their nominator.	Nigeria is recommended to ensure that accurate identity information on nominators and beneficial ownership information behind nominee shareholders is available in line with the standard.

Determinations and ratings	Factors underlying recommendations	Recommendations
	The anti-money laundering framework is the only source of beneficial ownership information for trusts and other legal arrangements. Customer due diligence measures on existing customers are carried out based on risk and in specific circumstances. There is no specified frequency in the legal and regulatory framework to carry out customer due diligence and hence update beneficial ownership information and this may lead to the information held by obliged persons not always being up to date. Besides, for co-operative societies, there is no obligation to engage an anti-money laundering obliged person.	Nigeria is recommended to ensure that adequate, accurate and up-to-date beneficial ownership information for all trusts and co-operative societies is available in line with the standard.
EOIR Rating: Partially Compliant	Changes in ownership information are mainly reported to the authorities through annual filing processes. There is a significant number of entities that do not file their annual returns, which would in turn be categorised as inactive. Nigeria authorities have introduced mechanisms to reduce the number of inactive companies, limited partnerships and limited liability partnerships. The measures include an improved and automated online filing process at the commercial registry, exempting entities with low turnover from payment of tax while they retain an obligation to file tax returns, and executing various supervisory and enforcement actions. Improvements have already been registered especially with tax filing, but most of these measures were introduced in 2021 and 2022 and could not be fully assessed in practice. Further, as part of the enforcement mechanisms, when entities are inactive for ten consecutive years, they are struck off from the Register. Whereas struck off entities maintain their legal personality for ten years, there are no mechanisms to obtain the latest ownership and identity information before the entity is struck off or to ensure that such changes would be reported to the authorities. It is not clear how effective the measures in place will be, especially in light of the long period before an entity ceases to exist. Therefore, there may be situations where the information available to the authorities is not up to date.	Nigeria is recommended to monitor the effectiveness in practice of its supervision and enforcement mechanisms to ensure that up-to-date legal ownership and identity information of all relevant legal entities and arrangements is available in all cases in line with the standard.

Determinations and ratings	Factors underlying recommendations	Recommendations
	The Central Bank of Nigeria AML regulations have been amended to clarify the methodology for identification of beneficial owners. However, these amendments are recent, and their implementation could not be assessed in practice.	Nigeria is recommended to monitor the effective implementation of the recently amended regulations.
	The implementation of the central Register of beneficial owners for companies, limited partnerships and limited liability partnerships started in January 2021. Nigeria is in the process of setting up a structured verification and supervisory programme to ensure that the information submitted to the Register is complete, accurate and up to date.	Nigeria should monitor the implementation of the new beneficial ownership register, carry out a suitable supervisory mechanism and enforce compliance by all companies, limited partnerships and limited liability partnerships in order to ensure the availability of complete, accurate and up-to-date beneficial ownership information in line with the standard.
Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements *(ToR A.2)*		
The legal and regulatory framework is in place.		

Determinations and ratings	Factors underlying recommendations	Recommendations
EOIR Rating: Largely Compliant	Companies, partnerships and incorporated trustees that do not file their annual returns containing financial statements with the Corporate Affairs Commission are considered to be inactive. If such entities do not file consecutively for a period of ten years, then they are struck off from the Register. The Nigerian authorities have introduced measures to reduce the number of inactive entities and continue to identify such entities through supervision and apply corrective actions. However, some of the key measures have been introduced recently and it is not clear how they will improve compliance and/or reduce the number of inactive entities, especially in light of the long period before an entity ceases to exist.	Nigeria is recommended to monitor the effectiveness in practice of its supervision and enforcement mechanisms to ensure that accounting records and underlying documentation are available for all relevant legal entities and arrangements in all cases.
Banking information and beneficial ownership information should be available for all account-holders *(ToR A.3)*		
The legal and regulatory framework is in is in place but needs improvement.	Customer due diligence measures on existing customers are carried out using a risk-based approach and when specific circumstances have been met. There is no specified frequency in the legal and regulatory framework to carry out customer due diligence measures and update beneficial ownership information on existing accounts. Therefore, beneficial ownership information on all accounts (especially low risk accounts and where the specific circumstances have not been met) may not always be up to date.	Nigeria is recommended to ensure that up-to-date beneficial ownership information is available on all bank accounts in line with the standard.
EOIR Rating: Largely Compliant	Amendments to the Central Bank of Nigeria anti-money laundering regulations were introduced in 2022. The amendments provide clear and explicit guidance on the identification of beneficial ownership information on bank accounts. These regulations are recent and their implementation in practice could not be assessed.	Nigeria is recommended to continue to monitor the application of the guidance on identification of beneficial ownership information enhanced in 2022 to ensure that complete and accurate beneficial ownership information for all bank accounts is available in line with the standard.

Determinations and ratings	Factors underlying recommendations	Recommendations
Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information) *(ToR B.1)*		
The legal and regulatory framework is in place.		
EOIR Rating: Compliant		
The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information *(ToR B.2)*		
The legal and regulatory framework is in place.		
EOIR Rating: Compliant		
Exchange of information mechanisms should provide for effective exchange of information *(ToR C.1)*		
The legal and regulatory framework is in place.		
EOIR Rating: Compliant		
The jurisdictions' network of information exchange mechanisms should cover all relevant partners *(ToR C.2)*		
The legal and regulatory framework is in place.		
EOIR Rating: Compliant		

Determinations and ratings	Factors underlying recommendations	Recommendations
The jurisdictions' mechanisms for exchange of information should have adequate provisions to ensure the confidentiality of information received *(ToR C.3)*		
The legal and regulatory framework is in place.		
EOIR Rating: Compliant		
The exchange of information mechanisms should respect the rights and safeguards of taxpayers and third parties *(ToR C.4)*		
The legal and regulatory framework is in place.		
EOIR Rating: Compliant		
The jurisdiction should request and provide information under its network of agreements in an effective manner *(ToR C.5)*		
Legal and regulatory framework:	This element involves issues of practice. Accordingly, no determination on the legal and regulatory framework has been made.	
EOIR Rating: Compliant	Nigeria has experienced challenges in communicating with its treaty partners. The reasons for these challenges are on one hand technical issues where Nigeria's emails could not be delivered to a treaty partner and on another hand a peer that sent communication to an email of Nigeria's former Competent Authority. In both cases, systematic and regular communication from Nigeria could have resolved the issues much faster.	Nigeria should monitor its processes regarding communication with its treaty partners to ensure that all requests are responded to in an effective manner.

Overview of Nigeria

17. This overview provides some basic information about Nigeria that serves as context for understanding the analysis in the main body of the report.

18. Nigeria is a large Western African country located off the Gulf of Guinea. Nigeria's population is estimated to be around 216 million as of December 2021. Nigeria's GDP for 2021 is estimated to be about USD 440 billion, which translates into a per capita GDP of about USD 2 085. At this level of per capita GDP, Nigeria is a lower middle-income country. Nigeria's currency is the Nigerian Naira (NGN), and the main economic sectors are agriculture, industry and services.

Legal system

19. Nigeria is a common law jurisdiction. The sources of Nigerian law in their hierarchical order include: the Constitution; Statutes; the Received English law;[1] Customary law (including Sharia); Case law and Authoritative texts and writings of legal experts. EOI instruments that have been ratified and domesticated and regulations made pursuant to tax laws are categorised under statutes.

20. Nigeria is a federal republic with three tiers of government: the federal level, the State level with the 36 states and the Federal Capital Territory (FCT)[2] where the capital and seat of government, Abuja, is located, and the local level with the 774 local government areas. Each of the three tiers are further governed by an executive arm, a legislature and a judiciary. At the Federal level, the executive arm comprises the President and a

1. It refers to the rules of law and legal principles mainly comprising common law, doctrines of equity and statutes of general application that have their origin in England and have been adopted in Nigerian laws.
2. The Federal Capital Territory is the capital territory of Nigeria, where the capital city of Abuja is located. It is not a state and is administered by elected officials who are supervised by the federal government.

cabinet, the legislature is made of two houses (the Senate and the House of Representatives) that form the National Assembly, and the judiciary is represented by the courts. At the States level, the executive arm is led by the Governor and a team of commissioners, the House of Assembly makes up the legislature, while state courts adjudicate on legal matters. A local government has the Chairman and supervisory councillors as the executive, while the councillors make up the legislature (and there is no judicial power at this level).

21. The Constitution mandates the Federal Government through the National Assembly, exclusive powers to legislate on matters of taxation, company law and allied matters and anti-money laundering and countering terrorism financing. The laws made by the National Assembly are enforceable nationwide while the jurisdiction of the States' house assembly is limited to that State.

22. Judicial power is exercised by independent courts. The judicial system is a pool of Federal and States' courts. The States' courts of record comprise: Customary courts, Sharia courts and Magistrates courts. Appeal from these courts lies with the State's High Court, Customary Court of Appeal or Sharia Court of Appeal. The superior courts of record comprise: The Supreme Court, the Appeal Court, the Federal High Court, High Courts of States and FCT, the States and FCT Customary Courts and Sharia Courts of Appeal. Further, the Tax Appeals Tribunal is a specialised tribunal for settlement of tax disputes.

23. Tax cases are heard at the Tax Appeals Tribunal or the Federal High Court. Appeals from the Federal Court go to the Court of Appeal while appeals from the Court of Appeal will ultimately go the Supreme Court.

Tax system

24. The administration and collection of taxes is distributed between the Federal, States and Local governments.

25. The Federal Inland Revenue Service (FIRS) is the Federal tax authority while each State and the FCT have a State Board of Internal Revenue Service (SBIR) as its tax authority. The FIRS is responsible for the administration of all federal taxes while the SBIRs administer the States/FCT taxes. Local government revenue committees collect levies for the Local governments. The Taxes and Levies Act stipulates the various taxes and levies collected at each tier of government.

26. The Joint Tax Board harmonises the operations of all the tax authorities to minimise conflict amongst the various tax authorities. The Joint Tax Board is comprised of the head of FIRS and the heads of all the 36 SBIRs

and the FCT Internal Revenue Service. As part of its harmonisation mandate, the Joint Tax Board has established a single Tax Identification Number (TIN) to be used across all the tax authorities in Nigeria.

27. Resident taxpayers are taxed on their worldwide income, while non-resident taxpayers are taxed only on the income sourced from Nigeria.

28. Individuals who spend at least 183 days in Nigeria, including periods of temporary absence or leave, are regarded as resident for tax purposes. Partners in a partnership are liable to tax in their individual capacity on the income accruing to them under the partnership agreement and must file their tax returns for that purpose. Personal income tax is levied at progressive rates up to 24% on an individual's taxable income for the year. The assessment year in Nigeria begins on 1 January and ends on 31 December.

29. Corporations resident in Nigeria are required to pay tax on their worldwide income while non-resident corporations are taxed on the proportion of their income earned in Nigeria. Corporations are resident if they are registered or incorporated in Nigeria (management and control are not considered for residence status in Nigeria). Corporations in the oil and gas sector pay the Petroleum Profits Tax at the rate of 85% of chargeable profits while others pay Income Tax at the rate of 30% of total profit. All corporations operating in Nigeria are required to pay income and education taxes at the rate of 2% of assessable profits. (Total profit is profit after deducting previous year losses carried forward and capital allowances. Assessable profit is obtained prior to deducting capital allowances.)

30. Value Added Tax was introduced in Nigeria in 1993 to replace sales tax previously collected by State authorities. VAT is imposed at federal level on non-exempt supplies of goods and services within Nigeria as well as on goods imported. Export goods are exempted. The standard rate is 7.5%.

31. Further, all legal entities are liable to capital gains tax, which is payable on the total amount of chargeable gain accruing to a person from the disposal of assets in the year of assessment, irrespective of whether they are situated in Nigeria or not. A disposal of assets arises where any capital sum is derived from a sale, lease, transfer, assignment, compulsory acquisition, or any other disposal of assets. Disposal of assets in Nigeria by foreign companies is also subject to capital gains tax.

32. Corporate Income Tax, VAT, withholding tax on companies and Non-resident individuals and all other taxes on legal persons are administered at federal level and collected by FIRS. Personal Income Tax is chargeable by the State Governments and administered by the relevant SBIR. The other major taxes that are administered at the State level are the withholding tax, capital gains tax, stamp duties on individuals.

33. Nigeria has a wide network of EOI mechanisms arising out of 21 bilateral agreements and its participation in the Multilateral Convention since 1 September 2015 and the African Tax Administration Forum Agreement on Mutual Assistance in Tax Matters since 23 September 2017. Nigeria participates in the automatic exchange of financial account information since 2019.

34. EOI matters are managed at federal level by the FIRS. To ensure smooth co-ordination, each SBIR has appointed EOI focal persons that form part of Nigeria's EOI interagency committee.

Financial services sector

35. The Nigerian financial market comprises three sectors: (i) Banks and other financial institutions, (ii) Insurance Companies, (iii) Capital Market Operators.

36. The banking industry is the most developed part of the financial sector and comprises of international, regional and domestic banks. As of 30 September 2021, the percentage of the banking sector credit to GDP was 58.7%. The Central Bank of Nigeria established by the Central Bank of Nigeria Act of 2007 is mandated with overall control and administration of the monetary and financial policy of the Federal Government. The Banks and Other Financial Institutions Act of 2020 governs the banking and other financial institutions under the regulatory purview of the Central Bank.

37. The banking sector comprises 23 commercial banks, 5 merchant banks, 3 non-interest banks, 3 payment service banks, 2 991 Bureau de change, 6 development finance institutions, 33 primary mortgage banks, 986 microfinance banks, 45 finance companies and 5 discount houses. The Central Bank of Nigeria licenses and regulates the activities of banking business. By 30 September 2021, the total financial sector deposits were (i) demand deposits, NGN 11 851 billion (EUR 27.91 billon), (ii) time and savings deposits, NGN 16 288 billion (EUR 38.3 billion) and (iii) foreign currency deposits, NGN 7 332.8 billion (EUR 17.26 billion).

38. The National Insurance Commission (NAICOM) established by the NAICOM Act of 2004 is responsible for licensing and regulation of the insurance sector. The insurance sector in Nigeria consists of 57 registered insurance companies: 14 of them are in the life insurance business while 43 are in non-life insurance business.

39. Regarding capital markets, the Investments and Securities Act of 2007 establishes the Securities and Exchange Commission (SEC) as the apex regulatory authority for the Nigerian Capital market which comprises the Nigerian Stock Exchange and the Commodities' Exchanges. The SEC is also responsible for ensuring that the market runs efficiently

to protect investors, maintain fair, efficient and transparent markets. The Net Asset Value of the capital markets under SEC custody amounted to NGN 1.27 trillion (EUR 299 billion) with a total of 177 companies listed as of 30 September 2021.

Anti-Money Laundering Framework

40. The Money Laundering Prohibition Act (MPLA) of 2011 is the primary law that governs the AML framework in Nigeria. The law provides AML obligations to different categories of obliged persons who include financial market institutions and a wide range of Designated Non-Financial Institutions (DNFIs). DNFIs include legal practitioners, chartered accountants, tax consultants, audit firms and dealers in jewellery, casinos, cars and luxury goods.

41. Sections 3 to 10 of the MPLA set out obligations of financial institutions and the DNFIs, including carrying out customer due diligence, suspicious transaction reporting, risk management, preservation of records and training. The law further identifies the Central Bank of Nigeria, Securities and Exchange Commission, National Insurance Commission, and Special Control Unit against Money Laundering to carry out supervisory functions.

42. The primary AML law is further complemented by sector-specific regulations issued by sector regulators: the Central Bank of Nigeria for financial institutions, the Securities and Exchange Commission for the capital market actors, the National Insurance Commission for the insurance sector, and the Special Control Unit against Money Laundering for the DNFIs.

43. Since 2020, Nigeria has introduced obligations in the Companies and Allied matters Act (CAMA) requiring all companies, limited partnerships and limited liability partnerships to identify and report their beneficial owners to a Central Register that is administered by the Corporate Affairs Commission. Part of the information held in the Register is publicly accessible through an online search portal.

44. The Financial Action task Force (FATF) style regional body for west Africa, GIABA,[3] conducted Nigeria's evaluation and published the Mutual Evaluation Report (MER) in 2021.[4] The MER rated Recommendation 10 (financial institutions customer due diligence) as Largely Compliant, while Recommendations 22 (Designated Non-Financial Business and Professions

3. The Inter-Governmental Action Group against Money Laundering (GIABA) is a specialised institution of ECOWAS.
4. https://www.giaba.org/media/f/1151_Second%20Mutual%20Evaluation%20Report%20of%20the%20Federal%20Republic%20of%20Nigeria.pdf.

customer due diligence), 24 and 25 (transparency of legal persons and arrangements) were rated as Partially Compliant. Further, Immediate Outcome 3 concerning supervision was rated moderately effective while Immediate Outcome 5 concerning the understanding of money laundering and terrorism financing risks associated with legal persons and arrangements was rated as having a low level of effectiveness. Owing to the deficiencies identified, Nigeria is currently under the International Review and Co-operation Group process and has agreed on an Action Plan to address deficiencies identified in the MER.

Recent developments

45. The Central Bank of Nigeria (CBN) AML regulations of 20 May 2022 have provided clarifications to be applied by AML obliged persons in the identification of beneficial owners. The regulations now provide for the methodology of identifying beneficial owners for all legal persons and arrangements in line with the standard.

46. Additionally, Companies regulations gazetted in 2022 have introduced daily default penalties for different entities and arrangements regarding their obligations under the Companies and Allied Matters Act. The daily default penalties are levied in addition to one off penalties.

Part A: Availability of information

47. Sections A.1, A.2 and A.3 evaluate the availability of ownership and identity information for relevant entities and arrangements, the availability of accounting information and the availability of banking information.

A.1. Legal and beneficial ownership and identity information

Jurisdictions should ensure that legal and beneficial ownership and identity information for all relevant entities and arrangements is available to their competent authorities.

48. The 2016 Report determined that the legal and regulatory framework to ensure availability of legal ownership and identity information for all relevant entities and arrangements in Nigeria was in place. However, the practical implementation of the standard was hampered by deficiencies arising from the presence of many inactive companies. Further, although the regulatory and tax authorities monitored and enforced actions against companies and partnerships that did not comply with information filing requirements, the compliance levels remained very low with more than 50% of the entities inactive and therefore the information available to the authorities for EOIR would not always be up to date. Nigeria was therefore rated Partially Compliant on this element of the standard.

49. Nigeria implemented various enforcement programmes, especially the Federal Inland Revenue Service (FIRS), to improve compliance, which led to some improvement in the number of entities that file statutory returns. Regarding the issue of inactive companies, the authorities have introduced mechanisms at the commercial registry, including launching a revamped online portal, to ease the process of filing annual returns and to identify inactive entities more efficiently. The changes at the tax administration include exempting entities with low turnover from paying tax whilst they retain filing obligations. Most of these improvements were introduced towards the end of the review period and have not been fully assessed. There is need to monitor the implementation of these measures to determine their effectiveness.

50. Additionally, a company, limited partnership or limited liability partnership may be struck off the register for not filing its annual returns for a period of ten years but the struck off entity retains its legal personality for another ten years. The supervision and enforcement mechanisms in place may not ensure that the information available to the Nigerian authorities is up to date.

51. Regarding beneficial ownership information, while the AML framework has been the primary source of information during a major part of the review period, Nigeria has introduced in 2021 a central Register of beneficial owners for all companies, limited partnerships and limited liability partnerships under the supervision of the Corporate Affairs Commission. Going forward, this Register will be the primary source of beneficial ownership information for the Competent Authority. The obligations pertaining to the Register are contained in the Company and Allied matters Act. The definition of beneficial owner under this legal framework is not fully in line with the standard, since it does not explicitly require that a beneficial owner must be a natural person in all cases, and it does not provide for a backstop option when no natural person meets the ownership and control tests. As the Register has been recently implemented, Nigeria is in the process of putting in place a systematic supervisory, verification and enforcement programme to ensure that the information submitted to the Register is complete, accurate and up to date.

52. Further, when nominee shareholdings are used in private companies or for public companies where such shareholding is less than 5% of unrestricted voting rights, there are no obligations for nominee shareholders to declare their status and to disclose the identity of their nominators to the company or to the authorities except at incorporation, and when shares are held in trust. Therefore, the availability of information identifying the persons for whom nominee shareholders act is not always ensured.

53. For the identification of beneficial owners of trusts and co-operative societies, the AML framework remains the only source. Under this framework, customer due diligence measures on existing customers are carried out based on risk and in certain circumstances. There is no specified frequency to update customer due diligence and hence the information kept by AML obliged persons may not be up to date. Besides, for co-operative societies, there is no obligation to engage an AML obliged person, thus the information on their beneficial ownership may not be available.

54. Nigeria is recommended to address the identified gaps and ensure the implementation of newly introduced measures and obligations.

55. The conclusions are as follows:

Legal and Regulatory Framework: in place, but certain aspects of the legal implementation of the element need improvement

Deficiencies identified/Underlying factor	Recommendations
Nigeria has created a central Register of beneficial owners through obligations contained in the Company and Allied Matters Act for Nigerian companies, limited partnerships and limited liability partnerships. The definition of beneficial owner contained in this Act is deficient as it does not explicitly state that a beneficial owner must only be a natural person and it does not provide for a backstop option to identify senior managing officials if no natural person meets the ownership and control tests. Consequently, there may be instances where not all the beneficial owners are identified properly.	Nigeria is recommended to ensure that accurate, complete and up-to-date beneficial ownership information is available for all companies and partnerships in line with the standard.
Except at incorporation, and when shares are held in trust, there are no requirements under the Companies and Allied Matters Act for nominee shareholders to disclose their nominee status, and identity information of persons whom they represent to the Company or to the Corporate Affairs Commission in relation to private companies having nominee shareholdings in their ownership structure. This gap also applies to public companies where the nominee shareholder owns less than 5% of unrestricted voting rights. In these instances, information identifying nominees and their nominators may not be available to the authorities. Further nominees who are not subject to the anti-money laundering legislation, for example due to not providing these services in a professional capacity, will not be required to maintain ownership and identity information on their nominator.	Nigeria is recommended to ensure that accurate identity information on nominators and beneficial ownership information behind nominee shareholders is available in line with the standard.
The anti-money laundering framework is the only source of beneficial ownership information for trusts and co-operative societies. Customer due diligence measures on existing customers are carried out based on risk and in specific circumstances. There is no specified frequency in the legal and regulatory framework to carry out customer due diligence and hence update beneficial ownership information and this may lead to the information held by obliged persons not always being up to date. Besides, for co-operative societies, there is no obligation to engage an anti-money laundering obliged person.	Nigeria is recommended to ensure that adequate, accurate and up-to-date beneficial ownership information for all trusts and co-operative societies is available in line with the standard.

