



# 48<sup>th</sup> ICAN ANNUAL ACCOUNTANTS CONFERENCE: TAX JUSTICE: EXPANDING THE FRONTIERS OF PUBLIC FINANCE

**INTERNATIONAL CONFERENCE CENTRE  
ABUJA, NIGERIA**

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Federal Inland Revenue Service

# OUTLINE

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- ❖ TAX JUSTICE AND PUBLIC FINANCE
- ❖ WHY IS TAX JUSTICE IMPORTANT TO PUBLIC FINANCE
- ❖ TAX JUSTICE AND PUBLIC FINANCE: ISSUES TO CONSIDER
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- ❖ CONCLUSION

# Introduction

The Federal Inland Revenue Service (FIRS) is the primary revenue generating agency of the Federal Government, established by the FIRS (Establishment Act), 2007 with the broad mandate *to Assess, Collect and Account for all Taxes Accruable to the Federation*. These taxes contribute to the funding of the activities of the three tiers of Government.

In carrying out the above mandate within the dynamic environment of today, FIRS has adopted initiatives that ensure a robust tax administration that is agile and beneficial to all stakeholders.

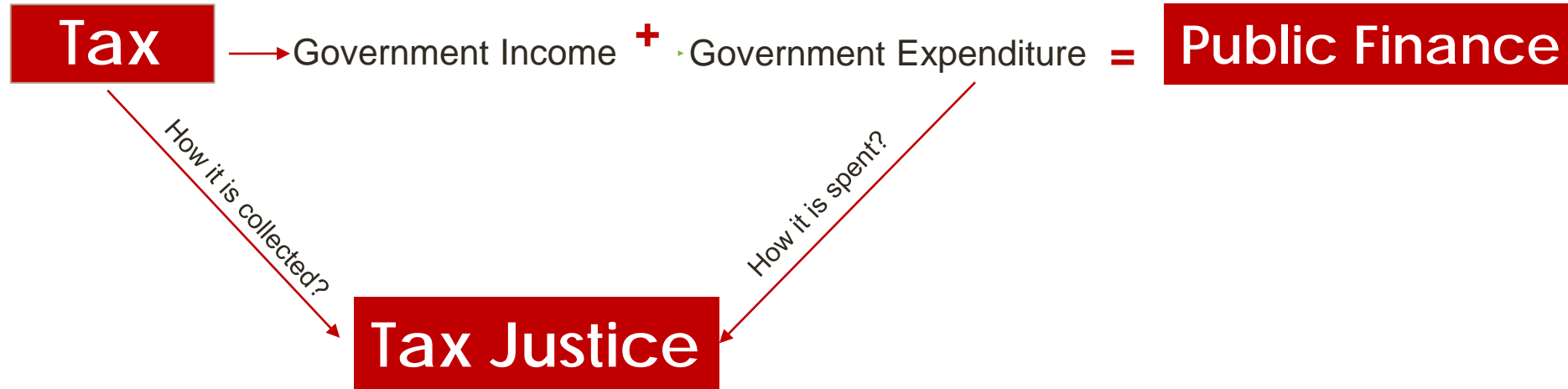
According to the National Tax Policy of 2017, Tax is defined as “any compulsory payment to government imposed by law without direct benefit or return of value or a service whether it is called a tax or not”. It is monetary charge imposed by the government on persons, entities, transactions or properties to yield revenue. Taxes may be direct or indirect and may be imposed on individual basis, entities, assets and transactions.

# Overview of Tax Justice In Public Financing

Tax justice is a fairer system for Taxing and the focus is to provide support for public services, reduce the national deficit, confront unfair corporate tax practices, tackle tax avoidance and evasion as well as improving tax transparency.

Public finance refers to government revenue and expenditure. It basically deals with a country`s financial system, starting from getting money through Taxes and the use of these tax funds towards production and distribution of the public goods and services for the wellbeing of the citizenry.

# Tax, Tax Justice and Public Finance



The perspective from which Tax, Tax Justice and Public Finance are considered in this presentation are as follows:

- ❑ **Public Finance:** income and expenditure of government.
- ❑ **Tax:** an **obligatory contribution** to government by individuals and corporate entities for the provision of public goods and services. This is a **revenue/income to government**.
- ❑ **Tax Justice:** is a principle about **fairness in how taxes are raised (government income)** and **how taxes are spent (government expenditure)**.

