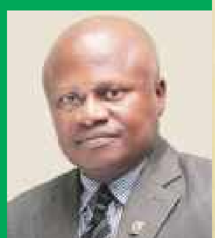
CITN e-NEWSLETTER

The e-Newsletter of the The Chartered Institute of Taxation of Nigeria
(January - August, 2020)

- REALITY OF STAMP DUTY TAX IN NIGERIA
- THE FINANCE ACT 2019 AND CHANGING TAX AND FISCAL LANDSCAPE IN NIGERIA
- TAX AUDIT AND INVESTIGATION: WHAT A TAXPAYER SHOULD EXPECT
- NIGERIA'S 2020 FISCAL REFORMS: 18 NUGGETS EVERY SME MUST KNOW + DO
- CITN HOLDS HER FIRST EVER VIRTUAL AGM
- SECRETARIAT NEWS etc


Awogbade Adefisayo, FCTI
Registrar/Chief Executive

Tax Profession drives the Economy!

THE CHARTERED INSTITUTE OF TAXATION OF NIGERIA

22ND ANNUAL TAX CONFERENCE

WEDNESDAY 4TH - FRIDAY, 6TH NOVEMBER, 2020

MAIN THEME

TAXATION AND ECONOMIC COMPETITIVENESS: IMPERATIVES FOR NATIONAL DEVELOPMENT

WEDNESDAY, 4TH - REGISTRATION
LAGOON RESTAURANT, 1C, OZUMBA MBADIWE STREET, VICTORIA ISLAND, LAGOS, NIGERIA

THURSDAY 5TH - FRIDAY, 6TH - CONFERENCE
EKO HOTEL & SUITES, 1415 ADETOKUNBO ADEBOLA STREET, VICTORIA ISLAND, LAGOS, NIGERIA

FRIDAY, 6TH (4:00PM) - GALA NITE
4TEES HAVILAH HOUSE OF EVENTS, ONIRU ESTATE, VICTORIA ISLAND, LAGOS

Dame Gladys Olajumoke **SIMPLICE**
President
The Chartered Institute of Taxation of Nigeria (CITN)

Mr. Babajide **SANWO-OLU**
Executive Governor
Lagos State

H.E. Muhammad Inuwa **YAHAYA**
Executive Governor
Gombe State

Mr. Muhammad **NAMI**
Executive Chairman
Federal Inland Revenue Service (FIRS)

Mr. Ayodele **SUBAIR**
Chairman
Lagos State Internal Revenue Service

Mr. Olakunle **ALAKE**
Group Managing Director
Dangote Industries Limited

Mr. Nii Ayi **ARYEETEY**
President
Chartered Institute of Taxation Ghana (CITG)

Mr. Mark **FREER**
Africa Digital Tax Leader
Deloitte & Touche
South Africa

Dr. Titilayo Eni-Itan **FOWOKAN**
Chairman
CITN 22nd Annual Tax Conference Committee

Mr. Adefisawo **AWOGBADE**
Registrar/Chief Executive
The Chartered Institute of Taxation of Nigeria (CITN)

FEE:

- Members N100,000.00
- Non-members N105,000.00
- Students N50,000.00
- Virtual Participation N70,000.00
- Foreign Delegates $500.00

SUB THEMES

- African Continental Free Trade Area (AFCFTA): What's in it for Nigeria?
- The digital economy and taxation puzzle: Lessons learnt from Covid-19 Pandemic
- Attracting investments through taxation: Post Covid-19 Strategy
- Designing an inclusive tax system: Citizens perception and the role of fiscal exchange
- Nexus between Tax Practice, Managing a Tax Function and Tax Administration

HEALTH TALK

Dealing with the Silent killers: Symptoms and prevention of High blood pressure, Hepatitis, Hypertension and Pneumonia.

NOTE

- Limited spaces available for physical participation
- No payment will be accepted at the venue

PAYMENTS SHOULD BE MADE TO THE ATC DESIGNATED ACCOUNT PROVIDED BELOW:

Account Details:
The Chartered Institute of Taxation of Nigeria
Access Bank Account Number: **1219103117**

For registration, visit **www.citnevents.org**

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For Foreign Delegates
Afolabi - +234 705 417 1589

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2020/2021 COUNCIL

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Muhammad Kabir UMAR, FCTI
Igho Otejiri ORIENRU, FCTI
Ruth Oluwabamike AROKOYO, Mrs., FCTI
Cecilia Odefenare ODIBO, Mrs., FCTI
Taopheeq Ade-Tunde ORETUGA, FCTI

Rep. CITN in the House of Rep.
Mahuta Babangida IBRAHIM, (Hon.), FCTI

Rep. Executive Chairman, FIRS
Ezra Usman ZUBAIRU, FCTI

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Mohammad Akaro MAINOMA, (Prof.), FCTI

Rep. of Tertiary Education (Polytechnics)
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Aminu Darabati ABDULMUMIN, FCTI

Rep. of Joint Tax Board
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Rep. of Federal Ministry of Finance
Fatima Z. HAYATU (Hajia)

Rep. of Federal Ministry of Education
Bunmi Adetokunbo ADEBANJO, FCTI

Rep. of North-Eastern Region
Ali Manga BULAMA, FCTI

PAST PRESIDENTS

David Ajibola OLORUNLEKE, (Chief), FCTI	1985 - 1995
James Kayode NAIYEJU, (Dr.), FCTI	1995 - 1997
Jacob Babalola OKELE, FCTI (Late)	1997 - 1999
Titus Olukayode AIYEWUMI, FCTI	1999 - 2001
Adebimpe Atinuke BALOGUN, (Mrs.), FCTI	2001 - 2003
Emmanuel Nwafor OSEMENE, FCTI (Late)	2003 - 2005
Gabriel Foluso FASOTO, FCTI	2005 - 2007
Kamoru Adeleke ADIGUN, FCTI	2007 - 2009
Rasaq Adekunle QUADRI, (Prince), FCTI	2009 - 2011
John Femi JEGEDE, (Asiwaju), FCTI	2011 - 2013
Mark Athony Chidolue DIKE, (Chief), FCTI	2013 - 2015
Olateju Abiola SOMORIN, (Prof.), FCTI	2015 - 2017
Cyril Ikemefuna EDE, Chief (Dr.), FCTI	2017 - 2019

Legal Advisers
Abiola SANNI, (Prof.), FCTI
Kayode SOFOLA, (SAN), ACTI
Ike UKO, (Barr.), FCTI
Chukwuemeka EZE, (Barr.), FCTI

Registrar/Chief Executive
Adefisayo Awogbade, FCTI

CITN MANAGEMENT TEAM

Director, Internal Services
'Lanre Olasunkanmi Ph.D, MBA, ACA, FCTI

Director, Corporate Services, Membership and External Relations
Afolake Oso (Mrs.) LLB, BL, FCTI

Director, Education and Professional Services
Oyeronke Ojo (Mrs.) MPA, AMNIM

Director, Research and Professional Standards
Mary-Fidelis Abiahu Msc, FCA, MCIB, ACTI

PUBLICITY, PUBLICATIONS AND BRANDING COMMITTEE

Kato Simon Nwanmaghyi - Chairman
Odibo Cecilia Odefenare - Vice Chairman
Adeniyi Christopher Abiodun
Kayode Adedayo Adeyinka
Yusuf Abdulkarim
Ikeakonwu Emmanuel Ndubuisi
Sanni Adeyemi Sheriff
Babarinde Olatunji Sunday
Eniafe Aderemi Stephen
Ofili Patricia Chinwe
Tijjani Habibu Mohammed
Inyangudoh Aniedi Friday Robert
Ubani-ukoma Kelechukwu
Ndumari Solomon Medugu
Enamudu Benjamin Irashimije Festus
Udenze Julia Chisom
Elaiho Eghosa Marvelline
Aganyi Johnson Oko
Michael Ayo Philip
Abraham Olawale Edward
Oluwagbami Kemi - Secretary
Ohayagha Peter - Asst. Secretary

CITN HOLDS HER FIRST EVER VIRTUAL ANNUAL GENERAL MEETING (AGM)

The Chartered Institute of Taxation of Nigeria held her first ever virtual Annual General Meeting on Wednesday, 3rd June, 2020. The 28th Annual General Meeting, which was aired via zoom to all members was transmitted from the CITN Multipurpose Hall at the Institute's Secretariat. The decision to hold the AGM online arose because of the new normal brought about by Coronavirus Disease (COVID-19) pandemic.

In attendance were: the President/Chairman of Council, Dame Gladys Olajumoke Simplice, FCTI; The Vice President, Mr. Adedayo Isaac Adesina, FCTI; the Deputy Vice President, Barr. Samuel Agbeluyi, FCTI; the Honorary Treasurer, Mr. Innocent Ohagwa, FCTI who joined the meeting from the Institute's Abuja office via zoom; the Social Committee Chairman, Chief D.C.S. Alaribe, FCTI; the Registrar/Chief Executive, Mr. Adefisayo Awogbade, FCTI; *some Past Presidents*, and Council Members, the External Auditors and selected Staff of the Secretariat. Members' attendance at the AGM was by proxy, in keeping with physical distancing measures put in place due to the global COVID-19 pandemic.

The proceedings of the meeting were streamed live for the benefit of all members of the Institute. 522 members which comprised District Chairmen, Practitioners and other members of the Institute were able to connect to the AGM via Zoom while close to 1,800 others viewed the programme on YouTube.

Addressing members during the AGM, the President highlighted some of her key achievements in 2019, including the defense of the CITN Charter, Creation of Opportunities for CITN Members, Membership Development and Branding, Value for Membership, International Relations, Sustainable Revenue Growth/Expenditure Management and Recovery of outstanding subscriptions. Other vital issues pertaining to the Institute were equally discussed.

The Chief Scrutineer, Asiwaju John Femi Sunday Jegede, FCTI read the Scrutineers' report and announced the winners of the 2020 Council Election.

Water, soap and hand sanitizers were provided at the entrance to the Institute while sitting arrangement for the few participants present was in line with social distancing guidelines.

The 2020 AGM though virtual was a well-coordinated meeting as participants took turns to applaud the ICT unit and other staff of the Institute for making it possible.

EXCERPT FROM REPORT OF SCRUTINEERS DELIVERED AT THE 2020 ANNUAL GENERAL MEETING OF CITN ON WEDNESDAY, 3RD JUNE, 2020

In exercise of its powers as stated in Section 4, subsection 3 of the Institute's Charter, the Council appointed the following to serve as members of Scrutineers in respect of the 2020 Council election:

1. Asiwaju John Femi Sunday Jegede, FCTI, PP - Chief Scrutineer
2. Mr. Michael Olaniyi Afolayan, FCTI - Scrutineer
3. Mr. Njidda Apollos, FCTI - Scrutineer
4. Mr. Antonia Koroye, FCTI - Scrutineer
5. Mr. James Sunday Aremu, ACTI - Scrutineer
6. Mr. Mohammed Galadima Ibrahim, ACTI - Scrutineer
7. Mrs. Vivienne Apollonia Eze, ACTI - Scrutineer
8. Mrs. Kemi Oluwagbami - Secretary

VOTING EXERCISE

The e-voting portal hosted on evota.com.ng was opened for commencement of voting on Thursday, 18th May, 2020 at 12:00 noon.

The election was closed on Tuesday, 2nd June, 2020 at 12.00 noon.

As at 18th May 2020 (being the last day for settlement of 2019 subscription and profile update), there were 23,081 active members of CITN as against 21,409 last year; this represents an increase of 1,672 (7.8%).

For the 2020 Council election, 7,840 members were eligible to vote by virtue of being financially up to date as at 31st December, 2019 and having updated their records with CITN (particularly in respect of telephone numbers and email addresses) as against 7,257 in 2019. This gives us an increase of 583 (8%).

Out of 7,840 eligible voters, only 2,871 representing 36.6% actually exercised their rights as against 1,258 eligible voters who voted during the 2019 election. This represents an increase of 1,613 which is 133% over the prior year figure.

ANNOUNCEMENT OF THE ELECTION RESULTS

At the end of the election process, seven members of the Institute participated in the 2020 Council election as approved by Council. The votes recorded by each of them are as listed below:

S/NO.	LAST NAME	OTHER NAMES	MEMBERSHIP NUMBER	VOTES RECEIVED
1	AROKOYO	RUTH OLUWAMIKE	5733	2531
2	ASUQUO	JOSHUA EYO	6288	1045
3	BABARINDE	KOLAWOLE EZEKIEL	10142	1964
4	HIRKOP	DAN-PHILIP	9245	1386
5	ODIBO	CECILIA ODEFENARE	3647	1735
6	OGBEIDE	BENJAMIN EKI	13087	1270
7	ORETUGA	ADE TUNDE	4214	1553

In view of the results presented above, the Scrutineers returned the following four contestants with the highest votes as elected Council members for the next three years:

S/NO.	LAST NAME	OTHER NAMES	MEMBERSHIP NUMBER	VOTES RECEIVED	POSITION
1	AROKOYO	RUTH OLUWAMIKE	5733	2531	1ST
2	BABARINDE	KOLAWOLE EZEKIEL	10142	1964	2ND
3	ODIBO	CECILIA ODEFENARE	3647	1735	3RD
4	ORETUGA	ADE TUNDE	4214	1553	4TH

MEET OUR NEWLY ELECTED COUNCIL MEMBERS

RUTH AROKOYO, FCTI, FCA

Ruth Oluwabamike Arokoyo holds a Bachelor of Science degree in Business Administration and Diploma in Insurance from Ahmadu Bello University, Zaria. She holds professional qualifications including Fellow Chartered Institute of Taxation of Nigeria (CITN), Fellow Institute of Chartered Accountants of Nigeria (ICAN), and Associate Member, Association of National Accountants of Nigeria (ANAN).

She is an Assistant Director Tax and a Tax Controller in Federal Inland Revenue Service (FIRS). Her working career started as an Education officer with the Federal Capital Territory, Abuja from where she transferred her service to the Federal Inland Revenue Service, Abuja. She has worked in different Departments and offices of FIRS in Lagos and Abuja.

Ruth is an alumni of the International Exchange Programme, USA (2008). She has attended several conferences, seminars on taxation and leadership

She ws a pioneer member of the Society of Women in Taxation (SWIT). The Chairperson of SWIT Abuja Chapter (2015-2019). Assistant National Secretary SWIT (2019 to date). A member of the Annual Tax Conference Committee (2010-2020)

She was recently elected into the Council of the Chartered Institute of Taxation of Nigeria. Her coming into the council is to contribute to the improvement of administration and practice of taxation in Nigeria.

CECILIA ODEFENARE ODIBO, Esq., FCTI

CECILIA ODEFENARE ODIBO, is a Lawyer and tax professional who works with Federal Inland Revenue Service (FIRS). She has over Twenty Nine (29) years post call to the Nigerian Bar and Twenty Five (25) years working experience as a tax administrator.

She chaired 'The Tax Law Review Committee and Dispute Resolution Committee of the Federal Inland Revenue Service, all in a bid to contribute to the development of the tax laws in Nigeria, while also contributing to the realization of the Vision and Mission of the Service. As a lecturer and mentor who anchors a social media network on technical tax matters, she has inspired over 125 tax professionals and numerous students alike. She is an ardent promoter of African Women Lawyers' Association, 2nd Vice Chairperson of Society of Women in Taxation (SWIT) – Lagos Chapter and Legal Adviser to CITN Lagos District and Society.

Founder, 'MAHUEMOLEN ADUKE ODIBO FOUNDATION', the very first of all foundations that advocates against Medical negligence in Nigeria
Over the years, she has developed core competencies and skills in Legal drafting techniques; Advocacy techniques; Negotiation techniques; Auditing and Investigation techniques; Communication, conceptual and interpersonal skills. She is also a good team player, with the intent and purpose of contributing to the growth of taxation in Nigeria.

She is a Certified National Accountant, also a fellow and Council member of the Chartered Institute of Taxation of Nigeria.

HOPES AND ASPIRATION AS A TAX COUNCILLOR
* **VISIBILITY:** Promote in all ramifications the visibility of the CITN not only within her primary constituency, the FIRS, but to other frontiers of taxation practice which includes: State Internal Revenue Services, Ministries, Departments, Agencies of Government,

all taxpayers within the nooks and cranny of our nation, Nigeria.

* Initiate programs and activities to the Council that would make the word taxation a product, alluring to the citizenry of Nigeria by bringing its concept to their doorsteps in anyway and anywhere possible until they understand and declare to one another in this manner…' I like paying taxes…with them I buy civilization' – Justice Oliver Wendell Holmes, Jnr.

* **TAX JUSTICE AND FAIRNESS FOR TAXPAYERS:** Promote tax advocacy and ensure that tax justice and fairness is not jettisoned within the social contract arrangements under the Nigerian Tax System.

TAOPHEEQ ADE-TUNDE ORETUGA

A motivated and driven manager with over twenty years' experience in Tax Administration, Taopheeq Oretuga enjoys working and leading a team towards successful outcomes, driving revenue performance. With adequate support to his team members through effective guidance, mentoring and performance review processes. Highly organized and self-motivated with a positive and productive approach to new and challenging working environment.

KEY SKILLS:

* Effective time management skill.
* Well-developed team leadership capability.
* Proven ability to contribute in a team environment
* Effective complaint handler and problem solver.
* Strongly established communication and interpersonal skills.

QUALIFICATIONS (ACADEMIC & PROFESSIONAL):

1. Lagos State Polytechnic, Isolo - HND in Business Administration (1988)
2. University of Ibadan, Oyo State - M.Sc. Banking and Finance (1999)
3. The Chartered Institute of Taxation of Nigeria - Associate and Fellow respectively (2006/2006)
4. The Nigeria Institute of Management (Chartered (1996)
5. The Certified Pension Institute, Nigeria - Associate Member (ACIP) (2006)
6. JTB-Inspector Of Taxes Courses, Akwanga, Nasarawa State - Advanced and Final Level (2006)

CAREER PROGRESSION:

Taopheeq Oretuga was employed into Lagos State Board of Internal Revenue (Now Lagos State Internal Revenue Service), in April, 1990 as Principal Revenue Officer. He is presently one of the management staff, seasoned Tax Administrator, and Head of Tax Audit Review Unit of the LIRS.

SERVICE TO THE INSTITUTE.

- Students' Affairs, Membership & Examination Committee – Invigilator (2001)
- Student's Membership Committee – Screening, Invigilation (2002-2011)
- Students' Affairs & Examination Committee, - Examiner, Chief Invigilator (2012-2014)
- Examination Committee, Examiner, Chief Invigilator (2015)
- Annual Tax Conference Committee Member – Registration (2016 -2020)
- Chartered Institute of Taxation of Nigeria, Ikeja District Society – Financial Secretary (2019-2020)

MANDATE:

- To update and enhance the technical skills of members on tax profession and to bring them up to current development.
- To ensure that the integrity of the institute is protected.
- To encourage members to uphold ethical standards of the profession, and employ ethical approach in the discharge of their duties.
- To ensure full representation of members on improve professional ethics and Standard.

