



CHARTERED INSTITUTE OF  
TAXATION OF NIGERIA

# COMMUNIQUE

## INTRODUCTION

The Chartered Institute of Taxation of Nigeria (CITN) successfully held its 23rd Annual Tax Conference at the Umaru Musa Yar'adua Hall, Murtala Mohammed Square, Race Course, Kaduna between 18th and 21st May, 2021. The Conference with the theme "Taxation for Economic Recovery: A Necessity for Social Engagement and Economic Sustainability" was held in both Virtual and Physical forms.

## OVERVIEW

The hybrid Conference drew participants from within and outside Nigeria. The Governor of Kaduna State, His Excellency Mallam Nasir El-Rufai as the Chief Host declared the 23rd Annual Tax Conference open. There were two lead paper presentations and three-panel sessions during the Conference; each session was capped with questions and answers. The Conference concluded with various submissions in terms of policy, legal and administrative prescriptions to achieve the theme of the Conference.

## DISCUSSIONS AND PRESENTATIONS

The discussions during this conference centred on the following:

- Taxation for Economic Recovery: A necessity for Social Engagement and Economic Sustainability;
- Economic Recovery and Growth Plan: Post COVID-19 Pandemic Assessment and Outcome;
- Prospects and Challenges of Digital Services Tax in a 21st Century Society;
- Taxation and Social Inclusiveness for Economic Growth: Lessons from Developed Economies; and
- Taxation and Entrepreneurship Development: Implications for Job Creation, Skills Acquisition, and Poverty Reduction in Nigeria.

## RECOMMENDATIONS FOR STAKEHOLDERS

At the conclusion of the 23rd Annual Tax Conference, the following specific policy directions and recommendations were proffered for the various taxation stakeholders:

### 1. FOR THE EXECUTIVE ARM OF GOVERNMENT

Recommendations in relation to implementation of the laws as well as policy-making responsibilities of the executive arm of government include:

- Set-up business-boosting policies such as:
  - Tax deferral programmes to create liquidity for businesses;
  - Wage subsidy incentives;
  - Developmental programs that will boost our rural economy and encourage local business growth and development.
- Investment in national Infrastructure
  - The Federal Government should prioritize investment in national capital infrastructure for which economic contribution can be effectively monitored;
  - Consideration should be given to having a reduced recurring expenditure.
- Civil Service Restructuring
  - The manpower composition and the structure of the Federal Civil Service should be reviewed to ensure capable personnel are in the Service as well as deployment of capacity building resources and processes.
- Long-term Perspective
  - The government and citizenry need to keep a long-term perspective for the realization of outcomes and results of economic action plans.
- Diversification of revenue from oil to non-oil
  - Governments should encourage citizens to consider venturing into agriculture and the value chain to help the growth of the economy;
  - Government policy thrust should be directed towards expanding the digital economy and ensure adequate measures for effective taxation of digital commerce in Nigeria and across the borders of the African continent.
- Governments need to invest in tax

administration, human resources, and technology to improve our revenue generation capacity.

- Government support is paramount to drive entrepreneurship and combat the menace of unemployment in Nigeria.
- Government should consider policies to control monopoly of market segments of the economy using the instrument of price control mechanism subject to economic realities of the industry or sector;
- Government should review the application of the tax laws on some activities such as entertainment and religious organisations in order to thoroughly assess the effective tax contributions from the taxable activities in these areas.

### 2. FOR THE NATIONAL ASSEMBLY

Lawmakers should prioritize the enactment of legislations aimed at providing policies and programmes to facilitate entrepreneurship and improve the employability of the working population.

