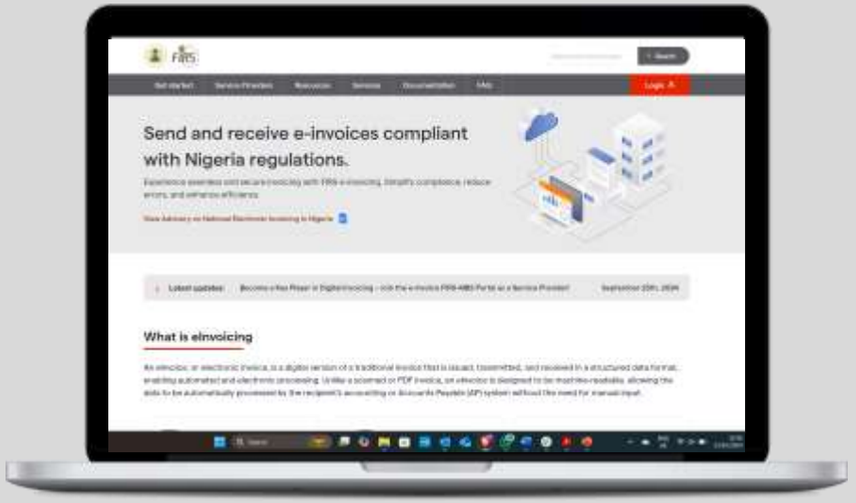
Introductory Presentation

Merchant Buyer Solution

e-Invoicing System



August 2025

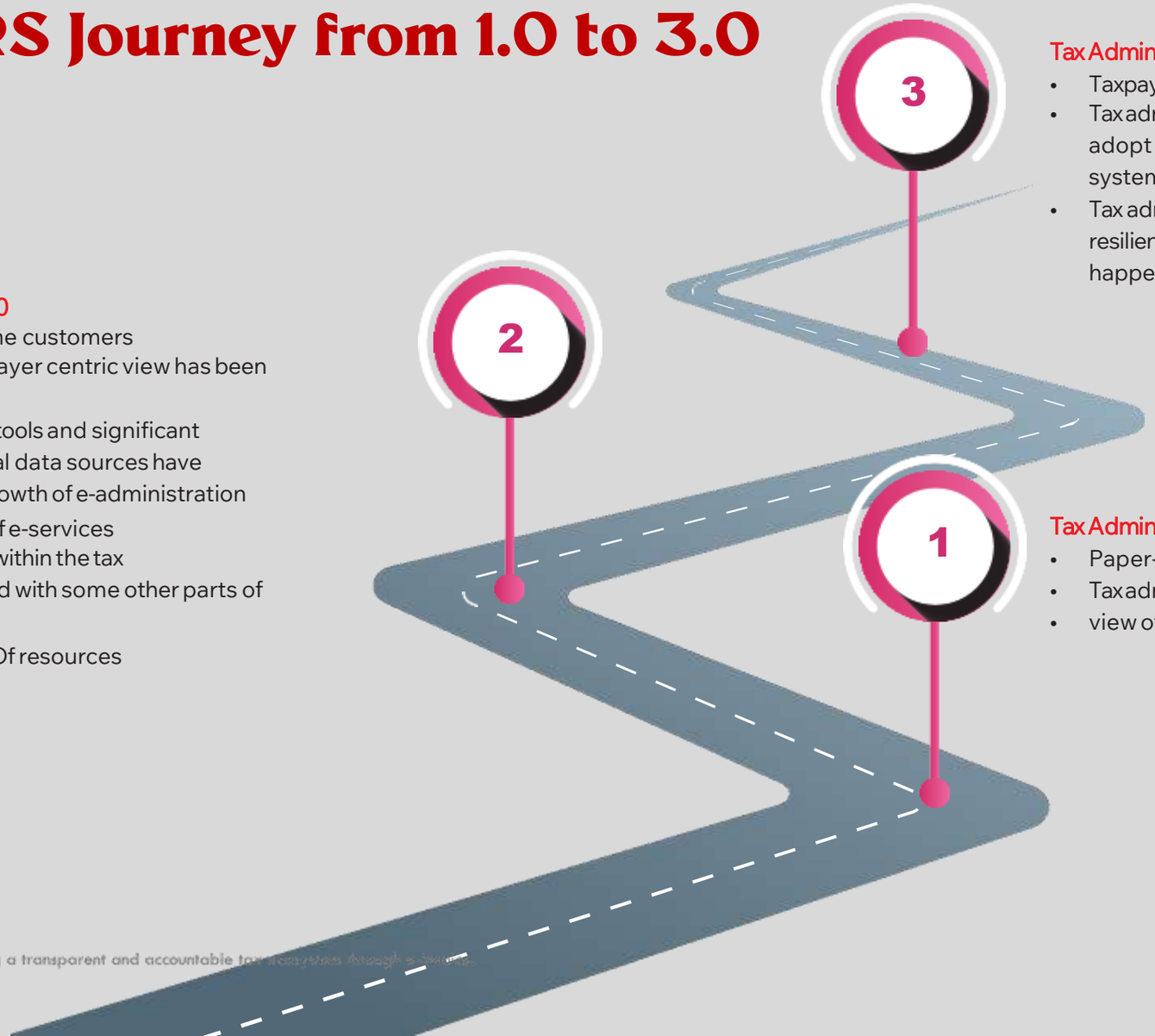
Introductory Presentation

Background - Why e-Invoicing?

- Global shift toward digitization of tax administration
- The dynamic business environment
- Need to promote real-time fiscal transparency and economic planning
- Growing digital transaction volumes
- Nigeria's commitment to align with international standards (UBL,PEPPOL)
- Curb tax fraud, plug revenue leakages, and broaden the tax base

Introductory **Presentation**

The FIRS Journey from 1.0 to 3.0



Tax Administration 3.0

- Taxpayers' natural systems at the center
- Tax administration and other parts of government adopt processes to work seamlessly with those systems
- Tax administration simultaneously becomes more resilient and more agile, something that "just happens"

Tax Administration 2.0

- Taxpayers become customers
- Increasingly taxpayer centric view has been adopted
- New technology tools and significant increases in digital data sources have allowed for the growth of e-administration
- Increasing suite of e-services
- Better joining-up within the tax administrationand with some other parts of government
- Better targeting Of resources

Tax Administration 1.0

- Paper-based and siloed processes
- Tax administration-centered
- view of how the tax system should operate

Current State & Future State Analysis

• Current State

• *(What is currently obtainable?)*

1. Many potential taxpayers do not pay tax.
2. Those who pay underpay; underpayment stems from:
   - Turnover suppression
