

## NIGERIA'S E-INVOICING REVOLUTION: THE FIRS MERCHANT BUYER SOLUTION

### INTRODUCTION

On Tuesday, April 29, 2025, the Federal Inland Revenue Service (FIRS) formally inaugurated the National E-Invoicing Solution Inter-Agency Steering Committee at its headquarters in Abuja. This committee was set up to drive the seamless implementation of the e-Invoicing Initiative and enhance collaboration amongst key stakeholders—FIRS, Nigerian Customs Service, Nigeria Inter-Bank Settlement System (NIBSS), Nigeria Customs Service, Financial Institutions and Tax Payers. Prior to this time, the FIRS has held stakeholder's meetings with industry leaders and tax consultants to air their opinion on E-Invoicing.



In a bold and strategic move toward digitizing Nigeria's tax ecosystem, the Federal Inland Revenue Service (FIRS) launched the **Merchant Buyer Solution (MBS)** and **Electronic Invoicing (e-Invoicing) System**. This initiative is a cornerstone in FIRS' drive to modernize tax compliance, reduce leakages, and align Nigeria with global best practices as well as the Digital Economy Policy and Strategy (2020–2030).

With over 21 African countries already leveraging e-Invoicing to boost transparency and efficiency, Nigeria's entry into the space is quite timely and necessary.

### UNDERSTANDING THE MERCHANT BUYER SOLUTION (MBS)

The MBS is a secure digital platform that captures the lifecycle of a commercial transaction — from the issuance of an invoice to its validation and exchange.

It replaces traditional paper and even basic digital invoices with real-time, authenticated e-Invoices for B2B, B2C, and B2G transactions.

Each e-Invoice includes:

- Supplier and buyer details
- Product/service description and pricing
- Tax breakdowns
- Total amount due

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These invoices are validated or “fiscalised” through the FIRS system before being transmitted, ensuring accuracy and compliance.

The system is designed to support global standards like Peppol, UBL, and ISO 20022, enabling seamless international transactions and promoting interoperability across borders.

### KEY STAKEHOLDERS

- **Businesses & Enterprises:**

All industries including retail, manufacturing, logistics, and services.

- **International Traders:**

Companies engaged in imports, exports, and cross-border services.

- **Professional Advisors:**

Accountants, Auditors, and Tax consultants.

- **Technology Providers:**

ERP vendors, integrators, and SaaS developers.

- **Government & Regulatory Agencies:**

NIMC, NIBSS, NFIU, NSA, NBS, and NITDA.



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### IMPLEMENTATION TIMELINE

**Pilot Phase:** November 2024 – July 2025, beginning with large taxpayers including telecommunications and manufacturing giants.

**Full Rollout:** Expected August 2025, extending to medium and small enterprises (SMEs). There might be variation in implementation plan.

### KEY BENEFITS OF THE FIRS e-INVOICING SYSTEM

#### 1 Enhanced Transparency and Trust

- Transactions are authenticated in real time, reducing invoice fraud and manipulation.
- Buyers can verify invoices using barcodes or QR codes – a game-changer for trust and due diligence as well as reduces fraud.

#### 2 Reduction in Tax Evasion and Leakages

- Real-time invoice validation makes it harder to underreport revenues or manipulate tax data.
- Helps FIRS track VAT and corporate tax liabilities with improved accuracy.

#### 3 Global Trade Facilitation

- Alignment with international invoice formats makes it easier for Nigerian businesses to engage in cross-border transactions confidently and compliantly.

#### 4 Improved Recordkeeping and Audit Trail

- Automatic archiving of validated invoices helps businesses prepare for audits with minimal stress.
- Reduces disputes and documentation inconsistencies.

#### 5 Faster Payment Cycles and Contracting

The instant validation process helps trigger contractual obligations quicker, especially in B2G and export transactions.

#### 6 Enhanced Data for Policy Making

The FIRS can aggregate transaction data to monitor economic activities, sector trends, and compliance patterns.

#### 7 Standardization Across Industries

Uniformity in invoice formats promotes

interoperability among businesses, banks, and regulatory bodies.

### CHALLENGES TO WATCH AND CONSIDERATIONS FOR STAKEHOLDERS

#### 1 Technological Gaps and Infrastructure

##### Readiness

- Businesses in rural or underserved areas may lack stable internet or digital capacity.
- Downtimes from the FIRS system could affect invoice processing, leading to disputes or delays.

#### 2 Sector-Specific Complexities

- Not all industries operate on a one-size-fits-all model. For example, invoicing in fintech, hospitality, or agriculture may need tailored implementation approaches.

#### 3 Capacity Building and Training

- Many SMEs do not have in-house finance teams. There is a steep learning curve for owners and staff unfamiliar with digital compliance systems.
- FIRS and partners must invest in massive outreach, training, and support to bridge this gap.

#### 4 Integration Costs and Financial Burden on SMEs

- Many small businesses lack accounting software or digital infrastructure.
- Initial costs for integration, training, and system upgrades could strain working capital, especially for cash-based businesses.

#### 5 Cybersecurity and Data Privacy Concerns

- Increased digitization of sensitive financial data calls for stronger cybersecurity frameworks.
- e-Invoices contain sensitive data, making them susceptible to cyber threats and breaches.

#### 6 Change Management Resistance

- As with any major reform, there will be resistance from businesses used to manual or



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be resistance from businesses used to manual or informal invoicing practices.

Overcoming cultural and operational inertia will be critical to achieving full compliance.

### CONCLUSION

#### THE FUTURE IS DIGITAL — EMBRACE IT NOW

The FIRS Merchant Buyer Solution is not just another tax initiative; it is a transformational reform. As Nigeria digitizes its revenue collection processes, businesses must evolve or risk non-compliance penalties and exclusion from modern trade ecosystems.

This is the time for businesses to be proactive by evaluating its accounting systems, train its employees handling invoicing system, and most importantly reconcile its Income, based on the e-invoices generated with financial reporting for audit purpose as well as prepare ahead for full integration.

The benefits are long-term- transparency, credibility, operational efficiency, and a stronger business ecosystem for all.

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For more details, visit the [official FIRS e-Invoicing Portal](#)

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