Practical implementation of the Standard: Partially Compliant

Deficiencies identified/Underlying factor	Recommendations
Changes in ownership information are mainly reported to the authorities through annual filing processes. There is a significant number of entities that do not file their annual returns, which would in turn be categorised as inactive. Nigeria authorities have introduced mechanisms to reduce the number of inactive companies, limited partnerships and limited liability partnerships. The measures include an improved and automated online filing process at the commercial registry, exempting entities with low turnover from payment of tax while they retain an obligation to file tax returns, and executing various supervisory and enforcement actions. Improvements have already been registered especially with tax filing, but most of these measures were introduced in 2021 and 2022 and could not be fully assessed in practice. Further, as part of the enforcement mechanisms, when entities are inactive for ten consecutive years, they are struck off from the Register. Whereas struck off entities maintain their legal personality for ten years, there are no mechanisms to obtain the latest ownership and identity information before the entity is struck off or to ensure that such changes would be reported to the authorities. It is not clear how effective the measures in place will be, especially in light of the long period before an entity ceases to exist. Therefore, there may be situations where the information available to the authorities is not up to date.	Nigeria is recommended to monitor the effectiveness in practice of its supervision and enforcement mechanisms to ensure that up-to-date legal ownership and identity information of all relevant legal entities and arrangements is available in all cases in line with the standard.
The Central Bank of Nigeria AML regulations have been amended to clarify on the methodology for identification of beneficial owners. However, these amendments are recent, and their implementation could not be assessed in practice.	Nigeria is recommended to monitor the effective implementation of the recently amended regulations.
The implementation of the central Register of beneficial owners for companies, limited partnerships and limited liability partnerships started in January 2021. Nigeria is in the process of setting up a structured verification and supervisory programme to ensure that the information submitted to the Register is complete, accurate and up to date.	Nigeria should monitor the implementation of the new beneficial ownership register, carry out a suitable supervisory mechanism and enforce compliance by all companies, limited partnerships and limited liability partnerships in order to ensure the availability of complete, accurate and up-to-date beneficial ownership information in line with the standard.

A.1.1. Availability of legal and beneficial ownership information for companies

Types of companies

56. The Company and Allied matters Act (CAMA) is the primary commercial law of Nigeria providing for incorporation of companies and registration with the Corporate Affairs Commission (CAC). As described in the 2016 Report, section 21 of CAMA provides for the creation of three types of companies:

- a company limited by shares. The liability of its members is limited by the memorandum of association to the amount, if any, unpaid on the shares respectively held by them. There were 2 057 413 companies limited by shares in Nigeria as of 30 September 2021.
- a company limited by guarantee. The liability of its members is limited by the memorandum of association to such amount as the members may respectively undertake to contribute to the assets of the company in the event of its being wound up. A company limited by guarantee shall not be incorporated with the objective of carrying on business for the purpose of making profits for distribution to members and cannot be registered without the authorisation of the Attorney-General of the Federation (CAMA, s. 26). There were 4 359 companies limited by guarantee in Nigeria as of 30 September 2021.
- an unlimited company. For this type of company, there is no limit on the liability of its members. This type of company can only be registered with a minimum share capital that is not below NGN 100 000 (EUR 227) for private companies and NGN 2 000 000 (EUR 4 102) for public companies (CAMA, s. 25 and 27(2)). There were 843 unlimited companies in Nigeria as of 30 September 2021.

57. Any of the above types of companies can either be private or public and such a status must be stated in their articles of association. The total number of shareholders in a private company cannot exceed 50. A private company cannot invite the public to subscribe for any shares or debentures of the company unless it amends its articles of association and is re-registered with the CAC as a public company. A company registered as a private company may be re-registered as a public company and vice-versa.

Legal Ownership and Identity Information Requirements

58. The 2016 Report determined that the legal and regulatory framework to ensure availability of legal ownership and identity information for all relevant entities and arrangements in Nigeria was in place. However, it was

concluded that the practical implementation of the standard was hampered by deficiencies arising from the presence of many inactive companies registered with the CAC. Further, it was concluded that although the regulatory and tax authorities monitor and enforce actions against companies and partnerships that do not comply with information filing requirements, the compliance levels of these entities were very low. The legal framework regarding legal ownership and identity information remains the same. Nigeria has instituted mechanisms to improve compliance of entities with their filing obligations, although most of them are new and are currently being implemented.

59. The legal ownership and identity requirements for companies are found mainly in the Company and Allied Matters Act (CAMA). The following table shows a summary of the legal requirements to maintain legal ownership information in respect of companies.

Companies covered by legislation regulating legal ownership information[5]

Type	Company law	Tax law	AML law
Company limited by shares	All	Some	Some
Company limited by guarantee	All	Some	Some
Unlimited company	All	Some	Some
Foreign companies (tax resident)	Some	All	Some

Legal ownership information available under Company Law

60. At the time of incorporation, all companies are required to have a memorandum and articles of association. The memorandum of association contains the company name, the registered office of the company situated in Nigeria, nature of business, whether the company is private or public and that the liability of its members is unlimited or limited by shares or by guarantee. The memorandum also states the amount of issued share capital, listing the names of each subscriber and the allocated shares (CAMA, s. 27). The memorandum is signed by each subscriber in the presence of a witness and stamped as a deed.

61. The CAC is the public authority that is entrusted with the obligation to register and maintain ownership information on all companies that

5. The table shows each type of entity and whether the various rules applicable require availability of information for "all" such entities, "some" or "none". "All" means that the legislation, whether or not it meets the standard, contains requirements on the availability of ownership information for every entity of this type. "Some" means that an entity will be covered by these requirements if certain conditions are met.

are incorporated under the CAMA. The CAC has implemented an online Company Registration Portal (CRP). Business registration is carried out online without the need for third party interventions (such as notaries).

62. For registration of a company, the CAC is provided with the memorandum of association and the articles of association, together with notice of the registered office and head office of the company, if the head office is different from the registered office (a postal box address or a private bag address cannot be accepted as the registered or head office). The memorandum contains identity information on all the subscribers/initial shareholders. Where shares are held to the benefit of another person, the name of such a person must also be included. To ensure identification of the persons involved, the application for registration must be accompanied with copies of any recognised means of photographic identification such as an international passport, driver's licence, national identity card or voter's card.

63. Upon submission of the information in the CRP, internal manual and system checks are carried out to ensure completeness of the submitted information. The CRP is linked to Nigeria's identification systems and will carry out system checks to verify the authenticity of the identification documents submitted. Any application for registration that does not meet the criteria explained in the preceding paragraphs is rejected.

64. Where all the requirements are submitted satisfactorily, a company will be registered, and a certificate of registration issued. The company is simultaneously issued a unique registration number and a Tax Identification Number. The submitted information is then automatically transmitted to the CAC Register and the Tax Administration Register.

65. Every company is required to keep a register of its members, showing the names and addresses of the members, a statement of the number and class of shares held by each member, the date on which the person became or ceased to be a member. This information is entered within 28 days of conclusion of an agreement for a person to be a member and in case of an initial subscriber to the memorandum, within 28 days of registration of the company (CAMA, s. 109). A person becomes a member of a company upon entry into the register of members (CAMA, s. 105). In addition, a public company must keep a register of substantial shareholders (having shares commanding a minimum of 5% voting rights) (CAMA, s. 122).

66. The register must be kept at the registered office of the company or at another place within Nigeria. The CAC must be notified of the location of the register if it is not kept at that company's registered office.

67. Additionally, each company incorporated under the CAMA is required to maintain a register of directors and any changes to this register should be notified to the CAC within 14 days of change. This provision is most relevant

for small companies whose directors must hold 51% equity of the company's share capital. Small companies are private companies limited by shares with a turnover below NGN 120 million and net assets below NGN 60 million (EUR 272 257 and EUR 136 128 respectively), whose directors hold not less than 51% of its equity share capital.

68. Changes in the ownership structure of companies having shares must also be reported to the CAC, in various ways. First, whenever a company limited by shares makes any allotment, the new allotment showing the allocation of shares must be registered with the CAC within 14 days (CAMA, s. 154). Second, changes are reported on an annual basis (CAMA, s. 417). The annual return by a company having shares, except small companies, must contain the register of members and debenture holders, and the names and addresses of the persons who became or ceased to be members during the year, and the names of directors and secretary (CAMA, s. 418). Annual returns are to be filed by all companies registered with CAC immediately after 42 days of the holding of the annual general meeting for the year.

69. Companies limited by guarantee and small companies must also fill in an annual return. This return does not contain detailed ownership information, however it indicates the location of the register of members (CAMA, s. 419 and 420).

70. The information concerning owners of companies is maintained by the companies themselves and in some instances by the CAC (all founders of all companies, and current shareholders of non-small companies having shares). It is therefore probable that the information available at the CAC may not be up to date for small companies and companies limited by guarantee. However, the register of members for both small companies and companies limited by guarantee must be kept at the company premises or such other place in Nigeria and such a location is reported annually to the CAC, therefore the authorities are able to access such information as and when required. Furthermore, the obligations in CAMA are complemented by tax law requirements that provide obligations to update legal ownership information.

Foreign companies

71. A company incorporated outside of Nigeria intending to carry on business in Nigeria is obliged to incorporate a separate entity in Nigeria (CAMA, s. 78; see 2016 Report, paragraphs 85 to 89). When incorporated, the foreign owned company will be regarded as a Nigerian company and will be subject to obligations to provide ownership information to CAC, keep its register of members and submit annual returns to the CAC.

72. The CAMA provides exemptions to the provisions of section 78 as listed in the preceding paragraph for certain foreign companies. These apply to foreign companies that are invited by Nigeria to undertake specific individual projects, foreign companies that are in Nigeria for the execution of a specific individual loan project on behalf of a donor country or international organisation, foreign companies engaged solely in export promotion activities, and engineering consultants and technical experts on contracts approved by the Government of Nigeria.

73. To obtain the exemption, the qualifying foreign companies are required to apply to the Minister. Such an application should contain:

- the name and place of business of the foreign company outside Nigeria
- the name and place of business or the proposed name and place of business of the foreign company in Nigeria
- the name and address of each director, partner or other principal officer of the foreign company
- a certified copy of the charter, statutes, or memorandum and articles of association of the company.

74. For the exempted companies, ownership information will only be available if the laws of the incorporating state require that such information is included in the memorandum of association. Every exempted foreign company must make an annual report in a prescribed form to the CAC with no ownership information but the company name, place/country of registration date of registration principal place of business, share capital, date of exemption, description of business in Nigeria, expected date of completion of business in Nigeria and names, addresses and contact details of its principal officers, directors and representatives.

75. Exempted foreign companies are treated as unregistered companies (CAMA, s. 82) and they are not obliged to keep a register of members. However, legal ownership information is available with the tax authorities (see paragraph 82). Therefore, information identifying the legal owners of a foreign company (that has been exempted from registration with the CAC) that has sufficient nexus in Nigeria is available through the tax law requirements.

Retention Period, struck off and companies that ceased to exist

76. Ownership information stored by government authorities such as the CAC is kept indefinitely. Generally, government authorities are required to preserve all records in their custody as these records could be required

for inspection by the public at any time (Freedom of Information Act; s. 9, CAMA, s. 861).

77. Legal entities are required to retain their register of members (and register of substantial shareholders) in soft copies for six years from the date of storage (CAMA, s. 864) (see paragraph 66).

78. Companies that have not commenced business and have no undischarged obligations may apply to the CAC to be struck off the Register. Further, where a company has not filed annual returns with the CAC, such a company is classified as inactive within one year of defaulting and if it does not file its annual return consecutively for ten years, such a company will be struck off the Register (see discussion starting at paragraph 102). A struck off company retains the obligation to keep its ownership records at its registered office or any other place that must be in Nigeria and notified to the CAC. A struck off company that has not been restored onto the register after ten years will be wound up and dissolved.

79. A company may be wound up voluntarily or by court action. For a voluntary winding up process, the company is obliged to appoint a liquidator in a general meeting, while for the court-initiated process, the liquidator is appointed by court. In the case of voluntary winding up, the company ceases all business upon commencement of the process except for the business that is beneficial to the winding up process. Any transfer of shares that is not sanctioned by the liquidator or that is not made to the liquidator is prohibited during the winding up process (CAMA, s. 624). Upon conclusion of the winding up process, a company is considered dissolved and loses its legal personality.

80. When the affairs of the company are fully wound up, the liquidator will submit an account or liquidation return of the liquidation process to the CAC. The company will be considered dissolved within three months of registering this liquidation return by the CAC. Liquidators must be authorised[6] and are supervised by the CAC (CAMA, s 595, 705, 706, CAC Insolvency regulations) and they must preserve the books and papers of a dissolved company for five years from the dissolution of the company, including the register of members (CAMA, s. 633).

6. For authorisation, liquidators must hold a certificate of membership of the Business Recovery and Insolvency Practitioners Association of Nigeria (BRIPAN), or membership of any other professional body recognised by the CAC: Nigerian Bar Association, Institute of Chartered Accountants of Nigeria, Association of National Accountants of Nigeria, Institute of Chartered Secretaries and Administrators of Nigeria. Authorisation and accreditation by the CAC takes place every three years.

Legal ownership information available directly to the tax authorities

81. Tax law requirements complement the provisions of CAMA and the operations of the CAC in ensuring the availability of legal ownership information on companies in Nigeria.

82. Tax law obliges all companies to register for tax purposes with the FIRS and to file annual self-assessment returns, including foreign companies that have been exempted from incorporation in Nigeria and those exempted from tax for a given year of income (FIRS Establishment Act (FIRSEA), s. 8(q) and Company Income Tax Act (CITA), s. 55).

83. For Nigerian domestic companies and foreign companies that incorporate subsidiaries in Nigeria, the ownership information as supplied to the CAC upon registration is automatically and electronically transmitted to the FIRS database and a TIN is issued at that time. The Joint Tax Board database holds all identity information on registered taxpayers. This is complementary to the registration and ownership information data held by FIRS.

84. Once a TIN is issued, and if such a company is involved in any business activity, the company is automatically registered with the relevant local tax office. Further for VAT purposes, the company is required to apply for a separate registration with the FIRS within six months of incorporation.

85. Regarding exempted foreign companies as discussed in paragraph 75, registration for tax purposes and the return filing obligations ensure the availability of ownership information for foreign companies with sufficient nexus such as through having a fixed place of business or having created a permanent establishment in Nigeria.

86. Regarding the updating of legal ownership information contained in the FIRS database, the Nigerian authorities have stated that changes are submitted alongside the annual tax returns provided for under section 55 of the CITA. There is no express requirement under section 55 to include ownership information, however, the authorities have explained that such information is submitted as part of the audited financial statements that are annexed to the tax returns (see paragraphs 235 and 236). It is mandatory for the financial statements to be annexed to the returns including for foreign companies with sufficient nexus in Nigeria and taxpayers exempted from tax.

Legal ownership information – Enforcement measures and oversight

87. The CAC and the FIRS are responsible for carrying out monitoring and oversight activities under their relevant mandates to ensure that entities comply with obligations for maintaining up-to-date legal ownership information.

88. The 2016 Report (paragraph 229) identified that the quantum of penalties for non-compliance in various regulations was very low and inadequate to ensure that sufficient levels of deterrence existed in Nigeria. Further it was determined that there was a low level of compliance with mor than 50% of entities being dormant or inactive and that the low administrative penalties and the few criminal sanctions issued by the regulatory agencies in Nigeria contributed to these low levels of compliance. The report further discussed that because of the low compliance levels, there was a high number of inactive or dormant companies, and this impacted on the availability of up-to-date ownership records. Nigerian authorities reported to have addressed the issues raised in the 2016 Report by making improvements at the CAC and further strengthening their supervisory activities at the FIRS.

Sanctions available

89. The level of sanctions was increased a little since 2016, especially by including daily penalties on responsible individuals, but monetary sanctions remain low.

90. The CAMA provides that it is illegal for any entity to carry on business under the guise of a company before registration with the CAC. Such an entity is liable on conviction to a fine amounting to NGN 200 (EUR 0.46) for each day that the default continues. The court would also order such a company to be registered (s. 863) within a timeline to be specified by the court. Additionally foreign companies that do not comply with the obligation to register with the CAC commit an offence and are liable to pay a daily penalty of not less than NGN 500 (EUR 1.15) for private foreign companies and NGN 1 000 (EUR 2.05) for public foreign companies for as long as the default continues. Apart from the fine on the company, every officer or agent of the company who wilfully authorises or permits such a default is liable to a fine of not less than NGN 250 (EUR 0.58) and where the offence is a continuing one, to a further NGN 25 (EUR 0.058) for each day that the default continues. Any person who submits false information to obtain exemption for a foreign company (see paragraphs 72 and 73) is liable to imprisonment or a fine as the court deems fit.

91. Further a company that fails to keep its register of members or to update any changes to the register commits an offence. The company and every officer (such as director, manager or secretary) of the company which is in default shall be liable to a fine of NGN 25 (EUR 0.058) and a daily default fine of NGN 5 (EUR 0.01) (CAMA, s. 109). A company that fails to file its annual return is liable to a one-off penalty of NGN 10 000 (EUR 23) and a daily default penalty of NGN 500 (EUR 1.15) for as long as the default continues.

92. Regarding tax law obligations, companies that do not adhere to the filing obligations would also suffer a penalty amounting to NGN 25 000 (EUR 58) in the first month when the failure occurs and NGN 5 000 (EUR 12) for every month in which the failure continues. Further, if it is proved that an officer such as a director, manager, secretary or agent connived in this offence, such a person shall be liable for a fine not exceeding NGN 100 000 (EUR 231) or imprisonment for a term not exceeding two years or both.

Supervisory activities by the corporate affairs commission

93. During the review, the Nigerian authorities have stated that the CAC mode of supervision was to promote compliance through stakeholder engagement, education and enlightenment. The authorities believe that the lack of knowledge by companies concerning their obligations was a major hindrance towards voluntary compliance. The sensitisation events organised and conducted by the CAC focused on bridging the knowledge gap and included representatives of entities from all sectors of the economy. In 2018, five events were organised in two cities. In 2019, nine events were organised in four cities and in 2021 four events were organised in three cities. No event was organised in 2020 because of the COVID-19 pandemic.

94. The CAC has not applied fines, but it has struck off 38 717 companies that were inactive (see dedicated section below).

Supervisory activities by the tax authorities

95. The FIRS has carried out various compliance monitoring interventions towards ensuring that taxpayers were compliant with their obligations, including timely filing of returns that would ensure availability of up-to-date ownership information. FIRS interventions are carried out through education initiatives, compliance work, including tax audits, and sanctions for non-compliance are issued using the penalty regimes available in the CITA.

96. The FIRS submitted that it increased taxpayer education initiatives using the Federal Engagement and Enlightenment Tax Team (FEETT) for person-to-person and mass tax education campaigns across Nigeria. To complement these programmes, an additional 31 tax offices have been opened to increase the reach of taxpayer support services. The FIRS indicates that many taxpayers were not filing their returns due to the absence of support service close to their places of business where such taxpayers would obtain guidance and hands-on support to file their returns.

97. The FIRS also carried out audit and enforcement activities and further partnered with the Economic and Financial Crimes Commission[7] (EFCC) to form a Joint Task Force against non-compliance, including failure to file returns. Using data available from various government sources, they were able to carry out targeted interventions to improve compliance. For example, the FIRS used the value of properties to identify companies that had assets and were not filing for tax purposes. The authorities indicate that because of these actions, 653 companies operating in Abuja are now filing. Further, the tax authorities have collected an additional NGN 5.1 billion (EUR 11.7 million) in taxes and penalties. The FIRS also identified all bank accounts held by taxpayers who were not filing their tax returns and penalised all the taxpayers. The authorities indicate that they collected over NGN 88 billion (EUR 211.4 million) in recovered tax and penalties. The identified companies that had previously been inactive and not filing tax returns are now actively filing and providing ownership information to the authority among other pieces of information.

98. Further Nigeria has reported that the FIRS applied other penalties on companies that were generally not providing adequate information to the tax authorities or were under-reporting their incomes. These penalties targeted 11 576 entities and EUR 1.1 billion were recovered in taxes and penalties.

Period	Number of entities	Recovery (tax + penalties)-NGN	Recovery (tax + penalties)-EUR
2018	3 326	17 940 168 313	43 089 453
2019	4 591	7 093 887 802	17 038 399
2020	3 659	448 295 214 381	1 076 734 372
Total	**11 576**	**473 329 270 496**	**1 136 862 224**

99. The data provided by the Nigerian authorities shows that the FIRS has carried out several interventions to improve compliance and that penalties were issued to deter non-compliance. The activities carried out by the FIRS have led to improvements especially regarding registration with the tax administration and filing of statutory returns. In this regard, the total number of entities registered in the FIRS database improved as follows:

	Number of entities registered with FIRS
2018	1 644 899
2019	1 818 224
2020	2 044 791

100. There has been a marked improvement in the number of entities registered with FIRS in comparison with the total number of companies

7. The EFCC is federal agency set up to investigate financial crimes.

registered with CAC which stood at 2 062 615 at the end of 2020 representing 99.1% of the entities. In comparison, from 2012 to 2014, only 539 628 companies had been registered with the FIRS representing 42% of the companies registered with the CAC at the time. Therefore the ratio of the number of companies registered with the FIRS compared to those registered with the CAC has significantly improved. The Nigerian authorities have reported that regular taxpayer engagement campaigns and imposition of penalties have led to the improved registration numbers.

101. The combination of interventions at the commercial registry (CAC) and the tax authorities (FIRS) taken together show that the supervisory and enforcement activities of the authorities in Nigeria improved compared to the 2016 Report. In addition to these activities, the CAC and FIRS instituted specific programmes to further target the issue of inactive companies at the CAC and those companies registered with the FIRS and not filing.

Actions against inactive/non-filing companies

102. The 2016 Report determined that more than 400 000 companies registered with the CAC were dormant and were not compliant with the obligations to file the annual returns with the CAC. The Report concluded that enforcement actions undertaken by CAC to strike off the dormant companies from its register and sanctions imposed against non-compliance were ineffective and insufficient in providing effective deterrence against the continuing existence of dormant companies. Accordingly, Nigeria was recommended to take adequate and more effective enforcement measures to strike off the dormant companies from the CAC Register.

103. As part of the efforts to improve the filing rate, the CAC has made changes based on the CAMA 2021 regulations. First, the regulations provide that a company that fails to file its annual return to the CAC, can be classified as inactive. Accordingly, in January 2021, the CAC deployed a newly improved Company Registration Portal (CRP) where all entities registered with the CAC were marked as inactive. The entities were then advised to update their records on the CRP before undertaking any post registration activity on the portal. The Nigerian authorities have reported that another objective of the CAC was to ensure that the commission would be able to easily identify the number of active companies. This would also nudge entities to provide updated records since the status of each company on the CRP is accessible publicly. The update of company records would also ensure that the CAC has obtained up-to-date ownership records. The authorities believe that most companies engaged in business are keen to have their status on the portal categorised as active as the entities vie for business contracts.

104. The number of Companies that have updated their status to active status and thereby submitted up-to-date ownership information stands at 974 000 companies representing approximately 46% of the registered companies.

105. Second, section 692(3) of the CAMA provides that if a company has not complied with its obligations under CAMA (including the annual filing obligation) consecutively for ten years, then such a company is liable to be struck off the Register. The CAC will publish its intention to strike off a company in at least three national daily newspapers. A company is only considered struck off 90 days after the newspaper publications if no response is received from the company that it is carrying on business or that it is in operation (s. 692(4)). The Nigerian authorities have confirmed that failure to file annual returns for a consecutive period of ten years is now a conclusive ground for a company to be struck off. The Nigerian authorities have reported to have struck off 38 717 companies during the review period.

