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

INFORMATION CIRCULAR

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SUBJECT: GUIDELINES ON TAX REFUND

These Guidelines are issued for the information and guidance of taxpayers, tax practitioners and the public in line with the provisions of the relevant tax laws.

1.0 Introduction

These Guidelines have been developed to establish a clear, transparent, and standardised framework for tax refund claims, and to provide operational guidance to ensure that such refunds are administered in compliance with statutory requirements.

2.0 Legal Framework

Sections 55 and 56 of the Nigeria Tax Administration Act (NTAA) No. 5 of 2025 and Section 155(2) of the Nigeria Tax Act (NTA) No. 7 of 2025 provide for the statutory basis, conditions and timelines, for processing refunds of any overpaid or excess tax made by or on behalf of a taxpayer by the Nigeria Revenue Service (NRS).

3.0 Types of Tax Refund

3.1 Refund of Excess Tax

This refund arises from overpayment or excess payment of tax by a taxpayer. All refund claims under this category is subject to a tax refund audit, to verify the accuracy of the taxpayer's claim and assess the level of compliance with relevant tax laws.

Payment of approved amount will be effected after the taxpayer has fully paid all outstanding tax liabilities. Taxpayer may opt to set-off such liability with the refund amount.

3.2 Refund for Banks

This refund arises where a designated bank has over-remitted tax revenues into the Service's designated tax collection accounts. The refund will be approved after a desk review to confirm the accuracy and validity of the over-remittance.

A designated bank could apply for refund under the following instances:

Double, Multiple, or Over-Remittances: where it has remitted taxes in excess of the actual amount due as a result of posting errors. These errors may fall into any of the following categories:

a. **Over-remittance:** This occurs when a bank remitted an amount greater than the tax collected. *Example:* A tax payment of ₦600,000 is mistakenly remitted as ₦6,000,000.
b. **Double or multiple remittance:** This arises when the tax amount collected is remitted more than once for a single transaction. *Example:* The tax payable is ₦480,000, but the bank remitted the ₦480,000 more than once.
c. **Wrong remittance:** Wrong remittance occurs when a designated bank remitted a tax payment intended for a State Internal Revenue Service(SIRS) into a NRS designated account.
d. **Error of Transposition:** An error of transposition arises when the positions of one or more digits in a tax amount are inadvertently reversed or altered. This error may be committed either by the designated bank or the taxpayer and can lead to over-payment or underpayment of taxes.

   Example: A payment of ₦4,573,942 is mistakenly posted as ₦4,753,942.

Note

Designated banks are not allowed to offset any over-remitted amount against their future tax collections. Instead, they are required to formally apply for a refund of the excess amount remitted beyond what was due.

3.3 Other Types of Refund Claims

This category covers refund claims arising from any payments that may have been erroneously remitted into NRS tax collection accounts by Ministries, Departments and Agencies (MDAs), corporate organisations, enterprises, Non-Governmental Organisations (NGOs), or individuals. Such refunds are processed upon verification that the payment was not due to the Service, overpayment or payment in error.

4.0 Eligibility for Tax Refund

A taxpayer is eligible for a refund where:

a. tax paid is in excess of the amount due in the year of assessment;
b. tax has been overpaid due to an error in assessment;
c. there is double payment or erroneous payment of tax;
d. input VAT exceeds output VAT;
e. VAT is paid on goods purchased for use in humanitarian donor funded projects
f. VAT is charged and remitted on zero-rated and exempt supplies;
g. payments due to other tax authorities but wrongly paid into NRS tax collection account;
h. WHT remitted to the Service at rates higher than the statutory rates;

i. payment meant for other agencies but wrongly paid to the Service;
j. wrong remittance by banks, MDAs or taxpayers; or
k. any other claim that may be eligible for refund.

5.0 Refund application procedure

1. A refund application can be accessed using the NRS tax administration solution or via an application addressed to the Executive Chairman of the Service, which must contain the following information:
   a. name and Tax ID of the applicant;
   b. basis for the refund claim;
   c. tax type for which refund application is being made;
   d. amount of the tax to be refunded;
   e. period in which transactions giving rise to the refund claim occurred;
   f. nature of the transaction;
   g. any other relevant information; and
   h. a formal declaration signed by the applicant (in case of an individual), or a director, principal officer, or authorised officer of the entity, affirming that the refund claim is true, correct, and complete in every material respect.

