

# Tax Appeal Tribunal departs from its earlier decision on Imported Services

**Tax Alert****April, 2016**

The Tax Appeal Tribunal (TAT) sitting in Lagos on 12 February 2016, in the matter between *Vodacom Business Nigeria Limited (as Appellant) and Federal Inland Revenue Service (as Respondent)* (Suit No. TAT/LZ/VAT/016/2015) delivered another judgment on Value Added Tax (VAT) on imported services.

The dispute in this case arose as a result of the imposition of VAT on the transaction between the Appellant and New Skies Satellites (NSS); a Netherlands based company, which supplied bandwidth capacities to the Appellant for the Appellant's use in Nigeria. The TAT had to determine whether bandwidth capacities are not exempted under section 2 of the Value Added Tax Act (VAT Act) Cap V1 laws of Federation of Nigeria (LFN) 2004. More importantly, the TAT had to determine whether the transaction between the Appellant and NSS was a transaction subject to VAT in Nigeria.

In the TAT's judgment, it dismissed the appeal and held that the Appellant's transaction for the supply of bandwidth capacities was chargeable to VAT and upheld the VAT re-assessment of the Respondent, also the decision seem to be a departure from the TAT's previous decision in *Gazprom Oil & Gas Nig. Ltd v. FIRS (Suit No. TAT/ABJ/APP/030/2014)* delivered on the 10 June 2015 on VAT on imported services. Does these judgment leave taxpayers more uncertain or does it lay to rest the controversy of VAT on imported services? Could it be that more unresolved questions have resulted as a result of this judgment? Or could the TAT had given two different decisions for two different reasons?

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