   - VAT agents not remitting fully to the FIRS
   - Overclaims of Input VAT
   - Expenses over-estimation
3. Monies paid are partially remitted.
4. A large portion of economic activity occurs within the informal sector, often escaping taxation.

• Future State

• *(With the e-invoicing)*

1. Visibility into all financial transactions done in Nigeria.
2. Improved revenue for the federal government
3. Insight into companies that are doing business but are not in the tax net.
4. Insight into actual VAT liabilities
5. Synergy between Government agencies
6. Single source of truth for fiscal purposes

Introductory Presentation

Overview

The Federal Inland Revenue Service (FIRS) is implementing a Merchant Buyer Solution (e-Invoicing system) to modernize fiscal and transactional processes in Nigeria, while also promoting transparency and accountability in tax management.

Leveraging the Universal Business Language (UBL) framework, the system facilitates the seamless creation, validation, and submission of electronic invoices while also integrating with key national data entities.

Ensure secure and efficient electronic invoicing.

Provide a single source of truth for fiscal and transactional activities.

Provide visibility into all financial transactions done in Nigeria

Key features of the solution

The MBS e-invoicing is considered in two parts:

- the eInvoice itself
- the mechanism for sending and receiving an eInvoice

The system is designed to be a secure, scalable, and intelligent to integrates seamlessly with existing business and financial systems.

Peppol-Based
e-Invoicing Network.

Invoice Exchange

Structured
(UBL Format)