2. The application should be accompanied by relevant documents in support of the claim.
3. No claim for a tax refund will be allowed unless it is made within six (6) years after the end of the relevant year of assessment.
4. An applicant is expected to have filed all tax returns that have become due. A claim will not be processed until all returns due are filed.

6.0 Time frame for non VAT tax refund

A tax refund due shall be settled within 90 days of the decision of the relevant tax authority or the amount to be refunded be applied as a set-off against any tax liability of the taxpayer.

7.0 Documents required to support tax refund claim

7.1 Income tax refund

1. The following documents are to be presented by a refund applicant to facilitate the processing of the application for income tax refund, including refund of withholding tax credit:
   a. evidence that the applicant has filed up to date returns and paid all assessed taxes;
   b. completed application form as may be prescribed by the Service and original copy of tax refund application described in paragraph 5.0 (1) of these Guidelines; and
   c. evidence of overpayment of tax.

2. In case of application for the refund of excess or unutilized WHT credit, the following additional documents are required:
   a. WHT schedule (both hard and soft copy)
   b. WHT payment receipt (where applicable)
   c. original WHT credit notes

Where the refund application is submitted at any NRS tax office, the Tax Controller shall forward such application together with other necessary documents/information to the office of the Executive Chairman, NRS.

7.2 Refund to designated bank

Where a designated bank makes request for refund, the application must be on the bank's letterhead and signed by authorised signatories. The refund application should contain the following:

a. a letter from the bank indemnifying NRS against any future loses that may arise from the refund;
b. statement of declaration that the refund claim has been made truthfully and correctly in every material respect;
c. E-ticket (electronic payment acknowledgement receipt);
d. payment instruction used for the remittance;
e. original NRS receipt issued for the payment where the correction of a wrong payment has been effected by the bank;
f. WHT schedule (where applicable); and
g. PAYE deduction schedule (where applicable).

7.3 Refund to State Internal Revenue Service (SIRS)

Documents to be submitted along with the refund application by the taxpayer to process this kind of refund shall include the following:

a. NRS pay-in-slip/E-ticket (Electronic payment acknowledgement receipt);
b. WHT schedule or income schedule (where applicable);
c. PAYE deduction schedule (where applicable);
d. payment instruction; and
e. original NRS receipt issued for the payment.

7.4 Refund of Stamp Duties

A taxpayer who seeks refund of duty is requested to provide the following documents along with the refund application:

a. original copies of stamp duty receipt;
b. copy of NRS pay-in- slip/E-ticket;
c. payment instruction (where applicable);
d. photocopy of the stamp duty certificate issued by the NRS for utilized stamp duty; and

e. original copy of the stamp duty certificate issued by the NRS for un-utilized stamp duty.

Note:
Except for cases of double or over payment, transactions with a stamp duty certificate is confirmation that the payer has gotten value for the duty paid and shall not qualify for refund.

7.5 Refund of taxes paid in foreign currency

The following documents should be submitted along with the refund application:

a. evidence of payment of the tax;
b. credit note or letter of credit note; and
c. receipt issued by NRS.

Where an applicant submits an application for refund of taxes paid in foreign currency, the approved amount will be paid in Naira at the prevailing rate in which the remittance of the amount to be refunded were made.

8.0 Suspension of refund application

The application for refund shall be suspended or discontinued under any of the following instances:

a. the application was not made by the taxpayer or authorized agent;
b. the application does not contain a statement of declaration that the refund claim has been made truthfully and correctly in every material respect
c. required documents are not submitted with the application.
d. taxpayer voluntarily withdraws the application.
e. tax deducted at source (Withholding Credit Notes) have been fully utilized.
f. The application or refund claim has become statute barred.

9.0 Payment of Tax Refund

All successful applications for tax refund will be processed for payment upon the approval by the Executive Chairman in any of the following ways:

9.1 Cash refund: cash refund shall be made through e-payment platform to taxpayer's nominated account.

9.2 Utilization of excess payment or withholding credit notes: the taxpayer has the option of using the approved refund amount as set–off for payment of future taxes.