106. A struck off company retains its legal personality for ten years. Within these ten years, the company and its members are still liable to debts incurred and the company can be wound up by court. The company, a member or creditor may apply to court for the company to be restored onto the Register. The reasons for consideration by court before the restoration order is issued include that the company was carrying on business or was in operation at the time of strike off. The registration order from court must be registered with the CAC thus enabling the CAC to capture the latest ownership information (CAMA, s. 692). Further, at the time of restoration, the company is required to update its ownership information by filing the information of each of the years that the company was in default.

107. For a struck off company, a key source of up-to-date legal ownership information would be the CAC. However, as discussed at paragraph 78, there would be instances where such a company would not have filed its annual returns with the CAC for ten years. Moreover, a struck off company will retain its legal personality for another ten years following strike off. The information already submitted to the CAC is available indefinitely and for the period that the company is inactive, it is likely that the supervisory efforts of the authorities will eventually yield for the company to resume filing its statutory returns and hence provide up-to-date ownership information. However, when the company is struck off, there is no further opportunity to obtain its updated legal ownership information should there be any changes that occurred during the period when the company was not filing its annual returns (inactive) or during the period when it was struck off the Register but still retained its legal personality. This may lead to situations where the ownership information available to the authorities is not up to date.

108. Regarding tax law obligations, the FIRS has carried out activities to ensure that all companies registered for tax purposes file their annual returns through which ownership information provided. The FIRS categorisation of inactive companies is those companies that have not made a payment to FIRS in a year and the FIRS reported that the number of inactive companies in the database was 1 343 031 as at the end of September 2021. To promote filing of returns which contain ownership information among other things, Nigeria introduced an obligation in 2019 to exempt entities whose turnover is below NGN 25 million (EUR 58 421) from paying tax. However, such entities must file a nil return that contains among other things, ownership information. The Nigeria authorities have reported that 70% of the inactive entities are excluded from paying taxes based on the new obligation contained in the Finance Act of 2019. The Nigerian authorities have reported that the provision to file returns without the obligation to pay taxes has improved tax return filing rates (see paragraph 109).

109. Further, in 2021, the FIRS started piloting and has now deployed a software tool (Tax ProMax) to facilitate electronic filing of returns and ease identification of non-filers. The FIRS estimates that filing rates of companies have improved to over 80% of the large taxpayers, 60%-70% for medium taxpayers and 40% for small and micro taxpayers. There is a marked improvement compared to the 2016 Report where on average on 25% of the companies registered with the FIRS were filing their annual returns.

110. Although, Nigeria has introduced efforts to reduce the number of inactive companies and to improve filing rates both at the CAC and FIRS, the measures are recent and under early stages of implementation and their efficacy has not been fully evaluated. Improvements have already been registered especially with regard to tax return filing and it is probable that more improvements will be registered over time. However, the legal framework provides for a long period of inactivity (ten years) before an entity can eventually be struck off the register and ten more years before it is dissolved. It is not clear if the current measures such as marking the entity as inactive on the CRP, or the supervision and enforcement activities undertaken by the authorities will efficiently reduce the number of inactive entities hence enabling the CAC to have up-to-date legal ownership information or if the efforts by FIRS to improve filing will improve availability of up-to-date ownership information. Therefore, **Nigeria is recommended to monitor the effectiveness in practice of its supervision and enforcement mechanisms to ensure that up-to-date legal ownership information of all companies is available in all cases in line with the standard**.

Availability of beneficial ownership information

111. The standard was strengthened in 2016 to require that beneficial ownership information be available on companies. In Nigeria, this aspect of the standard is met through the AML legal framework and company law requirements. The requirements under AML have been in operation for some time, however the company law requirements are recent, having been introduced in 2020. Nigeria has introduced a requirement on all companies to submit beneficial ownership information to the CAC since January 2021. Each of these legal regimes is analysed below.

Companies covered by legislation regulating beneficial ownership information

Type	Company law	Tax law	AML law
Company limited by shares	All	None	Some
Company limited by guarantee	All	None	Some
Unlimited company	All	None	Some
Foreign companies (tax resident)[8]	None	None	All

112. During a large part of the review period, the AML framework was the only source of beneficial ownership information, and it remains a key source of beneficial ownership information in Nigeria. In addition, Company law requirements that were introduced in 2020 have created a beneficial ownership information register that is kept by the CAC. Pursuant to these requirements, every company is required to submit information on its beneficial owners to the CAC annually and whenever there is a change.

113. There is no requirement in Nigeria for companies to have a continuous business relationship with any AML obliged person and, in practice the BO register would act as the primary source of BO information on entities for the purposes of exchange of information.

Company law requirements – Beneficial owner definition

114. Since 2020, company law has become an important source of beneficial ownership information in Nigeria. Companies are obliged to identify and notify the CAC regarding persons with significant control (beneficial owners).

8. Where a foreign company has a sufficient nexus, then the availability of beneficial ownership information is required to the extent the company has a relationship with an AML obligated service provider that is relevant for the purposes of EOIR. (Terms of Reference A.1.1 Footnote 9).

115. The CAMA defines a person with significant control:

> "person with significant control" means any person:
>
> (a) directly or indirectly holding at least 5% of the shares or interest in a company […]
>
> (b) directly or indirectly holding at least 5% of the voting rights in a company […]
>
> (c) directly or indirectly holding the right to appoint or remove a majority of the directors or partners in a company […]
>
> (d) otherwise having the right to exercise or actually exercising significant influence or control over a company […]

116. The definition contained in the CAMA is not fully in line with the standard.

117. On the positive side, the definition covers the concept of ultimate ownership and control whether participation is direct or indirect. Ultimate ownership is determined at a threshold of 5%. The definition further explains control to include the right to appoint or remove directors and having the right to exercise significant influence over the company. "Significant influence" over the company is a wide term and may be interpreted to cover control by means other than ownership. The parts of the definition from (a) to (d) are applied simultaneously and hence the notion of control of the legal person is used even when a natural person could be identified under ownership interests. This would imply that the reporting entity would identify and capture beneficial owners in both instances under ownership and control. These features are in line with the standard.

118. However, the main part of the definition does not mention that a beneficial owner should always be a natural person. This is not in line with the standard. Also, the definition does not explicitly mention circumstances where persons may be acting jointly. In addition, the definition as provided in the CAMA does not envisage the identification of persons that hold senior managing positions in the entity in the event that no beneficial owners meet the ownership or control tests. Nigerian authorities have reported that regulations to rectify these shortcomings have been tabled to the Minister and are awaiting approval.

119. Since the beneficial ownership Register offers the most complete coverage for availability of beneficial ownership information and is also the primary source of beneficial ownership information for the Competent Authority, the gaps explained above would affect the availability of information for EOIR purposes. Moreover, whereas AML obliged persons can access the Register, there are no obligations for them to report any discrepancies and cannot therefore contribute to mitigating the effects of the gaps identified.

Consequently, **Nigeria is recommended to ensure that accurate, complete and up-to-date beneficial ownership information is available for all companies in line with the standard**.

Company law – Operation of the beneficial ownership Register

120. The beneficial ownership Register in Nigeria was incorporated within the Company Registration Portal (CRP) in January 2021. The Register is administered by the CAC and all entities registered with the commercial register are required to submit information on their beneficial owners and some aspects of the information contained therein are accessible publicly.

121. As discussed at paragraph 103, all existing companies are required to reactivate their status on the CRP. During this procedure, existing companies must submit information on their beneficial owners using the prescribed forms. Similarly, any new companies incorporated in Nigeria and/or being newly registered in the CRP must submit information on their beneficial owners.

122. The submitted information to identify the beneficial owner must include the names of the person identified, the reason why the person qualifies as a beneficial owner, date of birth, physical and email address, nationality and country of residence and a recognised means of photographic identification. In line with the gap in the identification of beneficial owner as identified at paragraph 118, the CRP contains a field for submitting in legal persons as beneficial owners.

123. Nigeria has further reported that by November 2022, 250 922 entities had submitted their beneficial ownership information to the CRP representing 12% of entities registered with the CAC and required to provide their beneficial ownership information.

124. The CAMA obliges every person who becomes a "person with significant control" i.e. beneficial owner in a company to notify the company within seven days of attaining this position and to provide the details of such control to the company (s. 119(1)). A beneficial owner who fails to notify the company is liable to sanctions as explained at paragraph 149. The company is in turn required to submit such information to CAC within one month. The same applies when the company identifies a change in the absence of a notification from a beneficial owner. The Nigerian authorities have explained that where a beneficial owner (resident in Nigeria or not) does not notify the company, the company is obligated to issue a warning notice to the beneficial owner to comply within seven days, failure of which the company is required to restrict the relevant interest of the beneficial owner. However, no additional guidance has been provided to companies on how to identify beneficial owners and how to handle cases where identification proves difficult.

125. Further, the company must also submit an annual return disclosing updated information (CAMA, s. 119(2)).

Anti-money laundering law requirements

126. The AML framework comprises the Money laundering Prohibition Act (MPLA) of 2011 and sector-specific regulations. The MPLA obliges financial institutions and Designated Non-Financial Institutions (DNFIs, see paragraph 40) to identify their customers, identify the beneficial owners of their customers and take reasonable measures to verify the identity of the beneficial owners using relevant information or data from reliable sources (MPLA, s. 3).

Definition of beneficial owner in Anti-money laundering law

127. The MPLA defines beneficial owner as follows:

> "Beneficial owner" includes a natural person who ultimately owns or controls a customer or a person on whose behalf a transaction is being conducted and the persons who exercise ultimate control over a legal person or arrangement.

128. This very general definition broadly meets the standard. On 12 May 2022, the CBN AML regulations 2022 entered into force, repealing the 2013 regulations. The 2013 regulations contained guidance on the identification of beneficial owners which has been reproduced in the 2022 regulations with minor modifications:

> for legal persons:
>
> (i) identifying and verifying the natural persons, where they exist, that have ultimate controlling ownership interest in a legal person, taking into cognizance the fact that ownership interests can be so diversified that there may be no natural persons, whether acting alone or with others, exercising control of the legal person or arrangement through ownership;
>
> (ii) to the extent that there is doubt under sub-paragraph (i) of this paragraph that the persons with the controlling ownership interest are the beneficial owners or where no natural person exerts control through ownership interests, identify and verify the natural persons, where they exist, exercising control of the legal person or arrangement through other means; and
>
> (iii) where a natural person is not identified under sub-paragraph (i) or (ii) of this paragraph, Financial Institutions shall

identify and take reasonable measures to verify the identity of the relevant natural person who holds senior management position in the legal person.

129. The definition of "beneficial owner" as contained in the MPLA and complemented by the methodology provided for in the CBN AML regulations is generally in line with the standard as it captures the concept of ultimate control and ownership, whether the participation is direct or indirect. The aspect of ultimate control is further explained in the guidance to also cover diversified ownership interests where individuals act alone or jointly. Further, the guidance considers the cascade approach, i.e. that when no natural person(s) is identified through ownership interest or where there is doubt as to the natural persons identified, then the persons who control the legal persons through other means should be identified. Finally, the guidance provides for a back stop option to identify senior managing officials where no natural persons meet the ownership and control tests. Regarding DNFIs, there is no additional guidance to identify beneficial owners.

130. The guidance to financial institutions to identify beneficial owners was enhanced two months before the onsite visit, and its implementation and interpretation in practice could not be assessed. The representatives of financial institutions met during the onsite visit welcomed the clarity brought about by the new regulations. There is need to monitor the implementation of new amendments to the sectoral AML regulations alongside the newly created Register of beneficial owners (see paragraph 155).

Customer due diligence obligations

131. The AML framework in Nigeria requires that obliged persons identify their customers and identify the beneficial owner(s) of such customers before or when establishing a business relationship.[9]

132. It is mandatory for obliged persons to verify the identity of their customers, identify the beneficial owners and take reasonable measures to verify the identity of the beneficial owners using data and information obtained from independent and reliable sources (MPLA, s. 3(1)). The representatives of the AML obliged persons interviewed reported that they use national identification cards for Nigerian nationals and passports for non-nationals. The obliged person is required to understand the nature of its customer's business, its ownership and control structure including its board and senior management (CBN AML regulations, s. 21).

9. The MPLA requires that obliged persons undertake Customer Due Diligence measures also when: (i) carrying out occasional transactions above a specified threshold or that are wire transfers, (ii) there is a suspicion of money laundering or terrorism financing regardless of any thresholds.

133. If an obliged person fails to complete Customer Due Diligence (CDD), they cannot commence the business relationship or execute the transaction and are required to file a suspicious transaction report to the Nigeria Financial Intelligence Unit (NFIU) (CBN AML regulations, s. 24).

134. Verification may be completed following the establishment of a business relationship only where it can be done within 48 hours, it is essential not to interrupt the normal business and the money laundering risk can effectively be managed.

135. In accordance with section 20 of the CBN regulations an AML obliged person must also determine whether any person purporting to be acting on behalf of a customer is authorised to do so, and such a person will also be identified and their identity verified.

136. CDD measures are also applicable to existing customers based on materiality and risk. The MPLA requires that obliged persons should undertake CDD measures when there are doubts to the veracity of previously obtained customer identification data (MPLA, s. 3(2)) and that information collected under the CDD process should be kept up-to-date and relevant by undertaking reviews of existing records (s. 3(c)). The CBN AML regulations provides a non-limitative list of instances when CDD on existing customers should be carried out. These include: (i) a transaction of significant value takes place, (ii) customer documentation standards change substantially, (iii) there is a material change in the way that the account is operated or (iii) the obliged person becomes aware that it lacks sufficient information about an existing customer.

137. The use of a risk-based approach to carry out CDD measures on existing customers and therefore update beneficial ownership information may not always guarantee that the information maintained by AML obliged persons will always be up to date. This is more so since there is no requirement to update CDD outside of the above-mentioned triggering factors. For the companies, this gap is mitigated by the obligation on companies to provide and keep up-to-date beneficial information to the beneficial ownership register as maintained by the CAC (see paragraphs 124 and 125).

138. Further, the AML obliged person may only apply simplified CDD measures where lower risks have been identified and to the extent that there is no suspicion of money laundering or terrorism financing. In other cases, including for high-risk customers, enhanced CDD measures must always be applied. The Nigerian authorities have confirmed that under simplified CDD measures, the AML obliged person must have information on the identity of the customer and the beneficial owner.

139. Information and records pertaining to the identification of the customer including the supporting evidence and methods used to verify the

identity are kept for a minimum period of five years after the end of the business relationship or completion of a transaction. When such DFNIs cease to exist, the records will be retained by liquidators as explained at paragraphs 79 and 80.

140. The representatives of DFNIs and Financial institutions engaged during the onsite visit demonstrated a clear understanding of their CDD obligations contained in the AML framework.

Reliance on third parties and introduced business

141. Financial institutions as obliged persons may rely upon another AML obliged person to carry out CDD. In these circumstances, the third-party intermediary should have measures in place to comply with the requirements set out in the CBN AML regulations and such a third party should be a regulated and supervised institution (s. 27). The obliged person should also satisfy itself that the copies of identification data and other relevant documents relating to the CDD measures taken shall be made available from the third party upon request without delay.

142. When an obliged person relies on third-party intermediaries with who they do not have an outsourcing, agency business relationships, then the obliged person carries out certain elements of the CDD process. In these scenarios, the obliged person will:

- immediately obtain from the third party the necessary information concerning certain elements of the CDD process
- take adequate steps to satisfy itself that copies of identification data and other relevant documentation relating to CDD requirements shall be made available from the third party upon request without delay
- satisfy themselves that the third party is regulated and supervised in accordance with core principles of AML
- and has measures in place to comply with the CDD requirements set out in CBN AML regulations
- ensure that adequate Know-Your-Customer (KYC) provisions are applied to the third party in order to obtain account information for competent authorities.

143. In all circumstances, the ultimate responsibility for identification and verification of customers and beneficial owners is with the obliged person that seeks to rely on the third parties.

144. The conditions provided appear broadly to be in line with the standard. They ensure that third parties must themselves be under the supervision

of the CBN and the obliged person will satisfy themselves that the third party has processes in place to comply with the CBN AML regulation. Moreover, the obliged person should have an ongoing relationship with the third party in the absence of which the obliged person has to carry out certain elements of the CDD process and with additional due diligence to ensure that beneficial ownership information would be available when required.

Nominees

145. The standard requires that identity information be available on any person who acts as a legal owner on behalf of any other person as a nominee or under a similar arrangement. As discussed in the 2016 Report, the use of nominee shareholders is permitted and the information identifying the nominee and the nominator is available to the authorities in some cases.

146. Regarding public companies, a person or entity that becomes a substantial shareholder in a public company must within 14 days notify the company stating their (the substantial shareholder) name and address and where they are represented by a nominee, name such a nominee. Upon receiving such information, the company is required to notify the CAC within 14 days. A person is determined to be a substantial shareholder if they hold shares that entitle them to 5% of unrestricted voting rights (CAMA, s. 120). This notice needs to be given even if the person ceases to be a shareholder within this period of 14 days. The company is further obliged to state against the name of the nominee in the register indicating that such a person is a nominee shareholder.

147. The above-mentioned provisions in the CAMA do not cover shareholding in public companies that is less than 5% nor do they cover private companies except in part at incorporation where a subscriber who holds shares subscribed by him/her in trust by another person is required to disclose the relationship and the name of the beneficiary in the memorandum of association (CAMA, s. 27(3)). Most professional nominees would be persons or entities already covered by AML reporting obligations as DNFIs, although such persons would only be required to carry out CDD and identify the persons for whom they act (the nominator), and such obligations would also not cover non-professional nominees. Moreover, such AML obligations do not necessary extend to the nominees informing the company of their status. As such, there may be instances where the information identifying persons acting in nominee capacity and those for whom they act (nominator) will not be available. **Nigeria is recommended to ensure that accurate identity information on nominators and beneficial ownership information behind nominee shareholders is available in line with the standard**.

Beneficial ownership information – Enforcement measures and oversight

Company law obligations

148. Regarding company law provisions and the beneficial ownership Register, the CAC is mandated with supervising the obligations of entities required to submit information to the Register.

149. Any person who contravenes the obligation to inform the company that they have become a beneficial owner or any company that does not submit such information to the CAC in line with the stipulated timelines is liable to imprisonment for a term of two years and a company is liable to fines to be prescribed by Court for every day during which the default continues (CAMA, s. 119(5) and 862).

150. When information is submitted, the CRP carries out automated checks and CAC officers also carry out manual checks to ensure completeness of the submitted information as explained at paragraph 122. Where Nigerian issued identification has been used, the CRP will automatically validate these with the relevant issuing authority.

151. Further, the CRP has a built-in control measure. The template for capturing beneficial ownership information is mandatory and therefore an existing company cannot renew its status neither would a new company complete its registration without submitting beneficial ownership information. However, at present, verification of the information that is submitted by companies onto the portal is only limited to formal checks. The CAC has not carried out any verification checks to establish the accuracy of the information submitted by entities and no sanctions have been issued out yet.

152. AML obliged persons have access to the Register, and during the onsite visit, representatives of the financial institutions and DFNIs reported to always refer to it while carrying out CDD. Further, the Nigerian authorities demonstrated to have in place strong supervision programmes to ensure compliance of the AML obliged persons. Therefore, AML obliged persons would have been well placed to verify the accuracy of the information submitted to the Register, however, there is no obligation for the AML obliged persons to report any discrepancies to the CAC.

153. For now, the priority of the Nigerian authorities is to ensure the population of the beneficial ownership Register. Upon introduction of the Register, the CAC has carried out various awareness campaigns to explain the relevant obligations surrounding the beneficial ownership requirements. The CAC issued publications in the media and on its website in addition to facilitating public discussion programmes.

154. Having introduced the requirements in January 2020 and with implementation starting in January 2021, there has not been sufficient time for Nigeria to introduce controls on the accuracy of the information and to assess the efficacy of Nigeria's supervisory programme towards ensuring availability of adequate, accurate and up-to-date beneficial ownership information. Nigerian authorities have reported that the CAC has constituted a committee to develop a framework for supervision. Changes in beneficial ownership information are reported through the annual filing process. However, as discussed from paragraphs 102 to 109, there has been a considerable number of inactive companies. Nigeria has introduced measures aimed at improving the rate of filing in the commercial registration and tax filing processes although these improvements are recent. Noteworthy, Nigeria has reported that its supervisory efforts were hampered by the pandemic.

155. Given the recent introduction of the beneficial ownership register and new amendments to the CBN AML regulations, **Nigeria should monitor the implementation of the new beneficial ownership register, carry out a suitable supervisory mechanism and enforce compliance by all relevant entities in order to ensure the availability of complete, accurate and up-to-date beneficial ownership information in line with the standard.** Further**, Nigeria is recommended to monitor the effective implementation of the recently amended regulations.**

Anti-money laundering obligations

156. Regarding AML obligations, supervision and monitoring is carried out by the Nigeria Financial Intelligence Unit (NFIU) in collaboration with sector-specific regulators. The NFIU conducts desk reviews on the level of compliance of the AML obliged persons using the reports submitted by obliged persons owing to the AML reporting obligations. Any shortcomings identified are communicated to the relevant obliged person. Where a prima facie case of deliberate non-compliance is detected, the NFIU will send advisories to the sector regulator for further follow-up and sanctioning: the Central Bank of Nigeria (CBN) oversees financial institutions, the Special Control unit Against Money Laundering (SCUML) oversees DNFIs, the Securities Exchange Commission (SEC) supervises capital market operators, and the Nigeria Insurance Commission oversees insurance sector operators.

157. Any obliged person that does not comply with the obligations to carry out and keep up to date CDD, identify beneficial owners and keep the information for a minimum period of five years is liable on conviction to imprisonment for a term of not less than three years or a fine of not less than NGN 10 000 000 (EUR 23 387) or to both for individuals. Offending companies are liable to a fine of NGN 25 000 000 (EUR 58 467) (MPLA, s. 16). The same sanctions are applicable for submitting false information.

158. The MPLA allows for the sector regulator to take disciplinary action against the obliged person in line with sector professional and administrative guidelines. The obliged person may also be banned indefinitely or for a period of five years (MPLA, s. 16(3) and (4)).

159. Further, non-compliance with the requirements of customer identification by DFNIs attracts a fine of NGN 250 000 (EUR 584) for each day during which the offence continues, and suspension or revocation of licence (MPLA, s. 5(6)).

160. To support the NFIU's supervisory programmes, the NFIU Act states that any person who obstructs the NFIU or any officer (sector regulators) authorised to carry out NFIU compliance checks is liable to imprisonment (for individuals) for a term of not less than three years or a fine of NGN 200 000 (EUR 468) for every day that the obstruction persists; and in the case of an entity, a fine of NGN 1 000 000 (EUR 2 338) for every day that the obstruction persists.

161. The sector regulators monitor the activities of the AML obliged persons to ensure compliance with the requirements to keep beneficial ownership information.

162. Nigeria's approach to ensuring compliance with the requisite obligations is to promote voluntary compliance through sectoral sensitisation and engagement activities. The activities include periodic workshops between the regulators and sector players. For example, the CBN undertakes engagements with industry associations such as Association of Chief Compliance Officers of Banks in Nigeria, Micro Finance Banks Association of Nigeria, and Association of Licensed Mobile Money Operators. Nigerian authorities have also held activities with the associations of accounting bodies and tax consultants. The regulators also participate as facilitators for sector-specific trainings on beneficial ownership requirements. The representatives of the private sector bodies met during the onsite visit reported that these activities were helpful in providing the requisite trainings to their members and provided avenues to find solutions to any factors such as lack of awareness or minimal understanding of the requirements that would reduce compliance rates.