Invoice Generation

Introductory Presentation

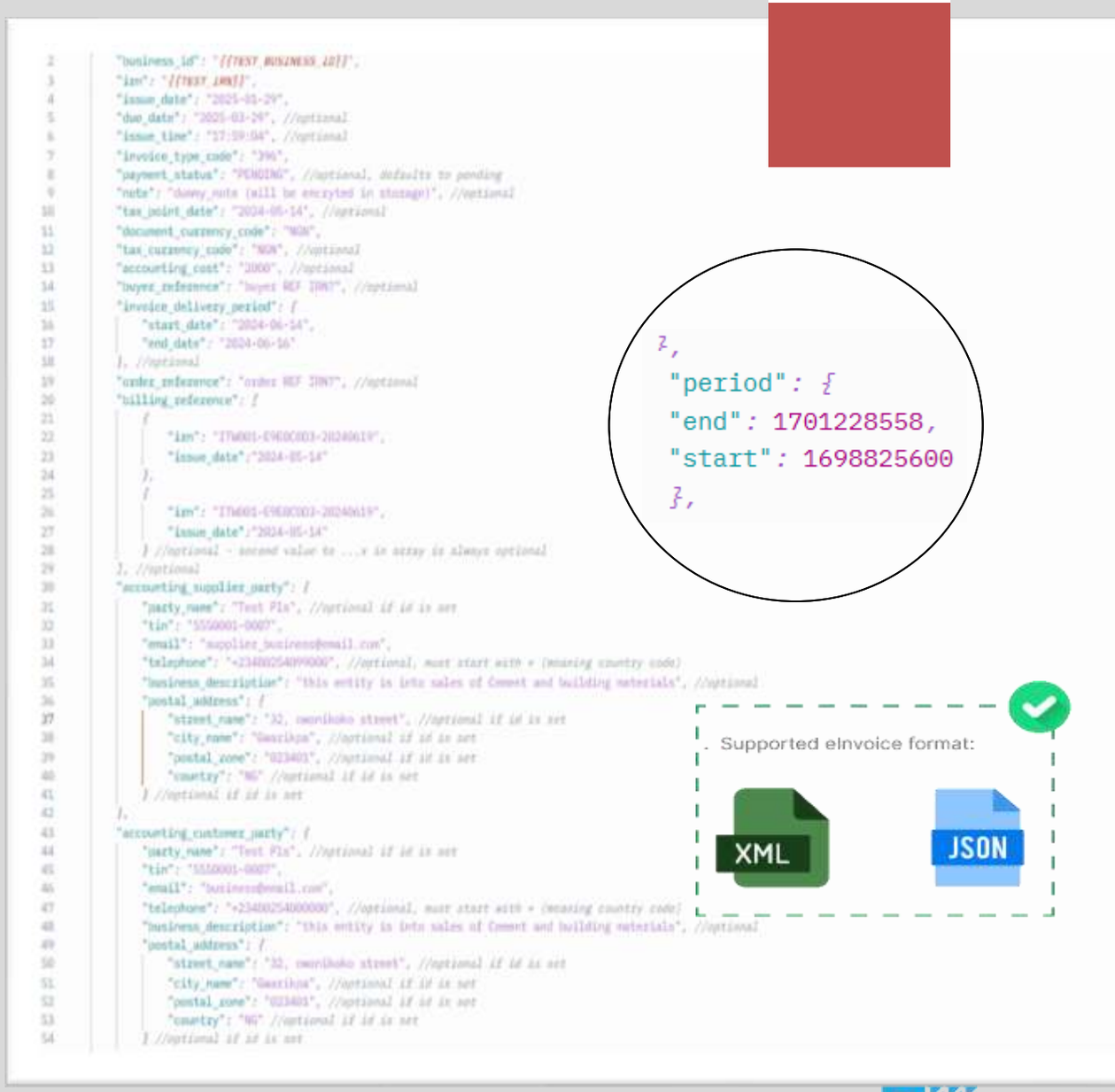
Essential Definitions

E-invoice

An invoice in a structured format that is issued, transmitted, and received electronically.

Not supported eInvoice format:

