

# ELECTRONIC FORM M TRANSACTIONS

## 1.1 Introduction

Every standard conventional importation method in Nigeria requires Form m which is the first official document.

An e-Form M is an online obligatory documentation process introduced by the Central Bank of Nigeria (CBN) and the Nigeria Custom Service (NCS). It was put in place by the Federal Government of Nigeria through the Federal Ministry of Finance (FMF) to monitor goods that are imported into Nigeria, as well as enable the collection of import duties where applicable.

**Section A Memorandum 9** of the Foreign Exchange Manual makes it mandatory for importers in Nigeria to register e Form 'M' prior to importation / shipment of goods, whether payment is involved or not.

The guidelines say, "***Any person intending to import physical goods into Nigeria shall in the first instance process the E-Form M through any Authorized Dealer Bank irrespective of the value and whether or not payment is involved.***"

- I. The Customer submits the form M online to the bank of choice for further processing.
- II. The Bank validates the form M details against supporting documents and for compliance with existing regulation.
- III. The approved number in the form **BA105YYYYXXXXXX** or **CB105YYYYXXXXXX** is generated upon validation by Banks. The validated form M moves to the Nigeria Customs Service for further processing.
- IV. The Bank / Nigerian Customs Service may accept or reject the form M.
- V. Upon acceptance or rejection by Bank or the Nigeria custom Service, the processing platform generates a notification to the customer and the processing Bank.
- VI. The Bank also notifies customer of transaction status in case the customer misses out the NCS notification.

- VII. The form M is only valid for importation purpose after it has been duly registered by NCS.
- VIII. The Nigerian Foreign Exchange Guidelines also requires that form M number be captured on the shipping documents (Bill of Lading, Airway Bill, or Roadway Bill).

### **1.2 Where can importers obtain the e-Form M?**

The e-Form M can be obtained on the Federal Government of Nigeria Single Window for Trade portal or through the assistance of the importer's Authorized Dealer Bank.

However, the e-Form M can only be accessed when the importer has fulfilled the following requirements:

- I. Registration of a Taxpayer Identification Number (TIN) at the Federal Inland Revenue Service (FIRS) offices.
- II. TIN validation by the importer at the FIRS offices.
- III. Logging into the FIRS portal to register as importer.
- IV. The Bank/customer has logged into <https://app.trade.gov.ng/formx> to initiate the e-Form M
- V. Forwarding all required documents (Proforma Invoice, Insurance, Certificates for items regulated by either SON or NAFDAC etc.) to the Bank for approval.

### **1.3 Validity of an e-Form M**

The initial life span of a Form "M" is 360 days for general merchandise and 720 days for plants, machineries, and equipment.

Subsequent extension of life span for another 180 and 360 days are allowed respectively by the Bank without recourse to CBN. Any extension after, requires the approval by the CBN.

### **1.4 Requirements for opening an e-Form M**

- I. Certificate of Incorporation (CAC) of the company.
- II. Filled and Endorsed E-Form M Submission Form.
- III. Pro Forma Invoice (which has a validity period of 90days)
- IV. Insurance Certificate (which must be 110% of C&F value)

- v. An Endorsed SONCAP PERMIT/Product Certificate for Standard Organization of Nigeria (SON) regulated Products.
- vi. National Agency for Food and Drugs Administration and Control (NAFDAC) Permit for food, drugs, and chemicals.
- vii. Fisheries Permit for Fish Importation
- viii. In the case of importation of oil products, a current NMDPA (Nigerian Midstream and Downstream Petroleum Authority) Import Permit, Depot License and SONCAP product certificate issued in the name of the Importer is required. Where the Depot License is not issued in the name of the importer, a Throughput agreement between the owner of the depot and importer will be an additional document required.
- ix. Nigerian Electricity Regulatory Commission (NERC) Approval for generating sets and meters.
- x. NESREA Certificate – for used items and chemicals.
- xi. CBN approval in case item of import falls under 43 items listed in CBN circular ref. TED/FEM/FPC/GEN/01/012 dated July 01, 2015.

***\*\*Any other document that may be advised by the regulators from time to time.***

**Important Facts:**

- Handwritten Insurance Certificates are not acceptable for Form M processing.
- Insurance Value must be 110% of CFR Value.
- SONCAP Permit/Product Certificate must be endorsed by the Authorized SON Officials.
- Forms M/ BA Numbers is generated after Form M has been submitted to the Nigerian Customs for Approval via the Single Window for Trade Platform.
- Item of Import that is inspectable is preceded by **"BA"** non-Inspect able Import items are preceded by **"CB"**
- Customers get an alert immediately the Form M has been Submitted and Approved, respectively.
- Importer sends the Form M and BA Number to the beneficiary abroad to facilitate processing of shipping documents and shipment of items of Import.

- Beneficiary sends the shipping documents for processing of Pre-Arrival Assessment Report (PAAR).
- The Shipping Documents include Bill of lading, Commercial/Final Invoice, CCVO, Packing List, Certificate of Analysis, and manufacturer's Certificate of Production.
- After the details of the shipping documents must have been uploaded and validated via Single Window Platform for PAAR applications, the NCS issues the Pre-Arrival Assessment Report.
- Exchange Control Document submitted to the Bank after clearance.
- Amendment of Approved Form M on the Single Window Portal is possible for few fields.
- Cancellation of the Form "M"; substitution of pro-forma invoice and/or substitution of insurance certificate etc. shall be processed in line with the CBN policy.

### **1.5 FORM 'M' FEATURES**

The e-Form 'M' requires several information to be completed before validation by the Bank and subsequent registration by the Nigerian Customs.

The following information should be on the Form 'M'.

