



OECD

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SPECIAL PURPOSE INVESTIGATION BUREAU, TAX INVESTIGATION &
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At the Training:

**Anti-Money Laundering: Current Trends, Prosecutions, and the Challenges
presented by Crypto Assets (Specialty) Virtual Programme.**

From 16th to 20th June, 2025

Overview of the Special Purpose Investigation Bureau

The Special Purpose Investigation Bureau is one of the three (3) Bureau under the Tax Investigation and Enforcement Department (TIED) of the Service. It is based in Abuja, and its jurisdiction is the entire country.

- **Objective of the Department:** To detect, disrupt, deter and prosecute tax crimes.
- **Triggers for Special Purpose Investigation:**

In additions to triggers stipulated in laws relating to the FIRS, guidelines and released circulars, triggers for special purpose investigation includes:

- ✓ Cases under investigation by other law enforcement agencies such as EFCC, ICPC, Interpol Investigation, National Assembly oversight functions etc.
- ✓ Referrals from anonymous tips or whistle blowers
- ✓ Fraud cases referred from top management and other department of the Service.
- ✓ Illicit Financial Flows (IFFs) involving frequent or large cash transactions that may be indicative of unreported income
- ✓ Investigation of financial crimes/fraud cases reported by National dailies, international media or other electronic media
- ✓ Alleged diversion of sales proceeds to personal bank accounts of directors/proxies and other related entities bank accounts.
- ✓ Aggressive tax planning schemes by local and multinational entities among others.

The Nigeria Story:

- Money laundering and tax fraud is a longstanding problem in Nigeria, and it has affected the country's ability to mobilise revenue needed to facilitate national growth and development.
- Billions of US Dollars have been reported lost to tax fraud and mitigating this menace has become a high point of call to past and present Executive Chairmen of the Service (FIRS).
- In 2021, the former Executive Chairman, Mr Muhammad Nami, stated that Nigeria reportedly lost "\$178 billion to tax evasion by multi-nationals in ten years from 2007 – 2016".

CASE STUDY – TAX FRAUD & MONEY LAUNDERING CASE

- **Case Referral & Approval:** A Company owned by some Chinese Nationals were referred & approved by FIRS Management as a result of intelligence report from a law enforcement agency (Nigerian Financial Intelligence Unit-NFIU).
- Intelligence Report: The intelligence report indicated the following:
 - ✓ Frequent/several withdrawals from corporate and personal accounts of directors below Anti-money laundering reporting threshold.
 - ✓ Huge financial transactions in the personal accounts of individuals whose Bank Verification Numbers (BVN) are linked to the Company's bank accounts
 - ✓ Reports of related entities and their financial data
 - ✓ Highlights of Bank transactions

Tax Offences/ Crimes committed

- Some of the tax offences/crimes committed by the Company were:
 1. Tax Evasion: False Statements and Returns - Section 94 of CITA,
 2. False declaration - Section 42 of FIRSEA
 3. Furnishing of False documents - Section 25 of VATA
 4. Evasion of Tax - Section 26 of VATA
 5. Failure to keep proper records & Accounts - Section 11 & 33 of VATA
 6. Aiding and abetting Commission of Offence, etc - Section 36 of VATA

Case Management Approach: Preliminary Review

The Special Purpose Investigation Bureau requested for the following:

- ✓ All previous tax audit & investigation reports were requested and extracted.
- ✓ Bank Statements of the company, directors/proxies and other SPV entities.
- ✓ Customers of the companies were circularised in line with the provisions of Section 26 & 27 of FIRSEA and section 58 & 60 of CITA.
- ✓ Suppliers/vendors were circularised
- ✓ All Corporate Affairs Commissions registration documents (including the MEMART & Particulars of Directors).

Analytic Reviews/Extractions:

The Tax Returns were extracted from the Service's TaxPro Max

Bank statements and data/information from circularisation were extracted and reviewed.

Investigative Techniques Applied

- The investigation team used the following investigative techniques during the investigation to unravel the tax fraud:
 - ✓ Desk review/preliminary review
 - ✓ Data Mining & Analysis
 - ✓ Circularized Third parties (Company's customers & suppliers/vendors)
 - ✓ Circularized the Company's Banks
 - ✓ Analytical Review
 - ✓ Interviews & Questionnaires
 - ✓ Field Investigation
 - ✓ Search & seizure

Inter-agency co-operation:

- We received financial intelligence report from Nigeria Financial Intelligence Unit (NFIU) that provided key insight into the financial transactions of the entities & the directors/proxies/representatives in addition to intelligence report from the Tax Data Management Department of FIRS.
- The case was further referred to Economic & Financial Crimes Commission (EFCC) to handle the money laundering allegation.

The Service (FIRS) continue to collaborate with other law enforcement agencies such, ICPC, Nigeria Police etc. in its quest to curb tax fraud, illicit financial flows, money laundering and other economic crimes in Nigeria.

Findings

- The Company has an accounting system/software in Chinese for recording transactions and issuing sales invoices.
- Representatives of the Company registered several business names/enterprises using proxies, associates & other Chinese nationals, opened bank accounts for the registered entities and were diverting the sales proceeds into these Bank accounts.
- The Company will issue an invoice and request that the customer make payment into the bank accounts of the above stated representatives
- The Bank Accounts opened will be operated for a while and then closed.
- Sales proceeds were also diverted into individual (Chinese proxies & associates) Bank Accounts. These individuals will stay briefly in Nigeria and then returned to China (high foreign employee turnover).

Findings continued.....

- Some Sales proceeds were also paid directly to suppliers Bank accounts (The Company will direct their customers to pay directly into the suppliers' Bank accounts) so that the sales revenue would not be seen or traced to the Company's bank account.
- The Cost/Expenses were under reported as a result of the Income understatement.
- Stamp duties were not paid on the Technical Agreement & other software agreements for the period under investigation.
- The Financial Statements submitted to the Bank to obtain credit facilities (loan) were different from the one filed with the Service.
- The Company withdraws funds from the bank accounts and convert those withdrawals to US Dollar. These Dollars are then taken to China.

Conclusions/Results:

- The Company under reported its income (Tax Fraud) and the Income diverted for the period under investigation were all brought into the tax net.
- The taxes (Income Tax, Stamp duty, Valued Added Tax & Withholding Tax on qualifying transactions) were all recovered.
- Penalties and interest were applied in line with the provisions of the relevant tax laws.
- Company's Principal Officers were recommended for prosecution



THANK YOU & QUESTIONS!