PDF, DOC, JPG, EXCEL, SCANNED PAPER



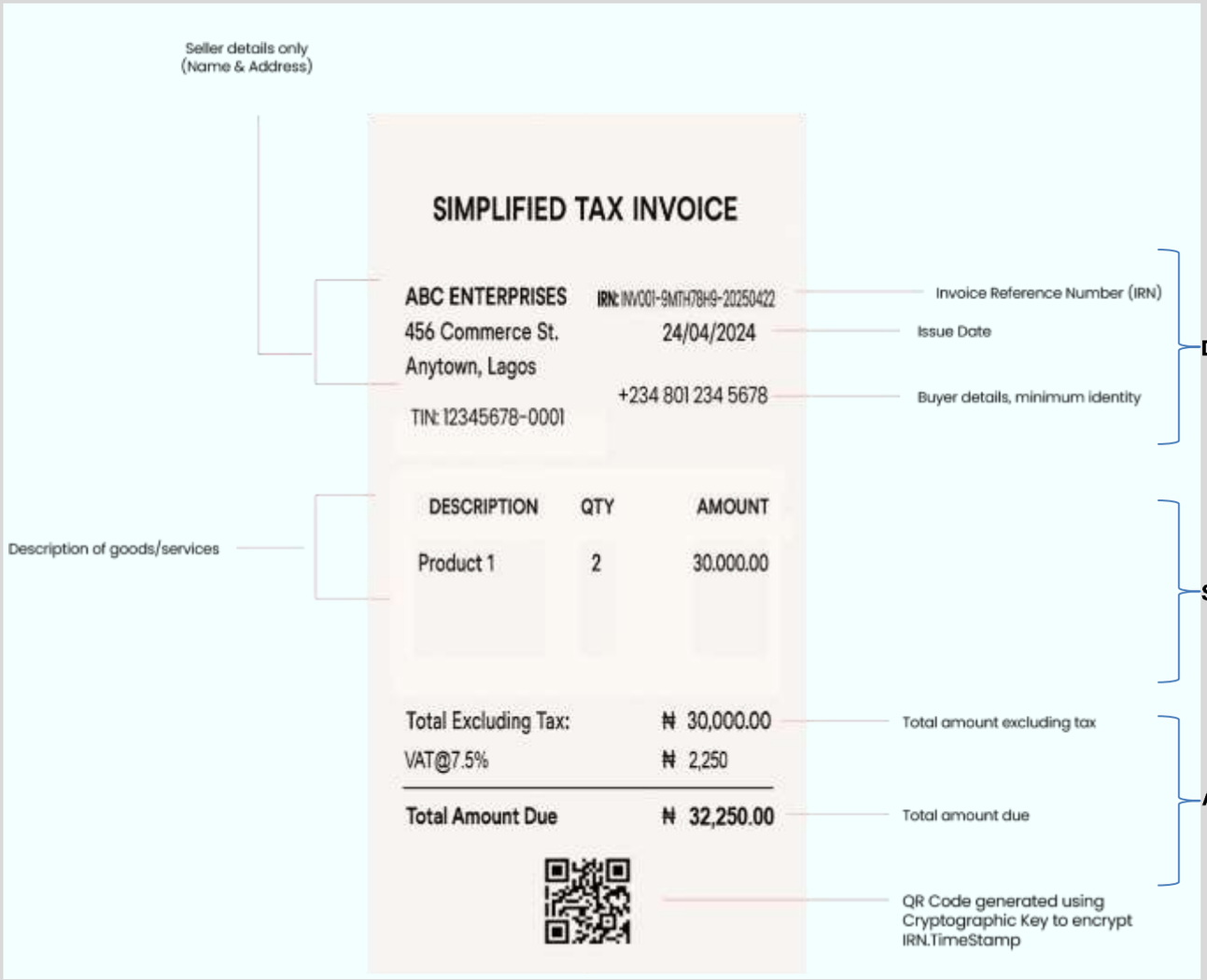
E-invoicing Solutions

Accounting software installed on PCs, phones, or tablets, and cloud-based platforms. Examples of e-invoicing solutions include online cash registers, virtual cash registers on tablets.

Essential Definitions

Simplified Tax Invoice

A B2C invoice is issued by a business to a consumer, including simplified tax elements such as seller details, invoice number, date, goods or services description, total amount, and applicable taxes.



Essential Definitions

Tax Invoice

B2B invoice typically issued by one business to another, containing required tax details like seller and buyer information, invoice number, date, description of goods or services, quantity, price, tax rates, and total payable.

IRN

Invoice Reference Number

An Invoice Reference Number is a unique identifier assigned to each invoice, used to track and validate the invoice in electronic invoicing systems. It ensures the authenticity and traceability of the invoice throughout the invoicing process.

Verifiable QR Code

The QR Code (Cryptographic Stamp Identifier) serves as a secure, verifiable, and tamper-proof mechanism for e-invoice validation, tax compliance, and fraud prevention.

Encrypted IRN + Time Stamp Cryptographic

Essential Definitions

System Integrator

System Integrators (SIs) are responsible for adapting and standardizing internal accounting or ERP systems to conform with the specifications defined by the FIRS. Their primary role is to ensure that invoice data is structured in the correct format from the source system.

Accesspoint Provider

Access Point Providers are responsible for validating and transmitting invoices. They also serve as the gateway that links businesses' e-invoicing solution with the broader e-invoicing infrastructure mandated by the government.