## Why is Tax Important to Public Finance?

- ❑ All tiers of government **require revenue to provide infrastructure for sustainable growth.**
- ❑ **Tax plays a vital role in the redistribution of income** between the income groups i.e. high, medium and low.
- ❑ An effective tax system promotes **greater interest in the activities of government by taxpayers.** Taxpayers would want to ensure that government effectively and efficiently deploys the tax collected.
- ❑ Tax is used **to shape or inhibit behaviors that may negatively impact the wellbeing of the people and increase demand on government resources** e.g. alcohol & tobacco, environmental pollution.

## Why is Tax Justice Important to Public Finance?

- ❑ The need for **multinational corporations, financiers and the very rich to pay their fair share of taxes.**
- ❑ The existence of **national and international systems that support tax evasion, tax avoidance and Tax havens.**
- ❑ The need for **fair, progressive, transparent and sufficiently resourced tax administration.**
- ❑ The need for **all residents and citizens to receive their fair share in public services and social protection.**

## Tax Justice and Public Finance – Issues to Consider

- ❑ **Need for Diversification** of the economy and **growth of non-oil tax revenue**
- ❑ **Tax** as a **vital source of revenue** to government for **national development**
- ❑ Deployment of complex business structures by Multinational Enterprises for tax gains (**Tax avoidance and Tax havens**)
- ❑ **Advancement in technology** (Automations, e-Commerce, etc) and the advent of **unique and dynamic business models**
- ❑ Increase in **taxpayer apathy**
- ❑ Large **informal sector and small businesses**
- ❑ High level of **cash based transactions** outside the **regulated financial system**
- ❑ Poor level and quality of **interagency collaboration**
- ❑ **Ambiguity, gaps and contradictions** in tax laws and tax administration
- ❑ **Multiplicity of Taxes and multiple enforcement activities** on taxpayers
- ❑ Impact of **Tax holidays and exemptions**



# FIRS's Initiatives To Expand Frontiers of Public Finance: e-Services

- **e-Registration**  
Taxpayers can register online to have access to tax administration services.
- **e-Filing**  
Taxpayers can now file tax returns online for all taxes.
- **e-Payment**  
Electronic payment of taxes through any of FIRS preferred payment channels e.g Nigerian Inter-Bank Settlement Services (NIBSS), Remita, Quickteller (Interswitch), Etranzact Payment Gateway.
- **e-Receipt**  
An electronic notification will be automatically sent to the taxpayer's email and/or phone with in 24 hours after payment and its verification.
- **e-TCC**  
Taxpayers can request for and print their TCC from the comfort of their homes or offices.
- **e-Stamp Duty**  
Automation of stamp duty levied transactions from the comfort of your home or office.

## AutoVATCollect

- Automation of VAT collection in key sectors which will facilitate reduction in compliance cost in the long term. Key sectors include **Aviation, Power, Telecoms, E-commerce, Financial Services, Oil and Gas, Insurance, and Hospitality**

## Integrated Tax Administration System (ITAS)

- The ITAS project is a suite of programs that will enable the automation of FIRS tax processes. As part of the Service's objectives to bring high-level efficiency to tax revenue collection and provide first class services to taxpayers, ITAS project introduced SIGTAS, a solution that covers all aspects of tax administration in one integrated system.

## Government Information Financial Management Information System(GIFMIS)

- GIFMIS is an interface linking FIRS to the OAGF for real-time exchange of information and data.

## State Offices of Accountant General Platform (SAG)

- Automated the deduction at source and remittance of VAT and WHT from State governments contract payments.

Contributes to:

**EASE OF  
DOING  
BUSINESS**

Contributes to:

**EASE OF  
VOLUNTARY  
COMPLIANCE**

# REVENUE COLLECTION TREND 2018 (Qtr by Qtr)

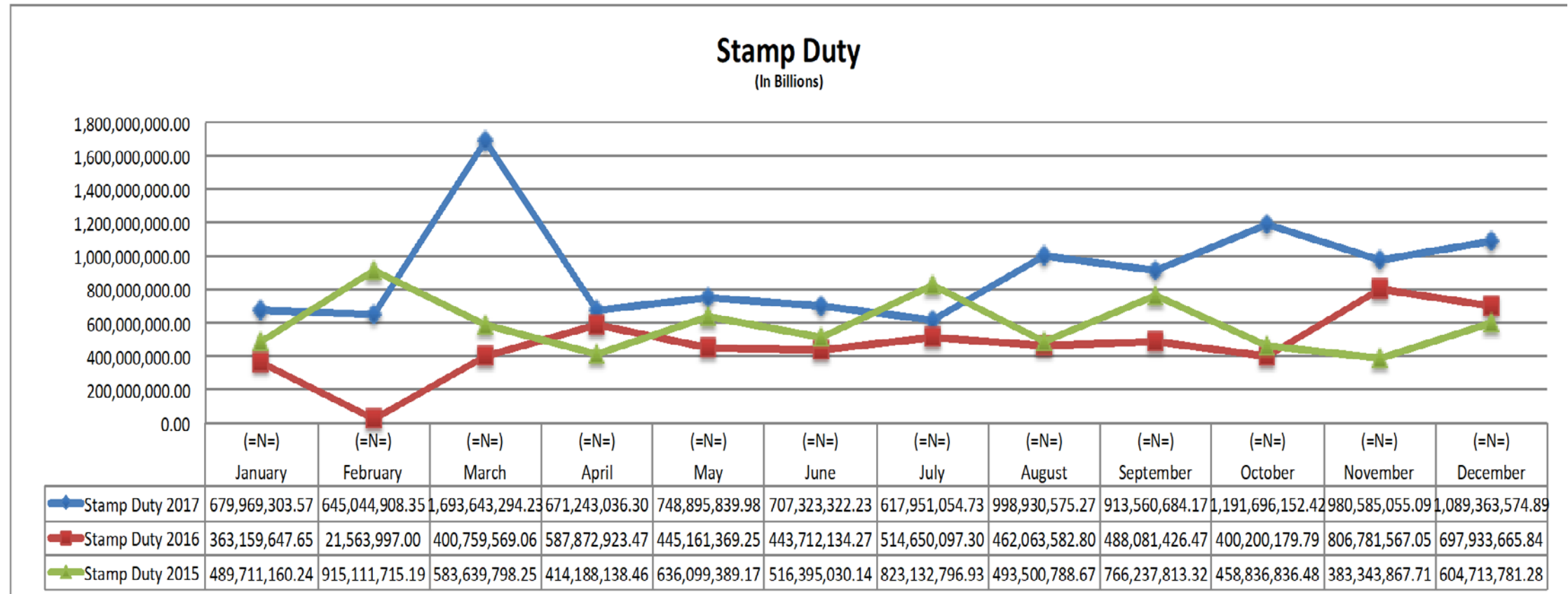
Tax Type	Annual Target	Quarterly Target	Q1		Q2		Q3					Cumulative			
			Q1 Total	% Achievement	Q2 Total	% Achievement	July	August	September	Q3 Total	% Achievement	Cumulative Target	Cumulative (Jan-Sep,2018)	% Achievement	
			(=N='b)	(=N='b)	(=N='b)	(=N='b)	(=N='b)	(=N='b)	(=N='b)	(=N='b)	(=N='b)	(=N='b)	(=N='b)	(=N='b)	(=N='b)
<b>FEDERATION ACCT:</b>															
<b>a Oil Tax</b>															
<b>Petroleum Profit Tax</b>	2,666.0183	666.5046	644.7751	96.74	523.8523	78.60	160.6037	265.9858	199.7712	626.3607	93.98	1,999.5137	1,794.9881	89.77	
<b>Sub-total</b>	<b>2,666.0183</b>	<b>666.5046</b>	<b>644.7751</b>	<b>96.74</b>	<b>523.8523</b>	<b>78.60</b>	<b>160.6037</b>	<b>265.9858</b>	<b>199.7712</b>	<b>626.3607</b>	<b>93.98</b>	<b>1,999.5137</b>	<b>1,794.9881</b>	<b>89.77</b>	
<b>b Non-Oil Taxes</b>															
<b>Company Income Tax</b>	1,669.3235	417.3309	203.6832	48.81	477.0667	114.31	159.2277	110.3501	86.9392	356.5170	85.43	1,251.9926	1,037.2669	82.85	
<b>Gas Income</b>	238.4606	59.6152	-	-	-	-	-	-	-	-	-	178.85	-	-	
<b>Capital Gains Tax</b>	17.8690	4.4673	0.3180	7.12	0.6787	15.19	5.7473	0.0827	0.0188	5.8487	130.92	13.4018	6.8454	51.08	
<b>Stamp Duty</b>	44.6126	11.1532	4.2580	38.18	2.5856	23.18	1.0330	1.5810	1.3205	3.9345	35.28	33.4595	10.7781	32.21	
<b>Sub-total</b>	<b>1,970.2657</b>	<b>492.5664</b>	<b>208.2592</b>	<b>42.28</b>	<b>480.3310</b>	<b>97.52</b>	<b>166.0080</b>	<b>112.0137</b>	<b>88.2785</b>	<b>366.3002</b>	<b>74.37</b>	<b>1,477.6993</b>	<b>1,054.8904</b>	<b>71.39</b>	
<b>Total Federation Account (a+b)</b>	<b>4,636.2840</b>	<b>1,159.0710</b>	<b>853.0343</b>	<b>73.60</b>	<b>1,004.1833</b>	<b>86.64</b>	<b>326.6116</b>	<b>377.9995</b>	<b>288.0497</b>	<b>992.6609</b>	<b>85.64</b>	<b>3,477.2130</b>	<b>2,849.8785</b>	<b>81.96</b>	