RE-ELECTED COUNCIL MEMBER

BABARINDE EZEKIEL KOLAWOLE, FCTI

He is a fellow of the Chartered Institute of Taxation of Nigeria and member of the Institute of Chartered Accountants of Nigeria. He attended The Federal Polytechnic, Ilaro for his National Diploma and Yaba College of Technology, Yaba, Lagos for his Higher National degree. He proceeded to Lagos State University, Ojo where he obtained PGD Accounting and MBA Financial Management. He bagged MSc Accounting from Caleb University, Imota and he is at present pursuing a doctorate degree (PhD) in Accounting from the same institution. He is one of the few that wrote the Institute's professional examinations, passed all stages at three consecutive diets and came out as the overall best student.

Kola acquired his professional experience at Olufemi Akintewe & Co. (Chartered Accountants) from 1986-1993. He is the Managing Partner, Kola Babarinde & Co. (Financial Compliance Services and Tax Management).

SERVICE TO THE INSTITUTE

- Chairman, Examination Committee (2019-date)
- Chairman, MOU Supervision Team (2019-2020)
- Member, Finance & General Purposes Committee (F&GPC) (2018- date)
- CITN Representative, Extensible Business reporting Language (XBRL) Committee (2018-2020)
- Member, Election Screening Committee (2018-2019)
- Chairman, Annual Tax Conference Committee (2018-2019)
- Member, Action Committee on Actualisation of Tax Academy Building Project (2018)
- Council member, CITN Governing Council(2017- date)
- Vice Chairman 2, Academic Conference Committee (2017-2019)
- Chairman, Publicity & Publications Committee (2017-2018)
- Vice Chairman/Conf. Director, Annual Tax Conference Committee (2017-2018)
- Member, Annual Tax Conference Committee (2013-2017)
- Member, Social and Members' Welfare Committee (2013-2014)
- Member, Social & Members Welfare Committee (2012-2013)
- Chairman, Lagos District Society (2012-2014)
- Vice Chairman, Lagos District Society (2011)
- Deputy Vice Chairman, Lagos District Society (2010)

SERVICE TO OTHER PROFESSIONAL BODIES

1. Honorary Treasurer, Deacons' Board, Winners Chapel, Canaanland, Ota (2004-2008)
2. Chairman, Ayo Ni Landlords Association, Aboro Town, Alagbado (2005-2007)
3. Chairman, Parents Teachers' Association, Faith Academy, Ota (2006-2008)
2. Patron, National Accounting Students Association, Fountain University Branch, Osogbo

HOBBIES

Meeting people, travelling, learning and reading biographies.

MANDATE

His mantra is "***The song must go on***" following his track record achievements as Chairman of the Publicity and Publications Committee in 2018, The Annual Tax Conference Committee in 2019 and now the Examination Committee, he is committed to consolidating and forging ahead on past achievements. He is an achiever!

Muhammad Mamman Nami
Executive Chairman, Federal Inland Revenue Service

REALITY OF STAMP DUTY TAX IN NIGERIA

Following the recent launch of the Inter- Ministerial Committee on Audit and Recovery of Back Years Stamp Duties and the Unveiling of the New FIRS Adhesive Stamp by Mr. Muhammad Mamman Nami, the Chairman Joint Tax Board; Executive Chairman of the Federal Inland Revenue Service , the Nigeria Taxpayers' consciousness was further awakened, not to a new form of tax called Stamp Duties but to the reality of their civic responsibility.

Stamp Duty in Nigeria dates back to 1939 during the colonial days. It was codified into the Nigeria Tax Laws in 1953, and cited at Chapter S8 Laws of the Federation of Nigeria 2004 (as amended).

As a result of the public outcry that greeted the launching of the FIRS adhesive stamp, the Executive Chairman of the Service , Mr Nami has for the purpose of clarity informed Nigeria Taxpayers that :

> **"The 6% duty rate is not chargeable across board. It is only chargeable on rents or lease agreement of above 21 years. If your rent or lease is between 7 and 21 years, the stamp duty rate is 3%. And if you pay your rent monthly or yearly, that is less than 7 years, your Stamp Duty rate is 0.78%. The 0.78% is the rate for most tenants like you and I who live in Suleja or Minna. If your rent is #100,000.00, you only pay 0.78% which is marginal. Of course, those who live in Maitama who pay #10 million as rent will pay more at the same 0.78% because their rent is higher than our own in other parts of Abuja"**

Mr. Nami having allayed the fears that Stamp Duty would not lead to a rent increase has encouraged tenants to calculate the respective rate (percentage) of their rent and pay that fraction of Stamp Duty to the FIRS office nearer to them or at their bank. You should therefore fix the Stamp Duty imprimatur on the tenancy agreement before you sign it with your landlord. It is as simple as that!

Thank you.

Culled by:
Cecilia Odefenare Odibo, Esq. (MN/ 3647)
Council Member.

INTERVIEW SESSION WITH THE PRESIDENT/CHAIRMAN OF COUNCIL,

DAME GLADYS OLAJUMOKE SIMPLICE, FCTI

Madam, we congratulate you on your investiture and election as the 14th President of CITN: Will it be right to say that you feel fulfilled with your attainment of this exalted position?

It's been a long walk having started with CITN since 1982 and going through the whole hub. The interesting thing is that I was just doing my own thing believing that I'm helping an Institute to grow. I was also doing it for my office then Federal Board of Inland Revenue (FBIR) now Federal Inland Revenue Service (FIRS) and I was very happy doing it. I didn't even think I was going to be a member, whatever I did before membership was just to assist the Institute until sometime along the line, Chief Olorunleke told me point blank that "do you know that you are not yet a member of the Institute?, you are just working and working, so when are you going to be a member? It was then it dawned on me that in actual fact, I was not a member. And that is why you will notice that my membership number is 672. I should have been among the first 100 but because I was not even thinking about it, until the Doyen brought it to my notice. That is to say that all those years, I felt committed and now I have worked in virtually all the Committees of the institute and I am very fulfilled to be here as the 14th President of the Institute. It is the crown for all my efforts and I am very happy about that.

..."do you know that you are not yet a member of the Institute?, you are just working and working, so when are you going to be a member? It was then it dawned on me that in actual fact, I was not a member. And that is why you will notice that my membership number is 672. I should have been among the first 100...

What is your vision in the next 2 years, where would you want to see the CITN?

My vision for CITN in the next 2 years is to put CITN in the fore front of Professional Institutes as our mandate is taxation, because without taxation, no nation could survive. Therefore, we have taken the position of taxation, and we want to stay on it.

Fortunately taxation is multidisciplinary and a dynamic field that engages professionals such as, Economists, Lawyers, Accountants, etc. It is also to take us outside to the international arena, as we are part of WAUTI that operates at Regional level, enjoys good working relationship with our counterparts in South Africa and other African countries. This foray extends to Europe as well.

Now, let's delve into your sojourn with CITN, how do you think your membership of the Institute enhanced your career as a tax practitioner?

Now, you cannot talk about my career as a tax practitioner without talking about FIRS. My duty at FIRS; it was providence that took me to FIRS, and it was the training I got from FIRS that gave me the confidence to talk to tax payers. So we became friends with tax payers with a lot of sensitization, talked to them one on one, letting them know the reason they should pay taxes. With the training that FIRS gave me, I was able to work within the foundation of CITN; from Association of Tax Practitioners and Administrators (ATP &A), to Nigeria Institute of Taxation (NIT), to the Chartered Institute of Taxation of Nigeria (CITN). It prepared me richly for this position, and I'm very happy that I went through all these to become what I am in the Institute. FIRS prepared me, CITN gave me the opportunity to do a lot of things, and I'm happy for that.

...in those days the people that practised taxation were accountants, and they believed that they have the knowledge, knowing everything about accounting and taxation, "no problem", but they should know that our instrument of office is the Tax Laws and you cannot run the tax laws more than us (CITN). We were trained in the art and in the implementation of the Tax Laws...

Challenging times and situations......?

First is the issue of finance, because you want to achieve this and that, it involves a lot of money which you cannot afford as at now.

Also, you know, when you have problems with a professional body like ICAN, it's not in the best interest, because it's a big challenge and it pains me. I was there at the beginning and was privy to some sacrifices that some members of ICAN made in the formative years of CITN and then decided to do everything and became chartered to make us like brothers and sisters, and then all of a sudden, the devil raised his head, and that was very challenging. Also, don't forget that it was during the era of Mr. Fasoto, and you know Fasoto was a member of Council of ICAN, however, we went to court and won again and again. Then, we said okay, let's sheath our swords and we sheathed our swords and gave everything that they requested. After doing all these, some people came up again to say "no". I think in this country, we need to respect each other's views and profession.

As the CITN President and a tax practitioner, what are those philosophies that guide what you do?

Philosophy of fairness, philosophy of justice, philosophy of selflessness, philosophy of inclusiveness. Selflessness in the sense that, you look at a project of the Institute, and not what is in it for you. Inclusiveness; don't hide or keep your ideas, don't do things because you want to be seen, do things because you want the Institute to be heard and seen, do things that will move the Institute forward, not you as a person. Also, philosophy of discussion; discuss with others, have an open mind. When your own idea is not taken, listen to others and reach a compromise. If you want to take a decision, discuss it, don't say because you are the President you just take decision without carrying others along. The philosophy of come down from your height, because you don't have the whole knowledge, as you will be surprised that, that cleaner in your office can proffer solutions to what you think is a big problem. So, discuss with people, ask for knowledge anywhere you can get knowledge.

Who can you tell us has been your role model in the tax sphere?

I have two role models; Chief Olorunleke, when I joined the Federal Inland Revenue Services (FIRS), he was the first person I worked with, at the International Tax Division on Double Taxation Agreements. He was like a god to me, because I was new in the Inland Revenue at that time, and for them to just put me in International Tax, I had to go and read widely to learn and I did a lot of things. Whenever he was free, he will answer my questions. He did not say because he was the chairman of the Board he couldn't answer. He had an open and clear mind, you can go to him and ask questions, and that he transcended into the Directors of FIRS. As for FIRS Directors, there is nothing we cannot discuss with one another. Even your family affairs, you can discuss with him. So, Chief Olorunleke is one, I want to be like him when I grow older, I want to have an open mind like him, I

"How many of our members have brought in sponsorship for our programmes? If all of our members will go out there and bring sponsorship, I think we will go a long way....my advice is, show interest in the activities of the Institute..."

want to be able to mentor people like he did. Then Mr. J.K Naiyeju is one person that has been my mentor and a leader of excellence, because Mr. Naiyeju will tell you exactly what it is as it is, and if you make mistakes with him you are in trouble, you cannot make mistake. So, before you even go to him, you must be sure of what you want to talk about, and what does that do to us, it means that you have to build capacity, as he encouraged all of us to do so. When he became the Chairman, he told us to go and professionalize, we have to be professionals that is why you can see that today, FIRS is one agent of revenue services that has the best Staff in this country, as we were properly trained. So, Mr. Naiyeju is another mentor for me and he was the one that encouraged me to be in the practice, because when I retired, he called me and asked me what I wanted to do next, and I told him I wanted to go and rest, before he encouraged me to go into tax practice, which I did. He even gave me an office. So when you have people like Chief Olorunleke and Mr. Naiyeju, you cannot just but enjoy taxation.

In the taxation profession, the Administrators distrust the Practitioners on one hand, and the Tax Practitioners distrust the Administrators, how can

CITN build confidence in the system to reduce this distrust?

This is a very good one. This distrust is the foundation of CITN, so when you talk about the administrators and practitioners, it is this distrust, because in those days the people that practised taxation were accountants, and they believed that they have the knowledge, knowing everything about accounting and taxation, "no problem", but they should know that our instrument of office is the Tax Laws and you cannot run the tax laws more than us (CITN). We were trained in the art and in the implementation of the Tax Laws. Not only that, because you believe that you are accountants, you know it all, we are also accountants on our own side, because we were taught Accounting for Taxation. If you enter FIRS today, you couldn't have done anything unless you go for that course. So what happened was that Accountants would submit accounts to FIRS, and FIRS examines accounts in line with the law. FIRS will say that they are disallowing this or that, while accountants will ask why they are disallowing it, thereby causing a lot of argument about the issues. So, Chief Olorunleke, Mr. Emmanuel Ijewere, Prince Babington-Ashaye came together to form an Association which eventually happened. So, that was how we became an Association and grew from it to NIT and to becoming chartered. Therefore, no one can claim to have the monopoly of knowledge, we need to respect each other's view and profession. These facts need to be known and understood as part of the history of CITN.

What are ***your views on the recently reviewed Value Added Tax and in what ways do you think the increment will bolster the Nigerian economy?***

The VAT issue, I have said it and I will continue to say it that it's one good thing that this government has done, not necessarily for Nigeria, but even for the committee of nations in Africa, because we belong to Africa and we cannot say we are doing business in Africa and our own VAT is down there and theirs is up there. We are doing business together, the least we could do is what we have done now by raising the VAT a bit. I just pity FIRS, because as we are now taking a benchmark for small enterprise not to register for VAT, that bit of VAT is lost. When they say turnover below N25million should not register for VAT, I don't think that is right. They should register for VAT for the purpose of collection of VAT, they may not pay because they are exempted but they should register, so that if you do business with any third party, you can charge the third party to pay the VAT and remit to FIRS. Now, I was at a shop yesterday and somebody came and looked at a dress and they said the dress is N100, 000 and the person bought the dress at N80, 000. Therefore, that buyer is expected to be charged VAT because of the financial value of the dress. So, what I think FIRS should do is to gear up for monitoring of VAT payment. Like we said, the increase, will favour both the State and Local Governments. People should now look at what the state and the local governments are doing with the money and they should be made to account for the money, because it is people that have paid these taxes and it has been remitted to them, it is not just for them to share and just spend "no". They should use it for the benefit of the people. And I will say that, may be Nigerians should just start forming taxpayer's association, even in their local government areas. Government should also continue to publicize how much these local and state governments have received from VAT, so that people will not think they have received so much. So, the VAT increase is fine, needs a little bit of fine tuning "yes".

What are your brief thoughts on the new 2019 Finance Act?

You see, people keep condemning the current administration, I think they should also appreciate it. When we see that something good has been done, we should appreciate it. Now, if you look at the Act itself, the basic things in the Act favour the small and medium enterprises, as they enhance employment for the people of the country. So, the Finance Act is good if it is implemented accordingly. I believe that a lot has been done by the Federal Government on this Act to favour the economy. Let's escalate it, we are going to have our own discussion on this with the ACCA on the 6th of March, 2020, whatever comes out of it, we will escalate to the government on what they should be doing.

As the President/Chairman of Council of the Institute (CITN), what measures do you want to introduce to encourage members' participation in the Institute's programmes?

Let them take interest, because it is in their own interest to take interest. Our website is very interactive now to inform members of our activities, and that is what we need to do, and we will continue to do it. However, we have committees of Council that members can belong to. Everybody cannot belong to committees, so we need to just identify those members who actually want to commit to these committees, not people who think that when they belong to committee, they want to belong to ATC because they can attend ATC free of charge. We need to let them know that "no, it's not like that". Let me tell you, when we started, we were not given anything to come to Council, we were even begging people to come to Council at the beginning of this Institute, and how much were we being given; N2000, N1000, N2500. I mean, you need to be committed, you cannot say this is what CITN should do for me, what do you want give to CITN? And these things have reward. You see, when you are in good line with CITN, people will recognize you; look at Taiwo Oyedele, look at Prof. Somorin, look at Dike, you see, these people are committed, look at Dr. Fowokan, Dr. Godwin Oyedokun. You don't have to become a member of the Institute because you want benefits "no". So, members should take this as a personal development for them. When you talk to some people, they say what is in it for me? If we had said what is in it for me, we won't be here today. This is because, at the time there was nothing in the Institute, as we had to run around looking for funds to run the Institute programmes. How many of our members have brought in sponsorship for our programmes? If all of our members will go out there and bring sponsorship, I think we will go a long way. ATC is one core area where we get revenue to run the Institute every year. So, my advice is, show interest in the activities of the Institute, we cannot come knocking at your door, we can only communicate to you via the website for our activities, as they are all there.

What is your advice to your admirers, particularly the younger generation that are coming up in the field of taxation?

My advice is, there is no short cut to success. I wish to let them know that there is no short cut, and I encourage them to perform well and succeed. You just have to work hard and you need to be focused. What is your area of interest? If you are in a job and you don't find that job interesting, please quit. If you are in a profession and you don't find that profession interesting, you know you are not enjoying it, please quit, that is my advice. Also tell them that taxation is the most interesting profession, it may be difficult for you to startup, do the exams and pass, but as I keep telling my children, all you just have to do is to persevere and pass, once you pass, that is it. But make sure that you do all that it takes to get it.

Finally, as the President/Chairman of Council of the Institute (CITN), what legacy would like to be remembered for at the end of your tenure?

At the end of my tenure, I want to be remembered as that person who allowed inclusiveness in the running of the Institute, in the image building of the Institute, in the succession of the Institute, in the running of the affairs of Council of the Institute. That is what I want to be remembered for.

CITN ANTHEM

Composed by Publicity & Publications Committee of 2018/19 presidential year under the Chairmanship of Dr. (Mrs.) Justina Adaku Okoror, FCTI

1. We uphold integrity and service;
   With God on our side we shall attain,
   the dreams of our founding fathers;
   to achieve a tax-driven economy.

Chorus:
CITN CITN
Chartered Institute of Taxation of Nigeria
Promoting tax compliance culture
CITN is soaring higher

2. To be one of the foremost professional
   Associations in Africa and beyond
   To build an institute which will be a citadel
   For advancement of taxation.

3. To train individuals worthy of becoming
   tax professionals with knowledge, skills and expertise
   Regulating tax practice in Nigeria.
   CITN is soaring higher.

Digital Economy Taxation in Nigeria-

Toward Specific Legislative Provisions

The development of Digital Economy at an extremely fast pace requires the review of tax legislations across the globe. Nigeria is not an exception. The continuous reliance on general legal provisions pertaining to the taxation of online electronic purchases and supplies can only lead to under or over - taxation by countries or even non-taxation at all. While many advanced countries and some countries in Africa are reviewing their laws, Nigeria has joined the race of specific tax legislations on digital economy through the enactment of the Finance Act 2019 that was signed into law by the President of the Federal Republic of Nigeria on 13th January 2020.

Prior to signing the Finance Act 2019, large numbers of transactions were only subjected to tax in Nigeria under the general tax legislative provisions. For income tax, these general taxation provisions are contained in sections 9 (2) and Section 13 (2) of the Companies Income Tax Act, Cap C21 Laws of the Federation of Nigeria 2004 (as amended). For Value Added Tax, sections 2, 10 and 46 of the Value Added Tax Act, Cap V1 Laws of the Federation of Nigeria 2004 (as amended) broadly deal with charge of value added tax on activities by non-resident companies with Nigerian companies. These omnibus provisions only consider the taxation of profits derived from Nigeria and attributable to a fixed base in Nigeria. Impliedly, where an enterprise makes profits from Nigeria without having a fixed base in Nigeria, such profits are not taxable in Nigeria.