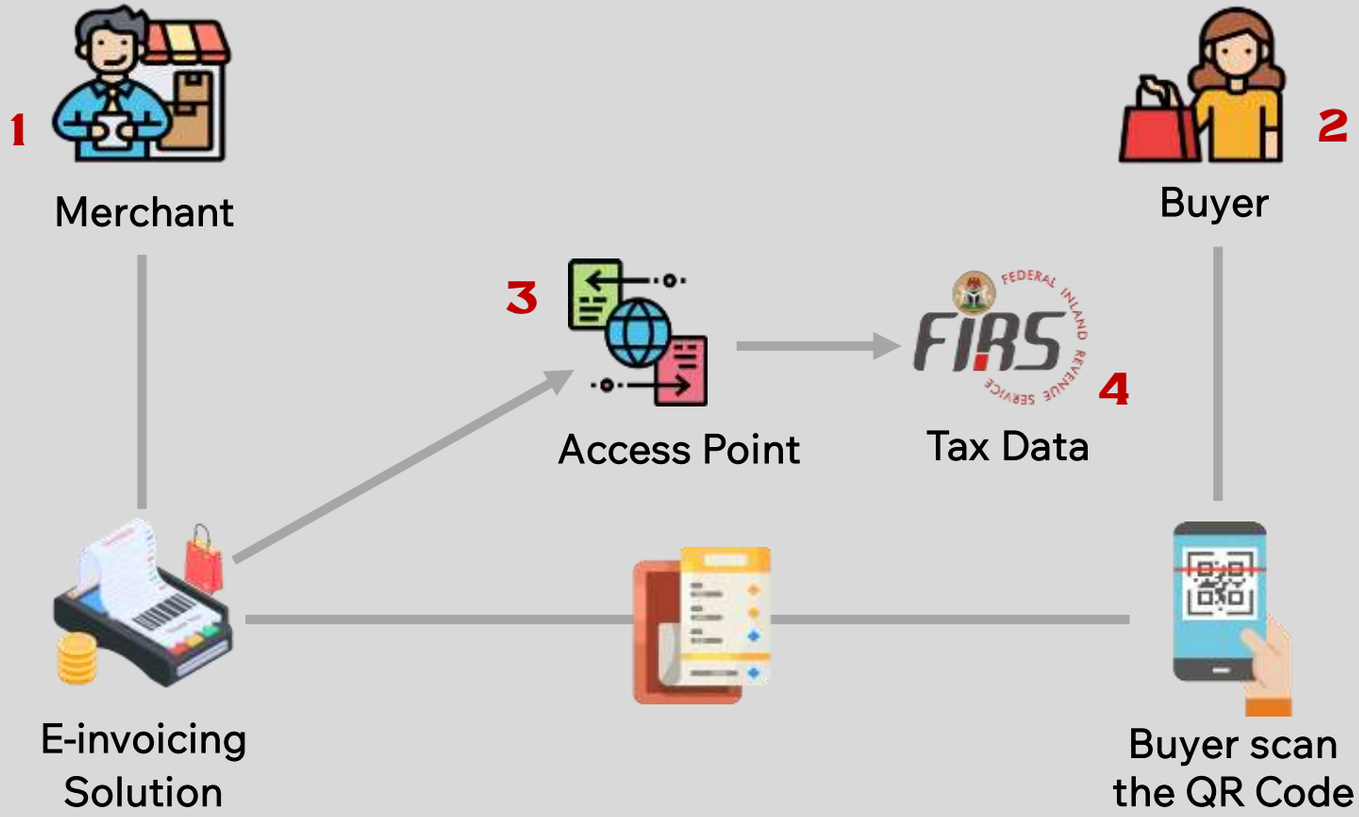
Technical **Presentation**

Model Adopted - Continuous Transaction Controls (CTC)

Business-to-Consumer (B2C)

Enables merchants to automate invoicing for high-volume consumer transactions, ensuring accuracy and tax compliance.

The merchant reports the e-invoice to FIRS near-real time via an integrated e-invoicing solution with FIRS-MBS.