163. Further, the Nigerian authorities have carried out various supervisory activities as reported below:

	2019	2020	2021
No. of AML/CFT Examination conducted	819	453	646
Non-compliance with CDD	61	376	97
Non-compliance with beneficial ownership identification	0	0	1

164. Sector specific interventions show that CBN and SCUML were actively involved in supervision. During the review period, the CBN carried

out several supervisory activities to determine the level of compliance of obliged persons under its purview. These covered banking and non-banking institutions and where non-compliance was established, sanctions were issued. For example, in 534 cases where non-bank financial institutions had inadequate CDD information such as valid identification and validation of addresses for their customers, sanctions imposed included suspension of access to bid for forex from the CBN and financial penalty of NGN 500 000 (EUR 1 000) on each entity. Entity supervision was as follows:

	2019	2020	2021
Banks and discount houses	28	28	0
Other financial institutions	793	426	612
Payment service providers	100	0	114
Total	**921**	**454**	**726**

165. The coverage of CBNs supervisory activities is commensurate with the number of institutions active on the Nigeria market. Further, in some cases, the CBN continued its activities even during the pandemic.

166. Further where non-compliance was established, sanctions for non-compliance with CDD measures (including beneficial ownership requirement) were applied. Nigerian authorities have submitted that out of these supervisory activities, the CBN sanctioned non-complying obliged persons in several instances (the number of sanctions corresponds to the number of infringements, so it is higher than the number of supervised entities).

	2018	2019	2020	2021
Banks and discount houses	29	90	90	31
Other financial institutions	0	0	0	0
Payment service providers	0	0	22	54
Total	**29**	**90**	**112**	**85**

167. DNFIs are also aptly supervised. As discussed in the 2016 Report, any entity involved in the type of business classified under DNFIs must register with SCUML. Nigeria has reported that 191 joint NFIU-SCUML onsite inspections were carried out in 2020 targeting various DFNIs. In some cases, SCUML forwards non-complying DFNIs to the EFCC for investigations and sanctioning. During the review period, enforcement measures were taken against DFNIs:

	2018	2019	2020	Total
Cases under investigation	0	65	0	65
Cases under prosecution	0	49	18	67
Number of convictions	2	9	0	11

168. The information submitted by Nigeria shows a systematic approach towards supervision of obligations. It starts off with soft approaches geared towards promoting voluntary compliance and progresses into desk reviews, onsite inspections, and sanctioning. For the AML obligations, Nigeria's supervisory activities are sufficient, and this was collaborated by the representatives of the private sector met during the onsite visit. The submissions made by the representatives confirmed that there is frequency of supervision by the regulators. Moreover, the public authorities reported that the inter-agency relations helped to promote public sector interventions. Regarding the requirements put in place for the beneficial ownership register, these are recent and should be monitored and enforced as explained at paragraph 155.

Availability of legal and beneficial ownership information in EOIR practice

169. During the peer review period, Nigeria received requests for legal ownership information on companies in one case and answered it. The peer was satisfied with Nigeria's response. Nigeria did not receive any requests for beneficial ownership information.

A.1.2. Bearer shares

170. Nigerian law prohibits the issuance of bearer shares. Section 174 of the CAMA states that no company has the power to issue bearer shares.

A.1.3. Partnerships

Types of partnerships

171. Partnerships in Nigeria are either limited liability partnerships, limited partnerships or general partnerships. As indicated in the 2016 Report, general partnerships are not created under any statute in Nigeria. They are largely informal business relationships between two or more persons. The arrangement does not guarantee partners' rights beyond what is provided for under common law. General partnerships are normally used to carry out small local businesses and are mainly found in the informal sector. General partnerships may also be registered as a Business Name (see below).

172. Other forms of partnerships in Nigeria are formed under the CAMA and must be registered with the CAC.

- Limited liability partnership – a limited liability partnership (LLP) must be formed by two or more persons and has a separate legal personality from its partners. The liabilities of the partners of an LLP are limited to the amount agreed to be contributed by each partner.

An LLP must have at least two designated partners who are individuals with at least one of these partners being resident in Nigeria. The designated partners are responsible for compliance with the requirements of the CAMA by the LLP. There were 161 limited liability partnerships in Nigeria as of 30 September 2021.

- Limited partnership – this is a partnership arrangement with at least one general partner and at least one limited partner. A limited partnership (LP) cannot consist of more than 20 persons. The liabilities of a general partner are unlimited while the liabilities of a limited partner are limited (unless and until taking part in the management of the partnership). If a LP is not registered with the CAC, then it is deemed to be a general partnership with every limited partner deemed to be a general partner. There were 104 limited partnerships in Nigeria as of 30 September 2021.
- Business name – a business name is defined as the name or style under which a business is carried on whether in partnership or otherwise. This is merely a general partnership that registers a business name under the CAMA. A person or entity must register a business name if the business name consists of more than the true surnames and forenames or initials of the partners, true surname and forename or initials of an individual or the corporate name of a corporation in the case of a firm, an individual or a corporation respectively (CAMA, s. 814). The exceptions to this rule are (i) if the addition to the true surname and forename only indicates that the business is carried on in succession to a former owner of the business name; (ii) if the addition is merely an "s" in the case of two or more partners with same surname and (iii) if the business name is carried on by a receiver or manager appointed by court. There were 267 458 general partnerships registered as business names.

Identity information held by the commercial registrar

173. The incorporation documents for a limited liability partnership must state the name of the partnership, the proposed nature of business, the address of the registered office of the partnership, the name and address of each person who is a partner in the LLP at the time of incorporation, and the names of the designated partners. These documents must be filed with the CAC (CAMA, s. 753).

174. On incorporation of the LLP, any person who subscribes their name to the incorporation documents is a partner and any other person may become a partner in accordance with the LLP agreement. Further, every LLP must have at least two designated partners who are individuals and their particulars will be specified in the partnership agreement. Designated

partners are responsible for carrying out all the acts required of the LLP to ensure compliance with the CAMA.

175. The limited liability partnership agreement and any changes of designated partners must be filed with the CAC (CAMA, s. 749(4)). Where a person becomes or ceases to be a partner, the LLP is required to notify the CAC within 30 days of change by way of notice (CAMA, s. 764(4)). A person is considered to be a partner upon registration in the partnership agreement.

176. For limited partnerships, the application to the CAC for registration must include a statement signed by all partners. This statement contains (i) the name of the LP, (ii) a clause indicating that the partnership is limited, (iii) the general nature of business, (iv) the principal place of business (with the email address and telephone number) (v) the name and address of each general or limited partner (CAMA, s. 798(2)). The details identifying the partners comprise; (i) name(s), (ii) residential address, (iii) services address, (iv) date of birth, (iv) phone number, (v) email address, (vi) identifier (national identity card or data page of international passport or driver's license or voters' card). The same applies to general partnerships registered as business names.

177. Any changes during the continuance of a limited partnership including changes in partners or changes to the character of the partner (whether limited or general) must be notified to the CAC within seven days of change (CAMA, s. 800).

178. Further, all partnerships registered with the CAC are required to file an annual return through the CRP that contains details of identities of all the partners.

179. Limited partnerships and limited liability partnerships may be struck off the Register where there are not carrying on business or if they have not filed their annual returns with the CAC for ten years consecutively (see paragraph 78). When the partnership is struck off, there is no further opportunity to obtain its updated identity information, should there be any changes during the period the company is struck off the register. This may lead to situations where the information available to the authorities is not up to date and hence, **Nigeria is recommended to monitor the effectiveness in practice of its supervision and enforcement mechanisms to ensure that up-to-date identity information on all partnerships is available in all cases in line with the standard**.

180. A foreign limited liability partnership may not carry out any business in Nigeria until it is incorporated as a separate entity in Nigeria. It should not have a place of business or address in Nigeria for any purpose other than for the receipt of notices and other documents for purposes to preliminary matters to incorporation under the CAMA.

181. General partnerships are not subject registration under CAMA (unless they have to register their business name) and are not subject to legal requirements to keep information regarding the identity of the partners. However, all partners are required, for income tax purposes, to furnish the tax authorities with a certified copy of the partnership deed or particulars of any oral agreement (Personal Income Tax Act, s. 8).

182. As discussed at paragraphs 78 to 80, limited liability partnerships, limited partnerships and registered general partnerships cease to exist upon winding up and dissolution and their records are retained for a minimum of five years by a liquidator.

Identity information held by tax authorities

183. Partnerships in Nigeria do not pay taxes under their partnership names, but partners pay tax on their share of the incomes generated from the partnership. Therefore, every partner is required to register for tax purposes. Where the partner is an individual, registration is done with the individual's State Board of Internal Revenue (SBIR). Section 8 of the Personal Income Tax Act (PITA) obliges every partner to register with the relevant tax authority and provide a certified copy of the partnership deed or, where a general partnership has no deed, particulars of any written or oral agreement under which the general partnership is established. Any change to the agreement of the partners including changes in partners must be submitted to the tax authority within 30 days of agreement.

184. Partnerships are required to register for VAT purposes and to file returns (see 2016 Report, paragraph 150). The identity information required to be furnished at registration includes full names and addresses of all partners, contact addresses of partners, form of identification (passport, driver's licence, resident permit, etc.), date of birth of partners, and occupation of partners. The annual return filed by the partnership (though the incidence of tax is upon the partners) serves as a check in the details that are filed by the partners in their respective tax returns.

185. Therefore, complete and up-to-date identity information on partners is available with the CAC in respect of limited liability and limited partnerships and with the tax authorities. Regarding general partnerships, if such partnerships are registered as business names, then the identity information will equally be available with the CAC and the tax authorities. Finally, regarding general partnerships that have not been registered as business names, information on the identity of the partners is kept by the tax authorities.

Beneficial ownership

186. The standard requires that information in respect of each beneficial owner of a relevant partnership be available. Where any partner is a company or other entity or arrangement, information on the beneficial owners of that entity or arrangement should be available. The sources of beneficial ownership information on partnerships in Nigeria are like those discussed for companies. Since 2020, the AML framework has been supplemented by a Register of beneficial owners under company law that is maintained by the CAC.

Company law obligations

187. The CAMA defines a beneficial owner for limited liability partnerships

> "person with significant control" means any person:
>
> (a) directly or indirectly holding at least 5% of the shares or interest in a company or limited liability partnership;
>
> (b) directly or indirectly holding at least 5% of the voting rights in a company or limited liability partnership;
>
> (c) directly or indirectly holding the right to appoint or remove a majority of the directors or partners in a company or limited liability partnership;
>
> (d) otherwise having the right to exercise or actually exercising significant influence or control over a company or limited liability partnership

188. The CAMA further clarifies that the provisions applying to limited liability partnerships also apply to limited partnerships (s. 807). The determination of beneficial owners for partnerships must take into account the specificities of their different forms and structures, specifically where liability is assigned differently such as the case for limited partnerships where general partners are often liable regardless of the amount of their contribution. Regarding the definition in CAMA, it requires a 5% threshold to be applied on ownership interests. This is not an issue since the definition is simultaneously applied for ownership and control through other means, which would capture all individual general partners as decisions are taken unanimously. Reference to direct or indirect holdings in the definition also covers further look through where legal persons or arrangements may be listed as partners. Further, limited liability partnerships have legal personality, and the partners are liable up to their capital contributions.

189. However, there are gaps within the legal and regulatory framework. First, the overarching part of the definition does not explicitly state that the beneficial owner should be a natural person, and this may lead to identification of non-natural persons.

190. The reporting requirements for partnerships are like the obligations on companies discussed under section A.1.1. A person who has significant control of a limited partnership or limited liability partnership is required to notify the partnership in writing within seven days of attaining such a position. The partnership is obliged to notify the CAC within one month of receiving such information or any changes to the beneficial ownership information. The partnership is further required to file an annual return containing beneficial ownership information to CAC.

191. Since the beneficial ownership Register is a key source of beneficial ownership information, the identified gaps within the legal and regulatory framework regarding the definition of beneficial owners will affect the availability of beneficial ownership information. Therefore, **Nigeria is recommended to ensure that accurate, complete and up-to-date beneficial ownership information is available for all partnerships in line with the standard**.

Anti-money laundering law obligations

192. In addition to covering limited liability and limited partnerships, the AML framework also covers general partnerships.[10] The definition of beneficial owner contained in the MPLA, and the guidance offered by the CBN AML regulations as discussed at paragraphs 127 and 128 apply to all partnerships. The main definition is in line with the standard and the CBN guidance further captures aspects of control through other means.

193. The CDD requirements that the AML obliged persons must conduct on the customer, in accordance with Section 3 of the MPLA as described in paragraphs 131 to 138, also apply where the customer is a partnership. However, there is no requirement for a partnership in Nigeria to engage such a person throughout the entity's life cycle.

194. Further, there is no specified frequency for renewing the CDD and as such, it is not ensured that the beneficial ownership information kept by the AML obliged person is up to date. However, this potential gap is mitigated by the commercial law requirement for limited partnerships and limited

10. While the AML framework may not guarantee that beneficial ownership information will be available for all general partnerships, general partnerships in Nigeria are considered as unlikely to be relevant for EOIR purposes in practice as they are generally small scale, locally owned and run businesses.

liability partnerships to submit beneficial ownership information to the CRP register, including any changes within one month and on an annual basis (see paragraph 137).

Oversight and enforcement

195. The CAC, SCUML and SBIRs are responsible for oversight and monitoring activities concerning partnerships. The enforcement provisions of partnerships regarding legal and beneficial ownership information are similar to those discussed under section A.1.1 for companies.

196. In practice, most partnerships in Nigeria are DNFIs. In addition to the interventions discussed under section A.1.1, Nigerian authorities have submitted that notwithstanding pandemic disruptions, various partnerships were sensitised on their obligations.

Sensitised DNFIs	2019	2020	2021
Consultants	529	808	6 444
Estate surveyors and valuers	153	111	239
Legal practitioners	35	103	165
Chartered accountants	109	86	142
Total	**826**	**1 108**	**6 990**

197. The authorities have applied efforts to sensitise partnerships on their obligations. Besides, there is an upward trend in the numbers of entities that have been engaged.

198. Further, SCUML carried out various onsite examinations to check how various partnerships complied with their obligations to identify and keep beneficial ownership information.

	2019	2020	2021
Consultants and consulting companies	0	0	16
Chartered accountants, audit firms and tax consultants	39	0	22

199. As discussed under section A.1.1, the activities carried were largely geared towards enhancing voluntary compliance, after which the authorities have issued out various penalties for non-complying entities.

200. Regarding inactive entities, the availability of up-to-date identity information on persons participating in a partnership is ensured through annual return filing to the CAC and the tax authorities. Nigeria has introduced mechanisms to improve filing rates at the CAC and with tax authorities (see similar discussion under section A.1.1). There are already significant improvements registered, especially by the tax authorities. Consequently, **Nigeria is**

recommended to monitor the effectiveness in practice of its supervision and enforcement mechanisms to ensure that up-to-date identity and beneficial ownership information of all partnerships is available in all cases line with the standard.

Availability of partnership information in EOIR practice

201. Nigeria did not receive any requests for beneficial ownership and identity information with respect to partnerships during the review period.

A.1.4. Trusts

202. Trusts are recognised under the laws of Nigeria. As discussed in the 2016 Report, trusts in Nigeria can be formed under common law and under customary law that includes Islamic customary law. Trusts in Nigeria can be classified under three main categories:

- Private trusts created for administration of estates of the deceased and under wills. These trusts must be registered with the probate registries at each State's High Court.
- Private trusts created under the Land Use Act and involving transfer of an interest in land, the instrument creating the trust is required to be registered in the Land registry of the various States.
- Charitable trusts. These are customary, community or charitable arrangements, including for religious purposes. These trusts are created under largely unwritten customary laws except for Islamic customary law. These are managed by incorporated trustees under CAMA.[11]

Identity information

203. The 2016 Report found that Nigeria's legal and regulatory framework ensured that identity information on settlors, trustees and beneficiaries of domestic trusts and foreign trusts managed in Nigeria was required to be available in line with the standard (see paragraphs 164 to 173). These requirements have not changed since that report and they arise from a combination of obligations on trustees, registration with public authorities and information held by the tax authorities.

11. Section 826 of CAMA provides for persons who may not be appointed or act as a trustee. These persons include infants, persons of an unsound mind, undischarged bankrupt, convicts of offences involving fraud or dishonesty within five years of their proposed appointment.

204. The trusts formed under various laws are required to be registered with relevant organisations and therefore, identity information on settlors, trustees and beneficiaries is required to be provided upon registration. Private trusts are registered with the probate registries of the States' High courts and public trusts (customary/religious) are managed by incorporated trustees registered with CAMA.

205. Private trusts that involve a transfer of interest in land are common in Nigeria and the instrument creating such a trust will be registered in the land registry of the State. Where the private trust involves the administration of an estate, the instrument creating the trust will be registered with the probate registry of the relevant court. Any changes to the identity information must be reported to the public authorities (land registry or courts) otherwise such changes will become legally unenforceable.

206. Section 823 of the CAMA requires that charitable trusts formed for public use for religious, educational, sporting, custom or kinship or any other charitable purpose, must be managed by incorporated trustees registered under CAMA. As part of their registration with CAMA, incorporated trustees must provide information on the arrangement they are managing including the constitution of the arrangement and the members of the organising council. The income or property of the association or arrangement whose trustees are incorporated can only be used for purposes set forward in the constitution and cannot be paid directly or indirectly or by way of dividends to any of the members (CAMA, s. 838). Therefore, public trusts are majorly for community-based or religious charitable activities and may not be relevant for EOIR purposes. On their part, incorporated trustees are required to provide identity information of the persons engaged in the incorporation and they must seek approval from the CAC for any changes.

207. Identity information is also available with the tax authorities. For income tax purposes, the incomes accruing to persons participating in a trust is taxable either as personal or corporate income. Further, persons resident in Nigeria for tax purposes are taxable on their world-wide income. Consequently, income earned from outside Nigeria must be disclosed for income tax purposes. The second schedule of the Personal Income Tax Act lays out the detailed tax obligations on incomes from settlements, trusts and estates.

Beneficial ownership information

208. The only source of beneficial ownership information on trusts in Nigeria is the information kept by AML obliged persons. All trust company service providers, including anyone acting as a trustee, are obliged persons under the category of DNFIs in Nigeria (SCUML regulations 2013). Consequently, the CDD measures explained under section A.1.1 also apply to trusts.

209. In addition to the general requirements on trustees as discussed at paragraph 208, where Nigerian residents act as trustees or in any fiduciary capacity in relation to foreign trusts, they are also covered by the CDD obligations arising from the SEC AML regulations of 2013. These are similar to those discussed at paragraphs 131 to 137.

210. In addition to the main definition of beneficial owner as contained in the MPLA (see paragraph 127) the CBN AML regulations explain that:

- for legal arrangements such as trust arrangement, Financial Institutions shall identify and verify the identity of the settlor, the trustee, the protector where they exist, the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate or effective control over the trust including through a chain of control or ownership.
- for other types of legal arrangements, the Financial Institutions shall identify and verify persons in equivalent or similar positions.

211. The SCUML regulations also contain some guidance:

- Under this part of these Regulations, the term, “natural persons” include persons exercising ultimate and effective control over the legal persons or legal arrangement.
- […] for trusts, the natural persons are the settler, the trustee and any person exercising effective control of the trust and beneficiaries

212. The explanations provided in the sectoral guidelines are in line with the definition of the beneficial owners of a legal arrangement given by the standard as they require the identification of all the parties in the trust as well as the natural persons exercising the ultimate effective control over the trust. Specifically, the CBN regulations explanations appear to require a “look-through” approach by covering the natural person exercising ultimate effective control including through a chain of control or ownership while for the SCUML regulation, this would be implied since there is reference to natural persons exercising ultimate and effective control of the trust.

213. The only source of beneficial ownership information on trusts is the AML framework through the CDD measures applied by obliged persons. CDD is updated based on established risk and there is no specified frequency for updating CDD and hence beneficial ownership information (see paragraphs 136 and 137). Moreover, unlike under section A.1.1, there is no mitigation provided by the beneficial ownership Register since trustees do not report information to that Register. This may lead to situations where

the information kept by the AML obliged person is not up to date. **Nigeria is recommended to ensure that up-to-date beneficial ownership information for all trusts is available in line with the standard**.

Oversight and enforcement

214. SCUML supervises trustees in Nigeria. As reported in the 2016 Report, SCUML collaborated with CBN to register all service providers acting as trustees for ease of supervision. In the current review period, Nigeria has reported that SCUML carried various onsite and desk-based reviews covering 10 013 trustees. As detailed at paragraph 167, SCUML interventions have led to 67 prosecutions and 11 convictions of DNFIs that were not complying with AML obligations, but none were trustees.

Availability of trust information in EOIR practice

215. Nigeria did not receive any requests for beneficial ownership and identity information with respect to trusts during the review period.

A.1.5. Foundations

216. Foundations can be formed in Nigeria. As explained in the 2016 Report, foundations can only be formed as companies limited by guarantee or as incorporated trustees. There were 63 foundations registered as companies limited by guarantee (see paragraph 56) and 14 321 foundations registered as incorporated trustees. Foundations can only be formed for the promotion of commerce, art, science, religion, sports, culture, education, research, charity or other similar objects.

217. In both instances, foundations must pursue non-profit activity or public interest activities and the income and property of the foundation must be used solely for the promotion of its objectives. No portion of the foundation's income can be paid whether directly or indirectly to its members (CAMA, s. 26 and 823).

218. Therefore, foundations in Nigeria have no EOIR relevance and in any case, obligations related to maintaining identity and ownership information for the foundations are those discussed under sections A.1.1 and A.1.4 for companies limited by guarantee and incorporated trustees.

Other relevant entities and arrangements – Co-operative societies

219. Co-operative societies in Nigeria are formed under the Co-operative Societies Act (CSA) 1993. They are corporate bodies and offer limited liability to their members. There are two types of societies i.e. a primary society

whose members must be at least ten individuals and a secondary society which will have another registered society among the members. There were 19 099 co-operative societies in Nigeria as of September 2021.

220. Nigerian authorities have reported that co-operative societies are formed by individuals to mobilise funds through periodic (weekly/monthly) cash contributions made by members. The collected funds are then used to offer low interest loans to members. The income of the co-operative society is the interest received from loans to members and such income is exempt from tax. The co-operative society can distribute profits made to its members and such income is taxed on the individuals by the different states where the individual members are resident. However, if the co-operative society is engaged in business activities other than disbursing loans to members, then the income of the co-operative will be taxed and such a co-operative society must be registered with the FIRS.

221. The Nigerian authorities indicate that co-operative societies are used mostly by employees of government or private organisations, peasant farmers and small-scale traders. As discussed in the 2016 Report, co-operative societies must be registered with the relevant state or federal authorities i.e. State director or Registrar of co-operatives, and the Federal department of co-operatives.

222. Every co-operative is required to keep a register of members and file it with the State or Federal register of co-operatives. The register of members contains details of the identity of the members which includes names, addresses and occupations (CSA, s. 8).