It was the Finance Act 2019 that first provided for the taxation of digital economy. Section 13 (2) (c) was amended to specifically subject a non-resident company to tax:
"if it transmits, emits, or receive signals, sounds, messages, images, or data of any kind by cable, radio, electromagnetic system or any other electronic or wireless apparatus in Nigeria in respect of any activity including electronic commerce, application store, high frequency, trading, electronic data storage, online adverts, participative network platform, online payments and so on, to the extent that the Company has significant economic presence in Nigeria and profits can be attributable to such activity"

The proviso is that the Minister of Finance, may by order, determine what constitutes significant economic presence of a non-resident company. Presently, it is unclear what this threshold will be.

Section 2 of the Stamp Duties Act, Cap S8 Laws of the Federation of Nigeria 2004 (as amended) was amended to state that:

> "instrument includes every written document and electronic documents."

Notice should be taken of the phrase "significant economic presence" and "electronic documents" with the proviso that the Minister determines the yardstick for measuring what constitutes significant economic presence. The objective of these amendments is to recognize the ongoing digital transformation and taxation of electronic businesses.

This development is not without key challenges. It is expected to have significant impact on direct and indirect taxes as well as method of collection of taxes especially withholding tax. There is a need to move away from the traditional physical requirements as well as audit trail of transactions. The challenges that need to be addressed with the high-level legislation include:

i. determination of tax jurisdiction and dealing with multiple tax jurisdictions
ii. determination and allocation of tax rights
iii. avoidance of Double Taxation and arrest of Double Non - Taxation

iv. determination of place of consumption
v. location of consumers or taxpayers
vi. agreeing on the correct tax treatment of transactions
vii. complexities in digital transactions and arrangements
viii. application of international and national tax rules
ix. compliance and administrative costs management
x. possibility of over-/under- taxation

All these challenges resulting from specific but inadequate provisions call for:

- global cooperation, collaboration and consensus-based solutions
- new learning to positively move away from the past
- trust based tax policies, legislations, administration and adjudication
- exchange of information on massive scale
- possibility of deductions of taxes at source and treatment of same as final tax
- reliance on tax returns by the residents with whom the non-residents have relationship
- multilateral agreement on enforcement across countries among others.

The Organization for Economic Cooperation and Development (OECD) comprising of 36 countries has assisted to a great extent by suggesting proposals for countries. These proposals cover user contribution to economic activities in a particular location, marketing intangibles including intellectual properties, acceptable global minimum tax and most importantly, introduction of significant economic presence (SEP) to replace fixed base or permanent establishment. Most countries that are awake to the taxation of digital economy are adopting interim measures otherwise referred to as urgent measures to ensure minimization of tax losses to them. These measures are basically unilateral actions. For instance, UK introduced 25% Diverted Profits Tax, France, Italy and Austria have introduced Digital Services Tax (DST), India adopted 6% equalization levy while Israel introduced Significant Economic Presence (SEP) tests or criteria for enterprises based in countries that do not have Double Tax Agreement with Israel.

On 23 October 2019, the Ministry of Communication and Technology changed its name to Ministry of Communication and Digital Economy to give recognition to digital economy in line with the mandate of the Economic Growth and Recovery Plan (ERGP) of the Federal Government of Nigeria. The change of name gives effect to the observation of the International Telecommunication Union which seems to expand the limitation of the old name.

The Ministry has advanced a Communication Tax Bill 2015 which was sent to the National Assembly. The essence of the bill is to give effect to interim measures in line with other leading countries of the world among other provisions.

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FAMILY CORNER

Children are joy, our lives are made infinitely better by their presence. Parents' love for their children can make them do peculiar things, like staying up until 1 a.m. helping with their children's project. Parents do the weirdest things to show love to their children more than their partners.

Marriage isn't a joke. It's something we work hard at and are tremendously proud of. If you want it to last a lifetime, you need to treat it accordingly. If you put your spouse last; it's tragic, don't ruin your marriage for the sake of your children, you need to prioritize your marriage over the children. Here are 10 ways to build a healthy relationship:

1. Strong marriage is the healthiest thing you can give your kids. Your kids feel safe and loved when they see two parents who work as a team, take interest in each other, make an effort, display both respect and affection and act like one another's favorite, even after all these years.

2. If you put your spouse first, your marriage will last your lifetime. If you want your marriage to last your lifetime, give it the attention and effort it deserves. Your kids will live with you for just two short decades. Putting your marriage on cruise control for 20 years, while you focus on your kids is like falling asleep at the wheel-deadly. When your kids leave, your spouse is the one who's left. If you've made them your last priority (and think it's funny) they'd be dumb to stay with you.

3. Spouses aren't roommates, they're partners and lovers. When your kids become the center of your universe…your role as wife gets shelved. Slowly you start to feel like a taxi driver, lunch packer and homework checker. You and your spouse become so busy focusing on everything but each other that you drift apart. At first you just feel really busy, but then you start to feel like roommates. You settle into that routine assuming it's a phase. And you're right it is a phase: -it's the beginning of the end. Suddenly the kids are gone-and you can't remember why you married each other in the first place.

4. You don't want to raise obnoxious kids: When you make kids the center of your universe, they turn into adults who think they are the center of the universe.

5. Don't you want your kids to grow up and marry someone who puts them first? Of course, you do! And, it's your job to teach them what it looks like. Show them with your marriage first.

6. Putting your marriage first is actually really easy. All you have to do is to find small ways to make your spouse feel cherished. Treat your spouse specially, greet him/her, always be happy to see your spouse, go for walks every day, reward good behavior several times a day with a treat, give lots of physical affection every day and don't hold grudges, don't be mad at your spouse for something he/she said last week.

7. Text/flirt throughout the day (reminders "just thinking about you")

8. Make your bedroom a no kids zone-explain to the kids that it's "your space.

9. Say I love you, in front of the kids, daily.

10. Plan the week as a family, every Sunday to make logistics a minimum. You and your spouse should manage your family like it's a team but you're the star players.

Honestly, it's just about your focus. Life is busy, life is good and life is meant to be enjoyed! Technology overwhelms us. When you throw in kids, pets, work, girlfriends/boyfriends, etc-you have to prioritize-you cannot do it all. Declaring your spouse as your number one priority is the first step to enjoy your life without tension.

(Culled from Mei Robbins's Post on Secret to Happy Marriage)

TAXATION OF INFORMAL SECTOR: A NECESSITY FOR ECONOMIC GROWTH

A) PREAMBLE

The informal sector represents a vibrant arm of the economic architecture of most countries, especially those in the lower rung of the ladder, and still struggling to redefine the dimensions and direction of her growth and developmental aspirations. Any serious discourse on economic growth of such countries cannot therefore ignore the role, relevance and influence of the informal sector especially in the quest for poverty reduction, income redistribution and economic empowerment.

However, the informal sector that appears vibrant in activities, employment generation and market may not necessarily be an engine of development if the government is unable to derive maximum revenue from that segment of the economy. That is why the nexus between the informal sector and taxation has been receiving renewed attention and interest in policy formulation, fiscal planning and statutory and judicial reviews in recent times.

In this paper, an attempt is made to provide various definitions of informal sector of an economy, the concept of economic growth, albeit inclusive growth, and the intermediating role of taxation in the entire architecture. Comparative analysis from countries of Africa, Europe and America is also undertaken with the attendant lessons from those jurisdictions also provided. Indeed, the vexed question of why the informal sector remains largely outside the tax net in a country like Nigeria and how to redress the situation are well attended to in the course of the discussion.

B) THE INFORMAL SECTOR

The definition of what constitutes an informal sector is both wide and wild. In some cases, it is referred to as the underground economy, seen and felt but not easily tracked and measured. In other instances, such terms as black economy, shadow economy, gray economy are freely used to describe an informal economy. All these terminologies point to one direction: the inability to track and measure what the constituents of the informal sector are and what the figures of the activities that constitute the sector are. Generally, it is believed that those who undertake economic activities in this sector do not disclose their incomes, neither do they pay tax on such income. And because of the porous and tricky nature of the sector, it accommodates both legal and illegal activities! Workers in the informal sector of an economy may or may not receive commensurate financial reward for their efforts, or receive reward in kind or not receive any reward at all.

Becker (2004) defines the informal sector as the unregulated, non-formal portion of the market economy that produce goods and services for sale or for other forms of remuneration. In other words, the informal sector consists of all such economic activities by workers and economic units that are not covered by or are sufficiently covered by formal arrangements. Often, the sole objective of promoting the informal sector is employment and income generation.

Oberay, et al (2001) classifies the informal sector to include enterprises who have promising future within the economic landscape; those who pursue such economic activities for survival purposes and the individuals that partake in services in the informal sector as part time engagements.

In Nigeria, the informal sector has been variously defined as the one that operates without binding official regulations or those who do not yield to the requirements to render returns or reports or submit official records of activities and performance to statutory authorities.

In a report by the Central Bank of Nigeria, Federal Office of Statistics (now National Bureau of Statistics) and Nigerian Social and Economic Research (NISER) as far back as 2001, the production units under the informal sector were classified into the following:

- Informal production unit operating under binding official regulations with autonomous internal regulations;
- Informal production unit operating under binding official regulation without internal regulations;
- Informal production unit operating without binding official regulation with autonomous internal regulations;
- Informal production unit operating without binding official regulations without autonomous internal regulations

The summary of the above classification centres on enterprises that undertake economic activities but render no reports and accounts to any statutory bodies. Such activities are found in almost all areas of human endeavor, from petty trading to personal services such as barbing, auto mechanics, transportation, money lending (isusu), construction (carpentry, bricklaying, plumbing, electrical, etc), Those who operate in this sector of an economy enjoy unlimited and unrestrained freedom, most of them lacking in governance and accountability.

Incidentally, available records show that most large enterprises and renowned multinationals started as operators in the informal segment of the economy. They rose as small holders, albeit family businesses, and migrated to the formal sector. Paterson Zochonis, Leventis, John Holt, Lever Brothers, Dangote, etc all started at the lower end of the rung but grew to become conglomerates, spreading operations and activities all over the globe.

C) RECENT VIEWS ON INFORMAL SECTOR

As the global economy witnesses rapid transformation and draws along the economies of different countries, so also are the views and opinions on the role and relevance of the informal sector witnessing incessant reforms. Different views, suggestions and recommendations are being made in different jurisdictions regarding the relevance of the informal sector to such national and global issues as poverty reduction, skills and capacity building, economic empowerment, distributive justice, revenue mobilization, tax reforms and subsidy management, government social policies, fiscal regulations, etc.

Modern economic and investment analysts, financial managers, public policy institutions, legislators, members of the political class attest to the relevance of the informal sector in planning the future of any economy. They are of the view that there is a symbiotic relationship between the formal and the informal sectors. Most multinationals who implement fully integrated production template do rely on the informal sector for the success of their business blueprints either as suppliers of basic inputs and accessories or as off takers and distributors of final products. This is besides several other ancillary activities as in transportation, repairs and after sales services rendered by them.

Furthermore, it is often argued that the informal sector provides entry level opportunities for the numerous members of the labour force who then acquire some basic practical experience in those informal enterprises before many of them are absorbed by the formal sector.

It is also viewed that the informal sector provides a very broad platform to develop the spirit of entrepreneurship. Talents that would otherwise have been buried within a large, highly formalized working environment are better exposed and discovered in the informal sector.

Some enterprises in the informal sector grow faster and migrate more quickly to the formal sector because of the absence of bureaucratic bottlenecks and administrative inertia. Decision making is faster, services are customized, there is personal touch in service rendition and in the case of family businesses, there is often the urge to imbibe some ethical behavior to protect the family name.

D) THE SUMMARISED FEATURES AND CHARACTERISTICS OF INFORMAL SECTOR

Given the above, the features of an informal sector can be summarized as follows:

i) <u>Easy Entry and Exit</u>

- What makes it easy for the informal sector to remain resilient in most jurisdictions is the easy with which operators in the segment of the economy can enter the sector, as no formalities are often required. The street hawkers, the barber, the hairdresser can appear from nowhere and continue with their trade unmolested. They can as well close shop unannounced.

ii) <u>Low Entry Requirements in terms of Capital and Professional Skills</u>

- Most activities in the informal sector do not require much capital to take off. Some do not need offices or shops, yet others can operate under a shade. Also, the skills requirements are quite low. In some cases, no formal or even informal training is required. A petty trader may just be sufficiently literate to read and count figures. In some others such as barbing, auto mechanics, the period of training is often short and prompt.

iii) The Sector is Unstable and Unorganised

- There are no rules of engagement for labour. The sector does not guarantee security of jobs or sustained employment terms and conditions. Workers in the sector do not belong to trade unions or any form of pressure groups. Most often, contract of employment, if any, is verbal and changeable without notice. Most issues that arise from employer-employee relationships are pursued under human rights provisions rather than those of labour relations. Most of the enterprises do not meet the minimum requirements such as size of capital employed, level of turnover, number of employees, etc that are prerequisites for coming under the ambit of governmental regulations.

iv) Production System is Labour Intensive

- Most operators in the informal sector rely more on labour than capital or technology. They engage mostly unskilled labourers to run the business. In cases of one man show such as petty trading, barbing, etc, they may engage their colleagues as part time or ad hoc hands as the need arises.

v) Local Technology

- In the case of those in production, the technology in use is usually local and crude, learnt from generation to generation and without any form of modernization.

vi) Poor or Total Absence of Records

- Hardly do enterprises in the informal sector maintain accurate records of activities. Financial records are hardly available while other records of transactions are left to mere guess work.

E) THE CONCEPT OF TAXATION

According to Appah (2004), tax is a compulsory levy imposed on a subject or upon his property by the government to provide security, social amenities, and create conditions for the economic well-being of the society. In similar vein, Anyanwu (1997) asserted that taxes are imposed to regulate the production of certain goods and services, protection of infant industries, control business and curb inflation, reduce income inequalities, etc.

In the ordinary sense of the word, tax is imposed by government to finance its activities. Tax can be imposed directly on the payer such as individuals (Pay As You Earn, PAYE and other Personal Income Tax) or corporates (Company Income Tax, etc). This category of taxes is referred to as Direct Tax. The other category is referred to as Indirect Tax and is imposed on goods and services.

The other key issue in taxation matter is the incidence of tax. This refers to the ultimate bearer of the burden of tax payment. In the case of indirect taxes, most producers can successfully pass on the burden to the ultimate consumers. Hence, when producers are charged, they adjust prices of the final goods and services to accommodate the tax expense.

In late 2019, the National Assembly considered and passed a Bill which among others sought to increase the Value Added Tax payable on consumer goods and services from 5% to 7.5%. The President just signed the bill into law, hence the bill has assumed the toga of Finance Act 2020. There is palpable fear outside there that the implementation of the increase in VAT rate would worsen the already high inflation rate as the burden of the incremental tax expense would be borne by the consumers. The argument about the propriety or otherwise of the increase in VAT rate continues to dot the landscape, more so that the government is on the other hand canvassing substantial reduction in poverty level in the country.

The other side of tax is subsidy. This is usually applicable to public utilities. In simple context, the ultimate issue is whether or not the price chargeable on a public utility such as electricity, petrol, water, transportation, etc is sufficient to cover the cost of production. If the price is above the production cost, there is tax on such product or service, and vice versa. This is a vexed issue in Nigeria. Government continues to reflect heavy expenditure on subsidy especially of fuel products. But the computation of what constitutes the cost of procuring the fuel from the government refineries or through importation by the agencies of government remains shrouded in secrecy. A more pertinent issue however is the appropriateness or otherwise of subsiding consumables such as fuel, electricity, etc. Some are of the opinion that subsidies should be on factor inputs with the attendant multiplier effects of lower production cost, promoting investment, generating employment, etc.

Opinions are unanimous as to the significance of tax to the economic life of a country. Tax Justice Network (2012), for example is of the opinion that tax is the most beneficial and the most sustainable source of finance for development. In Africa, available records show that tax revenue far exceeds foreign aid and when tax revenue runs short of funding requirements, most African countries result to borrowing with the attendant problems of debt service burden. The major challenge before most countries of Africa therefore is the ability to raise enough revenue to finance their developmental aspiration.

Nigeria as a country continues to struggle with the challenge of evolving an optimal tax architecture that would be fair, just and equitable to all. The skewed nature of resource allocation and distribution has heightened the agitation for distribute justice. Most often, the argument has often been on revenue allocation/sharing, resource control, etc. This has in its wake created a plethora of social, political and religious upheavals in the form of ethnic militia, religious uprising, kidnappings, etc. Answer to the vexed question of how to apply tax to redress the distributive injustice in the land and fight poverty remains elusive. The citizenry therefore continues to find succor in tax evasion, tax avoidance, etc to protest the seeming uncaring attitude of the government to his plight, the conspicuous consumption habits of the rich few, the rent seeking syndrome and entitlement mentality of the elites, etc.

It is in the midst of the above quagmire that the attitude of operators in the informal sector of the Nigerian economy finds expression. Most players in this large and relatively unorganized segment of the economy seem to agree among themselves that the governments at all tiers have failed in their responsibilities towards them. They therefore find succor in tax evasion, tax avoidance, etc. Akintoye and Dada (2013) lay emphasis on the role of tax revenue in financing developmental activities to enhance national development. National development in this context refers to provision of social amenities, infrastructures, water, conducive investment and business environment, security, etc. The absence of most of the facilities mentioned here constitutes the major hindrance to operators in the informal sector in their quest to launch properly into the business world. And here lies the dilemma! Also Olowolaju, Ajibola et al (2016) alluded to the importance of tax in propelling real development but called on the authorities to continue to pursue tax reforms that would ensure justice and equity. Furthemore, Ajibola and Olowolaju (2017) recommended an efficient and effective tax system to increase revenue and enable the government provide the essentials needed by the economy for production purposes.

F) THE CONCEPT OF ECONOMIC GROWTH

The discourse on economic growth has ancient origin as the meaning and contents of the term keep moving with time. For the purpose of this discussion, for example, a comprehensive definition of the concept of economic growth is adopted and then adapted in relation to the informal sector.

Kuznets (1974) in his well-orchestrated definition states that economic growth of a nation is "a long time rise in in capacity to supply increasingly diverse economic goods to its population, this growing capacity based on advancing technology and the institutional and ideological adjustments that it demands". He summarized the features of modern economic growth in terms of inter-sectoral structural shifts whereby there will be a shift:

- From agricultural to non-agricultural activities
- From industry to service
- From small family and personal enterprises to the impersonal organization of large scale national and transnational productive units.

Lewis (1954) is of the view that the effort to economise the increase of knowledge or its application in production and increasing the amount of capital or other resources per head would bring about economic growth.

From the above, Economic growth is measured by growth in real output, as influenced by quality of factor inputs such as capital and labour and other factors such as technological innovations Ajibola (2015) noted that there are several factors that propel economic growth outside the availability of funds, He listed some of such factors to include inflation, exchange rate, political stability.

