

Executive Order No. 8 of 2018: Offshore Taxation of Nigerian Citizens

President Muhammadu Buhari signed Executive Order No. 8 of 2018 on Monday, October 8, 2018. The Executive Order is intended to reduce money laundering and tax evasion among Nigerian citizens. The order provides a way for citizens to report offshore property and income to the government if they have failed to report all the assets or have defaulted on paying past taxes on the assets.

Citizens who want to take advantage of the Executive Order must arrange to have the offshore assets managed by a Swiss financial institution. The citizens are expected to report the assets and pay past taxes so that they qualify for a compliance certificate. The certificate will protect citizens from penalties for tax evasion on the offshore assets and income that were not previously reported.

Who is Eligible?

According to the new Executive Order, any citizen who has unpaid taxes on offshore assets or income qualifies. The Order also allows citizens a chance to report additional assets or income that have not been reported and will enable citizens time to register, report, and amend the information to the Swiss authorities. Citizens who are currently under a tax dispute investigation or audit and want to settle out of court also qualify. Others who can participate include citizens who may have been under investigation but were found to be innocent and citizens who received a special clearance from the Federal Government of Nigeria (FGN) to take advantage of the new Executive Order.

How to Take Advantage of the Executive Order

To take advantage of the Executive Order, citizens are required to do the following:

- The taxpayer must honestly and voluntarily report all offshore assets to Switzerland's Voluntary Offshore Assets Regularization Facility.
- The taxpayer must agree to all relevant procedures that are required by Swiss authorities.
- The taxpayer must pay the FGN a one-time fee of 35% of the total worth of any assets that the taxpayer has offshore.
- The taxpayer must agree to pay all future taxes on relevant income.

Consequences for Failing to Participate

Any taxpayer who is eligible to participate under Executive Order No. 8 of 2018 is subject to legal consequences such as an investigation into assets and income, prosecution for tax evasion, loss of a right to settle outside of court or plea bargain, the possibility of being forced to pay the entire amount of taxes due including all interest and penalties, and the possibility of tax audits. Additional penalties may include a withdrawal of any previous relief granted to the taxpayer and any money paid under the Order may be applied to outstanding tax for unreported assets or income.

What are the Benefits?

Citizens who report offshore assets and income to the proper authorities, who comply with all further regulations, and who pay the one-time tax fee on the assets and income may experience the following benefits:

- Taxpayers are immune from prosecution for violations of tax law and have immunity from being audited.
- Taxpayers can invest or use the offshore assets as long as they pay the FGN annual income tax on the overseas assets.
- Taxpayers will not have to pay the interest and penalties that were due prior to declaring the offshore assets and income.
- Taxpayers will receive an official compliance certificate from FGN.

Broadening Tax Base and Tax Relief

Like Executive Order No. 4 that was effective from July in 2017 until March of 2018, Executive Order No. 8 of 2018 attempts to broaden the Nigerian tax base by allowing any citizen who is not in compliance with the tax statutes of the FGN to work toward compliance. The new Order will allow citizens with overseas/offshore assets and income to comply with mandated statutes while avoiding penalties for past tax violations.