223. Co-operative societies in Nigeria are legal persons and as such, the definition of beneficial owner contained in the AML framework as discussed under section A.1.1 is applicable. However, they do not have obligations to report information to the beneficial ownership information Register and therefore the applicable legal framework to ensure beneficial ownership information would be the AML framework.

224. The gaps that have been identified regarding availability of complete, accurate and up-to-date beneficial ownership information will affect co-operative societies. First, there is no obligation for co-operative societies to engage an AML obliged person. Secondly, CDD and hence beneficial ownership information is updated on the basis of risk and there is no specified frequency for updating CDD. The information maintained by AML obliged persons may therefore not be up to date. Consequently, **Nigeria is recommended to ensure that adequate, accurate and up-to-date beneficial ownership information for co-operative societies is available in line with the standard**.

A.2. Accounting records

Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements.

225. The 2016 Report concluded that the legal and regulatory framework regarding accounting records was in place, but there were deficiencies in implementation. The Report determined that although several monitoring and enforcement measures were pursued by the Corporate Affairs Commission and the Federal Inland Revenue Agencies in Nigeria, the compliance levels of relevant entities and arrangements on their reporting obligations were generally very low, which would in turn affect the availability of accounting information. Approximately 400 000 companies were inactive or dormant and were not fulfilling their annual filling obligations. Consequently, Nigeria was rated as Partially Compliant.

226. The legal and regulatory framework continues to be in place. Entities are obliged to keep accounting records and underlying documentation. Further, the entities are required to file financial statements to the Corporate Affairs Commission and to the Federal Inland Revenue Services. Individuals such as partners and trustees must file their tax returns with the State Boards of Internal Revenue.

227. Regarding implementation of the legal framework, the tax authorities have carried out various monitoring, supervisory and enforcement activities. The Corporate Affairs Commission and Federal Inland Revenue Service have rolled out various initiative to identify inactive entities and improve compliance. In particular, the gap between the number of entities registered with the commercial Register and with the tax administration has significantly diminished, with 99.1% of entities in the commercial register also registered for tax purposes (against 42% in 2016), and the tax authorities have registered some improvements in the number of entities filing their statutory returns and hence providing accounting information to the authorities. However, key initiatives such as the improved corporate registration portal and online tax filing were introduced recently and have not been fully assessed to determine whether they will significantly improve compliance in light of the ten-year period that entities are allowed to remain as inactive on the corporate register. Nigeria is recommended to continue to monitor the effectiveness of its supervisory and enforcement programmes.

228. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the legislation of Nigeria in relation to the availability of accounting information.

Practical implementation of the Standard: Largely Compliant

Deficiencies identified/Underlying factor	Recommendations
Companies, partnerships, and incorporated trustees that do not file their annual returns containing financial statements with the Corporate Affairs Commission are considered to be inactive. If such entities do not file consecutively for a period of ten years, then they are struck off from the Register. The Nigerian authorities have introduced measures to reduce the number of inactive entities and continue to identify such entities through supervision and apply corrective actions. However, some of the key measures have been introduced recently and it is not clear how they will improve compliance and/or reduce the number of inactive entities, especially in light of the long period before an entity ceases to exist.	Nigeria is recommended to monitor the effectiveness in practice of its supervision and enforcement mechanisms to ensure that accounting records and underlying documentation are available for all relevant legal entities and arrangements in all cases.

A.2.1. General requirements

229. The requirement to keep accounting records and their underlying documentation in line with the Standard for companies, partnerships and foundations is ensured by a combination of obligations set in the company law and tax law requirements. In respect of other relevant entities and arrangements, the tax law requirements are the primary source of obligations in respect of accounting records although in respect of trusts and co-operative societies, specific laws do provide for accounting record keeping requirements. The various legal regimes and their implementation in practice are analysed below.

Company Law requirements – companies, partnerships

230. The Companies and Allied Matters Act places obligations on all companies to keep accurate and complete accounting records at the registered office of the company or at any other place in Nigeria that is deemed fit by the directors (CAMA, s. 374 and 375). The accounting records should be sufficient to disclose with reasonable accuracy the financial position of the company at any time and to allow for preparation of financial statements.

231. Each company is required to prepare annual financial statements showing the accounting policies adopted by the company, the balance sheet as at the last day of the year and a profit and loss account. Further, the financial statements of a company must be audited by external auditors,

unless the company has not carried out business since incorporation or is a small company.[12] For this purpose, a company will qualify to be a small company for a year of income if its turnover is not above NGN 120 000 000 (EUR 283 687) and none of its members is a foreigner.

232. A foreign company that is exempted from incorporation must comply with the same rules and obligations concerning accounting information just like Nigerian companies.

233. Similarly, limited liability partnerships, limited partnerships and registered general partnerships are obliged to keep accounting records. Partnerships can keep their books of accounts either on cash or accrual basis and in double entry form. The records of a partnership must be kept at its registered office. Similar to companies, the accounting records of limited and limited liability partnerships must be audited by external auditors. The partnership is required to prepare financial statements for each financial year.

234. In addition to entities maintaining accounting records themselves, the CAMA requires all companies and partnerships to file an annual report containing the entities' financial statement to the CAC through online filing on the CRP. The annual return filed by companies must contain a copy of their financial statements certified by an external auditor (where applicable) and signed by the directors and secretary of the company (CAMA, s. 417, 418 and 422). For limited partnerships and limited liability partnerships, the annual return contains a statement of account and solvency signed by designated partners (CAMA, s. 772). The annual return for a general partnership (registered business name) includes a financial statement of the individual or firm for the year being reported (CAMA, s. 822(2)).

Tax Law

235. Tax law obligations provide an additional source for accounting information. The Company Income Tax Act (CITA) requires that every company, including foreign companies granted exemption from incorporation, maintain books of account, whether such a company is liable to tax or not. The records kept should contain sufficient information or data of all transactions (CITA, s. 63). Further, audited financial statements must be annexed to annual tax returns filed by companies to the FIRS.

236. The requirements contained in the CITA are supplemented by the VAT Act. Section 11 of the VAT Act obliges every registered person to keep such records and books of all transactions, operations, imports and other

12. This exemption does not apply to a bank or insurance company or other companies that may be prescribed by the Corporate Affairs Commission.

activities relating to taxable goods and services as are sufficient to determine the correct amount of tax due under the Act. The records must be for a minimum period of six years following the end of the year for which the records relate.

237. As discussed at paragraphs 27 and 32, partnerships are transparent for tax purposes and as such the income of partnerships is allocated and taxed on each partner. The Personal Income Tax Act requires every taxable person to keep records that are adequate for tax purposes (s. 52) for a minimum period of six years following the end of the year for which the records relate.

Trusts and co-operative societies

238. Incorporated trustees that manage charitable trusts must keep accounting records of the association. The records kept should be sufficient to show the transactions of the association (CAMA, s. 846). The records should show the money received and expended by the association, its assets and liabilities.

239. Incorporated trustees are further obliged to file an annual return containing audited statements of accounts to the CAC annually (CAMA, s. 848).

240. Similarly, the trustees of a trust created under a will have the obligation to file the accounts of their administration in Court and continue to do so periodically as directed by the court until the completion of the administration. The Nigerian authorities have explained that this obligation also extends to Nigerian trustees who manage foreign trusts. The accounts filed include inventory of expenditure, account of the administration, and vouchers in the hands of the trustee. Besides, all trustees are obliged to maintain and file their annual accounts under the personal income tax (PITA, s 52) or company income tax (CITA, s 63).

241. Co-operative societies are required to maintain books of accounts and papers that explain the transactions of the society and to keep these documents for a minimum period of six years. The accounts of the co-operative society must be audited at the end of each financial year (Co-operative Societies Act, s. 36).

Retention Period, struck off and companies that cease to exist

242. The CAC preserves all records submitted to it indefinitely. Therefore, copies of financial statements submitted to the CAC by companies, all forms of partnerships and incorporated trustees managing charitable trusts are persevered accordingly (CAMA, s. 861). In addition, the entities themselves are required to keep their accounting records for six years from the date such records were made (CAMA, s. 375 and 864).

243. The obligations in the CAMA are complemented by the different tax laws in as far as coverage of entities not covered by CAMA is concerned. The CITA requires that all taxpayers should keep accounting records for a minimum period of six years after the year of assessment in which the reported income relates (s. 63). Additionally, regarding related or connected taxable persons, all records for each entity in the group including ledgers, cashbooks, journals, cheque books, bank statements, deposit slips, paid cheques, invoices, stock list and all other books of account, as well as data relating to any trade carried out by the taxpayer, inclusive of recorded details from which the taxpayer's returns were prepared for assessment of taxes, are to be retained for a minimum of six years from the date on which the return relevant to the last entry was made(Regulation 25 of the Income Tax (Transfer Pricing) Regulations 2018).

244. Further, the Financial Reporting Council (FRC) requires registered professional accounting firms and other professionals to maintain for a minimum period of six years, audit work papers and other information related to any audit report, in sufficient detail to support the conclusion reached in the report (FRC Act, s 61(2)). This applies to all entities including companies, partnerships and trusts.

245. Companies, partnerships and incorporated trustees may be struck off the CAC register if they have not filed their annual returns consecutively for ten years. These entities will retain their legal personality for a period of ten years. The Nigerian authorities have explained that such entities will retain their bank accounts among other things. If such entities are not filing their tax returns, the tax authorities are able to identify and pursue such entities, including through the statutory returns made by banks to the Federal Inland Revenue Service (see paragraph 314). Some accounting records of such entities, when they meet the auditing threshold, may be available through their auditors pursuant to FRC obligations, if they complied with their auditing obligation (see paragraph 244).

246. As discussed at paragraphs 79 and 80, a company may be wound up voluntary or by court action. In both instances, the appointed liquidator is obliged to preserve the books and papers of the company for five years from the dissolution of the company and thereafter may destroy such books and papers unless directed otherwise by the CAC. Limited liability partnerships and limited partnerships may be wound up under similar procedures and the liquidator will retain the accounting information of the partnership for at least five years.

A.2.2. Underlying documentation

247. Entities are required to keep accounting records that are sufficient to show and explain the transactions of the entity.

248. Regarding companies, the records kept must:

- contain the day-to-day entries of all sums of money received and expended by the company
- contain details of assets and liabilities of the company
- if the business of the company involves dealing in goods, the accounting records must contain statements of stocks held by the company at the end of each year and all statements of stocktaking from which the stock statement is prepared.

249. In addition, the records should show the goods sold, buyers and sellers' information in sufficient detail (CAMA, s. 374). Besides, section 407 of the CAMA, states that the auditors of a company, have a right of access to the company's books, accounts, and vouchers. A combination of these obligations and the description of the types of records to be kept and for the purposes stated ensures that underlying documents are kept by the companies.

250. Regarding limited liability partnerships and limited partnerships, the records kept should specifically be based on a double entry system of accounting on either cash basis or accrual basis (CAMA, s. 772). The use of accrual basis would require that supporting documents such as invoices and contracts are also maintained.

251. Tax law obligations complement commercial law requirements in ensuring the availability of underlying documents. Partners are required to file personal income tax returns that include the incomes earned from partnerships. In cases where all the partners are non-resident, the partners will file returns based on the income of the partnership sourced from Nigeria. The same applies to trustees and other categories of persons involved in a trust registered in Nigeria. The same requirements apply to companies, co-operative societies (when they have taxable incomes) and foundations. The tax laws require the keeping of detailed records in order to support the submitted returns.

252. As discussed in the 2016 Report, tax laws require registered persons to maintain accounting records, books and accounts as required by the relevant tax law (CITA, s. 63, PITA, s. 52 and VAT Act, s. 11). The tax laws do not however, explicitly state what constitutes "books" and whether this would include underlying documents, although various sections mention the detail to which such records should be kept. The VAT Act states that the records

kept by the taxable person should include books of all transactions, operations, imports and other activities relating to taxable goods and services. Similarly, Section 41 of PITA requires that along with the return of income, the taxpayer should file a true and correct statement in writing containing the amount of income from every source and such particulars with respect to any income, allowance, relief, deduction or otherwise as may be material for a tax auditor to determine correct income of the taxpayer. The CITA (s. 63) requires that companies should maintain books or records of accounts containing sufficient information or data of all transactions. The Nigerian authorities interpret these provisions to require the keeping of underlying documents that form the basis of preparing tax returns and are the basis of tax audits or relevant penalties (see paragraph 254) where the information is not maintained.

253. Finally when an entity ceases to exist, section 633 of CAMA provides that the liquidator will keep all the records, papers, books and accounts of the entity for a minimum period of five years. Therefore, a combination of commercial and tax law obligations ensure that all entities will maintain underlying documents in accordance with the standard.

Oversight and enforcement of requirements to maintain accounting records

254. The CAMA and tax acts all contain various penalties for violations of account record keeping obligations. A company that fails to keep proper accounting records and underlying documentation in prescribed form or to keep such records at its registered office or another place in Nigeria is guilty of an offence. Every officer of the company who is in default will be guilty of an offence and liable to penalties (s. 376). Further, a company that does not file its annual return with the CAC is also liable to penalties. For private companies, the penalties amount to NGN 10 000 (EUR 22) while for public companies the penalties amount to NGN 25 000 (EUR 54) on the company, each director and company secretary. A further penalty of NGN 15 000 (EUR 33) and NGN 30 000 (EUR 65) for private and public companies respectively applies on the company, each director and company secretary for every month that the default stays uncorrected (Companies Regulations, 2021).

255. Limited partnerships and limited liability partnerships are also liable for not keeping accounting records in the requisite form or for not filing the annual reports with the CAC. If in default, the partnership and each designated or general (for limited partnerships) partner are liable to penalties prescribed by the CAC. Regarding general partnerships, every individual that does not comply with the obligations to maintain records and file an annual return to the CAC is liable to a penalty and a daily default penalty prescribed

by the CAC. Similar obligations also apply to incorporated trustees (CAMA, s. 848). The penalties applicable to partners and partnerships are similar to those imposed on private companies as listed in paragraph 254.

256. Additionally, an entity that fails to file its annual return, consecutively for ten years, will be struck off from the Register (CAMA, s. 425).

257. Regarding tax law obligations, a company that fails to provide accounting records on request from the tax administration is liable to a penalty amounting to NGN 100 000 (EUR 236) for the first month of failure and NGN 50 000 (EUR 118) for each subsequent month in the which the failure continues. Under the VAT Act, failure to keep records attracts a penalty of NGN 2 000 (EUR 5) for every month in which the failure continues (s. 33). For persons covered by the personal income tax regime, i.e. partners, trustees and other persons related to the trust, a person that fails to maintain accounting records or to provide such records to the tax authorities is liable to a penalty of NGN 50 000 (EUR 118).

258. The tax authorities are the primary authorities responsible for ensuring compliance with the record keeping obligations of accounting records and underlying documents.

Supervision by tax authorities

259. The Federal Inland Revenue Service (FIRS) and the State Boards of Internal Revenue (SBIRs) of the different states undertake various actions to ensure compliance with account record keeping obligations. In the first instance, entities that do not file their annual tax returns including the submission of financial statements are identified by the tax authorities for various compliance actions. As discussed under section A.1, the tax authorities have employed different mechanisms to ensure that such entities are complying with their tax obligations. Consequently, the supervisory activities discussed in paragraphs 95 to 98 also apply to accounting information related obligations.

260. The percentage of entities that are registered with the CAC compared to those registered for tax purposes has increased from 42% in the 2016 Report to 99.1% (see paragraph 100). Additionally and as explained in paragraph 109, the compliance activities have improved the taxpayer filing ratios from an average of 25% of companies in the 2016 Report to 80% for large taxpayers and 60-70% for medium sized taxpayers. This further contributes to the availability of accounting information maintained by the tax authorities and the accounting records maintained by the entities themselves since such records are a precursor to the filing of tax returns.

261. In addition, the Nigerian authorities have reported to have carried out various activities to establish the authenticity and completeness of the information filed with the tax authorities.

262. The tax authorities carry out desk-based examinations of tax returns where there is suspicion that the information submitted by taxpayers may not be genuine. Arising out of these examinations, additional corrective actions such as audits or investigations are carried out.

263. During the review period, the FIRS carried out return examinations in 24 468 cases broken down as follows:

Period	2018	2019	2020	2021
Returns examined	7 060	6 354	4 306	6 748

264. The number of examinations reduced in 2020 because of the COVID-19 pandemic but went up again in 2021. Additionally, the FIRS carried several audits that resulted in collection of additional tax revenues and penalties where deficiencies were established. The FIRS also has a monitoring and evaluation activity where a sample of the audits carried out is further evaluated in order to ensure effectiveness. The statistics for the number of monitoring and evaluation reviews by office coverage and by number of audit cases are presented together with total audit cases.

Checks conducted	2018	2019	2020	2021
Monitoring and evaluation: no. of offices	0	0	0	99
Monitoring and evaluation: no. of cases reviewed	0	0	0	665
Cases audited	2 323	2 903	3 898	5 350
Tax audit collection (NGN) in billions	212.79	106.50	161.28	177.45
Tax audit collection (EUR) in millions	495.8	248	161	413

265. The authorities have further reported that various investigations were also initiated during the review period.

	2019	2020	2021
Cases approved for investigation	1 041	739	728
Cases resolved	1 041	138	424
Pending cases	0	601	304

266. The information submitted by the Nigerian authorities indicate that the tax authorities have employed varied approaches to improve filing ratios, thereby ensuring that part of the accounting information is submitted to the authorities. They have supplemented this by carrying out a number tax audits and investigations to recover undeclared tax and consequently ensure that entities do keep accounting records and underlying documents.

Company registration portal and securities exchange commission

267. The corporate registration portal managed by the CAC is programmed to monitor the filing activities of entities. Entities that file their annual returns late are automatically penalised by the portal. Further, the entities that do not file their annual returns including the financial statements are identified by the portal and by staff checks and such entities will be struck off if they do not file their returns for 10 consecutive years.

268. Additionally, Nigerian authorities have reported the Securities Exchange Commission (SEC) carried various supervisory activities to ensure that entities registered with the SEC were complying with account record keeping obligations. Between 2018 and 2021, the SEC carried out 80 onsite inspections and 1 092 off site reviews.

Supervision by external auditors and the Financial Reporting Council

269. The requirement for entities to have their accounts records audited by regulated external auditors further provides an important safeguard to ensure that entities are keeping accurate accounting records. As explained at paragraphs 231, 233, 239 and 241, the records maintained by companies (with the exception of small companies), partnerships, trustees and co-operative societies must be audited by external auditors. External auditors in Nigeria are regulated by the FRC, which supervises the activities of registered accountants in Nigeria. The FRC reviews audited financial statements and where it is established that an external auditor is not carrying out its duties effectively, onsite inspections will be conducted and where appropriate, sanctions are imposed. The Nigerian authorities have reported that in the last five years, the FRC has sanctioned four audit firms due to non-compliance with regulatory obligations and accounting standards.

270. The activities of various regulators such as the FRC, SEC and the CAC taken together further enhance Nigeria's supervision activities towards ensuring that accounting records and underlying documentation of relevant entities and arrangements are maintained in line with the standard.

271. Despite these efforts, Nigeria has previously suffered low compliance rates when it comes to entities meeting their obligations to submit information to the authorities statutorily. The authorities have put in place various mechanisms as explained under section A.1 to improve the rate of compliance although there is still a significant number of entities that do not file their statutory returns (inactive entities): approximately 54% at the CAC (paragraph 104) and approximately 20% of large taxpayers and 30% of medium taxpayers at the FIRS (paragraph 260).

Non-compliant entities

272. As discussed at paragraphs 102 to 109, the Nigerian authorities have introduced various measures to reduce the high number of inactive entities that were identified in the 2016 Report. Early improvements have been registered, especially by the tax authorities. These approaches combined with the supervisory and enforcement actions described in the preceding paragraphs are expected to reduce the number of non-compliant companies. However, the legal framework provides for a long period of inactivity (ten years) before an entity can eventually be struck off the register. It is not clear whether the current measures such as marking the entity as inactive on the CRP, or the supervision and enforcement activities undertaken by the authorities will efficiently reduce the number of inactive entities. Besides, most of the measures have been recently introduced and have not been implemented over considerable period, so that their efficiency could not be assessed. Even though most of the non-compliant entities are small and micro taxpayers as seen from the statistics explained at paragraph 109, **Nigeria is recommended to monitor the effectiveness in practice of its supervision and enforcement mechanisms to ensure that accounting records and underlying documentation are available for all relevant legal entities and arrangements in all cases**.

Availability of accounting information in EOIR practice

273. Nigeria received 16 requests for accounting information and was able to provide information as requested. The information requested for included 15 requests on companies and 1 request on an individual. The requested information included invoices and related underlying documentation to support transactions. Peers were satisfied with the responses provided from Nigeria.

A.3. Banking information

Banking information and beneficial ownership information should be available for all account holders.

274. The 2016 Report concluded that banks' record keeping requirements and their implementation in practice in Nigeria were adequate and banking information was available. Identity information on all account holders and transaction records continue to be made available through AML and tax law obligations.

275. The standard was strengthened in 2016 to specifically require that beneficial ownership information be available concerning bank accounts. The AML legal framework requires banks to gather and keep this information. The legal and regulatory framework is in place, but some improvement

is needed to ensure that this information is up to date. Specifically, banks apply a risk-based approach for updating customer due diligence and beneficial ownership information that does not specify any frequency for checks and updates. This could lead to situations where up-to-date beneficial ownership information might not be available on all bank accounts. A recommendation is made in this regard.

276. The Central Bank of Nigeria is responsible for the licensing, regulation, supervision and monitoring of banks. During the review period, the Central Bank carried out supervision programmes on all the banks registered in Nigeria. In May 2022, the Central Bank AML regulations were amended to provide for additional guidance on the identification beneficial owners among other matters. Since these amendments are new, Nigeria is recommended to monitor their implementation.

277. The conclusions are as follows:

Legal and Regulatory Framework: in place, but certain aspects of the legal implementation of the element need improvement

Deficiencies identified/Underlying factor	Recommendations
Customer due diligence measures on existing customers are carried out using a risk-based approach and when specific circumstances have been met. There is no specified frequency in the legal and regulatory framework to carry out customer due diligence measures and update beneficial ownership information on existing accounts. Therefore, beneficial ownership information on all accounts (especially low risk accounts and where the specific circumstances have not been met) may not always be up to date.	Nigeria is recommended to ensure that up-to-date beneficial ownership information is available on all bank accounts in line with the standard.

Practical implementation of the Standard: Largely Compliant

Deficiencies identified/Underlying factor	Recommendations
Amendments to the Central Bank of Nigeria anti-money laundering regulations were introduced in 2022. The amendments provide clear and explicit guidance on the identification of beneficial ownership information on bank accounts. These regulations are recent and their implementation in practice could not be assessed.	Nigeria is recommended to continue to monitor the application of the guidance on identification of beneficial ownership information enhanced in 2022 to ensure that complete and accurate beneficial ownership information for all bank accounts is available in line with the standard.

A.3.1. Record-keeping requirements

278. The Banking and Other Financial Institutions Act 2020 regulates banks in Nigeria, detailing the principles for the licensing, management, operation and supervision of banks (s. 2 and 29). The Central Bank of Nigeria (CBN) is mandated with carrying out the provisions of the Act.