Available records again show significant contribution of the informal sector to output, income and employment generation in most countries of the world. However, the dislocation seems to be in the failure of the transmission mechanism between economic growth and keep economic development. As a result, the monumental increases in nominal and real growth rates in a country like Nigeria over the past decades have not helped to alleviate poverty. And the operators in the informal sector of the economy form the mass of the people living below the poverty line, eking out a living amidst illiteracy, diseases and squalor. Nigeria's experience has been more of growth without development

G) WHAT IS INCLUSIVE GROWTH?

The failure of the various traditional policy initiatives to address the perennial problem of poverty and want in a country like Nigeria continues to attract the attention of Bodies such as the United Nations. The United Nations has called on countries where the citizens are reeling under the weight of poverty to adopt the concept of inclusive growth, with the sole aim of bringing down the level of poverty in such countries.

An inclusive growth is growth that targets the provision of basic needs for the people such as food, clothing and shelter, guarantees access to social needs as in education, health, etc; ensures economic empowerment of the people, promotes distributive justice, guarantees security of lives and properties and maintains law and order. The single most important goal of an inclusive growth agenda is poverty reduction. The United Nations has been in the forefront of the implementation of Millienium Development Goals, which goals were introduced in 2015 as an integral part of a country's economic reform blueprint. The MDGs were replaced with Sustainable Development Goals in 2019, with the aim of bringing down the global poverty rate over a decade ending in the year 2030.

The above can dovetail into building an inclusive economy where the interest of all, including the operators in the informal sector of the economy, will be well taken care of. The Government of Nigeria has been complementing the blueprints from the international arena through such other novel initiatives as National Economic Empowerment and Development Scheme (NEEDS), Poverty Alleviation Programme (PAP), SURE-P, Economic Recovery and Growth Plan (ERGP), etc especially since the advent of democracy in 1999.

H) THE INFORMAL SECTOR AND THE NIGERIAN ECONOMY

The contribution of the informal sector to any economy is variously captured by the share of the sector in GDP, revenue and employment.

According to the International Monetary Fund, IMF, the contribution of the informal sector to Nigeria's GDP IN 2017 was 65%. This compares favourably with Tanzania, Benin Republic, Togo but much higher than that of South Africa, Namibia, Mauritius that averaged 25% for the period.

On employment, the contribution of the informal sector is overwhelming as about 80% of the populace engaged in one kind of economic activity or the other under the informal sector. According to a World Bank Report (2009), about 67% of all employees globally work in the informal sector.

On revenue, this is the weakest link. Generally, informal workers and businesses do not pay income tax in the same way as formal ones. Most of them fall below the approved thresholds in terms of tax payments while most of the workers do not pay personal income tax. The businesses do not pay VAT to government as they are unregistered.

The above scanty but revealing statistics show the extent of dilemma the country is in as at today.

I} TAX AS A NECESSITY

The points have been made by various authors and researchers why tax revenue remains a necessity for any meaningful economic growth and by extension development to take place.

- Tax provides easy and cheap source of revenue needed to finance developmental programmes
- Tax is the ready source of revenue to bridge infrastructural gaps and provide social services
- Tax is the tool of income redistribution
- Tax makes it much easier for poverty alleviation programmes to be pursued.

Alternatives to tax revenue are not within easy reach of a country like Nigeria or too expensive and burdensome to procure. Foreign loans are expensive and the debt service burden can stifle developmental aspirations. Foreign direct investments and even portfolio investments are not easy to come by because of the relatively difficult operating environment. Most advanced countries of the world and international donor agencies do not often see Nigeria as a country in dire need of grants and aids given the avalanche of national and human resources the country is endowed with. Often, borrowings from international financial institutions such as World Bank and IMF are laced with stifling terms and conditions.

The game therefore becomes one of chicken and egg; which one comes first. Most of the complaints of the operators in the informal sector can only be resolved through spending that would come from government revenue, a major chunk of which should ordinarily come from this informal sector. Imaging the implication of the businesses and enterprises contributing 60% of Nigeria's GDP not paying tax! And 80% of all employees in the country not paying personal income tax!

The scenario above has left in its trail a major disconnect between taxation and economic growth. The attitude of the informal sector impairs the nexus between taxation and economic growth. For Nigeria to achieve a meaningful growth trajectory, therefore, solutions must be found to the apathy of the operators in the informal sector towards tax payment. Likewise, the authorities must hold themselves more accountability in achieving growth and development milestones to encourage voluntary tax payment. Then tax incentives to encourage payers and penalties for non-payment of taxes can follow.

J) PAST EFFORTS AT ENCOURAGING THE INFORMAL SECTOR

Indeed, Nigeria has made efforts in the past to encourage voluntary compliance with tax payment, both at the national and various state levels. Quite a number of legislations have been rolled out to empower the collecting authorities and as well provide comfortable platforms for tax payment.

The FIRS Establishment Act 2007 (FIRS EA) (as amended) contains provisions for enforcement of tax payment across the various tiers of the tax payers, notably companies and institutions. The states are also empowered to enforce payment of personal income tax through PAYE and other headings.

Complementary to the FIRS EA are the Company Income Tax Act 2004 (as amended); Personal Income Tax 2004 (as amended), etc.

The Federal Inland Revenue Service has been retooling its modus operandi to deliver on its mandate. Indeed, its operating structure accommodates the players in the informal sector as it has since launched an integral tax system using modern tools and software to promote voluntary assessment and payment by ANY eligible tax payer in Nigeria. Its offices across the 36 States of the Federation and FCT have been made more accessible to tax payers for enquiries and compliance. Its enforcement unit often make use of Service's powers to apply Best of Judgment (BoJ) and also consider Benefit in Kind (BiK) to compel tax payment. Far reaching provisions including forfeiture are also part of the ones that have strengthened the Service as it discharges its onerous responsibility of collecting tax from Nigerians, corporate and individuals. In 2017, the Federal Government through FIRS introduced VAIDS to compel prior tax defaulters to regularize their tax liabilities to the State, failing which the long arm of the law will catch up with them. Available reports show that there was an encouraging improvement in the number of tax payers as additional five million payers were captured by the tax net within a spate of one for year.

The challenges are more daunting in the States where most of the operators in the informal sector reside, overstretching the available infrastructures and social services without commensurate contributions to the States purse. Many states have had to result to imposition of levies, fines, charges on land and land-related matters to make up for the shortfall in revenue caused by the inability of the States to enforce tax payments by the informal sector. In States like Lagos, a Land Use Charge Law was promulgated in about 2007 which Law has been imposing heavy charges on lands of all categories to beef up the State's IGR. Similar charges exist in other States of the Federation.

Just this year 2020, a new Finance Act has been promulgated. It contains a number of provisions that work in favour of the operators in the informal sector of the economy. It is hoped that the Act would encourage voluntary compliance by those who have been hitherto outside the tax net either as individuals or business enterprises.

K) LESSONS FROM OTHER JURISDICTIONS

The informal sector is a vibrant sector of most economies of the world, both developed and underdeveloped. In the advanced economies, some 20% of income is generated from the informal sector.

In UK, the informal sector contributes 10% of GDP, while it is 7% in USA. Greece 24%, Portugal 19% and France 11%. Informal Employment contributes significantly to total nonagricultural employment in most jurisdictions. Specifically, it is 64% in Columbia, 54% in Mexico, 37% in Brazil, and as high as 94% in Uganda

The contribution of the informal sector to GDP is relatively low in Canada, averaging 2.3% while it represents about 13% of the GDP of 34 developed nations of OECD.

The above scanty information reveals some hard facts. The developed economies are largely organized and operators in the various segments of the economies, formal and informal are adequately monitored. Tax regimes are adjudged to be more equitable. The incentives to remain in the underground economy are not sufficiently attractive. The ease of doing business is also appealing to investors and business owners so that the migration from small holdings to large scale enterprises is relatively smooth.

On the other hand, the incentives to remain in the underground economy in developing nations are many. Because of the paucity of data, it is difficult to identify who is who in the day to day economic value chain. Many of such operators have no registered addresses, some go about with multiple names, forged identities and even fake products. The activities of the criminals pose serious challenges to security operatives and regulatory authorities. All these social malaise are further compounded by the corrupt practices of especially government officials and institutions.

In the midst of the above, comes the difficulties in evolving tax regimes that would drive tax collection from eligible payers.

Nigeria, therefore has a major challenge on its hand. The informal sector must be encouraged to come to the tax net. The factors militating against this over the years must be addressed.

L) INFORMAL SECTOR AND THE FINANCIAL SYSTEM

The Federal Government of Nigeria through the Central Bank of Nigeria introduced the Bank Verification Number (BVN) some six years back. Prior to this, the Bank had launched the Financial System Strategy 2020 aimed at deepening the banking habits of Nigerians. Before then, the percentage of the financially excluded population in some geographical zones such as North West, North East was as high as 70%. With the FSS 2020, which aims to reduce the financially excluded population significantly in all the regions by year 2020, more and more Nigerians now embrace banking services and patronize the banks alternative payment channels. The CBN has complimented this policy via some other policies such as the cashless policy which limits the maximum cash that an account holder could withdraw in person or through a third party from a bank daily. The success recorded by these initiatives has been fairly impressive.

What prospects have the policies above hold for tax collection from the operators in the informal sector of the Nigerian economy? There is no doubt that most of the players in the informal sector operator accounts with Nigerian banks and carry the Bank Verification Number. This has helped to resolve the identity problem to some extent. I tis therefore believed that the system could be upgraded to demand for the tax payment status of bank account holders in Nigeria as a precondition for transacting business using the bank accounts. And by so doing, many operators in the informal sector will be dragged to the tax net.

A provision in the new Finance Act 2020 seeks to compel bank account holders, especially business account holders, to provide their Tax Identification Number (TIN) as precondition for opening new accounts or operating existing ones. If properly pursued, this initiative is also capable of forcing the account holders into the tax net, thereby increasing tax collectible from the hitherto non tax paying Nigerians. This initiative should be extended to more categories of Nigerians to stem the tide of tax evasion in the country.

M) STATUTORY IMPEDIMENTS

There are statutory impediments to tax collection in the country. The statutes governing the country's Company Income Tax, Personal Income Tax, Petroleum Income Tax, Value Added Tax, Withholding Tax among others excuse the operators in the informal sector from tax assessment either by virtue of the minimum number of employees, the minimum capital, sales turnover, etc. Accordingly, most of them fall outside the contemplation of tax authorities. The system is still fairly liberal to the informal sector as some of them still operate unfettered even though they have not been subjected to any formal registration requirements. Their employees do not come within the ambit of those that are statutorily compelled to pay tax under the Pay As You Earn (PAYE) template.

N) FIXING THE GAPS – CONCLUSIONS AND RECOMMENDATIONS

The nexus between taxation and economic growth is causative. High government revenue places the governments in a better stead to drive growth and development initiatives. And when growth and development are promoted, higher tax revenue results! But for Nigeria to savour the benefits of this causative relationship, the informal sector which accounts for over half of the GDP of the country, must be dragged along and brought to the tax net.

The primary issue in Nigeria revolves around identity management. Nigerians carry multiple identities: drivers licence, voter's card, national identity card, international passport, etc. In some cases, the information contained in them for the same person is contradictory. In yet some other cases, an individual might carry multiples of one identity such as driver's licence. Recent efforts at regularizing this through the biometric is yielding results but the country still has a long way to go. The banking system got it right with the introduction of Bank Verification Number (BVN) as it has stemmed multiple identities for the same bank customer and reduced incidence of bank fraud traceable to multiple identities.

If Nigeria can resolve the identity problem and benchmark say the UK system where the Social Security Number tracks all the relevant data about an individual, the number of those who hide in the shadow economy to escape statutory responsibilities such as tax payment will reduce significantly.

A holistic review of the relevant statutes on taxation at the federal and states level has become inevitable to drag more Nigerians into the tax net. The law should be flexible enough to capture anyone in business, irrespective of the number of employees and the level of capitalization. If about 60% of Nigeria's GDP comes from the informal sector, then the country is in dire need of a robust architecture to capture the players in the sector to compel them to contribute to the revenue.

Also, there is the need for fair tax regime in Nigeria. A situation whereby the rich few, the wealthy and worse still the rent seekers do not pay tax at all or fail to pay commensurate tax is a major disincentive to the citizenry. Nigeria needs tax reforms that would faithfully spread the burden of taxes based on ability to pay. The landscape is dotted with men and women of questionable wealth, political jobbers, etc who do not carry appropriate tax burden. Resolving these dislocations is the only way the observed distributive injustice in the land can be redressed.

There is the need for improved accountability in the way and manner resources are being used up. So many agitations in the land, arising again from the observed badly skewed wealth distribution. Government revenue must be applied to activities that can improve the welfare standard of the people. The latest Human Development Index as released by the World Bank is placing Nigeria in the far lower end of the ladder with 0.3 and one of the countries with the highest level of poverty the world over. What more, Nigeria earned the unenviable accolade of being the poverty capital of the world in 2019, with about 87 million of its population living in abject poverty. The desire of the government to lift 100 million Nigerians out of poverty in the next ten years is quite comforting. However, for this lofty objective not to remain a mirage, the governments at all levels must be prepared to apply the tax and other revenues generated to result-oriented projects that would promote inclusive growth and aid poverty reduction in the land. The country has generated so much petrol dollars in the last fifty years and collected so much in tax revenue. But the profligacy of the past especially during the military regimes wasted the enormous resources on conspicuous consumption and frivolities.

Good enough. Year 2020 has started with lots of optimism. If the provisions of the Finance Act 2020 are well implemented, many of them would promote micro and small businesses, reduce the size of and agitation by the operators in the informal sector and bring more, both individuals and business enterprises, to the tax net.

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Tips for Staying Healthy

A healthy lifestyle can help you thrive throughout your life. Making healthy choices isn't always easy, however. It can be hard to find the time and energy to exercise regularly or prepare healthy meals. However, your efforts will pay off in many ways, and for the rest of your life.

Steps you can take:

- Be physically active for 30 minutes most days of the week. Break this up into three 10-minute sessions when pressed for time. Healthy movement may include walking, sports, dancing, yoga, running or other activities you enjoy.
- Eat a well-balanced, low-fat diet with lots of fruits, vegetables and whole grains. Choose a diet that's low in saturated fat and cholesterol, and moderate in sugar, salt and total fat.
- Avoid injury by wearing seatbelts and bike helmets, using smoke and carbon monoxide detectors in the home, and using street smarts when walking alone. If you own a gun, recognize the dangers of having a gun in your home. Use safety precautions at all times.
- Don't smoke, or quit if you do. Ask your health care provider for help. UCSF's Tobacco Education Center offers smoking cessation and relapse prevention classes as well as doctor consultations for smokers trying to quit.
- Drink in moderation if you drink alcohol. Never drink before or while driving, or when pregnant.
- Ask someone you trust for help if you think you might be addicted to drugs or alcohol.
- Help prevent sexually transmitted infections (STIs) and HIV/AIDS by using condoms every time you have sexual contact. Condoms aren't 100 percent foolproof, so discuss STI screening with your provider. Birth control methods other than condoms, such as pills and implants, won't protect you from STIs or HIV.
- Brush your teeth after meals with a soft or medium bristled toothbrush. Also brush after drinking and before going to bed. Use dental floss daily.
- Stay out of the sun, especially between 10 a.m. and 3 p.m. when the sun's harmful rays are strongest. You are not protected if it is cloudy or if you are in the water — harmful rays pass through both. Use a broad spectrum sunscreen that guards against both UVA and UVB rays, with a sun protection factor (SPF) of 15 or higher. Select sunglasses that block 99 to 100 percent of the sun's rays.

Maintaining a Healthy Outlook

Women today have busy, demanding lives. You may feel pulled in different directions and experience stress from dealing with work, family and other matters, leaving little time for yourself. Learning to balance your life with some time for yourself will pay off with big benefits — a healthy outlook and better health.

Steps you can take:

- Stay in touch with family and friends.
- Be involved in your community.
- Maintain a positive attitude and do things that make you happy.
- Keep your curiosity alive. Lifelong learning is

beneficial to your health.

- Healthy intimacy takes all forms but is always free of coercion.
- Learn to recognize and manage stress in your life. Signs of stress include trouble sleeping, frequent headaches and stomach problems; being angry a lot; and turning to food, drugs and alcohol to relieve stress.
- Good ways to deal with stress include regular exercise, healthy eating habits and relaxation exercises, such as deep breathing or meditation. Talking to trusted family members and friends can help a lot. Some women find that interacting with their faith community is helpful in times of stress.
- Get enough sleep and rest. Adults need around eight hours of sleep a night.
- Talk to your health care provider if you feel depressed for more than a few days; depression is a treatable illness. Signs of depression include feeling empty and sad, crying a lot, loss of interest in life, and thoughts of death or suicide. If you or someone you know has thoughts of suicide, get help right away. Call 911, a local crisis center or (800) SUICIDE.

UCSF Health medical specialists have reviewed this information. It is for educational purposes only and is not intended to replace the advice of your doctor or other health care provider. We encourage you to discuss any questions or concerns you may have with your provider.

THE FINANCE ACT 2019

AND CHANGING TAX AND FISCAL LANDSCAPE IN NIGERIA

INTRODUCTION

The need to revamp the Nigerian economy following the nation's exit from the economic recession of 2016-2017 has been behind many policy changes adopted by the federal government in recent times. The Nigerian economy maintained a GDP growth rate of 2.28% in 2019, driven majorly by marginal growth in oil output, the services sector, agriculture and trade sectors. Also, the average inflation rate for 2019 stood at 11.61%. Other economic indicators showed that in the year 2019, the Federal government's external debt profile stood at N22.89 trillion by the end of first quarter 2019, which was 28% higher than the N17.83 trillion recorded in the corresponding quarter of 2018. Importation grew by 8.2% on a quarter-on-quarter basis at the end of the second quarter of 2019, compared to 1.34% growth in export, while external reserve stood at $39.8billion at the end of the year.

The Federal government has proposed to attain GDP growth rate of 2.93% in 2020 and to bring down the inflation rate to 10.81% and to attain a nominal GDP of N142.96 trillion for the year 2020. The government in a bid to achieve these targets, has employed a mixture of fiscal and monetary policies to manage the economy.

One of the major tools adopted by the government over the years is the use of the Tax and Fiscal Law (Amendment) Bill to bring in desired amendments to existing and new tax laws to facilitate the achievement of budgetary objectives and targets. We are glad that the Federal Government under the current dispensation has reintroduced the Tax and Fiscal Law (Amendment) Bill, otherwise known as Finance Bill after two decades of its last appearance in the Nigerian fiscal landscape.

The Origin of Finance Acts in Nigeria

The Tax and Fiscal Law (Amendment) Act, otherwise known as Finance Bills/Acts have been in existence from the military era. The finance bills represent revenue sourcing powers which provide for the means of raising funds to finance the approved budget. The Nigerian Tax system is statutorily based, with each level of taxing authority deriving powers from legislative competence. As such, every tax levied on the citizens must be backed by law.

