NIGERIA REVENUE SERVICE

REVENUE HOUSE, PLOT 1241, KUR MOHAMMED AVENUE, CENTRAL AREA, ABUJA, NIGERIA

INFORMATION CIRCULAR

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Subject: GUIDELINES ON THE WITHHOLDING OF VALUE ADDED TAX

1.0 Introduction

These Guidelines are issued by the Nigeria Revenue Service ("the Service") to provide clarity on the implementation of the provisions relating to Withholding of Value Added Tax (VAT). They set out the obligations, procedures and compliance requirements for all relevant stakeholders including non-resident suppliers, taxable persons, appointed agents, and government entities in respect of the deduction, remittance, and reporting of VAT on taxable supplies. This circular withdraws and replaces the earlier FIRS Information Circular No: 2023/14 of 29th December, 2023

2.0 Legal Framework

The Nigeria Tax Act (NTA), 2025 provides as follows:

Section 150 (3) empowers the Service to appoint any person including a non-resident supplier of taxable goods to deduct or withhold VAT; and the person so appointed is required to remit the VAT deducted or withheld to the Service in the currency of transaction.

Section 150(4) provides that where a person appointed as an agent for the collection of VAT makes a taxable supply to a person in Nigeria, the taxable person shall not have the obligation to withhold, except where the appointed agent fails to collect the VAT.

Section 154 (1) mandates all Federal, State, Local Government and their respective Ministries, Department & Agencies (MDAs) to collect or withhold VAT on taxable supplies (all payments) made to contractors and remit same to the Service.

Section 154 (3) requires the persons obligated to withhold VAT to submit returns, accompanied with a schedule showing the name, Tax ID and address of the contractor or supplier, invoice number, gross amount of invoice, amount of the VAT and the month to which the return relates.

3.0 Withholding of VAT on Taxable Supplies Received

An appointed agent having the obligation to withhold the VAT charged on invoices of taxable supplies received (including works, services, goods, etc.) shall withhold and remit same to the Service in line with these Guidelines. This is in addition to their existing obligation to collect and remit VAT on their taxable supplies.

The suppliers (service providers, contractors, vendors, etc.) must state separately, the gross amount of taxable supplies, VAT rate, and the amount of VAT charged on each invoice (including bill, debit note or any such document employed to record the transaction).

4.0 Obligation to Withhold VAT from Suppliers

An appointed agent shall have the following obligations:

a. deduct or withhold VAT stated on the invoice issued by their suppliers, vendors or contractors (the VAT shall not be paid to the supplier);

b. prepare a schedule showing the name, Tax ID, and address of the contractor or supplier, invoice number, gross amount of invoice, amount of the VAT, and the month to which the return relates;

c. remit the amount withheld to the Service on or before the 14th day of the month immediately following the month of the transaction; and

d. file the returns of VAT withheld using the appropriate fields in NRS tax administration solution.

4.1 Taxable supplies between companies having obligations to withhold VAT

Where a company having the obligation to withhold VAT makes taxable supplies to another company having a similar obligation to withhold VAT, the recipient of the supplies (the purchaser) shall account for the VAT on the transaction in line with these Guidelines.

Where a non-resident supplier, appointed pursuant to Section 150(3) of the NTA, makes a taxable supply to an appointed agent in Nigeria, the appointed non-resident supplier shall have the primary responsibility to collect the tax due and remit same to the Service. However, where the appointed non-resident person fails to collect the tax, the Nigerian appointed agent shall withhold the VAT in line with these Guidelines and remit same to the Service.

In the case of supply by a non-resident person not appointed, the taxable person to whom the supply is made in Nigeria, including an appointed agent in Nigeria, shall have the obligation to withhold the tax in line with these Guidelines.

5.0 Accounting for VAT Withheld

A taxable person having the obligation to withhold VAT shall:

a. maintain an account, referred to as "VAT Withheld Account" in its book or ledger, separate from its VAT Accounts;

b. record to the credit of the "VAT Withheld Account" all VAT withheld from suppliers;

c. record to the debit of the "VAT Withheld Account" all sums remitted to the Service, being VAT withheld from suppliers; and

d. make the statement of the "VAT Withheld Account" available for audit, from time to time, as may be required by the Service.

6.0 Error or omission on remittance schedule

A taxable person having obligation to withhold VAT shall ensure that the field to be populated on the schedules of suppliers to be uploaded on the NRS tax administration solution are done accurately and correctly, to avoid giving unintended credit to a wrong person (i.e. suppliers).

A taxable person or appointed agent can revisit the uploaded schedule of suppliers to effect corrections where necessary.

7.0 VAT Returns

7.1 Filing Obligation

An appointed agent shall file a separate VAT return in respect of the VAT withheld to the Service on or before the 14th day of the following month in the currency of the transaction.

7.2 Mode of Filing Returns

The returns for VAT withheld should be filed using the relevant module on the NRS tax administration solution or any format as may be prescribed by the Service.

Taxpayers are to be on-boarded on the VAT e-invoicing when required by the Service.

7.3 Remittance of VAT withheld

a. VAT withheld should be remitted separately from VAT collected on supplies; and
b. VAT should be remitted in the currency in which it was assessed.

8.0 Input Tax of Withheld Output Tax

Input VAT incurred on taxable supplies can be deducted from the output VAT or tax payable in line with the provisions of Section 155 (5) of NTA.

In the event that the output tax has been withheld by a company covered under paragraph 2.0 of this Guideline, the supplier:

a. shall disclose the total output tax collectible on all its supplies in the VAT returns for the relevant month;

b. shall deduct output tax withheld at source from the total output tax reported in its VAT return for the relevant month to arrive at *a net output tax (i.e., output tax collected);*

c. shall, in arriving at the VAT payable, deduct input tax on all supplies from the net output tax, including input tax relating to the supplies for which output tax was withheld; and

d. where the input VAT exceeds the net output VAT, may utilise the amount refundable to offset future VAT liability or request for a refund.

9.0 Refund of Input Tax

Where a taxpayer covered under paragraph 2.0 of this Guideline requests for a refund, the Service shall treat the request in accordance with the Guidelines on Tax Refund.

10.0 Offences and Penalties

The penalties stipulated under the relevant provisions of the Nigeria Tax Administration Act shall apply to any person who fails to comply with the obligations set out in these Guidelines.

10.0 Amendment or Revision of the Circular

The Service may, at any time, withdraw, amend or update this Guideline.

11.0 Enquiries

All Enquiries on any aspect of this publication should be directed to:

Executive Chairman,
Nigeria Revenue Service,
Revenue House,
Plot 1241 Kur Mohammed Avenue,
Central Area, Abuja.

Or

Director,
Tax Policy and Advisory Department,
Nigeria Revenue Service,
Revenue House,
Plot 1241 Kur Mohammed Avenue,
Central Area, Abuja.

Or

Email: tpad@firs.gov.ng

Or

Email: tpld@firs.gov