Availability of banking information

279. There are legal obligations on banks to maintain and report all transactional information on all account holders. These obligations arise from the Banking Law as well as from the AML framework comprising the MPLA and CBN AML regulations of 2022.

280. Banks are required to maintain adequate financial information in respect of their banking business (Banking and Other Financial Institutions Act, s. 23). The records kept should be able to explain all transactions and must be kept in compliance with accounting standards as may be prescribed from time to time.

281. Further, the CBN AML regulations as amended mandate banks to maintain all necessary records of transactions (both domestic and international) for at least five years after completion of the transaction or such longer periods as may be required by the CBN and other Competent Authorities. The requirement to keep the records for a minimum of five years applies whether the account or business relationship is on-going or has been terminated (s. 35).

282. The records to be maintained include:

- records of customers and beneficial owners obtained through Customer Due Diligence (CDD) measures
- nature and date of the transaction
- type and amount of currency involved
- type and identifying number of any account involved in the transaction
- results of any analysis, including inquiries to establish the background and purpose of complex unusual large transactions
- business correspondence, including paper and electronic.

283. Based on these obligations, banks are expected to maintain all account opening documents and financial transactional information on all accounts in accordance with the standard.

284. The Nigeria Deposit Insurance Corporation (NDIC) has the responsibility of keeping all records of a liquidated Nigerian bank, including a foreign

branch of a Nigerian Bank. The NDIC will keep the records indefinitely. Therefore, if a bank ceases to exist in Nigeria, the records are available with the NDIC.

Beneficial ownership information on account holders

285. The standard was strengthened in 2016 to specifically require that beneficial ownership information be available in respect of all bank accounts. These obligations are met through requirements in the AML framework (MPLA and CBN AML regulations). MPLA obliges banks to carry out CDD on all account holders including one-off transactions.

286. Regarding the identification of beneficial owners for all legal persons and legal arrangements, the CBN AML regulations of 2022 provide explicit guidance on the identification of beneficial owners as discussed under section A.1. The regulation provides a clear method for the identification of beneficial owners for legal persons (see paragraph 128) and legal arrangements (see paragraph 210). If a foreign foundation were to open a bank account in Nigeria, the CBN regulation stipulates that the financial institution should identify and verify persons in equivalent or similar positions as stipulated for trusts. This would imply the natural persons, who ultimately own or control the foundation, who exercise ultimate effective control over the foundation, or on whose behalf a transaction or activity is conducted. This guidance allows for the identification of beneficial owners for bank accounts in line with the standard. Since this guidance has been amended recently, **Nigeria is recommended to continue to monitor the application of the guidance on identification of beneficial ownership information enhanced in 2022 to ensure that complete and accurate beneficial ownership information for all bank accounts is available in line with the standard**.

287. The MPLA and CBN AML regulations provide extensive requirements for carrying out CDD as discussed under section A.1. Banks are required to identify their customers, identify the beneficial owners and take reasonable measures to verify the identity of the beneficial owners before establishing a business relationship. If a bank cannot complete CDD measures, then it cannot commence a business relationship or complete a transaction (see paragraphs 132 and 133).

288. The CBN AML regulations allow banks to apply simplified CDD measures only where a low risk has been identified through an adequate process and where there is no suspicion of money laundering or terrorism financing. Even though simplified CDD has been applied, the obliged person is still required to identify and verify the identity of all beneficial owners.

289. CDD measures on existing account holders are carried out based on risk and in certain circumstances (see paragraphs 136 and 137). There is no specified frequency to update CDD and beneficial ownership information. The Nigerian authorities have indicated that additional guidance stipulating a timeframe for frequency of review and updating of CDD, and beneficial ownership information is being considered for issuance to banks. Therefore, the beneficial ownership information maintained by banks may not always be up to date especially where the customer falls in a low-risk category and where there is no suspicion of money laundering or terrorism financing. **Nigeria is recommended to ensure that up-to-date beneficial ownership information is available on all bank accounts in line with the standard**.

290. As explained at paragraphs 141 to 143, the CBN AML guidelines allow banks to rely on third parties or business introducers to conduct CDD; however, the ultimate responsibility and accountability for CDD remains with the bank. The measures put in place in the CBN regulations, including the fact that the third party themselves must have in place measures to comply with the requirements set out in the regulation and that the obliged person should take additional due diligence steps if no contractual relationship exists between itself and the third party, are in line with the standard.

Oversight and enforcement

291. The CBN supervises and monitors the operations of banks through a risk-based mechanism. Supervision includes desk reviews of regulatory returns filed by banks and routine onsite examinations. The CBN has a robust team of four departments that carry out supervision comprising (i) banking supervision, (ii) other financial institutions supervision, (iii) payment system management and (iv) consumer protection.

292. The sanctions under the AML framework that are applicable for noncompliance by a bank are explained from paragraphs 157 to 160. In addition, the CBN AML/CFT administrative sanction regulation 2018 is used to issue sanctions.

293. Regarding implementation of CDD measures and proper identification of customers, failure to implement these measures attracts combined penalties as follows: (i) a minimum penalty of NGN 750 000 (EUR 1 798) on the executive compliance officer, (ii) a minimum penalty of NGN 500 000 (EUR 1 199) on the chief compliance officer and (iii) a minimum penalty of NGN 1 000 000 (EUR 2 397) per customer whose CDD was not accrued out. The same penalties are applicable where a bank fails to verify the identity and beneficial owners of the customer using reliable and independent source documents.

294. The administrative sanctions can be imposed where upon examination, the CBN determines that a bank is contravening relevant obligations or after recommendation from a relevant agency.

295. During the review period, onsite inspections on all the 24 licensed banks were carried out. The detailed sanctions issued out by the CBN have been discussed at paragraphs 164 to 166.

296. In addition, the authorities have reported that during the review period, the CBN conducted specific investigations of consumer-related complaints during which some instances of non-compliance with CDD obligations were identified. As a result of these investigations, the CBN identified non-compliance in non-banking financial institutions and imposed sanctions in 534 cases (see paragraph 164).

297. The sanctions included in the AML framework and complemented by the CBN administrative regulations are of wide range and appear to be dissuasive enough. The CBN has reported to have carried out various compliance supervision activities during the review period and appropriate sanctions were issued where non-compliance was established. Moreover, the representatives of the banking sector met during the onsite visit confirmed that the authorities have supervised the sector comprehensively. The representatives of the banks (mainly heads of compliance) met during the onsite visit demonstrated a clear understanding of their obligations.

Availability of banking information in EOIR practice

298. Nigeria received two requests for banking information and was able to provide information as requested. The requests concerned two individuals and one company. Peers were satisfied with the responses provided from Nigeria.

Part B: Access to information

299. Sections B.1 and B.2 evaluate whether competent authorities have the power to obtain and provide information that is the subject of a request under an EOI arrangement from any person within their territorial jurisdiction who is in possession or control of such information, and whether rights and safeguards are compatible with effective EOI.

B.1. Competent authority's ability to obtain and provide information

Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information).

300. The 2016 Report concluded that the Competent Authority in Nigeria has broad access powers to obtain all types of relevant information, including ownership, accounting and banking information from any person, in order to comply with obligations under Nigeria's EOI instruments. No change took place since 2016. These access powers can be used regardless of domestic tax interest. In case of failure on the part of the information holder to provide the requested information, the Competent Authority has adequate powers to compel the production of information. Finally, secrecy provisions contained in Nigerian law and practice are compatible with effective exchange of information.

301. During the review period, there was no case where Nigeria was unable to provide requested information due to an inability of the Competent Authority to access information or to exercise its access powers.

302. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the legislation of Nigeria in relation to access powers of the competent authority

Practical implementation of the Standard: Compliant

No issues in the implementation of access powers have been identified that would affect EOIR in practice.

B.1.1. Ownership, identity and banking information

Accessing information generally

303. The Minister in charge of finance is Nigeria's Competent Authority for international exchange of information in application of EOI instruments. The Minister has delegated the operational role of the Competent Authority to the Federal Inland Revenue Service (FIRS). The Competent Authority function is further delegated to the director of Tax Policy and Advisory department as the authorised Competent Authority.

304. Section 8 of the FIRS Establishment Act (FIRSEA) lists the functions of the FIRS to include:

> The service shall–
>
> […] (i)collaborate and facilitate rapid exchange of information with relevant national or international agencies or bodies on tax matters.

305. The FIRS has broad access powers to deliver on its functions, including exchange of information. The Nigerian Competent Authority draws its powers to obtain information for EOI purposes from the FIRSEA, CITA and PITA. While the FIRSEA provides general powers, the CITA and PITA provide specific powers for purposes of the coverage of the specific laws.

306. Particularly, sections 26 to 30 of the FIRSEA establish the powers of the FIRS to access information held by relevant entities, including banks and other financial institutions, for tax purposes.

307. Section 26 of the FIRSEA states that:

> For the purposes of obtaining full information […] for the purpose of performing any function conferred on it by this Act, the Service shall give notice to any individual, company or person, requiring such individual, company or person to, within the time specified by the notice:
>
> (a) complete and deliver to the Service any return specified in such notice;
>
> (b) appear personally before an officer of the Service for examination with respect to a matter to which such notice relates;

> (c) produce or cause to be produced for examination, books, documents or records, at the place and time stated in the notice, which time may be from day-to-day, or for such period as the Service may deem necessary; […].

308. These powers are supplemented by specific legislation in the CITA and PITA. FIRS and SBIRs are empowered to request, by notice, books, records, documents, or information from any person, to be delivered at the place and time stated in the notice (CITA, s. 60 and PITA, s. 47).

309. In practice, most or part of the information requested by peers is already contained within the databases of the tax authorities. For instance, the tax authorities maintain identity and legal ownership information, that is submitted at registration and updated through annual returns. The Nigerian authorities have reported that the most commonly used powers are through notices that are sent to government agencies or other information holders, including taxpayers, to produce information.

310. Where information is held by other federal government agencies, the Competent Authority will send Notices directly to these agencies. All government agencies that are likely to hold information that would be useful for EOIR purposes are part of Nigeria's EOI interagency committee. Information holders are expected to respond within 30 days or request the FIRS in writing for an extension of time. Regarding information held by government agencies, the agencies have all appointed EOI focal persons whose roles include ensuring that notices from the Competent Authority are expeditiously responded to.

311. The Competent Authority usually writes to the relevant departments of the FIRS or the SBIRs to obtain requested information or for these tax units to cause the information holder or taxpayer to provide information.

Accessing beneficial ownership information

312. The FIRS can access beneficial ownership information by requesting it from the entities themselves, government agencies (the CAC), AML obliged persons, using the tax law provisions described from paragraphs 306 to 308.

313. As explained at paragraph 426, the CAC, SCUML and NFIU (AML reports) form part of Nigeria's EOI interagency committee and their representatives facilitate the quick turnaround of such information notices received from the competent Authority.

Accessing banking information

314. The Competent Authority has various options to access banking information. First, the FIRS maintains information itself as banks are required to submit periodic returns to the tax authorities containing all transactions involving a sum of NGN 5 000 000 (EUR 11 687) and above for individuals and NGN 10 000 000 (EUR 23 375) and above for corporate bodies.[13] The return should also contain names and addresses of the new customers of the bank. Secondly, the tax laws require that detailed banking information be provided to the tax authorities upon issuance of Notices that are signed by the Chairman[14] of the tax authority. For EOI matters, the Notices are signed by the chairman of the FIRS.

315. The provisions contained in tax law therefore ensure that the Competent Authority would be able to access banking information. The 2016 Report describes the process undertaken by the Competent Authority to obtain banking information (see paragraphs 309 to 311). For information regarding account holders such as names and account numbers, the Competent Authority would send a notice to the Tax Audit department of the FIRS to check their database and provide such information. The Competent Authority may also request the NFIU to provide this kind of information using the secure goAML platform.[15] For detailed banking information, including transactional data, the Competent Authority sends a Notice to the relevant bank. This Notice is signed by the Executive Chairman of the FIRS.

316. As discussed in the 2016 Report (paragraphs 318 to 320), there are no statutory requirements regarding the level and amount of detail that should be provided by the requesting jurisdiction for Nigeria to answer a request for banking information. In practice, once a person subject to the request is sufficiently identified, then the Nigerian Competent Authority can obtain and exchange the required banking information (see paragraph 439 and 440 for additional discussions).

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13. Section 28A of the FIRSEA. In relation to international tax treaty and other exchange of information obligations […] every bank, insurance company, stock-broking firm, or any other financial institution shall prepare and submit, as may be specified by way of notice, rules, regulations, guidelines, or circulars issued by the Service, returns of [these transactions], names, addresses (including foreign addresses), or any other information of its customers connected with those transactions; names, addresses, or any other information of new or existing customers.
14. This is the head of each tax administration i.e. the Federal Inland Revenue Service or the State Boards of Internal Revenue for each State.
15. The goAML application is a fully integrated software solution developed by the United Nations Office on Drugs and Crime specifically for use by Financial Intelligence Units (FIU's).

317. The authorities have reported that on average, information on banking requested by peers is provided within 90 days.

B.1.2. Accounting records

318. The powers described under section B.1.1 can be used to obtain accounting records from any information holder, including the taxpayers themselves. Nevertheless, in practice, requested accounting records are typically already available to the tax authorities through financial statement filings alongside tax returns. Where additional underlying documentation is required, it is obtained by the tax offices from the taxpayers.

B.1.3. Use of information gathering measures absent domestic tax interest

319. The concept of "domestic tax interest" describes a situation where a contracting party can only provide information to another contracting party if it has an interest in the requested information for its own tax purposes. The 2016 Report concluded that Nigeria could use its powers without the need for domestic tax interest.

320. There have been no changes in practice since the last review and no peers have reported any issues in obtaining information where there was no domestic tax interest for Nigeria. Nigeria did not have domestic interest in all the 13 valid requests received during the review period and has provided full responses.

B.1.4. Effective enforcement provisions to compel the production of information

321. The standard requires that the jurisdictions have effective enforcement provisions, including sanctions for non-compliance to be applicable, for example upon refusal or failure to supply the requested information. Nigeria has in place effective enforcement provisions to compel the production of information.

322. Sanctions can be applied on any person who fails to provide information requested for in a Notice. Under Section 49 of the FIRSEA, any person that contravenes the provisions of the FIRSEA where no specific penalty is provided is liable upon conviction to a fine not exceeding NGN 50 000 (EUR 117) or imprisonment not exceeding six months or both. When the offence is committed by a body corporate, every director, manager, partner or person involved in management may be proceeded against, unless the persons prove that the acts or omissions constituting the offence took place without their knowledge or connivance.

323. Regarding banking information, any bank that fails to provide information to the FIRS upon request is liable to an administrative penalty of NGN 25 000 (EUR 58) in the first month of failure and thereafter NGN 10 000 (EUR 23) for every month in which the failure continues. Additionally, the bank would be liable to a penalty of NGN 1 000 000 (EUR 2 337) for each piece of information not provided or if the information provided is incorrect.

324. The access powers granted to the FIRS also include powers to access any premises, inspect or remove any books or documents, including those stored on computers (FIRSEA, s. 30). These powers apply to all of the functions of the FIRS, including for domestic or for EOIR purposes. During the search and seizure process, the FIRS would need to enter a special procedure that requires obtaining a search warrant from a judicial officer and ensuring that the national Police is part of the team conducting the search operation. Where a warrant is required, it would be directed to a named office of FIRS and would only be valid for a specific period time.

325. In addition, obstructing FIRS officers during a search and seizure operation including obstructing them to take any document or record is an offence punishable by a penalty amounting to NGN 200 000 (EUR 467) or to imprisonment for a term not exceeding three years or both.

326. The Competent Authority has not had the need to rely on these sanctions or compulsory powers to access information for EOIR purposes although the powers have been used successfully for domestic purposes. For EOIR, all information holders have provided information within the stipulated timelines.

B.1.5. Secrecy provisions

Bank secrecy

327. The 2016 Report explained that bankers have common law obligations to keep their customers information confidential. However, such duty of confidentiality has exceptions, including public interest, statutory obligation and judicial procedure. The authorities have reported that these exceptions taken together with the provisions of the FIRSEA, CITA and PITA requiring banks to provide banking information to tax authorities sufficiently cover EOI requests.

328. The obligation to provide banking information was clearly demonstrated by the banking representatives during the on-site visit. Besides, Nigeria was able to respond to the two requests for banking information received during the review period by utilising its access powers to obtain information from the banks. No challenges regarding bank secrecy arose during the review period.

Professional secrecy

329. The 2016 Report determined that the scope of professional secrecy in Nigeria was in line with the standard. This remains the same as no changes have occurred in the legal framework or in practice. There are instances where no express references are available in law, however in such circumstances common law principles will apply.

330. The scope of attorney-client privilege as set out in the Evidence Act is provided in section 192 (Privileged communication). According to this section, no legal practitioner shall be permitted to disclose confidential communications produced between a client and their solicitor. This restriction is confined to providing legal advice or for use in contemplated legal proceedings. The privilege is not extended to matters beyond the court proceedings and is in line with the standard.

331. Regarding chartered accountants, the professional code of conduct for chartered accountants requires its members to keep client information confidential. However, there are exceptions, and these include where the accountants are required by law to provide information to the appropriate public authorities.

332. The obligation to provide information was clearly demonstrated by the representatives of the legal practitioners, accountants and auditors that were met during the onsite visit. In practice, the Nigerian authorities have never had to rely on legal professionals to obtain information for EOI purposes.

B.2. Notification requirements, rights and safeguards

> The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information.

333. Nigeria's law does not require the tax authorities to notify taxpayers or third parties of an exchange of information request, or when the tax authority collects information from a third party to fulfil an exchange of information request. There is no obligation to notify the taxpayer neither of the request, prior nor after having sent the requested information to the requesting jurisdiction.

334. As explained under section B.1.1, some of the information requested is contained in the tax authorities' databases and in these cases simple notices are generated to collect this information from the relevant tax offices. Where a request for information is made to a third-party information holder, the Competent Authority must specify what information is requested

from the holder, legal basis for doing so, method of delivery and legal consequences for non-compliance. Nigeria's access powers for ownership and accounting information do not make specific reference to EOI matters and therefore any other form of unintended notification is mitigated.

335. Regarding banking information, the specific clause contained in the FIRSEA makes reference to exchange of information and EOI. The potential risk of unintended notification regarding banking information is mitigated by the fact that banks are used to strong anti-tipping off practice arising from the requirements contained in the CBN AML regulations for banks to ensure that there are safeguards to prevent tipping off. Although this provision is not applicable in the context of EOI for tax purposes, representatives from the banks and the Central bank of Nigeria engaged during the onsite visit confirmed that any notice calling for information from the tax authorities would be treated with confidentiality. The risk of unintended tipping-off is therefore low.

336. As discussed in the 2016 Report, there is no specific right of appeal created under any of the laws related to the powers of the Competent Authority. However, a general right of appeal is available under Chapter IV of the Nigerian Constitution on Fundamental Rights. Article 36 of the Nigerian Constitution guarantees the right to a fair and impartial hearing in the matter of a person's civil rights and obligations. Article 46 allows a person who feels that his/her fundamental rights have been violated, to approach the High Court of the State for redress. By the time of the onsite visit, no appeal regarding the decision of FIRS to access information either for domestic or EOI purposes had ever been filed in Nigeria. The Nigerian authorities have explained that would such an appeal be filed, it would not halt the process to obtain and exchange information that is well enshrined in the FIRSEA.

337. Peer input from the current review does not indicate any cases where notification or rights and safeguards that apply to a person in Nigeria unduly prevented or delayed effective exchange of information.

338. The conclusions are as follows:

Legal and Regulatory Framework: in place

The rights and safeguards that apply to persons in Nigeria are compatible with effective exchange of information.

Practical implementation of the Standard: Compliant

The application of the rights and safeguards in Nigeria is compatible with effective exchange of information.

Part C: Exchange of information

339. Sections C.1 to C.5 evaluate the effectiveness of Nigeria's network of EOI mechanisms – whether these EOI mechanisms provide for exchange of the right scope of information, cover all Nigeria's relevant partners, whether there were adequate provisions to ensure the confidentiality of information received, whether Nigeria's network of EOI mechanisms respects the rights and safeguards of taxpayers and whether Nigeria can provide the information requested in an effective manner.

C.1. Exchange of information mechanisms

Exchange of information mechanisms should provide for effective exchange of information.

340. At the time of the 2016 Report, Nigeria's network of EOI mechanisms comprised 17 DTCs. Nigeria was already party to the Multilateral Convention.

341. Since 2016, Nigeria has increased its network of EOI mechanisms as more jurisdictions become parties to the Multilateral Convention and through:

- new DTCs signed with some parties to the Multilateral Convention (Qatar, Singapore, Türkiye and the United Arab Emirates) bringing Nigeria's total DTCs to 21
- the African Tax Administrations Forum Multilateral Agreement on Mutual Assistance in Tax Matters (AMATM), the text of which had been agreed at the time of the 2016 Report, came into force on 23 September 2017[16]
- the Economic Community of West African States (ECOWAS) Supplementary Act adopting community rules for the elimination

16. This adds new relationships with Gambia and Malawi; all the other signatories already had an EOI mechanism with Nigeria.

of double taxation that Nigeria has signed together with 14 other ECOWAS members.[17]

342. The implementation by Nigeria's Competent Authority of the EOI provisions in its EOI treaties conforms to the standard, to the satisfaction of its EOI partners.

343. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the EOI mechanisms of Nigeria.

Practical implementation of the Standard: Compliant

No issues have been identified that would affect EOIR in practice.

Other forms of exchange of information

344. In addition to EOIR, Nigeria engages in spontaneous and automatic exchange of information with other jurisdictions. Nigeria has implemented the Common Reporting Standards (CRS) for automatically sharing of financial account information with other CRS participating jurisdictions since 2019.

C.1.1. Standard of foreseeable relevance

345. Exchange of information mechanisms should allow for exchange of information on request where it is foreseeably relevant to the administration and the enforcement of the domestic taxes of the requesting jurisdiction. The 2016 Report found that the majority of Nigeria's DTCs used the term "is necessary". The usage of the term "necessary'' is sufficient, as referenced in the commentary to Article 26(1) of the Model Tax Convention indicating that the Contracting States may agree to an alternative formulation of the standard on foreseeable relevance that is consistent with the scope of the Article, for instance by replacing "foreseeably relevant" with "is necessary" or "may be relevant". On the other hand, two DTCs 18 used the term "foreseeably relevant". Since that review, Nigeria has signed three DTCs with Singapore, Türkiye and United Arab Emirates which use the term "foreseeably relevant" and one DTC with Qatar that uses the term "may be relevant". The ECOWAS Supplementary Act provides for exchange of "foreseeably

17. Benin, Burkina Faso, Cabo Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Senegal, Sierra Leone and Togo.
18. Korea, Spain.

relevant" information. The Nigerian authorities have confirmed that where the terms "is necessary" or "may be relevant" are used, they interpret it to mean foreseeably relevant.

Clarifications and foreseeable relevance in practice

346. Regarding practical application, the EOI manual directs EOI officials to test requests for foreseeable relevance, although it does not provide details of what ought to be done. Nigeria authorities have explained that they apply the criterion of foreseeable relevance in line with the standard. While no specific template is provided to the requesting jurisdiction for the formulation of a specific request, Nigeria expects jurisdictions to provide sufficient information to demonstrate the foreseeable relevance of the request and would seek for clarification where necessary.