9.3 Others:

a. For bank or stamp duty refunds, payment shall be made to applicants or beneficiary net of all commissions i.e. collecting bank or other similar fees.
b. If the refund arises from an error by the Government or an MDA, the Service may refund the approved amount to the beneficiary.

Note:

i. The Service shall recover all outstanding tax liabilities (if any) from refundable amount irrespective of the tax type that generated the refund. The balance after this recovery shall be paid to the beneficiary or may be used as set-off against future tax liability of the taxpayer.
ii. All commission recovered shall be paid into the NRS' Fund Account.

9.4 Account of Payment

1. In the case of cash refund, taxpayer must provide account details with the following information:
    a. account name;
    b. account number;
    c. name of bank;
    d. sort code;
    e. Bank Verification Number (BVN); and
    f. Taxpayer identification number (Tax ID)

2. In the case of taxpayers registered with the Service, the account details provided above should be the same with the details in the Service's database.
3. In case of payment to SIRS, the account details and Tax ID of the SIRS must be provided.

9.5 Change of bank details

Where a taxpayer applies for change of bank account details, the new account details must match with the taxpayers details and shall be subject to the approval of the Service.

10.0 Value Added Tax (VAT) Refund

10.1 Procedure for VAT Refund

1. A refund application for VAT can be accessed using the NRS tax administration solution or via an application addressed to the relevant Executive Director of the Service, which must contain the following information:
    a. name and Tax ID of the applicant;
    b. basis for the refund claim;
    c. amount of the tax to be refunded;

d. period in which transactions giving rise to the refund claim occurred;
e. nature of the transaction; and
f. any other relevant information required by the Service.

2. The application shall be accompanied by relevant documents in support of the claim.
3. The request for refund must be submitted within 12 months from the date of the transaction that generated the claim, otherwise, the right to such refund will be forfeited.

11.0 Instances for VAT Refund

11.1 Where input VAT exceeds output VAT

Illustration 1:

Home Appliances Ltd purchased a consignment of air conditioners and paid ₦5,400,000 as input VAT on the items. Towards the end of the financial year, the company introduced an aggressive end-of-year sales promotion to clear slow-moving inventory. As part of the promotion, the selling price per unit was reduced from ₦350,000 to ₦250,000.

Due to the reduced selling price, the total output VAT generated amounted to ₦1,875,000, which was insufficient to absorb the original input VAT of ₦5,400,000.

Treatment:

Input VAT refundable =₦5,400,000−₦1,875,000=₦3,525,000

11.2 Inability to claim input tax in cases where output tax has been deducted at source.

Illustration2:

ABC Engineering Ltd provides installation services to a government agency. Under the deduction at source rule, the agency deducts 100% output VAT at source and remits it directly to the NRS.

i. Input VAT incurred on purchases and materials: ₦4,800,000
ii. Output VAT withheld and remitted by the agency: ₦4,000,000

Because the entire output VAT was withheld at source, ABC Engineering cannot offset its input VAT.

Treatment:
Refund claimable:

output VAT deducted at source………………. ₦4,000,000

input VAT……………… ……………………………….. ₦4,800,000
amount claimable ……………………………………₦800,000

Note
The ₦4million output VAT deducted at source from ABC Engineering will be remitted on its behalf by the collecting agent and credited to its account with the NRS. The company can claim its input VAT against the output VAT or output VAT from other supplies on the due date. Any excess input VAT may be carried forward to the following month or claimed as refund.

11.3 Errors, omissions or mistakes in returns rendered by taxpayers

Illustration 4:
During VAT filing for the month of March, Prime Retail Stores mistakenly added a zero to output VAT payable.

i. Actual output VAT for the month: ₦1,850,000
ii. Amount mistakenly reported and paid: ₦18,500,000
iii. Excess payment due to error: ₦16,650,000

the excess VAT remitted qualifies for refund or set-off.
Refund claimable: ₦16,650,000

11.4 VAT paid on exempt items

Input VAT incurred on exempt items cannot be claimed against output VAT, hence it should be expensed in the income statement.

12.0 Time Frame for processing of VAT Refund
Where a valid request is submitted by a taxable person, the Service shall, within thirty (30) days of receiving the request, either refund the excess tax to the taxable person or set off against the refundable amount against any tax liability as may be requested by the applicant.