According to Somorin (2012), the Tax and Fiscal Law (Amendment) Acts were used by the government of the day to amend provisions of existing tax laws towards achieving specific fiscal policy objectives of the government. A major feature of the amendment laws was the use of a single act to effect amendments to several tax laws at the same time, usually under the name Finance (Miscellaneous Taxation Provisions) Act/Decree. Accordingly, these exercises were more prominent during the military administration than during the civilian dispensation.

The process of codification and standardization of titles of extant laws have made it difficult to ascertain the complete number of these amendment laws as they exist today. However, the recorded list of these laws includes: (Somorin, 2012)

- Income Tax (Amendment) Act No 65 of 1966
- Income Tax (Amendment) Act, 1967
- Income Tax Management (Amendment) Act of 1968
- The Finance (Miscellaneous) Act 1967
- Income Tax (Miscellaneous Provision) Act, 1969
- The Finance (Miscellaneous Taxation Provisions) Act 1972
- The Finance (Miscellaneous Taxation Provisions) Act 1977
- The Finance (Miscellaneous Taxation Provisions) Act 1979
- The Finance (Miscellaneous Taxation Provisions) Decree No. 4 of 1985
- The Finance (Miscellaneous Taxation Provisions) Decree No. 21 of 1993
- The Finance (Miscellaneous Taxation Provisions) Decree No. 63 of 1993
- The Finance (Miscellaneous Taxation Provisions) Decree No. 30 of 1996
- The Finance (Miscellaneous Taxation Provisions) Decree No. 31 of 1996
- The Finance (Miscellaneous Taxation Provisions) Decree No. 32 of 1996
- The Finance (Miscellaneous Taxation Provisions) Decree No. 18 of 1998
- The Finance (Miscellaneous Taxation Provisions) Decree No. 19 of 1998
- The Finance (Miscellaneous Taxation Provisions) Decree No. 21 of 1998
- The Finance (Miscellaneous Taxation Provisions) Decree No. 40 of 1998
- The Finance (Miscellaneous Taxation Provisions) Decree No. 30 of 1999

Thus, the introduction of the Finance Act 2019 represents a remarkable shift, following its last appearance in the Nigerian landscape for more than two decades.

Expectedly, the most significant importance of the introduction of the finance bill is the need to align extant laws to current realities of the day. Many of the tax laws in Nigeria were enacted for more upward of two decades and above. Many of the provisions in these laws have become outdated, unrealistic and as such, difficult to implement. Also, some have been repealed, replaced or become moribund but still exist in the tax laws. Therefore, the finance bill presents an opportunity to update such laws to the current realities of the day.

Secondly, the need to finance the budget requires current amendments to certain existing laws is served by the introduction of the finance bill. Also, to create additional tax bases for the levying of taxes, to expand sources of revenue to the government. This is becoming expedient as different forms and modes of business activities have evolved which were not captured in previous legislations but are now brought into the taxing powers of government. Finally, the introduction of the finance bill represents the desired return to practice since the last amendment act in 20 years, precisely in 1999.

The Finance Act, 2019

On 14th of October 2019, the Nigerian President Muhammadu Buhari, GCFR, presented the Tax and Fiscal Law (Amendment) Bill 2019, otherwise known as Finance Bill 2019 to the National Assembly together with the 2020 Appropriation Bill. In his speech to the National Assembly, the objectives of the bill were highlighted to include the promotion of fiscal equity by mitigating instances of regressive taxation; the reformation of domestic tax laws to align with global best practices; the introduction of tax incentives to drive investments in infrastructure and capital market; to support small and medium businesses in line with the ongoing Ease of Doing Business Reforms; and to raise revenues for Government, by various fiscal measures, including a proposed increase in the rate of Value Added Tax from 5% to 7.5%.

The Bill was passed by the Senate on Thursday, 21 November 2019 while the House of Representatives passed the version of the Bill on Thursday, 28 November 2019. The harmonized version of the Bill passed by both houses of the National Assembly was transmitted to the President on Friday, December 20, 2019, thereby giving room for the President's assent to the Bill, which is a basic requirement for an Act of the Parliament to become Law in Nigeria. On Monday, 13 January 2020, His Excellency, President Muhammadu Buhari, GCFR, signed the Finance Bill, 2019 into law.

The passage of the Finance Act 2019 came with several changes in the Nigerian fiscal landscape that demands the attention of every tax professional in the country. The Act introduced many significant and critical changes to many provisions in existing tax laws, including the Companies Income Tax Act (CITA), 2004; Personal Income Tax Act (PITA), 2007; Value Added Tax Act (VATA), 2007; Petroleum Profits Tax Act (PPTA); Stamp Duties Act (SDA), 2007; Customs and Excise Tariff Act, 2004; and Capital Gains Tax Act, 2007.

General implications of the Finance Act 2019

The Finance Act 2019 made about 100 changes to many sections in the existing tax laws. Most of these changes involved the deletion of sections that have been repealed or amended by earlier legislation, the renumbering of certain sections and subsections as well as correction of names and nomenclatures where they are needed to bring clearer interpretations of the laws. However, the major significant changes introduced by the new act are highlighted below:

a. Companies Income Tax Act (CITA)

The significant changes introduced by the Finance Act 2019 into the Nigerian tax landscape to the Companies Income Tax Act (CITA), 2004 include:

i. **Commencement and Cessation rules**

   The Commencement and Cessation rules as contained in the extant CITA Act provided special rules for the determination of the tax base of a company in the first three years of commencing business as well as in the last two years of the business before cessation.

The application of these rules had often resulted in double taxation of companies profits that were earned in one or more financial years. The Finance Act 2019 has introduced modified commencement and cessation rules to enable companies to pay taxes based on their accounting periods. The implication of the amended rules is that going forward, corporate organizations will prepare and file tax returns for the first, second and third years of commencement based on the actual income of the company in the first, second and third years. It is expected that this amendment will eliminate the incidence of double taxation usually associated with the application of the rules in the Act before this amendment. In like manner, in the event of cessation, the actual income of the cessation year rules.

ii. Tax on interim dividend

Before the amendments introduced by the new Act, every company liable to tax under the CITA was required to make an advance payment of its CIT before the company can pay out interim dividends. This provision became contentious following the introduction of self-assessment regime in 1993. The self-assessment regime led to the expansion of the scope of transactions liable to WHT which was previously limited to only interest, royalty, rent and dividend payment. The scope expanded to cover payments generally relating to the entire business operations. It has been argued generally that the WHT deducted from companies' income from business transactions as an advance payment of the company's income tax has made the requirement to pay advance CIT before paying interim dividend unnecessary. Though operationally, the FIRS has reduced the tempo of such demands, its existence in extant laws still made compliance a requirement. The Finance Act has now removed this requirement for the payment of interim CIT.

iii. Tax on dividend distribution (excess dividend tax)

The Excess Dividend Tax (EDT) provision was introduced to deter aggressive tax avoidance techniques adopted by companies that made use of aggressive tax planning schemes. The Excess Dividend Tax (EDT) provision provided that the dividends paid by a company in any year are deemed to be the taxable profit of the company in the relevant year where the actual taxable profits are less than the dividend paid in such year. Thus, when dividends are paid out to shareholders and these dividends are higher than chargeable or total profits for the year, the dividend paid out is deemed to be the chargeable profit of the company and subject to tax at the rate of 30%. The strict application of this provision had resulted in multiple taxations of profits that might have suffered tax previously. Example of such a scenario is where the after-tax retained profits of a company transferred to retained earnings account forms part of dividend payment in future periods. Another situation involving this ambiguity related to company dividends that are paid out of tax-exempt profits which effectively annuls the tax-exempt status of such income (profits). The strict application of provisions has led to several disputes between taxpayers and the

Federal Inland Revenue Service (FIRS).

The Finance Act has now excluded such profits from the application of the rule. These profits include franked investment income, after-tax profits, tax-exempt income and distributions made by Real Estate Investment Companies. This expected to mitigate the incidence of double taxation on such incomes.

iv. Non-resident companies

The Finance Act has introduced modifications to the provisions of Section 13 of the CITA and subjected the income earned by foreign companies that provide technical, management, professional and consultancy services in Nigeria through remote access to a Nigerian resident person to withholding tax at the rate of 10%. The Act limited the tax payable by such foreign companies to such Withholding Tax (WHT) deducted from them on such payments. The Act also introduces provisions to tax any foreign company that "transmits, emits or receives signals, sounds, messages, images or data of any kind from cable, radio, electromagnetic systems or any other electronic or wireless apparatus to Nigeria in respect of any activity, including electronic commerce, application store, high-frequency trading, electronic data storage, online adverts, participative network platform, online payments and so on, to the extent that the company has a significant economic presence in Nigeria and profit can be attributable to such activity." The Act has as well authorised the Minister of Finance to provide the definitive meaning of "significant economic presence," within the Nigerian context.

v. Foreign Loan Exemption

Before the amendments introduced by the Act, foreign companies were allowed to enjoy full (100%) or partial (10%, 40% or 70%) WHT exemption on interest on foreign loans where the terms of such loan provided to a Nigerian person meet the specific grace period and loan tenor requirements under the CITA. However, the Finance Act modifies this exemption by revising downward the WHT exemption applicable on interest income on foreign loans to reduce the incentives of repayment periods, including a moratorium of 2-4 years, 5-7 years, and above 7 years from 40%, 70, 100 and to 10%, 40% and 70% respectively.

vi. Minimum tax

The Finance Act replaces the cumbersome procedure for computing minimum tax, under the CITA, with a simplified base rate of 0.5% of the qualifying company's turnover less franked investment income. Also, this modification was made in recognition of the need to shift the impact of minimum tax from capital basis to a purely revenue-based approach. Before this amendment, the computation of the minimum tax was as follows: the higher of:

i. 0.5% of the Gross Profit
ii. 0.5% of Net Assets
iii. 0.25% of paid-up capital or
iv. 0.25% of first 500,000 turnover

Plus 0.125% of revenue above N500,000

The Act has also removed the exemption from minimum tax granted to companies with an imported share capital of 25%. Such companies are now subject to the application of the minimum tax rule.

vii. Introduction of a progressive CIT system

Before the enactment of the Finance Act, the generally applicable CIT rate in Nigeria was 30% of taxable profits. However, in line with the Federal Government's commitment to encouraging growth and development of the Small and Medium Enterprises in Nigeria, the Finance Act has introduced a more progressive CIT rate regime. Under this regime:

a. Companies with annual gross turnover of not more than N25 million would be completely exempted from paying CIT subject to timely filing of CIT returns.
b. Companies with turnover of between N25 million and N100million will be subject to CIT at 20%.
c. Companies with annual gross turnover of N100million and above will be liable to tax at the standard rate of 30%.

viii. Incentives for early payment of tax

The Finance Act seeks to encourage companies to file their self-assessment and payment of taxes in full on or before their due date of filing by offering tax incentives of 1% to companies with turnover of N100 million and above and 2% for medium-sized companies, of the amount of tax paid, where a company pays. This incentive is only applicable where the company pays its taxes 90 days before its due date for filing. The incentives will be a tax credit towards future tax obligations.

To deter non-compliance, the Act has increased the applicable penalties for late filing of tax returns to N50,000 in the first month and N25,000 in subsequent months of default.

b. Capital Gains Tax Act (CGTA) Cap C1, LFN 2007

The significant changes introduced by the Finance Act 2019 into the Nigerian tax landscape concerning the Capital Gains Tax Act (CGTA) Cap C1, LFN 2007 include:

i. **Restricted tax exemption on compensation for loss of office**

The Capital Gains Tax Act (CGTA) imposed a tax at 10% on income received as compensation for loss of office. The Finance Act, however, limits the impact of this provision by exempting any capital sum of N10 million or less received as compensation for loss of office from capital gains tax.

ii. **Tax concessions on assets transferred under a related party business re-organisation**

The Finance Act has also introduced tax concessions for business re-organizations. This is aimed at exempting chargeable gains on assets transferred under a related party business re-organisation from capital gains tax, subject to meeting certain conditions.

c. Personal Income Tax Act (PITA) Cap P8, LFN 2004

The Finance Act has introduced the following modifications to the PITA:

i. Replacing the references to Federal Board of Inland Revenue with Federal Inland Revenue Service.
ii. The requirement for every person (body corporate, trustee, partnership, etc.) to provide a Tax Identification Number as a

precondition for opening a bank account and for continued operations of its bank account in respect of its business operations.

iii. Removal of the requirement to obtain approval from the FIRS as a precondition for claiming contributions made to a pension, provident and other retirement benefits fund as a tax-deductible expense.

iv. It deletes the provisions for children and dependent relative allowances. This has resolved the controversies surrounding the entitlement of chargeable persons to children and dependent relative allowances in addition to the consolidated relief allowance granted under the PITA.

v. Acceptance of electronic e-mail as a valid means of communication between the taxpayers and the tax authorities.

d. Petroleum Profits Tax Act (PPTA) Cap C4, LFN 2004 (as amended)

Before the introduction of the Finance Act 2019, dividends paid out of after-tax profits were exempted from tax under any other taxing legislation. Consequently, investors in upstream petroleum operations in Nigeria were allowed to enjoy tax-free returns on investment. However, the Finance Act 2019 has removed this exemption and treats such as dividends to withholding tax.

e. Value Added Tax Act (VAT), Cap V1, LFN 2007 (as amended)

The Finance Act has introduced the following specific modifications to the Value Added Tax (VAT) Act:

i. As part of the Nation's effort towards moving away from reliance on direct tax to indirect tax, a progressive increase in the VAT rate and a gradual reduction in income tax rate is captured by the amendments introduced by the Finance Act. Thus, the Act provides for a VAT rate increase from 5% to 7.5%. The rate increase, when combined with other VAT-related changes, is expected to increase VAT revenue significantly. Also, to mitigate the impact of the revised VAT rate and facilitate economic growth and development, the Act introduced several palliatives for micro and small enterprises. One of such palliatives is the introduction of a VAT compliance threshold of N25 million. These exempt companies with an annual turnover of N25 million or less from registering for the tax, charging the tax, rendering a monthly return, and from the penalties prescribed by the Act for non-compliance with the administrative provisions.

ii. **Scope of coverage of the Nigerian VAT Act**

The erstwhile provisions of the VAT Act did not contain a definition of goods. Consequently, VAT-able goods had, in practice, been limited to tangible goods that are not exempted under the First Schedule to the Act. The Finance Act 2019 has expanded the definition of "goods" to include 'any intangible product, asset or property over which a person has ownership or rights, or from which he derives benefits, and which can be transferred from one person to another, excluding interest in land". Consequently, the VATability of incorporeal property, such as rights, patents, trademarks, royalty, etc., has now been brought under the purview of VAT.

iii. **Cash basis for accounting for VAT and VAT refunds**

The Finance Act has provided clarification that VAT should be accounted for on cash rather than an accrual basis. Accounting for VAT on a cash basis means that a taxpayer can only recover input VAT that has been "paid" against output VAT that has been "collected". For taxpayers who do not have input VAT to claim, it is only VAT that has been collected that should be remitted to the FIRS.

iv. **Self-Charge Provision**

The Finance Act 2019 has introduced a "Self-Charge Provision" which requires a recipient of VATable supplies in Nigeria to self-account and remit VAT on such transactions to ensure payment of VAT on all supplies even when VAT is not included on the invoice.

f. Customs and Excise Tariff etc. (Consolidated) Act, Cap C49, LFN 2004

Before the enactment of the Finance Act, Excise Duty (ED) applied to excisable goods. However, such goods when imported into Nigeria did not attract excise duty. The Finance Act 2019 has amended this disparity and subjected imported excisable products to payment of duty.

g. Stamp Duties Act (SDA) S8, LFN 2007

The Finance Act has provided modifications to the Stamp Duties Act by legalizing the charge of stamp duties on electronic receipts. The Act also mandated the FIRS and State Internal Revenue Service as the relevant authorities responsible for collecting stamp duty on behalf of the Federal Government and the State Governments, respectively.

The General Implications of the Finance Act 2019 for Tax Professionals

It is important to buttress the fact that professionalism holds the key to the advancement of the Nigerian tax system to the extent that it can conveniently support the government's efforts at transforming the economy for the benefit of all. Tax Practice and Administration has advanced to the extent that not everyone can offer these professionalized services without possessing the requisite training, experience and certification. Among the top practitioners here are the Accountants and the Lawyers. These professionals provide tax services to taxpayers, this could be a representation of the taxpayers during an audit or in appeals processes, court hearing as well as helping their clients in the filing of tax returns or the certification of financial statements and tax returns.

The major challenge is to understand how tax laws have succeeded one another, the direction of the changes in legislation and the desirable outcomes of such changes. Also, tax professionals support tax administration in formulating tax laws and rules. They help the business community from unfair decisions taken by the tax administrations. They can do this because, despite their expert knowledge they may have in matters of tax, they participate in debates that give rise to the drafting of tax laws and regulations, indeed they can know which mischief was being addressed by a given tax provision.

In developing and transition economies, taxpayers have problems ranging from inadequate bookkeeping, interpretation of tax provisions and lack of knowledge on the general procedures on tax, tax planning. Tax practitioners need to understand tax practice and policy guidelines, which governs the Tax profession in Nigeria. Besides, the Statement of Taxation Standards issued by the Chartered Institute of Taxation of Nigeria (CITN) is of essential importance to every tax practitioner in Nigeria today, in the face current regulatory changes and compliance regimes. The CITN Statement of Taxation Standards provide guidelines on the following:

- Tax Certification Report for Tax returns
- Personal (Including Sole Trader) Compliance Engagement letter
- Partnership Tax Compliance Engagement
- Corporation Tax Compliance Engagement letter
- Consultancy Engagement Letter (Including Tax Investigation)

CONCLUSION

With the effective takeoff of the new Finance Act 2019, many implementation challenges are going to be unfolding as the day goes by. In the coming days of the Act, implementation guidelines are expected from the Federal Inland Revenue Services as well as the Federal Ministry of Finance guide the implementation of the Act. Tax professionals are expected to read wide and understand the new provisions and their implications for the taxpayer for effective tax planning and compliance. The place of continuous training provided through various platforms, including the MPTP programs will help to equip tax professionals with the requisite skills required for effective compliance with the requirements of the Finance Act 2019.

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TAX AUDIT AND INVESTIGATION: WHAT A TAXPAYER SHOULD EXPECT

INTRODUCTION

The recent revenue drive arising from fall in oil prices and the need to diversify Nigeria's revenue away from oil to non-oil sources, such as taxation, has led to increase in the frequency of tax audits and investigations conducted by both the Federal Inland Revenue Service (FIRS) and the State(s) Boards of Internal Revenue (SBIR).