347. During the review period, Nigeria sought clarification in one request to determine whether the request was foreseeably relevant and eventually the request was declined. The request did not show any specific links of the persons subject to the request to any entity, bank account or person in Nigeria. The requesting jurisdiction was not able to provide any specific links of the persons to Nigeria. This request was declined for valid reasons.

Group requests

348. Nigeria's EOI agreements and domestic law do not contain language prohibiting group requests. Nigeria's Competent Authority demonstrated knowledge on the concept and has stated that if they received a foreseeably relevant group request, they would be able to provide information in accordance with Article 26 of the OECD Model Tax Convention and its commentaries. The EOI manual does not contain specific guidance on group requests although Nigeria is in the process of including this guidance.

349. Nigeria did not receive any group requests during the review period.

C.1.2. Provide for exchange of information in respect of all persons

350. The 2016 Report explained that all of Nigeria's DTCs provided for exchange of information in respect of all persons except for the DTC with the Netherlands. Nonetheless, the Multilateral Convention was in force for both jurisdictions and as such there was a sufficient EOI relationship.

351. Nigeria's EOI manual contains a phrase requiring officers to establish whether the person subject to a request is a resident of the contracting states. During the onsite visit, the Competent Authority officials were aware not to use this in practice and Nigeria is in the process of updating the

manual to remove this reference. Nigeria should amend the EOI manual to remove guidance to officials to check whether the person subject of a request is resident in any of the contracting states (Annex 1).

352. The DTCs concluded and/or in force since the 2016 Report have been analysed here after. The DTCs with Singapore, Türkiye and Qatar do not limit exchange of information in respect of all persons while the DTC with the United Arab Emirates contains the restriction. Regarding the United Arab Emirates, there is a sufficient EOI relationship ensured by the Multilateral Convention.

353. In practice, Nigeria has not received an EOI request where the person concerned was not a resident in either Nigeria or the requesting jurisdiction.

C.1.3. Obligation to exchange all types of information

354. Exchange of information mechanisms should not permit the requested jurisdiction to decline to supply information solely because a financial institution, nominee or person acting in an agency or a fiduciary capacity holds the information or because it relates to ownership interests in a person.

355. The 2016 Report concluded that although only two of Nigeria's DTCs (Korea and Spain) contained wording akin to Article 26(5) of the Model Tax Convention, this did not create any restrictions on the practice of exchange of information with Nigeria in respect of the other partners. Bank secrecy is not an impediment to EOI in Nigeria nor in the treaty partners that were concerned. In any case, all these relationships are covered by the Multilateral Convention, with the exception of Philippines which has signed the Multilateral Convention, but for which it is not yet in force. The new DTCs contain this wording.

C.1.4. Absence of domestic tax interest

356. A contracting state may not decline to supply information solely because it does not have an interest in obtaining the information for its own tax purposes. An inability to provide information based on a domestic tax interest requirement is not consistent with the standard.

357. There are no restrictions in Nigeria's domestic law in relation to obtaining information on foreign persons where there is no domestic tax interest. The access powers accorded to the FIRS as discussed under section B.1.1 are sufficient to enable the Competent Authority to obtain information from all persons, including banks, persons acting in nominee capacity or other forms of agency and fiduciary capacity.

358. In practice, Nigeria has reported that they have not had any challenges to respond to EOI requests because there was no domestic tax

interest and peers did not raise any issues. Nigeria was able to respond to two requests and provide ownership, accounting and banking information concerning persons who were not Nigerian taxpayers where Nigeria had no tax interest.

C.1.5 and C.1.6. Civil and criminal tax matters

359. Nigeria's network of agreements provides for exchange in both civil and criminal matters and there are no EOI agreements that contain a dual criminality requirement. In practice, none of the requests received related to criminal tax matters.

C.1.7. Provide information in specific form requested

360. There are no restrictions in Nigeria's EOI instruments that would prevent Nigeria from providing information in a specific form, as long as this is consistent with Nigeria's domestic law and its administrative practices.

361. During the review period, there were no requests that sought information in any specific form, although Nigerian authorities confirm that if the treaty partners were to request information in a specific form, they would ordinarily be able to provide the same if such form is not against their domestic law and administrative practices.

C.1. 8 and C.1.9. Signed agreements should be in force and be given effect through domestic law

362. At the time of the 2016 Report, three agreements signed by Nigeria had not yet been brought into force as opposed to four stated in that report.[19] The report further concluded that in many cases, the time between signature of an agreement and its coming into force was relatively long. Further, during the 2016 review, Nigeria revised its ratification policy and the process of bringing signed agreements into force. Consequently, Nigeria was invited to monitor the implementation of the revised policy and processes to ensure that signed agreements would be brought into force within reasonable timeframes.

363. Under the revised process explained in the 2016 Report (see paragraphs 379 to 382), it is estimated to take 18 months for an agreement to be brought into force after conclusions of negotiations.

19. DTCs with Korea, Mauritius and Poland. The 2016 Report did not consider the DTC with Spain among the agreements already in force although this agreement had entered into force on 5 June 2015.

364. During the current review period, the DTC with Singapore was brought into force within 14 months of signing. Further, Nigeria signed the African Tax Administrations Forum Multilateral Agreement on Mutual Assistance in Tax Matters (AMATM) on 7 April 2017 and ratified it on 24 August 2017. The ECOWAS Supplementary Act was signed in 2018 and forwarded by the ECOWAS commission to Nigeria in 2022 and is now undergoing ratification procedures. The Nigerian authorities have indicated that the implementation of the revised policies and processes contributed to these instruments being brought into force in a timely manner.

365. The DTCs with Korea, Mauritius and Poland that were not in force at the time of the 2016 Report are not yet in force. In addition, two DTCs signed in 2016 with Qatar and the United Arab Emirates and the DTC with Türkiye signed less than 18 months ago have not yet entered into force. Nigerian authorities have explained that the DTC with Korea has been returned to the National Assembly due to an error while the DTCs with Mauritius, Poland, Qatar and the United Arab Emirates are scheduled for renegotiations for different reasons. In all cases, as the partners are covered by the Multilateral Convention, exchange of information is possible in accordance with the standard.

366. Nigeria has improved its practice to bring signed agreements into force apart from instances where there has been need for renegotiations with respect to DTCs. Since DTCs cover wider aspects including allocation of taxing rights, this does not present issues for the EOIR standard. Besides, Nigeria has a sufficient EOI relationship with each of these jurisdictions.

EOI mechanisms

Total EOI relationships, including bilateral and multilateral or regional mechanisms	**155**
In force	140
In line with the standard	140
Not in line with the standard	0
Signed but not in force	15[20]
In line with the standard	15
Not in line with the standard	0
Total bilateral EOI relationships not supplemented with multilateral or regional mechanisms	**0**

20. Benin, Burkina Faso, Gabon, Honduras, Madagascar, Papua New Guinea, Togo, United States (arising from the Multilateral Convention), Malawi (arising from AMATM) and Côte d'Ivoire, Guinea, Guinea-Bissau, Mali, Niger and Sierra-Leone (Arising from the ECOWAS Supplementary Act).

C.2. Exchange of information mechanisms with all relevant partners

The jurisdiction's network of information exchange should cover all relevant partners, meaning those jurisdictions who are interested in entering into an information exchange arrangement.

367. Nigeria has a wide treaty network covering all relevant partners as required by the standard. Nigeria's EOI network, including jurisdictions with which agreements have been signed but have not yet entered into force, has increased from 92 since the 2016 Report to 155 jurisdictions, mainly owing to the increasing number of jurisdictions that are joining the Multilateral Convention. Since the 2016 report, the African Tax Administrations Forum Multilateral Agreement on Mutual Assistance in Tax Matters (AMATM) came into force, covering 10 EOI relationships, including four with Gambia, Lesotho, Malawi and Mozambique that were not hitherto covered. Additionally, the ECOWAS Supplementary Act, signed by member countries in 2018 covers 14 EOI relationships including with Guinea, Guinea-Bissau, Niger, Côte d'Ivoire, Sierra Leone and Mali that did not have any EOI relationship with Nigeria.

368. No Global Forum members indicated, in the preparation of this report, that Nigeria refused to negotiate or sign an EOI instrument with it.

369. As the standard ultimately requires that jurisdictions establish an EOI relationship up to the standard with all partners who are interested in entering into such a relationship, Nigeria should continue to conclude EOI agreements with any new relevant partner who would so require (see Annex 1).

370. The conclusions are as follows:

Legal and Regulatory Framework: in place

The network of information exchange mechanisms of Nigeria covers all relevant partners.

Practical implementation of the Standard: Compliant

The network of information exchange mechanisms of Nigeria covers all relevant partners.

C.3. Confidentiality

The jurisdiction's information exchange mechanisms should have adequate provisions to ensure the confidentiality of information received.

371. The 2016 Report had evaluated confidentiality aspects in respect of exchange of information and Nigeria had been rated Compliant with this

element of the standard. The legal and regulatory framework remains the same and the new EOI mechanisms entered into by Nigeria since that report provide for adequate confidentiality provisions in line with the standard.

372. In practice, Nigeria has extensive measures in place to ensure confidentiality of all exchanged information. All EOI staff are well-trained, experienced and aware about the aspects of confidentiality in their daily work. EOI requests are clearly marked as treaty protected and confidential. Physical and IT security aspects are in place. There are policies governing various aspects of confidentiality. All exchanged information, including background documents like correspondence with other Competent Authorities, is treated as confidential.

373. During the review period, no instances of a breach of confidentiality were detected in respect of exchanged information. Further, peers have not raised any concerns in respect of confidentiality of exchanged information.

374. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the EOI mechanisms and legislation of Nigeria concerning confidentiality.

Practical implementation of the Standard: Compliant

No material deficiencies have been identified and the confidentiality of information exchanged is effective.

C.3.1. Information received: disclosure, use and safeguards

375. The 2016 Report concluded that the legal and regulatory framework in respect of confidentiality was in place in Nigeria.

376. All the bilateral EOI mechanisms in place at that time provided for confidentiality of all exchanged information in line with the standard. The new DTCs and the regional instruments signed by Nigeria since the 2016 Report provide that all information exchanged pursuant to the EOI article must be treated as secret and protected by law in the same manner as information obtained under the domestic laws.

377. Further, Nigeria's domestic tax law was found to provide adequate provisions to ensure the confidentiality of tax information and apply to employees and third parties engaged by the tax authorities.

378. The domestic legal and regulatory framework in this regard remains unchanged and continues to provide for secrecy of all tax information.

379. Section 39 of the FIRSEA prohibits any person being a current or former employee of the FIRS, or any other person from disclosing taxpayer information other than to persons legally authorised to receive such information, or from misusing such information. This section covers third party contractors and information holders. An offence under this section attracts a fine of NGN 1000 000 (EUR 2 339) or imprisonment not exceeding three years or both.

380. As envisaged by the standard, Nigeria's DTCs and domestic legal framework (FIRSEA, s. 50 and PITA, s. 48) provide that tax information, including information exchanged under a treaty, may only be disclosed to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of the enforcement or prosecution in respect of, or the determination of appeals in relation to the taxes covered by the Agreement. The unlawful disclosure of information obtained in official capacity or failure to safeguard information received in official capacity are punishable by imprisonment for a term not exceeding 14 years (Official Secrets Act, s. 7).

381. Regarding lawful disclosure, there are some exceptions in Nigeria's domestic legal framework that may be broader than the provisions of Nigeria's EOI agreements. For example, the Income Tax (Authorised Communications) Act provides for some exceptions to the confidentiality duty of tax officials in cases of an investigation or enquiry of the Inspector General of Police or any other police officer authorised by the President of Nigeria (s. 1). In case of potential conflict between EOI agreements and domestic laws, the Supreme Court of Nigeria has set forth a principle whereby international treaties override domestic tax legislation.[21] Therefore, if an EOI agreement establishes confidentiality requirements which are stricter than those set forth under Nigerian domestic legislation, this EOI agreement will take precedence over domestic law. Nigeria reports that there has never been a request to release treaty-protected information for unauthorised purposes.

382. The Terms of Reference, as amended in 2016, clarified that although it remains the rule that information exchanged cannot be used for purposes other than tax purposes, an exception applies where the EOI agreement provides that the information may be used for such other purposes under the laws of both contracting parties and the competent authority supplying the information authorises the use of information for purposes other than tax purposes. In the period under review, Nigeria did not request its partners to use information received for non-tax purposes. In one

21. General Sanni Abacha, Attorney-General of the Federation, State Security Service and Inspector-General of Police vs Chief Gani Fawehinmi (S.C.45/1997 of 2000).

case, a peer had sought Nigeria's consent to use tax information earlier provided by Nigeria under the Multilateral Convention for Customs purposes. The peer informed Nigeria that the taxpayer in the requesting jurisdiction was being investigated for both tax and customs offences. Nigeria did not grant this consent in accordance with Article 2 of the Multilateral Convention that covers only direct taxes.

C.3.2. Confidentiality of other information

383. The confidentiality provisions in Nigeria's EOI agreements do not draw a distinction between information received in response to requests or information forming part of the requests themselves. As such, these provisions apply equally to all requests for such information, background documents to such requests, and any other document reflecting such information, including communications between the requesting and requested jurisdictions and communications within the tax authorities of either jurisdiction.

384. The EOIR unit is the sole repository of all correspondence with other Competent Authorities. Nigerian authorities do not share the request letter outside of the EOIR unit for collection of information. Where information needs to be collected with the help of other FIRS departments or the SBIRs, a Notice listing the required information is sent to the relevant officials. All these are tax departments, and their officials are bound by the confidentiality provisions.

Confidentiality in practice

385. Nigeria has put in place measures and policies in respect of human resources, physical security and IT security for ensuring confidentiality of all information.

Human resources and training

386. The FIRS carries out background checks on all employees as part of the recruitment process. This process includes submission of an asset declaration form, verification of education qualifications and references and a security check by the Department of State Security. Every successful candidate must then swear an oath of secrecy administered under the Oaths Act.

387. Similarly, all third-party contractors engaged by the FIRS are mandated to sign a service level agreement that contains confidentiality and non-disclosure clauses. In cases where there are contracting firms that provide services contracted over a long period of time to the FIRS, such firms are mandated to carry out background checks on their personnel. Moreover,

all staff and contractors that have access to restricted premises such as the EOI offices must undergo additional background checks carried out by the Department of State Security.

388. The FIRS carries out training for newly recruited and existing staff. This training includes security awareness training that is carried out by FIRS' security and safety management department (SSMD). The SSMD provides quarterly trainings and regular updates regarding the FIRS' confidentiality and security policies and procedures to all employees, temporary staff, and contractors. Further, FIRS staff are regularly informed through security tips on how to keep their workspaces and information available to them secure.

389. The FIRS has a standard procedure for terminating access to confidential information by departing employees. The human resources and the information and Communication Technology (ICT) departments will collaborate to ensure that all access credentials (logical and physical) and relevant equipment, including computers, telephones, key cards, are withdrawn from the departing employee. An Oath of secrecy reminder on provisions of domestic law (see paragraphs 378 and 380) applying to confidential information is communicated to the exiting staff.

Physical and digital security measures

390. The Competent Authority office is housed in a separate building dedicated only to EOI affairs. Access to this building is limited to authorised officials. Further, the building is monitored by CCTV cameras and all visitors are required to register with the security office upon which they will receive visitors' passes. Visitors must be accompanied to access the EOI business premises.

391. EOIR information is mainly managed in manual form. The EOI office operates a separate filing system and all hard copy records are stored in burglar proof safes. All copies are stamped with the markings "highly confidential – this information is furnished under the provisions of a tax treaty and its use and disclosure are governed by the provisions of such tax treaty".

392. In order to ensure security of information in transit, information is dispatched through either registered post, courier service or secured email transmission. When information is sent through email, the attachments containing EOIR information are encrypted through password protection and the passwords are sent separately upon confirmation of receipt by the intended recipient (i.e. the exchange partner or the operational departments of the FIRS/SBIRs).

393. The FIRS IT systems are protected from outside threats and in addition, the FIRS monitors system usage in line with applicable laws and policies.

394. The EOI office maintains a clean desk policy. Officers are required to remove and lock away any documents from their desks when such documents are not in use. The computers in use are also programmed to lock within ten minutes of inactivity.

395. Regarding archiving and disposal of information, the record retention policy requires that records be retained for six years, or until they no longer have operational value, in accordance with the National Archives Act. The general policy in the FIRS is that each business unit reviews its records annually to dispose of records that are of no value or have become obsolete in line with the provisions of the law and the retention schedule. This selection is signed off by the relevant business directors and ultimately by the Executive Chairman who is the head of the FIRS. The records management unit ensures that the policy is applied. EOI files have not been disposed of and instead they are archived in a secure safe within the EOI office.

396. The FIRS systematically transfers records from active or semi-active to inactive storage areas. The archive is sited at a different location from the office building. Destruction of records is done by shredding, pulping or burning to prevent reconstitution. Electronic devices due for decommissioning are recovered by the ICT department who then follows a destruction protocol involving formatting and destruction of storage media.

Breach monitoring and breach response

397. The FIRS' Incident Management Policy requires the reporting and escalation of incidents, including data breaches.

398. The policy requires that when the EOI division becomes aware of any breach, such should be reported immediately to the head of the Competent Authority office. The Competent Authority is then required to notify the concerned treaty partner(s).

399. The security and safety departments and human resources are then notified and asked to carry out detailed investigations of the breach. The report arising from such an investigation is then presented to the management and board of the FIRS and should contain corrective measures including potential sanctions. When this report is adopted by the management team and the board, then applicable sanctions would be imposed. Sanctions would range from "naming and shaming" of offenders, written warnings, termination of employment to prosecution.

400. The Nigerian authorities have reported that during the review period, there were no instances of a breach.

401. The Competent Authority officials and other tax administration and government officials met during the onsite visit were well informed of their obligations regarding keeping information confidential.

C.4. Rights and safeguards of taxpayers and third parties

The information exchange mechanisms should respect the rights and safeguards of taxpayers and third parties.

402. The Multilateral Convention and all of Nigeria's DTCs ensure that the contracting parties are not obliged to provide information which would disclose any trade, business, industrial, commercial or professional secret, information which is subject to attorney-client privilege, or information the disclosure of which would be contrary to public policy, with a slight exception regarding the DTC with the United Kingdom.

403. Nigeria's DTC with the United Kingdom does not contain express safeguards that allow the contracting parties to decline to supply information the disclosure of which would be contrary to public policy. However, this is mitigated by the fact that both Nigeria and the United Kingdom are parties to the Multilateral Convention.

404. In practice, Nigeria has not experienced any practical difficulties in responding to EOI requests because of professional privilege or any other professional secret. There were no cases during the review period where Nigeria sought to obtain information pursuant to an EOI request from an attorney or similar professional and peers did not raise any concerns pertaining to this aspect.

405. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the information exchange mechanisms of Nigeria in respect of the rights and safeguards of taxpayers and third parties.

Practical implementation of the Standard: Compliant

No material deficiencies have been identified in respect of the rights and safeguards of taxpayers and third parties.

C.5. Requesting and providing information in an effective manner

The jurisdiction should request and provide information under its network of agreements in an effective manner.

406. The 2016 Report noted that there were delays by Nigeria to notify its treaty partners on the changes in the addresses and information of the Competent Authority. As a result, Nigeria had not received eight requests sent by treaty partners. This has been rectified and more generally the present review acknowledges that there is significant improvement.

407. Nigeria received 14 requests and answered 10 of them (83%) within 90 days and 2 requests between 90 and 180 days. For the requests answered after 90 days, Nigeria provided status updates to the peers. Nigeria's responses were timely, and peers were satisfied with the information provided by Nigeria.

408. Two requests were answered after more than one year. Regarding these two requests, Nigeria experienced challenges in communicating with peers due to a technical difficulty on email delivery and information sent to an email of a retired Competent Authority. These challenges caused delays in situations where information was readily available for exchange but could not be delivered. Upon resolution of these challenges, Nigeria was able to send the responses. These challenges could have been identified and resolved sooner with more regular communication with the two peers.

409. Nigeria has a well-structured and resourced team of EOI officials who receive regular training and the EOI manual is being updated to provide more guidance to officials regarding resolution of email communication challenges.

410. The conclusions are as follows:

Legal and Regulatory Framework

This element involves issues of practice. Accordingly, no determination has been made.

Practical implementation of the Standard: Compliant

Deficiencies identified/Underlying factor	Recommendations
Nigeria has experienced challenges in communicating with its treaty partners. The reasons for these challenges are on one hand technical issues where Nigeria's emails could not be delivered to a treaty partner and on another hand a peer that sent communication to an email of Nigeria's former Competent Authority. In both cases, systematic and regular communication from Nigeria could have resolved the issues much faster.	Nigeria should monitor its processes regarding communication with its treaty partners to ensure that all requests are responded to in an effective manner.

C.5.1. Timeliness of responses to requests for information

411. Nigeria received 14 requests for information during the review period (from 1 October 2018 to 30 September 2021). The information requested for

related to (i) ownership information, (ii) accounting information, and (iii) banking information. Nigeria's main EOI partners are Belgium, the Netherlands and the United Kingdom.

412. During the current review period, there was a slight increase to the number of requests made to Nigeria. At the time of the last report, Nigeria had received only two requests from its peers although an additional eight requests had not been received by Nigeria owing to challenges in communication with peers. With the increase to 14 requests under the current review period, Nigeria has been able to answer the requests within 180 days, except for two requests where the delay was caused by errors in email communication.

413. The following table relates to the requests received during the period under review and gives an overview of response times of Nigeria in providing a final response to these requests, together with a summary of other relevant factors affecting the effectiveness of Nigeria's practice during the period reviewed.

Statistics on response time and other relevant factors

		2019		2020		2021		Total	
		Num.	%	Num.	%	Num.	%	Num.	%
Total number of requests received	[A+B+C+D+E]	3	100	6	100	5	100	14	100
Full response: ≤ 90 days		2	67	4	67	4	80	10	83[d]
≤ 180 days (cumulative)		2	67	5	83	5	100	12	100[d]
≤ 1 year (cumulative)	[A]	2	67	5	83	5	100	12	100
> 1 year	[B]	1	33	1	17	0	0	2	14
Declined for valid reasons		0	0	1	17	0	0	1	8
Outstanding cases after 90 days		1[c]	33	2[c]	33	1	20	4	100
Status update provided within 90 days (for outstanding cases with full information not provided within 90 days, responses provided > 90 days)		0	0	1	100[c]	1	100	2	100[d]
Requests withdrawn by requesting jurisdiction	[C]	0	0	0	0	0	0	0	0
Failure to obtain and provide information requested	[D]	0	0	0	0	0	0	0	0
Requests still pending at date of review	[E]	0	0	0	0	0	0	0	0

Notes: a. Nigeria counts each request with multiple taxpayers as one request, i.e. if a partner jurisdiction is requesting information about 4 persons in one request, Nigeria counts that as 1 request. If Nigeria received a further request for information that relates to a previous request, with the original request still active, Nigeria will append the additional request to the original and continue to count it as the same request.

b. The time periods in this table are counted from the date of receipt of the request to the date on which the final and complete response was issued.

c. There are two requests relating to the scenarios where Nigeria could not effectively communicate with peers. In one scenario, Nigeria's emails containing responses could not be delivered to the peer although information was ready within 90 days and another

scenario where Nigeria did not receive the password to open the EOI request because the peer sent it to an old email address. Therefore, these requests have been excluded in the timeliness analysis.

d. These percentages are computed out of a total of 12 requests and not 14 requests (see c above).