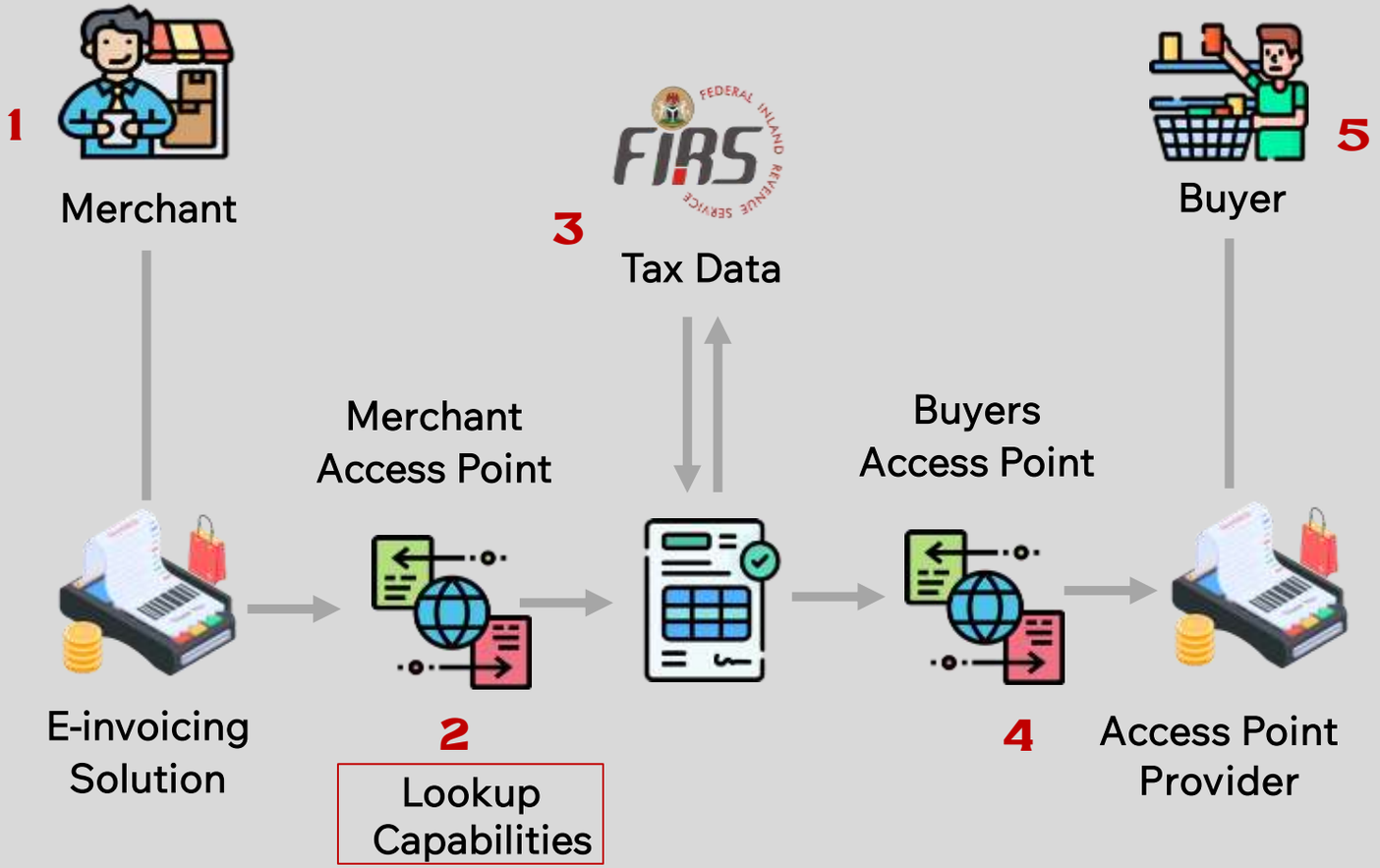
Technical **Consideration**

Model Adopted - Continuous Transaction Controls (CTC)

Business-to-Business (B2B)

Facilitates transactions between Merchants and Buyers, ensuring tax-compliant, standardized invoicing for large-scale transactions.

E-invoice is automatically sent from the supplier's system to the buyer's system without any human interaction



Technical Consideration

Standard Adopted

UBL (Universal Business Language)

WCO Harmonized System (HS) Code

GDPR & NDPA

ISO 20022

ISO 27001

Legal Entity Identifier (LEI)

Compliance and Regulatory Requirements

- Section 23 of the new Nigeria Tax Administration Act requires all taxable supplies to be recorded and reported using the deployed EFS.
- Failure, by taxable person, to issue an invoice is an offence and liable upon conviction of 50% of cost of the goods of which no invoice was issued.
- VAT Act mandates that a person who makes a taxable supply shall, in respect of that supply, furnish the purchaser with an invoice.
- FIRS is empowered to deploy technology to automate the tax administration process including tax assessment and information gathering., provided it gives 30 days notice to the taxpayers

Technical Consideration

Benefits of E-Invoicing – more than "just compliance"

Cost savings
No more paper, printing, or postage costs in AR; reduction in AP costs.