The Federal Inland Revenue Service (FIRS) in 2018 recorded a total tax collection of N5.320 trillion with N2.852 trillion from non-oil revenue and N212.792 billion from 2278 audit cases. It also claims a huge reduction in audit cycle and has hinted of its intention to surpass the collection figure in 2019. The ambitious collection targets coupled with the claimed data on registered and unregistered companies not contributing to the Country's tax collection, signals an intending intensified effort directed at achieving the set targets. No doubt, achieving the set targets would require broadening the scope of tax coverage, continued compliance drive by taxpayers, more aggressive and timely tax audits and investigations, and lots of emphasis on entities not currently contributing to the Country's tax collection.

This briefing note aims to broaden taxpayers' understanding of tax audit and investigation processes, while also providing useful insights towards efficient audit and investigation management process that provides the best possible outcome.

Tax Audit & Investigation

A typical tax audit process entails review of taxpayer's records to ascertain compliance with relevant tax laws. It is usually for not more than 6 years from the date of submission of the relevant returns or receipt of the audit notice. While a tax investigation is an inquiry into the tax activities of a taxpayer by the tax authority to recover undercharged taxes from previous years, triggered on the suspicion of fraud or wilful default of the taxpayer with regards to non-compliance with tax obligations. There is no time bar for investigations as such investigations can go as far back as the date of incorporation of a company.

Apart from the routine compliance review conducted by tax authorities, typical tax audits in Nigeria are of two forms—desk audit & field audit. A desk audit usually involves the tax authority conducting a review of the self-assessment returns filed by a taxpayer to ascertain its completeness and correctness without being physically present at the taxpayer's business premises. Under desk audits, the tax authorities typically request for clarifications and documents from the taxpayers with regards to information contained in the taxpayer's self-assessment returns.

On the other hand a field audit is a much more elaborate process which involves a physical visit to the taxpayer's premises.

Please note that the revenue authorities such as FIRS and LIRS make use of consultants called the Tax Audit Monitoring Agents to assist with the Tax Audit Process.

Audit Period

On Only the last 6 calendar/financial years preceding an audit request may be checked during a field audit, if those years have not been previously audited. In the event audit has been conducted for previous years, the audit shall be limited to previous financial years. For instance, an audit request in 2017, may only be for 2016 or for 2010 to 2016. A Relevant Tax Authority (RTA) typically does not conduct field audits of the same period twice, however, there are isolated instances where this has happened, usually owing to administrative directives by the RTA. Also, where a fraud is suspected, an investigation may be conducted notwithstanding the fact that an audit has been conducted on a previous year.

Audit Notification

The RTA typically notifies taxpayers of its intention to conduct a field audit exercise at least 2 weeks before the beginning of the audit exercise by sending an official memo specifying the period being audited, audit commencement date, and audit checklist. Audit timelines may be extended at the request of the taxpayer, and in such case, another official memo may be sent to the taxpayer by the RTA communicating acceptance of the new proposed timeline.

RTA's Audit Selection Criteria

The selection criteria for a tax audit or investigation are usually at the discretion of the tax authority. Outlined below are selection criteria employed by the tax authority in the past to determine the taxpayer's records to be reviewed:

1. **Standard Approach:** This approach most often begins as desk audit and may lead to a field audit if the RTA is not satisfied with the initial supporting documents provided by the taxpayer.
2. **Target/Industry Approach:** This approach involves a review of taxpayer's records based on intelligence gathered internally or from external sources or based on peculiarities of the industry where the relevant taxpayer operates. This approach focuses on specific issues which are of interest for the RTA.

3. **Risk-based Approach:** Under this approach, the RTA assesses the taxpayer's records,

industry and, operational peculiarities based on predetermined parameters. Thereafter, only selected records falling within the predetermined parameters are selected for review.

Audit Triggers and Exposures

Current financial reporting in Nigeria is meant to comply with standards issued from time to time by the International Accounting Standard Board (IASB). Taxpayers are advised to review their transactions to comply with the reporting framework and to understand the tax implication of such frameworks under the tax laws so as to determine the tax deductibility or otherwise of such reporting classification which affects the income or profits declared.

The following represent primary audit or investigation triggers and risk exposures to taxpayers:

1. Significant fluctuations in assessable profits
2. Huge and consistent loss situations;
3. Significant capital allowance and unutilized capital allowance claim;
4. High Value Added Tax (VAT) and Withholding Tax (WHT) refund claim situation;
5. Huge cost deductibility claim — for instance huge bad debts provision or written off situation,
6. High expenses to revenue ratio;
7. Related party transactions;
8. Business restructuring, mergers, and acquisition situation;
9. Double taxation agreement claims etc

Taxpayers are advised to not only maintain proper and adequate records but to also ensure sufficient third-party supporting documents are available as these are vital to addressing any issue raised by he tax authority either during desk audits, field audits, and also the audit reconciliation stage as it helps ensure timely closure of tax audits and investigations. The appointment of a tax managers to provide professional support and representation also helps ensure an easier audit process.

Thoughts & Take-away:

Tax audit or investigation is one that requires adequate planning and preparation. The best approach would be for taxpayers to understand the tax implication of transactions at the point of undertaking them while ensuring adequate compliance arising from such transactions. Tax audit in Nigeria sometimes last more than a year, mostly resulting from the arbitrary approach employed by persons employed by tax authorities to conduct the audit process and this consequently results in time wastage and additional cost to taxpayers.

A key point to note in an audit process is the fact that documentation is key! Taxpayers are advised to ensure documents are available to support transactions with regards to the audit triggers mentioned above and more. The role of a tax manager as a support to taxpayer in an audit or investigation process cannot be over-emphasized.

In October 2019, President Muhammadu Buhari submitted the Finance Bill 2019 to the National Assembly. The bill seeks to implement wide fiscal reforms and transform the government approach to tax administration. While some components introduce increments, several others are aimed at reducing taxes, especially for SMEs, thereby stimulating economic activities. We have itemized 18 Nuggets Every SME Must Know + Do

1. Small businesses with turnover less than 25m will be exempted from CIT,
2. Lower CIT rate of 20% will apply to medium-sized companies with turnover between 25m and N100m.
3. Companies will only be subject to minimum tax at 0.5% of turnover if turnover exceeds 25m
4. Companies that make CIT payment on or before 90 days from the due date for filing will be entitled to a bonus of 1% (for large companies with turnover greater than N100m) or 2% (for medium-sized companies with turnover between N25m and N100m).
5. Small businesses may have to prove to their customers that they do not meet the threshold to avoid withholding tax.
6. Commencement and cessation rules have been modified to eliminate overlaps and gaps to avoid double taxation and complication during commencement.
7. The restriction of carry forward of tax losses has been amended such that tax losses can The restriction of carry forward of tax losses has been amended such that tax losses can be carried forward indefinitely.
8. Companies must now pay their CIT liability on or before the due date of filing in one lump sum; or in instalments agreed with the FIRS with the last instalment paid on or before the filing due date.
9. The VAT rate to increase from 5% to 7.5%.
10. VAT registration threshold of 25 million turnover in a calendar year to be introduced.
11. Penalties for failure to register will increase to 25,000 for the first month of default and Penalties for failure to register will increase to 25,000 for the first month of default and 20,000 for each subsequent month.
12. The meaning of supply and definition of goods and services has been expanded to cover intangible items other than land, among others.
13. Remittance of VAT now to be on a cash basis
14. A clear definition of basic food item and definition of exported service as "service rendered within or outside Nigeria by a person resident in Nigeria to a person outside Nigeria.
15. Banks to request for Tax Identification Number (TIN) before opening bank accounts, while existing account holders must provide their TIN to continue operating their accounts.
16. Stamp duty on bank transfer to apply only on amount from 10,000 and above. Transfers between the same owner's accounts in the same bank also to be exempted.
17. The scope for goods subject to excise duties based on the Customs Act now expanded to The scope for goods subject to excise duties based on the Customs Act now expanded to include "goods imported and those manufactured in Nigeria.
18. Under the proposed amendment, the SDA now defines 'instrument' to include "every written document including electronic documents".

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Tax and the Digital Economy

"The world's most popular media company Facebook creates no content. The world's most popular retailer Ali Baba carries no stock, and the world's largest accommodation provider, AirBnB, owns no property."

The above quote by Tom Godwin is as pertinent as it is trite. Straits Times notes that digitization has led to the emergence of new business models and increased international trade, while removing the need for a company to have physical presence in a country to conduct business with its residents. It becomes essential to examine what can be taxed, who should be taxed, where and how much. A global approach is needed to adopt tax rules to the digitized economy. Therefore, the Organization for Economic Cooperation and Development (OECD) has committed itself to tweaking the world's tax rules to catch up with this economy. It commenced the Base Erosion and Profit Shifting (BEPS) Project in 2012. This article discusses the needed imposition of Companies Income Tax and Value Added Tax on cross-border digital businesses. It analyzes the status quo and draws solutions from international best practices.

The Digital Economy

The digital economy is the worldwide network of economic activities, commercial transactions and professional interactions that are enabled by ICT. The technologies that fuel this economy have created a disruptive revolution within the past 20 years that have put rigid companies out of business and introduced new companies like Uber, Airbnb, Netflix and Spotify. Forbes reported that the Digital Economy was worth almost three trillion dollars in 2016. This is more than the GDP of Africa.

Companies Income Tax

Companies are recognized as juristic persons in Nigeria and are mandated by the Companies Income Tax Act to pay 30% of the profit earned in the year preceding assessment. There are however two kinds of companies in this regard – resident and non-resident companies.

Section 13(1) of the Companies Income Tax Act is clear to the effect that a Nigerian company is taxable on its worldwide income. By section 13(2) however, the profits of a non-resident company are deemed to be derived from Nigeria if (i) it has a fixed base in Nigeria (ii) it operates through a dependent agent (iii) it is involved in a turnkey project or (iv) it is involved in a related party transaction deemed artificial. The first criterion of fixed base is the most comprehensive and easily forms the basis of this discourse. The Federal High Court held in JGC v FIRS that a foreign company must have a fixed base before its profits can be subject to tax. In Shell v FBIR the court held that the profits sourced from Nigeria by foreign companies cannot be taxed; except they have a fixed base and the profits are attributable to that base.

The term "fixed base" is denied of a precise definition in Nigerian law. It is explained by Paragraph 4.1 of a 2014 Federal Inland Revenue Service Circular to include facilities such as a factory, an office, a branch, a mine, gas or oil, activities such as building, construction, assembly or installation and furnishing of services in connection with the previous. A fixed base is often referred to as permanent establishment (PE) under international law. Article 5 of the UN Model Convention defines a permanent establishment as a fixed place of business through which the business of an enterprises is wholly or partly carried on.

The court held in Shell's case that "fixed base" could be interpreted to mean "residence" or "ordinary residence" but in the context of the Companies Income Tax Act, it connotes a place where a company has carried on business over a long period of time.

Value Added Tax

VAT is charged on the supply of goods and services in Nigeria. The VAT Act in Section 10 directs a non-resident company that carries on business in Nigeria to register with the Board using the address of the person with whom it has a subsisting contract as its address for the purpose of correspondence. This non-resident company is to include the tax in its invoice while the resident recipient of the goods/services is to remit the VAT in the currency of transaction.

The "VATablity" of non-resident companies was considered in Gazprom Oil & Gas Nig. Ltd v. Federal Inland Revenue Service. The Tax Appeal Tribunal concluded that the appellant was not liable for VAT on the basis that services were wholly performed outside Nigeria. The TAT held that only a non-resident carrying on business in Nigeria must register for VAT and this non-resident company did not carry on business in Nigeria. That is, as no activity was carried out in Nigeria (in providing the service). The test here is therefore not "physical presence" but "carrying on business in Nigeria".

On appeal to the Federal High Court, it held that a nonresident company will be deemed to be carrying on business in Nigeria if it is providing services to a Nigerian company on an agreed consideration; and it was irrelevant that the non-resident company did not have a physical presence in Nigeria. What then qualifies as "carrying on business"?

Importantly, the Court of Appeal in Vodacom v. Federal Inland Revenue Service seemed to alter Gazprom. In that case, there was a contract for the supply of bandwidth capacities between a South African company and its Nigerian counterpart. The court held that because these bandwidth capacities were supplied in Nigeria, the foreign company was carrying on business in Nigeria.

The Problem

Before digitization, a company supplying goods and services in a state would require a local subsidiary, permanent establishment or independent local entity. Now, digitization allows businesses to reach markets in jurisdictions where they have little or no physical presence. Meanwhile, many countries still contain in their laws, the requirement for a fixed base or permanent establishment before profits can be taxed. Thus, the source state collects a reduced amount of tax while the multinational makes significant revenue.

These days, "there are more and larger multinational corporations and many are tech businesses with novel business models, making it harder to even tell where profits are generated." Admittedly, tech giants hardly post any profits. However, when(ever) they do, how should they be taxed? In 2017, Amazon's UK operation reported turnover of $11.3bn and pre-tax profits of 72 million pounds. It then paid 4.5 million pounds in corporation tax. Amazon defended this tax bill, and a spokesman said "we pay all taxes required in the UK and every country where we operate. Corporation tax is based on profits, not revenues, and our profits have remained low given retail is a highly competitive, low-margin business and our continued heavy investment." Summarily, it is difficult to fault tech companies as governments are responsible for updating their laws. Digitized businesses have no physical presence in jurisdictions because they do not need to.

Nigeria

The development of a country relies on its capacity to generate revenue and afford infrastructure. In the face of dwindling oil revenue, Nigeria has toughened tax administration in recent years. Due to investor confidence in Nigeria's e-commerce, the FG has set a target of generating $88 billion and creating three million jobs through the nation's digital economy through a period of 10 years. However, there is a dearth of direction as to taxation of digital companies. The Vice-President, Professor Yemi Osinbajo at a Federal Executive Council meeting in June 2018 said Nigeria had lost about $178 billion to illicit financial flows in the preceding decade.

Tax leakages in the Digital Economy

According to the National Bureau of Statistics (NBS), the total value of electronic payment transactions in the banking system stood at N65 trillion in 2016, eight times the value of the national budget. Therefore, a significant number of transactions are concluded via online platforms. This is broadly referred to as e-commerce. In e-commerce, physical presence is not needed and where the goods or services are digitized, neither is physical delivery. Software, video, books, music, newspapers and magazines no longer have to be delivered in hard copy. It is consequently difficult to apply the traditional rules of taxation. The tax authorities are even unable to tell the value of direct and indirect taxes payable on e-commerce transactions and this is a large leakage in the system.

Tax leakages are also a consequence of the acts of aggressive tax planners. According to the European Semester Thematic Factsheet Curbing Aggressive Tax Planning, aggressive tax planning consists of taxpayers reducing their tax liability through arrangements that may be legal but are in contradiction with the intent of the law. ATP includes exploiting loopholes in a tax system and mismatches between tax systems which may result in double non-taxation or double deductions. Taiwo Oyedele notes that "the fluidity of intellectual property coupled with the risk portability and the delivery of digital goods and services means that tax arbitrage is not only easier but also economically attractive."

Besides and beyond these, the very structure of certain digital companies makes them difficult to tax.

1. **Over-The-Top Service Providers (Netflix)**

Over The Top (OTT) services refer to any type of video or streaming media that provides a viewer access to movies or TV shows by sending the media directly through the internet. The most popular OTT providers include Netflix, Amazon Prime Video, and Hulu. They bypass cable or satellite providers and media distributors to deliver content directly to their audiences. Netflix made its way to Africa in 2016 and famously acquired its first original movie from Nigeria – Genevieve Nnaji's Lion heart – in 2018.

A 2017 ITEP (Institute on Taxation and Economic Policy) report identified Netflix as one of the 100 profitable Fortune 500 corporations that paid a zero percent federal income tax rate (in the US) in at least one profitable year between 2008 and 2015.

2. **Digital Disruptors (Uber)**

Digital disruptors are companies that leverage on online tools to redefine the way services are provided. Uber is an e-hailing cab business that allows users of the Uber app to connect with rides available in real time. Uber has spread to over 700 cities and is valued at $72 billion. Uber started operations in Lagos in July 2014 and rightly allows for cash-based payment. This way, a significant portion of revenue can only be taxed through Personal Income Tax. Uber regards its drivers as independent contractors who are liable to pay their own PIT. In response, a collaboration of the FIRS, LIRS and PwC developed an Uber driver's tax guidance in 2016 to warrant a Tax Identification Number for Uber Drivers.

Uber's business structure is hinged on three companies – Uber International C.V., Raiser Operations B.V. and Uber Technologies Inc. Uber Technologies Inc. is the parent company with a headquarters in San Francisco. B.V. processes financial transactions and collects say 20% of the top of all charges for cab rides globally, while the balance is left for the drivers. Once, Uber CV paid Uber Technologies for use of Intellectual Property rights. Since Uber CV is the owner of the IP, Uber BV pays almost all its revenue to CV as royalty after covering its cost of operation. Under Dutch law, royalty payments are not taxable. Uber CV has 10 subsidiaries in the Netherlands.

3. <u>Social Media Platforms – Facebook</u>

Nigeria is Facebook's largest market in Africa with over 26 million people. Its profits have been fueled by strong growth in money-making ads to its users amounting to record profits of about $6.88 billion for the final three months of 2018. As at July 2017, Facebook had 16 per cent of all global digital ad revenue, while Google had 33 per cent.

At the heart of Facebook's structure are two companies in Ireland, Facebook Ireland Limited (FIL) and Facebook Holdings Limited (FHL). The former is a subsidiary of the latter. After generating profit via FIL, majority of it is paid as royalty to FHL. FHL does not pay taxes because it is based in Netherlands (which exempts royalty payments).

Attempts to tax the Digital Economy

1. <u>Efforts of the Federal Inland Revenue Service (FIRS)</u>

In June 2017, the former minister of finance confirmed that Nigeria had ratified the necessary conventions to combat profit shifting and tax evasion. Subsequently, the FIRS introduced the ITAS (Integrated Tax Administration System) to automate key processes and improve transparency. In June 2019, the Joint Tax Board launched a unique Tax Identification Number to work alongside. The former Chairman, Babatunde Fowler explained that the system is designed in such a manner that each taxpayer is assigned a unique and universal TIN and it is possible for any taxpayer to view, retrieve or update his/her tax profile from anywhere 24/7.

The long-term benefit of these is that the FIRS' electronic platforms are better positioned for a "robust and seamless interface with diverse platforms which can facilitate tracking of electronic transactions liable to tax in Nigeria". In addition, it creates the needed familiarity for tax officers to these digitized processes.

In July 2019, the FIRS organized a stakeholder's retreat with the theme: Parliamentary Support for Effective Taxation of the Digital Economy. There, FIRS disclosed plans to impose VAT on online transactions. According to the FIRS, online and cross-border transactions requiring little or no physical presence have transformed world trade. The digitalization of the economy has also created a big challenge for taxation as most local laws are not robust enough to address the complexities created by the digital economy. The agency is also working with the National Assembly to get the tax laws amended to that effect.

In August 2019, the FIRS disclosed the government's intention to impose VAT on online transactions in 2020 – specifically on purchases made via bank cards. Rather than an attempt to tax the digital economy, it seems like a pragmatic anti-evasion measure concerning goods, services and taxpayers already caught by current legislation. There are concerns about double taxation, and the discretion of banks who have the apparent task of deducting 5% from taxpayers' bank accounts.

