

TAIWO OYEDELE'S NOTE

ERGP ICAN summit - 24 April 2017

ERGP - 140 pages, 60 strategic plans

Broad objectives - restoring growth, investing in our people and building a globally competitive economy

Tax and Fiscal policy plans

1. Increase oil and non oil revenue
2. Cost efficiency
3. Debt optimisation
4. Privatization
5. Subnational coordination

A few bright spots

- new national tax policy, PEBEC, ERGP, proposed VAIDS, whistle blowing

The blind spots

Increase revenue

- Expand tax base, Tax to GDP ratio (Current ratio of less than 6% is at a crisis point)
- Per capita tax revenue is N27k FG or N70k national compared to N500k in South Africa
- Very low compliance rate / Only 943 people pay N10m or more in fiscal 2016
- We don't need to raise tax rates or introduce new ones, even luxury tax, just get everyone to pay what is due based on extant laws

Cost efficiency

- (cut waste but watch what you cut) also address cost of collection and multiplicity of agencies)
- Even without corruption and waste, we need about N52 trillion to raise our Infrastructure stock value to GDP from 35% to SA level of 87% so we need robust policies to encourage private sector participation

Debt optimisation

- based on 2017 budget, debt service to revenue is 34% despite debt being only 13% of GDP
- Foreign debt not necessarily cheaper considering forex risk which can easily raise the effective borrowing cost higher than local borrowing cost

Privatization

- No sentiments, no emotions, privatize to promote efficiency, this will create profit to tax, and need for less budgetary allocation
- Tax is a fraction of people's prosperity, don't just privatize also support the private sector to thrive
- There should be less focus on incentives, more on removing disincentives

Subnational coordination

- Amend constitution to limit number of tax and number of revenue agencies
- Implement NTP
- Ensure proper coordination within each level of gov and between one level and the others

Closing comments

Communique to Govt from ICAN as a result of this forum, and follow up including taking annual stock of progress

1. We cannot solve our problem with our paltry income, fix policy and investment environment
2. Tax reform should be a priority (constitutional reform, address multiple tax/agency, transparency, use technology, address low customs revenue despite import dependency.)
3. To be competitive, urgently Reform the tax system to address self inflicted uncompetitiveness (commencement rules, losses, excess dividend tax, lack of deductions for intangibles etc)
4. Ensure effective diversification - diversification tripod (sectoral and within sector, gov revenue and export receipts)
5. Overall, growth must be inclusive