STATE OF AEOI DOMESTIC IMPLEMENTATION BY FIRS

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INTRODUCTION

• The objective of the Automatic Exchange of Information (AEOI) is to tackle the hydra headed challenges of offshore tax evasion, illicit financial flows (IFFs) and assist countries to effectively tax foreign source income of their residents.

• It is also valuable not only to assist Countries raise the needed revenue, but also to build a coordinated global system that provide no hiding place for tax evaders.

• While globalization has helped to facilitate international trade, improved economic activities and enhanced transfers of funds between countries, this global trend also enable corrupt politicians, tax evaders and criminals to move illicit money from one Country to another.
INTRODUCTION

- To tackle the scourge of IFFs, curb tax evasion, identify and recover assets held offshore, the G20 and Organization for Economic Cooperation and Development (OECD) initiated a new standard for the automatic exchange of information (AEOI).

- In 2014, soon after the AEOI Standard was developed and recognising that it would complement its existing standard on EOIR, the Global Forum endorsed the AEOI Standard and put in place a process to deliver its global implementation through collective commitments to implement it to agreed timelines.

- The aim of AEOI is to permit a country to exchange the financial information of non-nationals such as names, addresses, tax identification numbers and account balance information at periodic intervals with relevant authority of account holder’s home Country.
COMMITMENT PROCESS

• Nigeria signed a declaration on joining the Multilateral Competent Authority Agreement (MCAA) on Automatic Exchange of Financial Account Information (AEOI) on 17th August 2017.

• Further to this, Nigeria also submitted a commitment letter to begin the first exchanges under the standard in September, 2019. However, in view of the outstanding issues in the implementation process, Nigeria had submitted notification to the Global Forum AEOI Working Group for change of date in the implementation of AEOI-CRS to September 2020.
IMPLEMENTATION PROCESS

• Nigeria commenced the AEOI implementation process with the development of a Project Governance Document (PGD) with the support of officials from the OECD GF and the HMRC.

• The PGD established the following plans for achieving the AEOI project:
  ✓ Scope of the project
  ✓ Deliverables
  ✓ Work streams and milestones
  ✓ Resources
  ✓ Decision making and Governance
IMPLEMENTATION PROCESS

- To achieve the AEOI implementation objectives, the Executive Chairman, FIRS inaugurated an inter-agency project implementation Committee (PIC) of the AEOI on 13th March 2018.

- The committee comprised of members from FIRS, State Board of Internal Revenue Service (SBIRs), Central Bank of Nigeria, Corporate Affairs Commission, Security & Exchange Commission, Nigerian Financial Intelligence Unit, Federal Ministry of Finance, Federal Ministry of Justice, National Insurance Commission and the Joint Tax Board.
TERMS OF REFERENCE FOR IMPLEMENTATION

- Review the draft Regulations from GF and finalize it for signing by the Minister of Finance
- Prepare CRS Guidelines for issuance
- Review and ensure adequate Confidentiality and data safeguards are in place
- Analyze information management security to ensure proper monitoring and enforcement mechanism
- Analyze business needs and procure applications for sending and receiving data
- Consultation with Financial Industries on CRS
- Draw a roadmap for training of AEOI staff
THE FOUR CORE REQUIREMENTS FOR IMPLEMENTATION OF THE AEOI STANDARD

• **Domestic Legal Framework** – Country needs to translate the CRS reporting and due diligence rules into domestic law, including rules to ensure effective implementation by their Financial Institutions.

• **International Legal Framework** – Country needs a legal basis for Automatic Exchange of Information with other countries. The inter. legal requirements is covered by the OECD Multilateral Competent Authority Agreement (MCAA) where countries set out what information they want to exchange automatically, when and how they want it.

• **IT and Administrative Infrastructure** – Tax administrations have to put in place the IT and administrative infrastructures to automatically exchange the information.

• **Confidentiality and data safeguards** – Countries should have the adequate Confidentiality and data Safeguards in place.
ACTIONS THAT HAVE BEEN TAKEN BY NIGERIA TO IMPLEMENT THE AEOI-CRS

- Translated the CRS reporting and due diligence rules into domestic law (Regulations), including rules to ensure effective implementation by the Financial Institutions.
- Finalized and issued CRS Guidelines.
- The Regulations have been published in the official gazette of the Federation.
- Put in place the necessary ICT infrastructure to operationalize the AEOI processes.
- Constructed and furnished a dedicated building for the operation of the AEOI processes.
OUTSTANDING ISSUES IN THE IMPLEMENTATION PROCESS

• The procurement and installation of the AEOI Implementation Software.
• Sensitization and onboarding of the financial institutions in Nigeria.
• Undergo the process of Confidentiality and Data-safeguard Assessment.
• Finalized the process of posting and training of staff that will work at the AEOI Unit.
CHALLENGES AND CONCLUSION

• Delay in getting clearance from relevant agencies
• Delay in finalizing issues with relevant authorities
• With all the necessary steps and actions that have been undertaken to achieve the AEOI implementation program, Nigeria is confident that it will commence the AEOI exchanges by September 2020.