

Lagos State Internal Revenue Service (LIRS) Sets January Deadline for Filing Annual Returns

Introduction

The Lagos State Internal Revenue Service (LIRS) recently issued a Notice (the “Notice”) to employers in the State to file their annual tax returns for the 2024 financial year on or before 31st January 2025.

Pursuant to Section 81(2) of the Personal Income Tax Act, LFN 2004 (the PITA), every employer is required to file a return with the relevant tax authority of all emoluments paid to its employees, not later than 31st January of every year in respect of all

employees in its employment in the preceding year. Against this backdrop, every corporate organisation within the State is mandated to comply with the provisions of Section 81(2) of the PITA. Also, the Companies and Allied Matters Act 2020 contains a similar provision which mandates companies to file their annual returns at least once every year, the failure of which may lead to the company’s name being struck off from the Companies’ Register where such default persists for a continuous period of ten (10) years.

Procedure for Filing Annual Returns

The Notice mandated companies to file their annual returns via the LIRS e-Tax Portal thereby putting an end to the manual system of filing. The procedure for filing annual returns is as follows:

- A. Login to the e-Tax platform
- B. Enter your company ID
- C. Navigate to the corporate returns section
- D. Select the year (e.g. 2024) and the Returns type (e.g. Annual Return)
- E. Download the relevant template.
- F. Fill in the downloaded template.
- G. Upload duly completed template and “confirm submission”.

Penalty for Non-compliance

Under Section 81(3) of the PITA, every employer who fails to file the required annual returns in accordance with the provisions of the Act shall be liable on conviction to a penalty of N500,000 in the case of a body corporate and N50,000 in the case of an individual. Additionally, a defaulter may face custodial punishments upon conviction.

However, where an individual intends to challenge an assessment, he may apply to the relevant tax authority by Notice of Objection in writing, delivered in person, by courier service, or via electronic mail to review and revise the assessment, and the application shall state precisely the grounds of objection to the assessment and shall be made within 30 days from the date of service of the Notice of the Assessment.

Importance of Filing Annual Returns

To learn more about the state of a company, investors typically carry out due diligence investigations with regulatory authorities. Hence, compliance with tax laws presents your business as a trustworthy corporation during due diligence checks.

Furthermore, most contractual bids in both the public and private sectors typically require the submission of an up-to-date

annual report and Tax Clearance Certificate (TCC) as a key prerequisite. To meet this requirement, an entity must ensure that its records are consistently updated with the tax authority on time.

Places the company in a pivotal position for any incentive, rebates, and tax credits whenever it is available.

Conclusion

Timely compliance with the annual returns filing obligation is crucial not only to avoid penalties but also to demonstrate good corporate governance and foster a positive relationship with tax authorities. Employers are therefore encouraged to prioritize the submission of accurate and complete

returns within the stipulated timeframe to ensure compliance and maintain their operational integrity. Additionally, employers are encouraged to seek professional advice, particularly in matters relating to regulatory compliance.

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