2. <u>The European Union</u>

To reiterate, efforts to tax the digital economy must be international and concerted. Incoherent responses by individual countries could result in double taxation or non-taxation. The EU has begun conversations to reach an agreement. In 2017, the EU Commission and Council reached conclusions on how to make taxation of digital activities fairer. This came in the form of a long-term solution and a short-term solution.

The long-term solution entails embedding the taxation of the digital economy in the international tax framework. That is, corporate tax rules of different countries would be reformed and synchronized so that profits are registered and taxed at the appropriate jurisdictions. This extends to determining the "significant digital presence" and attributing profits to a digital business.

The short-term solutions consist equalization tax on turnover of digitized companies, a withholding tax on digital transactions or a levy on revenues generated from the provision of digital services or advertising activities. The EU commission has proposed a Digital Service Tax, a levy on gross revenue at 3% for businesses that meet specified conditions to be enforced in the state where the supply takes place.

3. The OECD reports

The OECD is the Organization for Economic and Community Development and its BEPS (Base Erosion and Profit Shifting) project was launched in 2012 to tackle tax avoidance and harmful tax practices with a multilateral approach. The Action Plan on BEPS was endorsed in November 2015 and contains 15 measures.

The OECD published a report titled Addressing the Challenges of the Digital Economy: Action 1 in October 2015 and it is aimed at addressing challenges of the digital economy with a focus on the concept of Permanent Establishment. Three alternatives to this rigid concept were suggested. First, a "nexus" test based on the concept of "significant economic presence". The second option - impose withholding tax on certain types of e-commerce transactions. The third alternative is an equalization levy. None of these options were specifically recommended however, only agreed to be options for member countries.

As a follow up to the above report, on 16 March 2018 the OECD released Tax Challenges Arising from Digitalization – Interim Report 2018. The report analyzed the main features of highly digitized businesses and favours coherent review of the nexus and profit allocation rules over interim measures. It concluded that an update to the work would be provided in 2019.

4. Best Practices

While Nigeria has done little in plugging the drain of revenue from its digital borders, many countries where digital business generate revenue have attempted legal solutions.

Diverted Profits Tax was introduced in the UK as a response to BEPS activities of digital businesses who circumvent PE status despite having significant economic presence. The tax is upfront at 25% and enforced against companies who avoid PE, create sham structures lacking economic substance and mismatch arrangements to shift profits. In April 2018, the UK proposed a withholding tax applicable to IP royalties paid by a non-UK resident entity to a related party in a low-tax jurisdiction. The proposed tax requires no UK presence for a taxpayer beyond a UK customer base. The withholding tax would be waived if the non-resident has a PE or is subject to diverted profits tax.

Japan's approach to digital economy taxation involves the imposition of consumption tax on overseas businesses that offer digital services to the Japanese market. This is provided for in the 2015 Tax Reform Package. The Consumption Tax Basic Circular specifies the concerned kinds of services. In tackling the challenge of a permanent residence, Japan has set up an Overseas Business Registration System.

France has implemented several solutions – in early 2018, a 2% tax was levied on the advertising revenue of platforms that broadcast videos online such as YouTube or Netflix. France also introduced a GAFA Tax (named after Google, Apple, Facebook and Amazon) to ensure that these internet businesses shoulder some fiscal responsibility.

On July 25, 2019, President Emmanuel Macron of France signed a Digital Services Tax into law. This is a 3% tax to be imposed on digital companies such as Facebook and Amazon. Bloomberg Tax reports that "the tax will target companies with at least 750 million euros ($834 million) in global revenue and digital sales of 25 million euros in France from certain digital activities, such as targeted advertising, and providing platforms to connect buyers and sellers."

Israel's tax on foreign corporations is similarly hinged on the existence of a permanent establishment ("fixed base' in Nigeria). The Israeli Tax Authority has issued a circular that redefines PE to include a digital presence necessary to maintain client relations and a close relationship with clients. Similarly, India introduced an equalization levy on online advertising revenue by non-resident e-commerce companies earned in India. India also amended the concept of "business connection" to include a significant economic presence.

Italy has introduced a web tax of 3% on intangible goods such as online advertising and sponsored links, but not to online retail. The Italian Income Tax

Code has also amended the definition of PE to include Significant Economic Presence.

More best practices abound in the form of Columbia's VAT on digital services, Saudi Arabia's virtual service PE , Turkey's withholding tax on e-business payments , Austria's advertisement tax , Belgium's fairness tax , Hungary's Advertisement Tax and Australia's version of the UK's DPT.

Way Forward

It is pertinent to begin the end with an update on ongoing developments. Between May and June 2019, the international community agreed on a road-map for resolving the tax challenges arising from the digitization of the economy. The OECD adopted a Programme of Work to Develop a Consensus Solution to the Tax Challenges Arising from the Digitalization of the Economy that outlines a process for reaching a new global agreement for taxing multinational enterprises through two main pillars.

The first pillar focuses on potential solutions for determining where tax should be paid and on what basis ("nexus"), as well as what portion of profits could or should be taxed in the jurisdictions where clients or users are located ("profit allocation"). The second pillar will attempt a system that ensures that multinational enterprises in the digital economy pay a minimum level of tax, to provide countries with a tool to protect their tax base from shifting to low/no-tax jurisdictions.

The Programme of Work brought together 289 delegates from 99 member-countries and jurisdictions and 10 observer organizations. Nigeria must now follow closely until implementation slated for 2020. It is hoped that the end results of this road-map are immediately localized in due consideration of our peculiarities.

In scaling this hurdle of international base erosion, Nigeria evidently has many unilateral measures at its disposal. These include DST (Digital Service Tax) as adopted by European countries, Equalization Levy to achieve tax neutrality as well as withholding tax at source on payments regarding digital transactions. In combating the challenge of a fixed base, Nigeria can also adopt a nexus-based approach. Quantitative thresholds can be employed to determine a "significant economic presence". As established, the criteria of "fixed base" and "carrying on business" under our acts are desperately incapable.

Although the CITA contains blanket provisions that give the executive arm the powers to effect proactive policies, it is imperative that the legislature exercises diligence in amending the Act to bring it in line with today's economic realities. Between taxing the digital economy and legislatures of the world, political will and expediency are everything. The OECD Secretary-General, Angel Gurria was cited to have said the following (about the OECD Programme of Work) that I consider apt:

> *Today's broad agreement on the technical road-map must be followed by a strong political support toward a solution that maintains, reinforces and improves the international tax system. The health of all our economies depend on it.*

By: David O. Akindolire

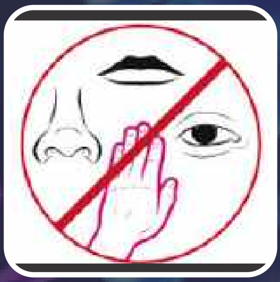
David Olabanji Akindolire is a first class graduate of law of the Obafemi Awolowo University, Ile-Ife. He was a summer associate at PWC Nigeria at the time this article was submitted.

PREVENT THE SPREAD OF COVID-19

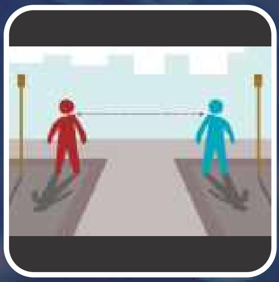
STAY AT HOME

WASH HANDS WITH SOAP AND WATER

USE ALCOHOL-BASED HAND SANITIZERS



AVOID TOUCHING YOUR EYES, MOUTH & NOSE



MAINTAIN SOCIAL DISTANCING

update

In Nigeria, the Nigeria Centre for Disease Control (NCDC) had reported a total of 139 cases involving two deaths with 9 recoveries as at 31st March, 2020. The figures have risen by NCDC briefs, thus:

September 22, 2020
3:00pm

Total Cases reported:	57,437
Active Cases:	7,663
Deaths:	1,100
Discharged Cases:	48,674

CITN

SECRETARIAT e-NEWS

PHOTOS SPEAK OF 2019 ANNUAL TAX CONFERENCE, SYMPOSIUM, AWARD, SPORT & GALANITE

RULING OF HIGH COURT OF LAGOS STATE

SUIT NO. LD/3288GCM/2019 (CITN VS ICAN)

NOTICE TO MEMBERS ON THE POSITION OF CITN ON THE RULING DELIVERED ON 2/7/2020 IN SUIT NO. LD/3288GCM/2019 (CITN VS ICAN)

Dear Valued Members,

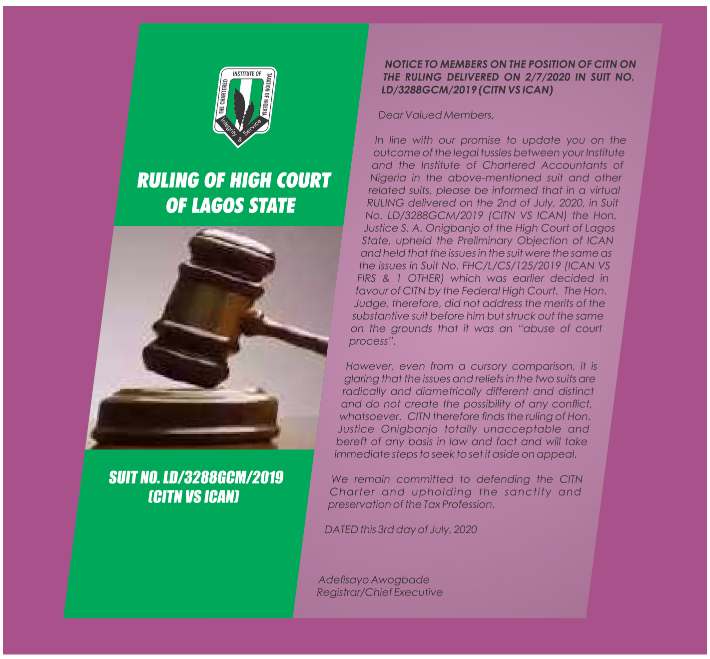
In line with our promise to update you on the outcome of the legal tussle between your Institute and the Institute of Chartered Accountants of Nigeria in the above-mentioned suit and other related suits, please be informed that in a virtual RULING delivered on the 2nd of July, 2020, in Suit No. LD/3288GCM/2019 (CITN VS ICAN) the Hon. Justice S. A. Onigbanjo of the High Court of Lagos State, upheld the Preliminary Objection of ICAN and held that the issues in the suit were the same as the issues in Suit No. FHC/L/CS/125/2019 (ICAN VS FIRS & 1 OTHER) which was earlier decided in favour of CITN by the Federal High Court. The Hon. Judge, therefore, did not address the merits of the substantive suit before him but struck out the same on the grounds that it was an "abuse of court process".

However, even from a cursory comparison, it is glaring that the issues and reliefs in the two suits are radically and diametrically different and distinct and do not create the possibility of any conflict, whatsoever. CITN therefore finds the ruling of Hon. Justice Onigbanjo totally unacceptable and bereft of any basis in law and fact and will take immediate steps to seek to set it aside on appeal.

We remain committed to defending the CITN Charter and upholding the sanctity and preservation of the Tax Profession.

DATED this 3rd day of July, 2020

Adefisayo Awogbade
Registrar/Chief Executive



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DATED this 3rd day of July, 2020

Adefisayo Awogbade
Registrar/Chief Executive

CITN RESTRUCTURING EXERCISE

MEET THE NEW DIRECTORS

EDUCATION AND PROFESSIONAL SERVICES

Oyeronke
Ojo (Mrs.) MPA, AMNIM
Deputy Director

INTERNAL SERVICES

'Lanre
Olasunkanmi, Ph.D, MBA, ACA, FCTI
Deputy Director

RESEARCH AND PROFESSIONAL STANDARDS

Mary-Fidelis
Abiahu, MSc, FCA, MCIB, ACTI
Deputy Director

CORPORATE SERVICES, MEMBERSHIP AND EXTERNAL RELATIONS

Afolake
Oso (Mrs.) BL, LLB, FCTI
Deputy Director

NEW APPOINTMENTS/DEPARTMENTS

Head, Examinations
Mr. Ini Esau

Head, Education
Mrs. Yetunde Suleiman

Head, Student Affairs
Mrs. Elizabeth Adebanjo

Head, Information Communication Technology
Mr. Nasir Adegbenga

Head, External Relations & Marketing
Mr. Adeyinka Adebayo

Head, Membership
Mr. Robert Aigbodior

Head, Human Resource and Admin.
Mr. Monday Akonafua

Head, Corporate Communications
Mrs. Kemi Oluwagbami

Head, Internal Audit, Systems and Controls
Mrs. Ndidi Attah

Head, Finance & Accounts
Mr. Fatai Lawal

Head, Abuja Liaison Office Executive
Mr. Kola Awoyeriju

CITN e-Operations:

ANY ISSUES? DO IT YOURSELF (www.citn.org)

HOW TO LOGIN AND UPDATE PROFILE.
* Log on to www.citn.org
* Go to "member login"
* Log in with username/membership no/e-mail address and password.
* Click on my "profile"
* Click on "edit profile".

NB: KINDLY CLICK ON "SAVE CHANGES AFTER EDITING".

RESET OF PASSWORD.
* Log on to www.citn.org
* Go to member login
* Log in with username/membership no/e-mail address
* Click on "Forgot password", you will prompted to type in your e-mail address
* Type in your e-mail address and click "send confirmation".
* Go to your e-mail (inbox or spam) to reset your password.

CHECK YOUR SUBSCRIPTION OUTSTANDING IN YOUR PROFILE
* Log on to www.citn.org
* Go to "member login"
* Log in with username/membership no/e-mail address and password.
* Click on "RENEW" button to generate your bill

N.B: If RENEW not available, it means your are up to date with your subscription.

SUBSCRIPTION PAYMENT.
* Log on to www.citn.org
* Go to "member login"
* Log in with username/membership no/e-mail address and password.
* Click on "RENEW" button to generate your bill
* Click on "Proceed to Payment" to generate your reference code.
* Pay online via Globalpay OR pay to the Institutes' First Bank Account - 2011351834 and scan your teller with the reference code to finance@citn.org.

HOW TO APPROVE APPLICATION AS A REFEREE
* Log on to www.citn.org
* Go to "member login"
* Log in with username/membership no/e-mail address and password.
* Click on "MyNotifications"
* Click on "Approve Request" and approve

FELLOW APPLICATION.
* Log on to www.citn.org
* Go to "member login"
* Log in with username/membership no/e-mail address and password.
* Click on "My membership" on your profile
* Click on "apply for fellow" on the right hand side, fill the form and download the "District Form". NB: The District form must be completed and signed by the Institutes' District Chairman and be scanned into your profile.
* Click on Proceed to Payment to generate your reference code.
* Pay online via Globalpay OR pay to the Institutes' UBA Bank Account - 1005809652 and scan your teller with the reference code to membership@citn.org.

INDUCTION APPLICATION FOR GRADUATE STUDENTS.
* Log on to www.citn.org
* Go to member login
* Log in with username/membership no/e-mail address and password.
* Click on "My membership" on your profile
* Click on "apply for induction" on the right hand side and fill the form
* Click on Proceed to Payment to generate your reference code.
* Proceed to pay online via Globalpay OR pay to the Institutes' UBA Bank Account - 1005809652and scan your teller to membership@citn.org.

INDUCTION APPLICATION FOR DIRECT MEMBER APPLICANTS.
* Log on to www.citn.org
* Go to member login
* Log in with username/membership no/e-mail address and password.
* Click on "apply for induction" and agree to

the terms
* Click on Proceed to Payment to generate your reference code.
* Proceed to pay online via Globalpay OR pay to the Institutes' UBA Bank Account - 1005809652 and scan your teller to membership@citn.org.

PRACTISING LICENSE APPLICATION.
* Log on to www.citn.org
* Go to member login
* Log in with username/membership no/e-mail address and password.
* Click on "My membership" on your profile
* Click on "apply for practicing license" on the right hand side, fill the form and download the "District Form". NB: The District form must be completed and signed by the Institutes' District Chairman and be scanned into your profile.
* Click on Proceed to Payment to generate your reference code.
* Pay online via Globalpay OR pay to the Institutes' UBA Bank Account - 1005809652 and scan your teller with the reference code to finance@citn.org.

* **STUDENT'S EXAMINATION APPLICATION.**
* Log on to www.citn.org
* Go to member login
* Log in with username/membership no/e-mail address and password.
* Click on "My membership" on your profile
* Click on "apply for examination" on the right hand side and fill the form
* Click on Proceed to Payment to generate your reference code.
* Pay online via Globalpay OR pay to the Institutes' Zenith Bank Account - 1010147149 and scan your teller with the reference code to finance@citn.org.

HOW TO VIEW PAYMENT HISTORY
* Log on to www.citn.org
* Go to member login
* Log in with username/membership no/e-mail address and password.
* Click on MyCITN
* Click on "MyMembership"
* From the right hand side of the page, click on "view payment history"

CHECKING OF STUDENT'S RESULT.
* Log on to www.citn.org
* Go to member login
* Log in with username/membership no/e-mail address and password.
* Click on "My profile"
* Click on "check exam"
* Click on "select diet"
* Click on "proceed to check result"

HOW TO REGISTER AS A STUDENT AND DIRECT MEMBERSHIP
* Log on to www.citn.org
* Click on Join CITN from the website
* For student, click on become a professional student
* For direct member applicants, click on apply for direct membership
* Fill up the online form
* Ensure that all document uploaded are certified by a financial member of the Institute
* Ensure that your signature and passport photograph are uploaded appropriately
* On completion of the form, click on "Proceed to Payment" to generate your reference code.
* Pay online via Globalpay or pay to the Institutes' First Bank Account - 2011351834 and scan your teller with the reference code to finance@citn.org.
* An email for activation of account will be sent to you. Please check inbox or spam mail
* Wait for another mail for approval/decline of your registration.