Enhanced security
Secure transmission and encryption help protect against fraud and cyber crime.

Reduced errors
Automated processing reduces human errors and helps to ensure data accuracy.

Increased efficiency
Automated invoice transmission saves time, streamlines processes, and reduces use of resources.

FIRSMBS

Better business relationships
Smoother transactions improves customer and supplier interactions.

Faster payments, better cashflow
Instant invoice delivery speeds up approval and payments and supports cash management.

Enhanced compliance
Automatically generated audit trails support legal compliance.

Expanded global reach
Instant cross-border invoicing facilitates international and local business.

Technical Consideration

How to Onboard

Step 1

Visit firs.gov.ng/login and sign in using your TaxPro Max credentials, or go directly to einvoice.firs.gov.ng.

Step 2

Click on "Enable Me for e-Invoicing" on the dashboard

Step 3

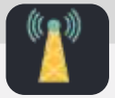
Fill out the enablement form with all required business and operational information.

Step 4

You will receive a confirmation email once your account has been successfully enabled for e-Invoicing.

Step 5

Log in to your e-Invoicing portal, read and accept the Data Privacy & Protection Policy to proceed.



Step 6

Under the Manage Access Point Provider section, review and set the permissions for your selected APP.

Step 7

Go to your developer settings to view and copy your API Keys. These keys are essential for your system integration with the FIRS-MBS Platform.

Step 8

Create, name, and download your cryptographic keys, used to digitally sign invoices and ensure invoice integrity.

Step 9

If you are working with a SI, add them under the System Integrator tab to grant them access to your credentials securely.

Step 10

Begin managing your end-to-end e-Invoicing process.

Operational Consideration

Rollout for the Large Taxpayers

Phase 1

Pilot Deployment (Large Taxpayers)

✓ **Timeline:** November 2024 - June 2025

Key Activities:

✓ Pilot Initiation
✓ Requirement Discovery
✓ System Integration
✓ Stakeholders Engagement & Feedback
✓ Testing & Quality Assurance
✓ Pilot Operationalization

Phase 2

Full-Scale Deployment (Large Taxpayers)

✓ **Timeline:** July 2025 - December 2025

Key Activities:

✓ Sensitization & Awareness campaign
✓ Enablement & Integration
✓ Compliance & Monitoring
✓ Evaluation & Feedback
✓ System Improvement & Enhancement

2024 — 2025

Rollout Plan for the Large Taxpayers

1. November 2024

- ✓ Engagement with the selected Large Taxpayers for the pilot phase
- ✓ Enablement of the selected Taxpayers on the MBS Platform
- ✓ Evaluation/ readiness of the Taxpayers ERP Systems

2. December 2024

- ✓ Business System Requirement and Discovery Process
- ✓ Standardization of invoice Schema for B2C and B2B
- ✓ Encryption of IRN and QR code generation
- ✓ MBS Integration with Pilot Access Point Providers

3. January 2025

- ✓ Taxpayer ERP System Integration with FIRS MBS
- ✓ Test generation of Invoice and Reporting
- ✓ Evaluation and Feedback

4. February 2025

- ✓ Test Invoice transmission and validation
- ✓ Taxpayers Engagement
- ✓ Engagement with Tax Consultant
- ✓ Engagement with OEMs (SAP, Oracle, Microsoft...)

5. March 2025

- ✓ Feedback Evaluation and System Improvement
- ✓ System Validation with Large Tax Group
- ✓ Testing and Quality Assurance

6. April-June 2025

- ✓ System enhancement and scaling
- ✓ Taxpayer readiness and enlightenment campaign for Large scale adoption

7. July 2025

- ✓ Deployment to all Large Taxpayers with annual turnover above 10 billion
- ✓ Monitoring, Evaluation and Compliance Reporting

Operational Consideration

Adoption Strategy

1. Raise Awareness

Inform taxpayers about the e-invoice solution, its benefits, and the implementation timeline.

2. Educate and Train

Provide guidance on how to use the new system effectively.

3. Partnership

Collaborate with technology providers to integrate with the e-Invoicing platforms.

4. Encourage Adoption

Promote the advantages of the e-invoice system to encourage voluntary compliance and adoption.