### 3. FOR TAX AUTHORITIES

Recommendations to facilitate tax authorities' responsibilities towards ease of tax administration and paying taxes in Nigeria include:

- Tax Orientation: Awareness creation among the citizenry - both locally and in the diaspora, is key to achieving effective tax systems. Taxpayers should know the workings of the system, and why taxes are to be paid;
- Improved Payment Platform: Functional, robust, simple, easy and adaptable payment platforms are needed to cater for the needs of taxpayers at all tiers of government and across geographical locations;
- Transparent Tax Reporting: The government should, in line with global best practices, make it a priority to monitor and track the inflows and expenditures on tax resources and transparently report these to the key stakeholders;
- Audit and Verification: Periodic risk-based audit of tax records, tax tools, tax processes, and actual taxpayer details is essential for completeness, accuracy, and comprehensiveness;
- Taxation of Digital and Underground Economy: There is a need to firm-up the structure for taxing online businesses such as income from UBER businesses as well as other informal sectors. Source deduction should be considered in this regard;
- Transparency in collection and deployment of taxes to encourage voluntary tax compliance, which is enhanced when government builds trust in the taxpayers in fulfilment of the social contract expectations, thereby eliciting responsible tax behaviour of the taxpayers;
- There should be consistent and adequate education of all categories of taxpayers on the tax system to achieve ease of paying taxes;
- Digital Services Tax (DST) should be applied on businesses operating in the digital space subject to turnover threshold in line with the size of the businesses as per extant tax laws and subject to provisions as applicable to similar businesses;

### 4. FOR THE PRIVATE SECTOR/INDIVIDUALS

Recommendations to ensure that citizens take full advantage of government policies include:

- There is a need for the citizens to be acquainted with the current economic and industrialization agenda of the Federal government and take advantage of available incentives and programmes;
- Citizens should be encouraged to get more involved in agricultural production by investing in cash or food crops, taking advantage of available incentives, to improve the nation's ability to feed its citizens.

### 5. FOR THE AFRICAN UNION (AU)

Recommendations to support African Union trade and investment policies include:

- Suggested Digital Services Tax (DST) rate of between 1-3 % based on gross turnover, should be considered and applicable to both purchases and advertising;
- African Union needs to look at an inclusive framework within the larger tax system in Africa;
- There is the need to address the limited and unbalanced African Tax Treaties;
- African Union should create a platform to discuss common concerns and issues in the light of the political impact across the continent;
- Governments across African Union need to invest in tax administration, human resources, and technology to mitigate loss of revenue.

### 6. APPRECIATION AND UNDERTAKING

- The Institute appreciates its members who attended both virtually and physically. The leadership assures its members that the Institute will not relent in its regulatory functions in the country and undertakes to fulfil its role in tax practice regulation and tax advocacy for the advancement of tax practice in Nigeria.
- The Institute appreciates its partners and donors who supported the organisation of the conference in spite of the effects of Covid-19 pandemic on business income and revenue generation; and despite the uncertain security environment occasioned by activities of bandits in the northern part of Nigeria.
- The Institute undertakes to proffer recommendation and implementation process to respond to the questions put forward in the Keynote address by the Executive Governor of Kaduna State during the opening of the conference in relation to the following:
  - Identifying how to scale up the taxation of the informal sector of the economy;
  - Identifying mechanisms to enable effective taxation of the agricultural sector at the basis;
  - Advising on mechanisms to scale up tax identification records and ensure the capturing of taxable adults in Nigeria into the tax net; and
  - championing the evolvement of techniques for the taxation of the digital economy in Nigeria.
- The Institute undertakes to sustain the economic development and growth of the nation, citizens, and tax professionals; and would come up with vibrant and useful advice that will promote the standard of living and economic health of the citizens; and
- The Institute undertakes to squarely advise the Nation's policy-makers on all the policies that necessarily affect, influence, and improve economic development, most especially;
  - Fiscal policies,
  - Monetary policies,
  - Exchange rate policies,
  - Price policies, and
  - The various regulations that often greatly influence the allocation of resources.

The Conference has stimulated the conversation. It is our hope that the objective of stirring all stakeholders towards ensuring a fruitful engagement that will lead to economic recovery and economic sustainability, will be achieved as Nigeria continues to recover from the impact of the global economic crisis as well as the COVID-19 pandemic.

Adesina ADEDAYO, FCTI  
15th President/Chairman of Council