HOW TO UPLOAD SIGNATURE IN PROFILE
* Scan your signature on a clear paper
* Login to your profile page
* Click on myCITN
* Click on my membership
* Click on "Upload Certifiable Document and
* Upload your Jpg Signature
* Save

DIRECTORIES OF CITN DISTRICT SOCIETIES

S/N	DISTRICT NAMES	DISTRICT ADDRESS	CHAIRMEN OF DISTRICT SOCIETIES	PHONE NUMBER	E-MAIL ADDRESSES
1	ABAKALIKI & DISTRICT SOCIETY		BARR. GEORGE UKPAI	08037390767	citnabakaliki@gmail.com
2	ABEOKUTA & DISTRICT SOCIETY	1, ONIKOKO ROAD, P.O.BOX 4323, PANSEKE, IBARA, ABEOKUTA, OGUN STATE.	MRS. OLUWASEUN OLAJUBE	08038556855	jokejube@yahoo.com
3	ABUJA & DISTRICT SOCIETY	C46, EFAB MALL, AREA 11, GARKI, ABUJA.	MR. NWABUZOR M. EMEKE	08036591170, 08053523055	montellconglomerate@yahoo.com
4	ADO-EKITI & DISTRICT SOCIETY	C/O OFFICE OF THE CHAIRMAN, EKITI STATE INTERNAL REVENUE SERVICE, ADO-EKITI	MR. DANIEL KAYODE	8033784866	dankays2@yahoo.com
5	AKURE & DISTRICT SOCIETY	C/O ONDO STATE BOARD OF INTERNAL REVENUE SERVICE.	MR. ADEREMI STEPHEN ENIAFE	07039157807	eniafestephen@gmail.com
6	ASABA & DISTRICT SOCIETY	C/O DELTA STATE BOARD OF INTERNAL REVENUE SERVICE.	MR. EMMANUEL ULEME	08033228776	julieuwe@yahoo.com
7	AWKA & DISTRICT SOCIETY	C/O ANAMBRA STATE BOARD OF INTERNAL REVENUE SERVICE.	HON. A. O. ABADOM	07082192211	abadomausten@yahoo.com
8	BAUCHI & DISTRICT SOCIETY	BAUCHI STATE BOARD OF INTERNAL REVENUE, AHMADU BELLO WAY, BAUCHI	MR. JUBRIN HUSSAIN JIBO	08037899841	jibrinhussaini.jh@gmail.com
9	BENIN & DISTRICT SOCIETY	53, AIRPORT ROAD, BENIN-CITY, EDO STATE.	ALH. RAZAQ OLAOWO	08038599204	alhajiolatundeolaowo@gmail.com
10	CALABAR & DISTRICT SOCIETY	C/O AYAMBA HARCOURT & COMPANY, 112, NDIDEM USANG ISO ROAD (BY PROF. IVARA ESU STREET), CALABAR, CROSS RIVER STATE.	MR. KELLY K. AYAMBA, FCTI	08037050135, 08091112250	kka@ayambaharcourt.com
11	DAMATURU & DISTRICT SOCIETY	C/O YOBE STATE BOARD INTERNAL REVENUE	MR. ADAMU MAINA SULE	08036157069	adamu860@gmail.com
12	ENUGU & DISTRICT SOCIETY	ENUGU STATE BOARD OF INTERNAL REVENUE HEADQUARTERS, ROOM A3.	SIR PASCHAL OKOLIE	08035528500	pipokolie@gmail.com
13	GOMBE & DISTRICT SOCIETY	C/O GOMBE AND DISTRICT SOCIETY, F.I.R.S COMPLEX, NEAR INEC BUILDING, GOMBE STATE	SADIQ MOHAMMED ABUBAKAR	08035987806	asadiqwakili@gmail.com
14	GUSAU & DISTRICT SOCIETY	C/O ZAMFARA STATE BOARD OF INTERNAL REVENUE SERVICE.	ALH. IBRAHIM ABDULNASIR	08036003544	
15	IBADAN & DISTRICT SOCIETY	AUDIT HUB, 108 LIBERTY ROAD, OPP. LIBERTY STADIUM MAIN GATE, OKE-ADO, IBADAN	DR. SOJI ADEDOKUN	08039494813	sojidokun@gmail.com
16	IKEJA & DISTRICT SOCIETY	1, ADEWUMI SANYAOLU CLOSE, OFF GBEMISOLA STREET, OFF ALLEN JUNCTION, IKEJA.	MR. FUNSO ABIDAKUN	08124560494	info@citnikeja.org, funsoabidakun@yahoo.com
17	IKORODU & DISTRICT SOCIETY	C/O BISI AGBOOLA & COMPANY, 20, ADIS ABABA STREET, BEHIND BENSON BUS STOP, IKORODU, LAGOS STATE.	MR. OLUGBENGA OBATOLA	08023205716, 08187352939	obatolaolugbenga@yahoo.com
18	ILORIN & DISTRICT SOCIETY	C/O KWARA STATE BOARD OF INTERNAL REVENUE, AHMADU BELLO WAY.	MR. FATAI AYODIMEJI	08033567617	ayodimejifatai@gmail.com
19	JOS & DISTRICT SOCIETY	C/O PLATEAU STATE BOARD OF INTERNAL REVENUE SERVICE.	MR. ISAAC G WADAK	08034515242	isaacwadak@gmail.com
20	KADUNA & DISTRICT SOCIETY	KADUNA STATE BOARD OF INTERNAL REVENUE, INDEPENDENCE WAY, KADUNA.	MR. ADO USMAN GARBA	08036090240	adamugarba74@gmail.com
21	KANO & DISTRICT SOCIETY	C/O FEDERAL INLAND REVENUE SERVICE, 55, SANI MARSHAL ROAD, KANO.	MR. MUHAMMAD ABBA ALIYU	08037870271	aliyumabba@gmail.com
22	KEBBI & DISTRICT SOCIETY	C/O KEBBI STATE BOARD INTERNAL REVENUE	ALH. ILIYASU JEGA	08025605300	adanji02@gmail.com
23	LAGOS & DISTRICT SOCIETY	OLATUNJI HOUSE (2ND FLOOR-RIGHT WING), 299, IKORODU ROAD	MR. ADEYEMI SHERIFF SANNI	08082000000	adeyemi007@gmail.com
24	LOKOJA & DISTRICT SOCIETY	KOGI STATE BOARD OF INTERNAL REVENUE	ALH. YAKUBU OSENI	07087389544, 08091056228	yakubu.oseni75@yahoo.com, Vice Chairman's e-mail - suleenehe@gmail.com
25	MAKURDI & DISTRICT SOCIETY	C/O BENUE STATE BOARD OF INTERNAL REVENUE SERVICE.	MR. FRANCIS AMEH, FCTI	08036618938	francisgeorgeameh@gmail.com
26	MINNA & DISTRICT SOCIETY	C/O NIGER STATE BOARD INTERNAL REVENUE	ALH. AMINU MUHAMMAD LIMAN	08035983609	aminumuhammad223@gmail.com
27	OSOGBO & DISTRICT SOCIETY	KAYODE ADEKUNLE & CO., (CHARTERED ACCOUNTANTS), SUITE 6, BISHOP FAGBEMI COMPLEX, OPPOSITE ST. CLARE'S N/P SCHOOL, P.O. BOX 1994, ISALE ARO, OSOGBO	MR. CHARLES ADEKANKUN	08056973261	vilasky28@yahoo.com
28	ONITSHA & DISTRICT SOCIETY	C/O FIRS, ONITSHA MICRO AND SMALL TAX OFFICE, 6, RIDGE ROAD, GRA, ONITSHA	CHIEF SIR KEVIN U. OBIERI	08033261356	kuofca@yahoo.com
29	OTA & DISTRICT SOCIETY	1, OGBOHU PLAZA BEHIND GT BANK, JOJU JUNCTION, SANGO	ALHAJI ADEOLA AGBOGUNLERI	08033030037	adeolaagbogunleri@gmail.com
30	OWERRI & DISTRICT SOCIETY	PLOT 1/9, PORTHARCOURT ROAD, TEACHERS' HOUSE, OWERRI	MR. OKONKWO NNAMDI OSITA	08033181782, 08033487005	ositaon@yahoo.com
31	PORTHARCOURT & DISTRICT SOCIETY	C/O CORPORATE MANAGEMENT CONSULT LIMITED, 125, STADIUM ROAD, PH.	DR. BONIFACE IMENWO BEKWERI WOKO	08036776652	bonnywoko@yahoo.com
32	SOKOTO & DISTRICT SOCIETY	SOKOTO STATE BOARD OF INTERNAL REVENUE SERVICE, SULTAN IBRAHIM DASUKI RD.	ALH. MUSA MACCIDO	08036149939	mmaccido94@yahoo.com, mmaccido944@gmail.com

33	SWIT	DAVID OLORUNLEKE HOUSE, PLOT 26(27), ABIDJAN STREET, WUSE ZONE 3, ABUJA.	HAJIA KUDIRAT ABDUL-HAMID	08180209220	kudihamid@yahoo.com
34	UMUAHIA & DISTRICT SOCIETY	MESSRS KALU O NWANKWO & CO (CERTIFIED NATIONAL ACCOUNTANTS), SUITES 11, PENCO PLAZA, OJIKE STREET, UMUAHIA, ABIA STATE.	SIR PATRICK NWANKWO KALU	08064378595, 08080939005	patnkalu2@gmail.com
35	UYO & DISTRICT SOCIETY	C/O AKWA IBOM STATE INTERNAL REVENUE SERVICE, UYO	MR. UDOSEN EDEMEKA OROK	08023352089, 08035114775	edemekaudosenorok@gmail.com
36	VI & LEKKI & DISTRICT SOCIETY	FOUNTAIN VIEW RESTAURANT, MURI OKUNOLA PARK, VICTORIA ISLAND, LAGOS.	MS. OLAITAN SOYINGBE	07082378333	pro_lifemail@yahoo.com
37	WARRI & DISTRICT SOCIETY	NO 15, EFFURUN-WARRI, SAPELE ROAD, OPP. MOBIL FILLING STATION, BY MUYI LINE, ENERHEN JUNCTION.	DEACON ABEL OMOLU	08037049852	ese.eghagha@gmail.com
38	YENAGOA & DISTRICT SOCIETY	C/O BAYELSA STATE BOARD OF INTERNAL REVENUE, SECRETARIAT ANNEX.	MR. NENGI AYERITE	09071111364	nayerite@yahoo.com
39	YOLA & DISTRICT SOCIETY	C/O ADAMAWA STATE BOARD OF INTERNAL REVENUE	MRS. DOROTHY EMMANUEL TUKTUR	07032040868	dorothyemmanueltuktur@gmail.com
40	CHAIRMAN, JOINT DISTRICT SOCIETIES COMMITTEE	TAX PROFESSIONALS' HOUSE, PLOT 16, OTUNBA JOBI FELE WAY, CENTRAL BUSINESS DISTRICT, ALAUSA-IKEJA, LAGOS.	BARR. SAMUEL OLUSHOLA AGBELUYI	08033438663	agbeluyisamuel@yahoo.com, samuelagbeluyi@gmail.com
41	SECRETARY, JOINT DISTRICT SOCIETIES COMMITTEE	TAX PROFESSIONALS' HOUSE, PLOT 16, OTUNBA JOBI FELE WAY, CENTRAL BUSINESS DISTRICT, ALAUSA-IKEJA, LAGOS.	MR. 'DAYO BAKARE	08029119787	dayo.bakare@citn.org

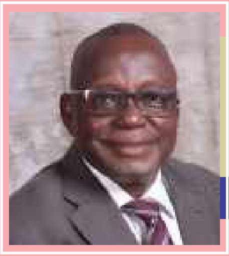
The President of CITN and her team paid a courtesy visit to the Executive Governor of Lagos State, His Excellency, Mr. Babajide Olusola Sanwo-Olu at the Lagos House on Tuesday, November 5, 2019

FLAG OFF OF THE TAX IDENTIFICATION NUMBER (TIN)

COURTESY VISITS

(1) CITN President presenting a plaque to Retired Military President of Nigeria General Ibrahim Badamasi Babangida (Rtd.) popularly known as IBB.
(2) CITN President, during a breakfast meeting with the Global CEO ACCA, Helen Brand, OBE
(3) The President and Executive Chairman of Niger State Internal Revenue Service, Ahaji (Dr.) Jibril Yusuf Habib, ACTI
(4) The President and her team with the Executive Chairman of Kwara State IRS, Mrs. Shade Omoniyi during a courtesy visit to Ilorin & District Society
(5) Executives and Members of the CITN Port-Harcourt & District Society and Executives of the Society of Women in Taxation, Rivers State Chapter at Port Harcourt International Airport to Welcome the President for the Investiture Ceremony of the 2nd State Chairperson held on Friday, 24th January, 2020
(6) Courtesy Visit to the Department of Accounting, University of Ibadan, during the CITN Zonal Tax Conference in Ibadan
(7) CITN donates Multimedia Projectors to the Department of Accounting, University of Ibadan. on Friday 8th November, 2019
(8) Representation of Student Affairs & Tertiary Relations (extreme right) in a group photograph with executives of Tax club at Ahmadu Bello University, Zaria
(9) Presentation of the NUC curriculum to Dean, Business School ABU, Zaria

2019 AWARDEES



Chief (Dr.) Cyril Ede, FCTI
Past President, The Chartered Institute of Taxation of Nigeria
Individual Category (Member)

Chief Akinyele Oladeji, FCTI
Individual Category (Member)

Engr. (Dr) Abubakar Isa
Chairman/CEO Spectrum Engineering Ltd
Individual Category (Non-member)

Unilag Tax Club
Students' Association Category

Soft Alliance and Resources Ltd
Private Sector Category

Access Bank Plc
Private Sector Category

Kano State BIR
Public Sector Category

Ondo State BIR
Public Sector Category

TVC
Media Category - Electronic

BUSINESS DAY
Media Category - Print

CALL FOR PAPERS

THE CHARTERED INSTITUTE OF TAXATION OF NIGERIA (CITN)

in collaboration with

IGBINEDION UNIVERSITY, OKADA, EDO STATE

PRESENTS

3RD ANNUAL INTERNATIONAL ACADEMIC CONFERENCE ON TAXATION

THEME:

TAXATION, SOCIAL CONTRACT AND ECONOMIC DEVELOPMENT

October 25 - 27, 2020 | Igbinedion University, Okada, Edo State

Conference Objectives are to:

- Bring together members in Academics, Practitioners, Researchers, Policy makers and Students for exchange of ideas on taxation and allied discipline;
- Acquaint delegates with new areas of knowledge in the taxation profession and related fields;
- Provide participants with open and scholarly feedback on their works;
- Provide participants with networking opportunities to share ideas in various areas of the discipline;
- Continue to extend the frontiers of knowledge in taxation;
- Create avenue for mentor-mentee relationship through PhD Colloquium and capacity building workshop; and
- Offer a publication outlet for well researched studies.

Sub-Themes:

1. Tax Administration in Developing Countries
2. Financial Reporting and Tax Issues
3. Tax laws and Finance
4. Issues on State and Local Government Finance
5. IFRS Adoption and Taxation
6. Fiscal federalism and Revenue Generation
7. Corporate Governance and Ethical Tax Behaviour
8. Tax Policy and Planning
9. Transfer Pricing Development
10. Tax Audit and Investigation
11. Contemporary Tax Issues
12. Tax Law Imperatives and Business Sustainability
13. Environmental Taxation and Accounting
14. Tax Incentives and Business Growth
15. Fiscal Policy and Economic Growth
16. Social Contracts and Taxation
17. Forensic Accounting and Taxation
18. Taxation in the Extractive Industry
19. Tax Reforms: Theory and Practice
20. Tax Disputes and Resolution
21. Tax Planning and Business Sustainability
22. Thin Capitalization and Government Revenue
23. Any Related Sub-themes in Accounting and Taxation

Instructions for paper presenters:

- Abstracts should not be more than 150 words;
- Full paper should not be more than 20 pages of 12 font, 1.5 line spacing and font face Times New Roman.
- Submission of full paper should include: paper title, abstract and keywords (Not more than five words); and references in APA Reference style (6 edition);
- Authors should clearly state their mailing address, telephone number and e-mail address (Corresponding author should be stated, in case of multiple authorship).
- Any paper that does not conform with the above shall be rejected without review.
- Full paper may be accompanied with plagiarism checker subject to maximum of 20% Similarity Index

Conference Important dates:

- Deadline for the Submission of abstracts September 22, 2020.
- Deadline for Submission of PhD Colloquium papers September 22, 2020.
- Deadline for Submission of Full papers October 13, 2020
- Arrival and Conference Registration October 25, 2020
- Opening Ceremony & Conference Activities October 26 - 27, 2020

Conference Fees/MPTP Credit Hours

- The conference fee is N30,000, ($100 for foreign Participants)
- Group registration from the same organisation/Institution but on or before September 22, 2020 attracts 10% discount (Minimum of 5 attendees)
- Certificates of attendance shall be issued to all participants
- CITN Members who attend shall earn 15 credit hours while members who make presentations shall earn extra 2 units of credit hours per paper presented subject to the maximum of 2 papers

Conference Mode

The conference will combine Physical and Virtual Conference Presentation models. Participants who may not be able to present their papers physically can elect to present virtually and the link will be provided to such participants

Publication outlet

- Papers accepted must be presented
- Paper presented shall be subjected to blind review before publication in the conference proceedings
- Outstanding papers will be published in the prestigious CITN Journal of Taxation and Economic Development (ITED) Volume 20, Issue 2 in the year 2020

MSc./PhD Colloquium

- MSc./PhD candidates are expected to present their proposals before the Conference delegates. Assessment shall be based on the following criteria:
  - Clarity of the research problem,
  - Critical literature review,
  - Appropriateness of the methodology,
  - Expected contribution to knowledge,
  - Originality,
  - Language/style,
  - Creativity; and
  - Coherence.
- The Colloquium will be held on the first day of the conference at 11.00am.
- Prizes shall be awarded to the outstanding 5 MSc./PhD Colloquium presenters and 6 best papers of the Conference.

Colloquium Fee

MSc./PhD - N10,000 only

Paper Development Workshop

Paper Development Workshop is planned to hold on October 26, 2020 of the Conference on Methodology and Literature Review as part of the mentoring programme of CITN for the benefit of budding scholars

Paper Presenters:

* Prof. R.O. Salawu
* Prof. S.A.S. Aruwa
* Prof. Raph Adeghe

Payment

Payment for the Conference should be made to CITN ACCOUNT:

Bank Name: Access Bank
Account Number: 0041893766

Accommodation: Accommodation is available at Igbinedion University Guest house and other hotels within the Campus.

Welcome Address:

Dame. Olajumoke Gladys Simplice, FCTI
14th President, Chartered Institute of Taxation of Nigeria (2019/2021)

Keynote Address:

Prof. Lawrence Ezemonye
Vice Chancellor, Igbinedion University, Okada, Edo State

Lead Paper Presenters:

Prof. S.A.S. Aruwa
Professor of Accounting & Finance, Department of Accounting, Faculty of Administration, Nasarawa State University, Keffi.

* Prof. R.O. Salawu
Professor of Accounting, Department of Management and Accounting, Obafemi Awolowo University, Ile-Ife, Osun State.

Registration for the conference is strictly online at http://citnevents.org

All Abstracts and Full papers should be uploaded online and or forwarded to acadconf@citn.org

For more information, please contact:

- Mary-Fidelis: +2348065303399; maryfidelisabiahu@citn.org
- Ayodeji: +2348060433463; ayodeji@citn.org

Prof. Kabiru Isa Dandago, Ph.D, FCA, FCTI
Chairman, Organising Committee

Prof. Godwin Emmanuel Oyedokun, Ph.D, FCA, FCTI
Chairman, Academic Conference Committee

Mary-Fidelis Abiahu, ACTI, FCA
Secretary, Academic Conference Committee

Adefisayo Awogbade, MSc, FCA, FCTI
Registrar/Chief Executive
Chartered Institute of Taxation of Nigeria
Tax Professionals' House
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