

# SMES: TINS, TCCS AND UNDERSTANDING YOUR BUSINESS: TAX REGISTRATION NAMING



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One of the requirements for SMEs to operate successfully in Nigeria is the payment of taxes. A tax is a compulsory levy on individuals or entities by governments that is used for funding government expenditure and also for the financing of public utilities.

Under Nigerian law, SMEs operating in and registered in the country are required to pay various taxes to different levels of government. At the Federal level, taxes such as Corporate Income Tax (CIT), Tertiary Education Tax (TET), Value Added Tax (VAT), Capital Gains Tax and Withholding Taxes (for deductions made on payments to companies) are paid to the Federal Inland Revenue Service (FIRS). Other taxes such as Personal Income Tax, Business Premises Tax, Development Levy (for employees) and Withholding Taxes (where deductions are made from individuals and unincorporated entities) are paid to the state's revenue service e. g Lagos Inland Revenue Service (LIRS).

### TIN and TCCs: why the fuss?

In order to be able to remit taxes to the appropriate authorities, a taxpayer is required to have a Tax Identification Number (TIN). A TIN is a unique number allocated and issued to identify a person (individual or company) as a duly registered taxpayer in Nigeria. Apart from remitting of taxes, a TIN is also required to operate a business account, to apply for a government loan, register a motor vehicle, apply for a certificate of occupancy, etc. A company's TIN is issued by the FIRS while the LIRS issues TINs to organisations registered as business names.

A Tax Clearance Certificate (TCC) is a certificate issued by the FIRS which confirms that all tax liabilities of an individual or a corporate entity have been paid with respect to a particular fiscal year. To be able to obtain a TCC, a taxpayer would have to remit all applicable taxes as and when due, then make an application for the issuance of a TCC which confirms that all tax liabilities have been paid for that fiscal year.

## Document Checklist

S/N	TIN <sup>1</sup>	TCC
1	Cover Letter (forwarding all the attached documents to FIRS) (To be printed on concord paper)	Cover Letter (forwarding all the attached documents to FIRS) (To be printed on concord paper).
2	Application letter on company letter-headed paper	Application for tax clearance certificate (To be printed on concord paper)
3	Certificate of Incorporation of the Company;	Certificate of Incorporation of the Company;
4	Memorandum and Articles of Association of the Company	Memorandum and Articles of Association of the Company
5	Taxpayer update form;	Taxpayer update form;
6	Form CAC 1.1 (Application for Registration of Company) of the Company;	Form CAC 1.1 (Application for Registration of Company) of the Company;

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### Disclaimer

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<sup>1</sup> Two copies of all the documents are required when making your application as one set of documents will be submitted to the FIRS while the other set of documents will be stamped and signed by an FIRS official as evidence that you have made the application. Original documents should also be provided for sighting.