5. Feedback and Support

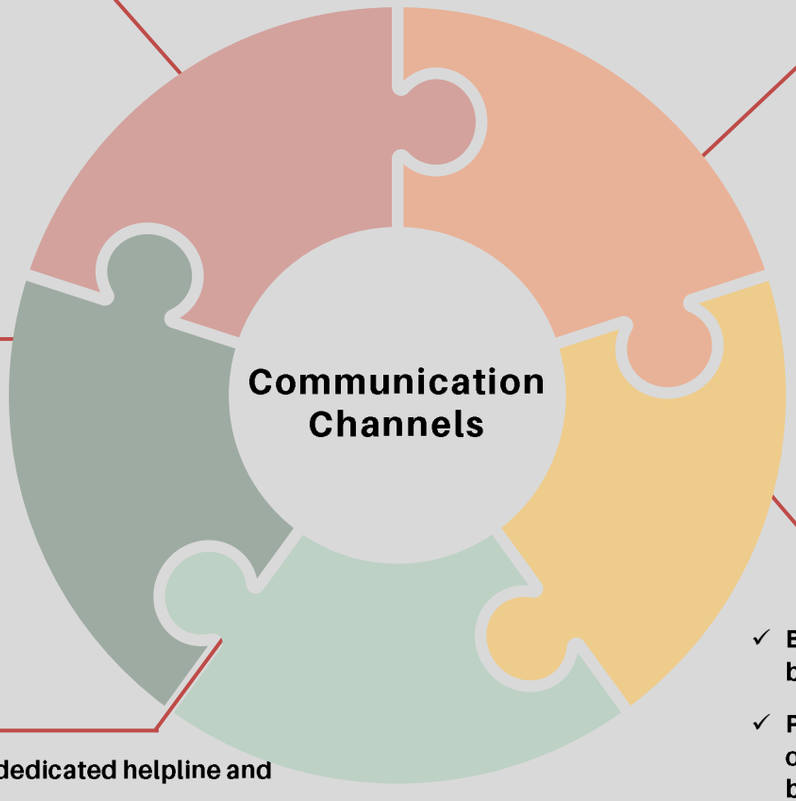
Establish channels for receiving feedback and providing support.

6. Value-Added Services

Utilize e-Invoicing data to offer new financial products, such as invoice financing, credit scoring, and working capital management

Operational Consideration

Communication Channels



Digital Media

- ✓ Website: FIRS website for e-invoice information and resources.
- ✓ Social Media: Twitter, LinkedIn, Facebook, and Instagram to share updates and engage.
- ✓ Email Campaigns: Send newsletters & updates to registered taxpayers and stakeholders.

Traditional Media

- ✓ Press Releases: Issue press releases to major news outlets and industry publications.
- ✓ Radio and TV: Use public service announcements and interviews to reach a wider audience.

Events & Webinars

- ✓ Town Hall Meetings: Organize town halls in major cities to present the e-invoice system and address questions.
- ✓ Webinars: Host online webinars for different stakeholder groups (e.g., small businesses, large enterprises) to provide detailed information and demonstrations.

Print Materials

- ✓ Brochures and Flyers: Distribute at tax offices, business centers, and relevant events.
- ✓ Posters: Display in public places, such as tax offices, chambers of commerce, and government buildings.

Direct Engagement

- ✓ Helpdesk and Customer Support: Provide a dedicated helpline and email support for inquiries.
- ✓ Workshops and Training Sessions: Offer hands-on training sessions for different stakeholder groups, including accountants and business owners.

Operational Consideration

Next Steps & Go-Live Preparation

Immediate Actions

Review e-Invoicing Documentation:

Familiarize with FIRS schema, data standards, and compliance requirements

Complete Enablement Process:

Log on to eInvoice Portal and submit your enablement form

Select APP & SI:

Choose your technical partners for transmission and integration

Generate & Configure API Keys:

Generate Business ID, API keys, and cryptographic credentials

Operational Consideration

Next Steps & Go-Live Preparation

Technical Preparation

Evaluate Your Accounting/ERP System Readiness:

- Ensure it supports UBL/JSON schema
- Engage your OEM for global compliance updates

Integrate with FIRS-MBS Sandbox Environment:

- Test invoice creation, signing, and transmission
- Participate in UAT Sessions with FIRS

Validate Your Invoice Outputs:

- Check compliance using IRN validation & CSID signing

Organizational Preparation

Designate a Technical Lead and Tax Compliance Officer:

- Ensure coordination between IT and Tax functions

Train Internal Teams:

- Finance, Tax, and IT should understand end-to-end flow

Internal Go-Live Simulation:

- Test workflows, error handling, and escalation paths

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NOTE

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