- a) Form M No.
- b) Valid for FX status
- c) Processing Bank's name, Branch Details, Address, Town, and Country
- d) Details of the Applicant and the Beneficiary
- e) General Description of the goods being imported, total number of items, sectorial purpose, unit of measurement, the H.S. Code
- f) Ancillary Charges (where applicable), Insurance Value, Date
- g) The Currency, FOB Value, Freight Value, Total Value, Source of Funds, Payment Mode, Details of the Proforma Invoice
- h) The mode of transportation, Country of Origin, Country of Supply,
- i) Port of Loading, Port of Discharge,
- j) Customs' office, Inspection Agent,
- k) Applicant's endorsement and registration of Form M via e-Form M platform
- l) Authorized dealer's validation to Nigerian Customs.

A review of the completed Form 'M' and the supporting documents is undertaken to ensure that the form is correctly filled out and the supporting documents are in order.

#### **1.6 Specific Control Checks around e-Forms M**

- a) The Proforma Invoice must contain the detailed description of the goods imported, commercial name for each item, whether new, used or refurbished etc. it must also show the H.S Code of the import item
- b) Amount on Proforma Invoice agrees with that on the Form 'M'.
- c) Invoice must show separately the FOB value, freight and ancillary charges (if any) and the total value. These separations must be reflected on the form 'M'.
- d) Proforma Invoice must show place of shipment and the port of destination.
- e) Proforma Invoice must be current i.e., within three months of issuance.
- f) Country of Origin and Supply must be shown on the Proforma Invoice.
- g) The applicant and beneficiary with their addresses must be clearly stated on the Proforma invoice and they must correspond to those on the form 'M'.
- h) The beneficiary's telephone/fax numbers should also be clearly stated on the Proforma invoice and must correspond with those on the form 'M'.
- i) Goods must not be on the list of banned import items.
- j) Licenses/permits must be current and valid.
- k) Insurance must cover 110% of the Form 'M' value.
- l) The insurance certificate (electronic) must be obtained locally and uploaded on the form M platform using the policy number.

#### **1.7 Exemption From Inspection**

Some goods irrespective of value are exempted from inspection. Examples are gold, precious stones, object of art, explosives, used motor vehicles, weapons, implementation of war, designated grades of petroleum and refined products, etc. and any such product that may be designated from time to time by the government.

#### **1.8 Controls And Sanctions**

- a) Prompt and accurate returns must be made to CBN when any of the Form 'M' transactions are executed, using the prescribed schedules.

- b) Appropriate sanctions are imposed on authorized dealers who release foreign exchange based on forged documents/inadequate documentation engage in fraudulent transactions, fail to render accurate returns to CBN or fail to report defaulting customers.
- c) Customers who breach foreign exchange regulations and guidelines spelt out by the CBN from time to time shall be appropriately sanctioned.

### **1.9 Accounting Entries**

*Upon successful review the following entries are passed and the form M validated:*

- DR Customers (CBN Fee +Form M Comm. +7.5% VAT on Com)
- CR CBN Form M Suspense Account
- CR Form M Commission Account
- CR VAT A/C

*Upon receipt of CBN debit advice for processed form Ms:*

- DR CBN Form M Suspense Account
- CR: CBN Account

*On Form M Amendment, the following entries are passed:*

- DR Customer (Amendment Commission + 7.5% VAT)
- CR Form M Commission account
- CR VAT A/C

***Charges will be subject to general, or customer specific concessions as approved from time to time.***

### **1.10 The Pre-Arrival Assessment Report (PAAR)**

PAAR is an acronym for Pre-Arrival Assessment Report.

- I. The Pre-Arrival Assessment Report is an import clearance document which details the assessed value, duty payable and related information concerning the import item.

- II. A Pre-Arrival Assessment Report (PAAR) is issued for all imports except those exempted from inspection and those expressly exempted by the Honourable Minister of Finance, provided approval was obtained before shipment of goods.
- III. The Nigeria single window does not allow individuals the right to process PAAR.
- IV. By regulation, the exporter is required to send original PAAR documents for a particular shipment to the Bank. The exporter sends documents (CCVO, Packing List, SONCAP, Commercial invoice and the Bill of Lading) to the authorised dealer bank Directly by courier or any other means.
- V. Form M and PAAR document are needed to clear goods in Nigeria.

PAAR contains basic information on the transaction as provided on the Form M and final documents (shipping documents). More importantly, it details the correctness of the import item by allocating corresponding HS code from which the duty payable will be determined.

#### **1.11 Processing Documents For PAAR**

- I. Shipping documents should always come as either advance set or the original set.
- II. Copies of the below must be forwarded to Customs electronically via the Single Window for Trade (<https://trade.gov.ng>) portal for the Pre-Arrival Assessment Report:
  - ❖ Final Invoice / Commercial invoice (Mandatory)
  - ❖ Packing list (Mandatory)
  - ❖ Certificate of Origin (Mandatory)
  - ❖ Certificate of Analysis (optional)
  - ❖ Bill of Lading (Mandatory)
  - ❖ Regulatory Certificates (Mandatory)

Immediately the PAAR is issued by the Nigeria Customs Service, the customer receives an electronic notification and copy of the issued PAAR on their registered e-mail address. International trade Services Desk Officer also reviews the platform for issued PAAR and sends notification to concerned customers and business relationship team.

### **1.12 Accounting Entries**

For PAAR processed the following income entries are passed:

- DR Customer
- CR Commission
- CR VAT A/C

- a) Charges are subject to general, or customer specific concessions as approved from time to time.

Upon deployment of a functional trade solution relevant accounting entries will be generated and passed by the sys