

Driving compliance through digital efficiency: The FIRS's Merchant Buyer Solution (MBS)



As the global tax environment evolves, tax authorities are rapidly embracing digital solutions to enhance transparency, efficiency, and compliance. In Nigeria, the Federal Inland Revenue Service (FIRS) is advancing this transformation through the introduction of the Merchant Buyer Solution (MBS), a structured e-invoicing platform that sets a new benchmark for invoice processing in the country.

Understanding the Merchant Buyer Solution

The MBS platform is essentially a unified electronic system for issuing, receiving, and tracking invoices and payments between merchants (suppliers) and buyers. The primary value lies in its ability to automate what has historically been a fragmented and manual process, resulting in a structured, secure, and transparent transaction lifecycle.

Rather than relying on varying invoice formats or uncoordinated systems, businesses will now use a centralized MBS portal, ensuring standardization in how tax-related invoices are generated, validated, and stored. The e-Invoice caters to Business-to-Business (B2B), Business-to-Consumer (B2C), and Business-to-Government (B2G) transactions.

Legal capacity of FIRS on MBS

According to Section 25 subsections 3&4 of the Federal Inland Revenue Service (Establishment) Act (FIRSEA) 2007, as amended by FA 2020, “3-The Service may deploy any proprietary or third-party payment, processing or other digital platform or application to collect and remit taxes due on international transactions in the supply of digital services to and from a person in Nigeria, in the case of transactions carried out through remote, digital, electronic or other such platform. 4-The Service may deploy proprietary technology to automate the tax administration process including tax assessment and information gathering provided it gives 30 days’ notice to the taxpayer.”

Benefits for Stakeholders

1. Enhanced Transparency and Accountability

The platform's automated logging creates an immutable audit trail for every transaction. This digital footprint enables buyers to verify invoices and track payments in real-time, offering better visibility into supply chain activities.

2. Built-in Compliance Enforcement

By mandating FIRS-compliant invoice formats, the system automatically reduces common compliance issues, including data errors, omissions, and underreporting. This standardization supports Nigeria's broader tax integrity objectives while simplifying regulatory adherence for businesses.

3. Operational Efficiency

The transition from manual, inconsistent invoicing practices to a streamlined digital process significantly reduces administrative overhead and processing time, allowing businesses to focus their resources on core operations.

Enablement and Integration Pathways

From the MBS portal, there is a deliberate effort to simplify the onboarding process for businesses. Merchants and buyers can independently verify their eligibility status and complete their enablement directly through the online platform. For businesses seeking deeper system integration, the availability of API connectivity and structured invoice schemas ensure flexibility and scalability across various enterprise sizes.

Users can interact with the platform either via direct portal access or through licensed service providers offering tailored integration tools. These providers play a vital role in equipping businesses with the necessary infrastructure, whether in the form of hardware, software, or technical guidance.

Action Steps for Businesses

The rollout of the MBS is more than a regulatory mandate; it is a strategic enabler of efficiency. Businesses should begin by reviewing their current invoicing processes and ensuring they are prepared to transition into the digital framework. Recommended steps include:

- **Verify Eligibility:** Use the MBS portal to confirm their organization's eligibility status and understand specific requirements.
- **Engage Service Providers:** Partner with accredited providers to facilitate system integration.
- **Train Internal Teams:** Implement training programs for finance and tax personnel to ensure a smooth transition to the new digital workflows
- **Stay Updated:** Regularly check the MBS portal for announcements, guidelines, and support resources to stay informed of developments.

Comments

The Merchant Buyer Solution represents more than a regulatory requirement; it is a catalyst for the evolution of Nigeria's digital economy. As businesses adapt to this new framework, they're simultaneously building capabilities that will serve them well in an increasingly digital marketplace.

FIRS has positioned the MBS as a collaborative tool rather than an enforcement mechanism; the current tax drive encourages voluntary compliance and discourages evasion. This approach recognizes that sustainable tax compliance emerges from systems that support business operations while meeting regulatory objectives.

At Grant Thornton Nigeria, we believe that early adoption and proactive engagement with the MBS platform will give businesses a competitive advantage, not only by ensuring compliance but also by positioning them for future digital policy shifts.



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