414. During the review period, Nigeria was able to respond to 83% of the requests received within 90 days and 100%[22] within 180 days. When the two requests that were the subject of communications challenges as explained at paragraphs 422 and 423 are included, the response rate drops to 71% in 90 days and 86% in 180 days.

415. Only two requests, one received in 2019 and the other received in 2020 were answered after one year. The delay was due to challenges in email communication between Nigeria and two peers (see below). The Nigerian authorities have reported that in one case, the information requested by peers was collected and the Nigerian Competent Authority attempted to send that information to the peer without success while in another case Nigeria did not receive the password to decrypt the request until after some months (see paragraphs 418 to 424 for detailed explanations).

416. Nigeria declined to answer one request that did not meet the foreseeable relevance standard (see paragraph 347).

417. No request is pending, and peers did not withdraw any requests sent to Nigeria and all peers have reported to have been satisfied with the responses received from Nigeria.

Status updates and communication with partners

418. Nigeria provided status updates regarding the two requests that could not be answered within 90 days, in accordance with the standard.

419. However, some bottlenecks regarding Nigeria's communication with its treaty partners have been identified that ultimately had an impact on Nigeria's ability to answers all requests in a timely manner.

420. The 2016 Report noted that Nigeria had not received eight requests sent by its treaty partners. One of the reasons for the non-receipt of requests was Nigeria's delay in updating its peers on changes in addresses and information of the Competent Authority. Accordingly, Nigeria was recommended to communicate regularly and systematically with all its treaty partners.

421. During the current review period, Nigeria updated the contact details of its competent authority in the Global Forum dedicated secure website.

22. These percentages exclude the two requests where there were challenges regarding email communications between Nigeria and two peers.

Nonetheless, Nigeria continued to experience challenges in communicating with its treaty partners, in respect of two requests.

422. In one case, an email sent by Nigeria to a peer in March 2020 to answer an EOI request was not delivered. Although Nigeria was notified of the failure in delivery of its email, the Competent Authority did not take action to solve the matter. Thereafter the peer sent two email reminders to Nigeria although Nigeria's email responses still could not be delivered to the peer. Nigeria followed up on this matter by placing a telephone call to the peer in July of 2021 and later requesting the Global Forum Secretariat to inform the peer of the challenges faced by Nigeria in contacting that peer.

423. In another case, upon receipt of a password protected request in May 2019, Nigeria requested for the password to decrypt the file. The peer then sent the email containing the password to Nigeria's former Competent Authority who had retired. Nigeria did not receive the password and the request was not opened until the requesting peer sought status updates from Nigeria in May 2020. Upon receipt of the full request, Nigeria provided the requested information within 60 days. Again, it would have been best that Nigeria follows up with the peer when it realised the password was not arriving. Similarly, the peer could have wondered about the absence of acknowledgement of receipt of the password and asked for a status update within less than one year.

424. In these cases, Nigeria did not systematically communicate with the two peers in a timely manner, and this led to delays in providing responses to them. The peers themselves took long to seek updates from Nigeria. These challenges could have been resolved quickly by systematic and regular communication from Nigeria. The recommendation from the 2016 Report is therefore maintained with minor modifications to suit the current scenario, even though the present review acknowledges that the situation in the current review period was globally much better than during the previous review period. **Nigeria should monitor its processes regarding communication with its treaty partners to ensure that all requests are responded to in an effective manner**.

C.5.2. Organisational processes and resources

Organisation of the competent authority

425. In Nigeria, the Minister of Finance is designated as the Competent Authority under all EOI instruments. The Minister has delegated the Competent Authority role to the FIRS where the Director of the Tax policy and Advisory department serves as the authorised Competent Authority. The Competent Authority office is named as the EOI division and the head

of the EOI division reports to the authorised Competent Authority. The EOI division has two operational units (EOIR unit and AEOI unit) each headed by a manager. The EOIR unit is staffed with five members of staff.

426. In addition, Nigeria put in place an EOI interagency committee in 2012 where focal point persons have been appointed in all the 36 SBIRs, the FCT Internal Revenue Service and relevant public agencies to facilitate quick turnaround time of the process of collecting information to answer to requests. This proved very efficient in the current review period.

Resources and training

427. All the Competent Authority officials are experienced and well trained. All new and existing staff have been trained in principles of exchange of information and a number of them have participated in trainings on exchange of information including thematic ones on beneficial ownership organised by regional and international bodies. Additionally, other staff of FIRS, SBIRs and the FCT Internal Revenue Service who are engaged in EOIR-related activities, such as gathering information pursuant to a request, and members of the EOI interagency committee have been trained in the general principles on EOIR to enable them to support the Competent Authority officials.

428. As discussed under section C.3, the Competent Authority office is housed in a separate building that is equipped to facilitate the operations regarding exchange of information. Staff are well resourced with secured computers and the office has dedicated burglar proof safes. A register of all requests is maintained in both hard copy and soft copy forms.

429. Staff are guided by a detailed manual on EOI and other relevant policies in use at the FIRS.

430. The available staff numbers are adequate to handle the EOI workload or any eventual increase such as may arise from Nigeria's participation in the Common Reporting Standard.

Incoming requests

431. Nigeria has a detailed and established procedure for receiving, handling and responding to incoming requests. The procedure is detailed in the EOI manual.

Competent authority's handling of the request

432. All incoming requests are received by the authorised Competent Authority and allocated to the handling officer within one day. The request is then classified either as a new request or an addition to an existing request and is entered into the register appropriately.

433. All received requests and other documents are acknowledged within three days of receipt, stamped by a clearly visible “confidential” stamp. If the request has been received via email and encrypted with a password, then a request for the password is sent along with the acknowledgment email.

434. Once the EOI case officer has received or decrypted the request, the request is examined for relevance and completeness – appropriate legal basis and EOI mechanism for the request, details of the foreign competent authority, periods covered by the request, and background information provided for foreseeable relevance. Where there is insufficient information, clarifications are sent to the requesting jurisdiction within five days of assessing the request. Nigeria sought clarification in one case regarding the foreseeable relevance of a request (see paragraph 347).

435. When the request has been accepted as foreseeably relevant, the EOI case officer works on the request. If the requested information can be gathered from the internal database of the FIRS or the Joint Tax Board, the relevant search will be conducted, and information obtained within five days. If the information is part of a taxpayer’s regular tax returns, then the relevant tax office of the FIRS or the SBIRs are required to provide this information within 14 days. Similarly, where information is sought from other government agencies, they are required to respond within 14 days. Nigerian authorities have reported that the establishment of the EOI interagency committee and appointment of focal persons from the different government agencies has improved the efficiency of gathering information from other government agencies.

436. Where the information must be gathered from the taxpayer or a third-party information holder, the EOI manual recommends a timeframe of 30 days to answer the request for persons in Abuja and 45 days for persons outside of Abuja.

Verification of the information gathered

437. When the Nigerian Competent Authority obtains the requested information from the person in possession or control of it, it is checked against its completeness, by confirming that all questions mentioned in the request have been answered. Where the response is incomplete, a request for completion is immediately sent to the relevant party from where the information was sought. The collected information is sent to the requesting jurisdiction as a partial response and the peer is informed accordingly. This happened once during the current review period. Information sent out by Nigeria to its treaty partners is also treaty stamped (see paragraphs 391 and 433).

Sending of the information to the requesting partner

438. Once the EOI officer is satisfied with the adequacy and completeness of the answer, the answer is submitted to the authorised Competent Authority for sending to the appropriate treaty partner.

Practical difficulties experienced in obtaining the requested information

439. Nigeria did not experience any difficulties during the review period. However, a peer noted that, although the input relates to a request sent after the end of the review period, there was need to assess the efficacy of the practice in Nigeria in the circumstances where the requesting jurisdiction is unable to provide a bank account number but can provide details to identify the taxpayer for whom banking information is requested.

440. As discussed at paragraph 316, there are no statutory requirements regarding the level and amount of detail that should be provided by the requesting jurisdiction for Nigeria to answer a request for banking information. However, the Nigerian authorities have explained that because there are similarities in the names of Nigerian citizens, when a request is made in reference to an individual, the requesting jurisdiction ought to provide additional identifying information to ensure that the information being shared belongs to the individual who is the subject of the request. The additional information would include (i) the date of birth, (ii) address in Nigeria, (iii) a copy of a valid means of identity such as passport, national identity number or driver's licence, (iv) email address and telephone number.

441. The representatives of the Central Bank, the NFIU and the representatives of the banking sector all confirmed that additional identifying information enables quick identification of a specific individual.

442. Upon provision of additional identifying information, Nigeria has been able to provide the required banking information to the peer.

Outgoing requests

443. Nigeria relies on outgoing EOI requests for its own audits and tax investigations. During the review period, Nigeria sent 33 requests for information.

444. All outgoing requests are sent from the operations departments of the FIRS or the SBIRs to the EOI division. The requests are then assigned to EOI case officers who review them to ensure that all the relevant information as required in the template used by the Nigerian Competent Authority has been included and that the request is foreseeably relevant. Once the

case officer is satisfied with the adequacy and foreseeable relevance of the outgoing request, the request is submitted to the authorised Competent Authority for sending to the appropriate treaty partner(s).

445. Peers have been generally satisfied with the quality of requests sent by Nigeria and found them to be generally foreseeably relevant. In a few cases clarifications were requested by the peers, which were provided by Nigeria within 30 days on average.

446. Upon receiving the requested information, the EOI division forwards the received information securely and indicating the treaty nature of the received information to the tax inspectors concerned. Such information is also kept securely within the EOIR unit.

C.5.3. Unreasonable, disproportionate or unduly restrictive conditions for EOI

447. There are no legal or practical requirements in Nigeria that impose unreasonable, disproportionate or unduly restrictive conditions for EOI.

Annex 1: List of in-text recommendations

The Global Forum may identify issues that have not had and are unlikely in the current circumstances to have more than a negligible impact on EOIR in practice. Nevertheless, the circumstances may change, and the relevance of the issue may increase. In these cases, a recommendation may be made; however, it should not be placed in the same box as more substantive recommendations. Rather, these recommendations can be stated in the text of the report. A list of such recommendations is reproduced below for convenience.

- **Element C.1:** Nigeria should amend the EOI manual to remove guidance to officials to check whether the person subject of a request is resident in any of the contracting states (paragraph 351).
- **Element C.2:** Nigeria should continue to conclude EOI agreements with any new relevant partner who would so require (paragraph 369).

Annex 2: List of Nigeria's EOI mechanisms

Bilateral international agreements for the exchange of information

	EOI partner	Type of agreement	Signature	Entry into force
1	Belgium	DTC	20-11-1989	01-01-1990
2	Canada	DTC	04-08-1992	16-11-1999
3	China (People's Republic of)	DTC	15-04-2005	21-03-2009
4	Czech Republic	DTC	31-08-1989	02-12-1990
5	France	DTC	27-02-1990	02-05-1991
6	Korea	DTC	06-11-2006	Not in force
7	Mauritius	DTC	10-08-2012	Not in force
8	Netherlands	DTC	11-12-1991	09-12-1992
9	Pakistan	DTC	10-10-1989	07-03-1990
10	Philippines	DTC	30-09-1987	18-08-2013
11	Poland	DTC	12-02-1999	Not in force
12	Qatar	DTC	28-12-2016	Not in force
13	Romania	DTC	21-07-1992	18-04-1993
14	Singapore	DTC	02-08-2017	01-11-2018
15	Slovak Republic	DTC	31-08-1989	02-12-1990
16	South Africa	DTC	29-04-2000	05-07-2008
17	Spain	DTC	23-06-2009	05-06-2015
18	Sweden	DTC	18-11-2004	07-12-2014
19	Türkiye	DTC	20-10-2021	Not n force
20	United Arab Emirates	DTC	18-02-2016	Not in force
21	United Kingdom	DTC	09-06-1987	01-01-1988

Convention on Mutual Administrative Assistance in Tax Matters (as amended)

The Convention on Mutual Administrative Assistance in Tax Matters was developed jointly by the OECD and the Council of Europe in 1988 and amended in 2010 (the Multilateral Convention).[23] The Multilateral Convention is the most comprehensive multilateral instrument available for all forms of tax co-operation to tackle tax evasion and avoidance, a top priority for all jurisdictions.

The original 1988 Convention was amended to respond to the call of the G20 at its April 2009 London Summit to align it to the standard on exchange of information on request and to open it to all countries, in particular to ensure that developing countries could benefit from the new more transparent environment. The Multilateral Convention was opened for signature on 1 June 2011.

The Multilateral Convention was signed by Nigeria on 29 May 2013 and entered into force on 1 September 2015 in Nigeria. Nigeria can exchange information with all other Parties to the Multilateral Convention.

The Multilateral Convention is in force in respect of the following jurisdictions: Albania, Andorra, Anguilla (extension by the United Kingdom), Antigua and Barbuda, Argentina, Armenia, Aruba (extension by the Netherlands), Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda (extension by the United Kingdom), Bosnia and Herzegovina, Botswana, Brazil, British Virgin Islands (extension by the United Kingdom), Brunei Darussalam, Bulgaria, Cabo Verde, Cameroon, Canada, Cayman Islands (extension by the United Kingdom), Chile, China (People's Republic of), Colombia, Co-ok Islands, Costa Rica, Croatia, Curaçao (extension by the Netherlands), Cyprus,[24] Czech Republic, Denmark, Dominica, Dominican

23. The amendments to the 1988 Convention were embodied into two separate instruments achieving the same purpose: the amended Convention (the Multilateral Convention) which integrates the amendments into a consolidated text, and the Protocol amending the 1988 Convention which sets out the amendments separately.

24. Note by Türkiye: The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Türkiye. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Republic, Ecuador, El Salvador, Estonia, Eswatini, Faroe Islands (extension by Denmark), Finland, France, Georgia, Germany, Ghana, Gibraltar (extension by the United Kingdom), Greece, Greenland (extension by Denmark), Grenada, Guatemala, Guernsey (extension by the United Kingdom), Hong Kong (China) (extension by China), Hungary, Iceland, India, Indonesia, Ireland, Isle of Man (extension by the United Kingdom), Israel, Italy, Jamaica, Japan, Jersey (extension by the United Kingdom), Jordan, Kazakhstan, Kenya, Korea, Kuwait, Latvia, Lebanon, Liberia, Liechtenstein, Lithuania, Luxembourg, Macau (China) (extension by China), North Macedonia, Malaysia, Maldives, Malta, Marshall Islands, Mauritania, Mauritius, Mexico, Moldova, Monaco, Mongolia, Montenegro, Montserrat (extension by the United Kingdom), Morocco, Namibia, Nauru, Netherlands, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Paraguay, Peru, Poland, Portugal, Qatar, Romania, Russia, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Senegal, Serbia, Seychelles, Singapore, Sint Maarten (extension by the Netherlands), Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Tunisia, Türkiye, Turks and Caicos Islands (extension by the United Kingdom), Uganda, Ukraine, United Arab Emirates, United Kingdom, Uruguay and Vanuatu.

In addition, the Multilateral Convention was signed by the following jurisdictions, where it is not yet in force: Benin (entry into force 1 May 2023), Burkina Faso (entry into force on 1 April 2023), Gabon, Honduras, Madagascar, Papua New Guinea, Philippines, Togo, United States (the original 1988 Convention is in force since 1 April 1995, the amending Protocol was signed on 27 April 2010).

Multilateral African Tax Administration Forum Agreement on Mutual Assistance in Tax Matters (AMATM)

The Multilateral African Tax Administration Forum Agreement on Mutual Assistance in Tax Matters (AMATM) came into force on 23 September 2017. Member states that have submitted their instrument of ratification are: South Africa, Gambia, Lesotho, Liberia, Mozambique, Nigeria and Uganda. Botswana, Eswatini, Ghana and Malawi have signed the AMATM but are yet to ratify it. Nigeria became a signatory to AMATM on 7 April 2017.

ECOWAS Supplementary Act 5/12/18 adopting community rules for the elimination of the double taxation with respect to taxes on income, capital and inheritance and the prevention of tax evasion and avoidance within the ECOWAS member States

ECOWAS Supplementary Act 5/12/18 adopting community rules for the elimination of the double taxation with respect to taxes on income, capital and inheritance and the prevention of tax evasion and avoidance within the ECOWAS member States (the ECOWAS Supplementary Act) is a regional instrument adopted on 22 December 2018 although it has not yet entered into force in Nigeria. All fifteen ECOWAS member jurisdictions are covered by this regional instrument: Benin, Burkina Faso, Cabo Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo.

Article 37 of the ECOWAS Supplementary Act contains provisions for the exchange of information on tax matters between the jurisdictions covered by this Act. These provisions are in line with the standard and reflects the 2005 version of Article 26 of the OECD Model Tax Convention. They include, in particular, the concept of foreseeable relevance, the requirements for confidentiality of the information exchanged as well as the requirements to exchange any information, even in the absence of a domestic tax interest.

Annex 3: Methodology for the review

The reviews are based on the 2016 Terms of Reference and conducted in accordance with the 2016 Methodology for peer reviews and non-member reviews, as amended, and the Schedule of Reviews.

The evaluation is based on information available to the assessment team including the exchange of information arrangements signed, laws and regulations in force or effective as at 2 December 2022, Nigeria's EOIR practice in respect of EOI requests made and received during the three year period from 1 October 2018 to 30 September 2021, Nigeria's responses to the EOIR questionnaire, inputs from partner jurisdictions, as well as information provided by Nigeria's authorities during the on-site visit that took place from 25 July to 29 July 2022 in Abuja.

List of laws, regulations and other materials received

Constitution of the Federal Republic of Nigeria, 1999

Company and Allied Matters Act (CAMA), 2020

Company Regulations, 2021

Companies Income Tax Act (CITA)

Personal Income Tax Act (PITA)

Federal Inland Revenue Service Establishment Act (FIRSEA)

Finance Act

Value Added Tax (VAT) Act

Co-operative Societies Act

Central Bank of Nigeria Act, 2007

Money Laundering Prohibition Act, 2011

Banks and Other Financial Institutions Act (BOFIA), 2020

Central Bank of Nigeria (AML/CFT) Regulations, 2022

Nigeria Financial Intelligence Unit Act

Securities Exchange Commission (AML/CFT) regulations

National Archives Act

Income Tax (Authorised Communications) Act

Financial Reporting Council (FRC) Act

Freedom of Information Act

Official Secrets Act

Authorities interviewed during on-site visit

Federal Inland Revenue Service (FIRS)

Ministry of Finance

Ministry of Justice

Corporate Affairs Commission (CAC)

Central Bank of Nigeria (CBN)

Nigeria Financial Intelligence Unit (NFIU)

Special Control Unit Against Money Laundering (SCUML)

Securities Exchange Commission (SEC)

Lagos State Board of Internal Revenue

Kwara State Board of Internal Revenue

Joint Tax Board

Private sector representatives

- Association of Compliance officers of Banks
- Nigeria Bar Association
- Association National Accountants of Nigeria
- Association of Tax Consultants

Current and previous reviews

This report provides the outcome of the second peer review of Nigeria's implementation of the EOIR standard conducted by the Global Forum. Nigeria previously underwent a combined review (Phase 1 and Phase 2) of is legal and regulatory framework and the implementation of the framework in practice in 2016.

The 2016 Review was conducted according to the terms of reference approved by the Global Forum in February 2010 and the Methodology used in the first round of reviews.

Information on each of Nigeria's reviews is listed in the table below.

Summary of reviews

Review	Assessment team	Period under review	Legal framework as of	Date of adoption by Global Forum
Round 1 Phase 1	Ms Nicola Guffogg, Assessor, the Treasury Income Tax Division, Government Office of Isle of Man; Ms Monica Olsson, Senior Tax Lawyer, Directorate of Taxes of Norway; and Ms Gwenaëlle Le Coustumer, Mr Shinji Kitadai and Mr Bhaskar Goswami from the Global Forum Secretariat	n.a.	August 2013	November 2013
Round 1 Phase 2	Mr Lars Aarnes, Directorate of Taxes, Norway; Mr Eric Mensah, Assistant Commissioner, Ghana Revenue Authority, Government of Ghana; and Mr. P S Sivasankaran from the Global Forum Secretariat	1 July 2011 to 30 June 2014	January 2015	March 2016
Round 2 combined Phase 1 and Phase 2	Ms Annelie Nord from Sweden, Mr David Kekulah from Liberia and Mr Alex Nuwagira from the Global Forum Secretariat	1 October 2018 to 30 September 2021	2 December 2022	27 March 2023

Annex 4: Nigeria's response to the review report[25]

Nigeria is grateful to the Assessment Team, the Global Forum Secretariat and the Peer Review Group for their collaboration and the support received throughout the whole process of the peer review exercise which culminated into the preparation and approval of Nigeria's report. Our appreciation also goes to our international exchange of information partners for their valuable and useful contributions to this assessment exercise. Nigeria agrees with the Report of its second round of peer review on exchange of information on request and takes cognizance of the conclusions and recommendations set out in the report. Nigeria is already taking the necessary steps, including implementing a whole of government approach to address the recommendations with a view to ensuring that the country is fully compliant with the international standard on EOIR. Finally, Nigeria reiterates its commitment to adherence with the international standards for exchange of information, and will continue to be a reliable source of information for tax purposes for her international exchange of information partners.

25. This Annex presents the Jurisdiction's response to the review report and shall not be deemed to represent the Global Forum's views.

GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

Peer Review Report on the Exchange of Information on Request NIGERIA 2023 (Second Round)

The Global Forum on Transparency and Exchange of Information for Tax Purposes is a multilateral framework for tax transparency and information sharing, within which over 160 jurisdictions participate on an equal footing.

The Global Forum monitors and peer reviews the implementation of international standard of exchange of information on request (EOIR) and automatic exchange of information. The EOIR provides for international exchange on request of foreseeably relevant information for the administration or enforcement of the domestic tax laws of a requesting party. All Global Forum members have agreed to have their implementation of the EOIR standard be assessed by peer review. In addition, non-members that are relevant to the Global Forum's work are also subject to review. The legal and regulatory framework of each jurisdiction is assessed as is the implementation of the EOIR framework in practice. The final result is a rating for each of the essential elements and an overall rating.

The first round of reviews was conducted from 2010 to 2016. The Global Forum has agreed that all members and relevant non-members should be subject to a second round of review starting in 2016, to ensure continued compliance with and implementation of the EOIR standard. Whereas the first round of reviews was generally conducted as separate reviews for Phase 1 (review of the legal framework) and Phase 2 (review of EOIR in practice), the EOIR reviews commencing in 2016 combine both Phase 1 and Phase 2 aspects into one review. Final review reports are published and reviewed jurisdictions are expected to follow up on any recommendations made. The ultimate goal is to help jurisdictions to effectively implement the international standards of transparency and exchange of information for tax purposes.

This publication presents the results of the Second Round Peer Review on the Exchange of Information on Request for Nigeria.

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