Note
A request for refund is valid when all prescribed information and required supporting documents have been accurately provided. Only valid applications trigger statutory timelines

13.0 Requirement for refund of VAT

The following documents are required when applying for a refund of VAT:

a. schedule of VAT refund claim,
b. with respect to claims on zero-rated items, description of goods or services on which VAT was paid,
c. evidence of VAT remittance,
d. NRS receipt issued for payment made,
e. import duty documents (where applicable),
f. necessary exemption certificates (where applicable),
g. any other document that may be applicable.

14.0 Refund of VAT paid by Diplomats, Diplomatic Mission and International Organisations on Goods and services purchased.

14. 1 Eligible Applicants for Refund

The following persons or Organizations are eligible to apply for refund of VAT:

a. Diplomats (foreign employees of embassies/missions not below the rank of third secretary).
b. Diplomatic Mission (Embassies and High Commissions).
c. International Organizations conferred with diplomatic immunities and privileges by the Honorable Minister of Foreign Affairs by an Order published in a Federal Gazette.

14.2 Eligible Transactions

Payments that qualify for refund under these Guidelines are VAT paid on goods and services purchased or imported by Diplomats, Diplomatic Missions and International Organisations.

International Organisations for the purpose of this Guidelines are conferred with diplomatic status, by an Order published in the Federal Gazette by the Minister of Foreign Affairs, pursuant to Section 11 (2)(a) of the Diplomatic Immunities and Privileges Act, Cap. D9 LFN 2004 (as amended).

14.3 Process of VAT Refund for Diplomats

A refund application for VAT can be accessed using the NRS tax administration solution. For manual application, the following process below is to be followed:

a. make applications addressed to the Executive Chairman NRS, through the Ministry of Foreign Affairs.
b. the refund applications are to be collated by embassies/diplomatic missions and channeled to NRS through the Ministry of Foreign Affairs on a monthly basis.
c. the original VAT invoices, clearly showing VAT charges should be submitted with the refund applications for verification and custody.

d. where necessary and upon request, a VAT invoice that has been processed for VAT refund may be returned to the diplomat but will be stamped 'VAT REFUNDED'.
e. the concurrence of the Ministry is required for the refund. Consequently, the Ministry is to vet the applications and confirm that the beneficiaries are Diplomats that qualify for the refund.
f. VAT refund request on any transaction must be made not later than twelve months after the transaction date otherwise it shall lapse.

14.4 Process of VAT Refund to International Organisations

A refund application for VAT can be accessed using the NRS tax administration solution. The application must be accompanied with following:

a. a copy of the Order, published in the Federal Gazette by the Honorable Minister of Foreign Affairs, conferring such organization and/or its employees, with diplomatic immunities and privileges, pursuant to Section 11 of the Diplomatic Immunities and Privileges Act must be attached to the application,
b. the original VAT invoices, clearly showing VAT charges with the refund applications for verification and custody, and
c. where necessary and upon request, a VAT invoice that has been processed for VAT refund may be returned to the diplomat but will be stamped 'VAT REFUNDED'.

VAT refund request on any transaction must be made not later than one year after the transaction date.

15.0 Tax invoice to support VAT refund

A tax invoice submitted to support refund request is expected to contain the following information:

a. supplier's tax ID;
b. an invoice number;
c. name and address of the supplier;
d. supplier's incorporation or business registration number as applicable;
e. the date of supply;
f. name of purchaser or client;
g. gross amount of transaction; and
h. VAT charged and the rate.

16.0 Offences and Penalties

S/N	Offence	Penalty
1.	Obtaining refund of VAT through a false or fictitious claim	100% of the VAT amount refunded plus interest at the prevailing Central Bank of Nigeria Monetary Policy Rate.
2.	Obtaining any other tax refund through a false or fictitious claim	50% of the amount refunded plus interest at the prevailing Central Bank of Nigeria Monetary Policy Rate.
3.	Other offences	As prescribed by the law.

17.0. Amendment or Review of Guidelines

The Service may, at any time, review, withdraw, amend, replace or publish an updated version of these guidelines.

Tax Enquiries

Further enquiries on these guidelines should be directed to the:

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

Or

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

Or
Email: *tpad@nrs.gov.ng*