<b>OTHER NON-OIL TAXES</b>															
<b>c VAT POOL</b>															
<b>Non-Import VAT</b>	1,157.9960	289.4990	219.7960	75.92	210.3445	72.66	63.6820	66.0948	63.2432	193.0200	66.67	868.4970	623.1605	71.75	
<b>NCS-Import VAT</b>	385.9987	96.4997	49.9978	51.81	56.3872	58.43	18.6314	48.5613	10.3714	77.5641	80.38	289.4990	183.9491	63.54	
<b>Sub-total</b>	<b>1,543.9947</b>	<b>385.9987</b>	<b>269.7938</b>	<b>69.90</b>	<b>266.7317</b>	<b>69.10</b>	<b>82.3133</b>	<b>114.6562</b>	<b>73.6146</b>	<b>270.5841</b>	<b>70.10</b>	<b>1,157.9960</b>	<b>807.1096</b>	<b>69.70</b>	
<b>EDUCATION TAX</b>	<b>207.0721</b>	<b>51.7680</b>	<b>25.7974</b>	<b>49.83</b>	<b>51.3937</b>	<b>99.28</b>	<b>37.7283</b>	<b>27.1228</b>	<b>44.0239</b>	<b>108.8750</b>	<b>210.31</b>	<b>155.3041</b>	<b>186.0660</b>	<b>119.81</b>	
<b>e CONSOLIDATED ACCT:</b>															
<b>Personal Income Tax</b>	-	-	24.7470	-	24.5098	-	6.9155	5.1138	0.7079	12.7372		0.0000	61.9939	-	
<b>Pre-Operational Levy</b>	-	-	0.0782	-	0.0867	-	0.0292	0.0223	0.0182	0.0697		0.0000	0.2346	-	
<b>Stamp Duty</b>	-	-	0.0002	-	0.0006	-	0.0000	0.0000	0.0000	0.0000		0.0000	0.0008	-	
<b>Sub-total</b>	<b>12.1475</b>	<b>3.0369</b>	<b>24.8254</b>	<b>817.47</b>	<b>24.5971</b>	<b>809.95</b>	<b>6.9447</b>	<b>5.1360</b>	<b>0.7261</b>	<b>12.8069</b>	<b>421.71</b>	<b>9.1106</b>	<b>62.2294</b>	<b>683.04</b>	
<b>f NITDEF</b>	<b>42.5361</b>	<b>10.6340</b>	<b>0.1629</b>	<b>1.53</b>	<b>9.0866</b>	<b>85.45</b>	<b>2.2703</b>	<b>0.1222</b>	<b>0.0471</b>	<b>2.4397</b>	<b>22.94</b>	<b>31.9021</b>	<b>11.6892</b>	<b>36.64</b>	
<b>g Tax Amnesty</b>	305.0000	76.2500	-	-	-	-						228.7500	-	-	
<b>h Total Non-oil (b+c+d+e+f+g)</b>	<b>4,081.0161</b>	<b>1,020.2540</b>	<b>528.8387</b>	<b>51.83</b>	<b>832.1401</b>	<b>81.56</b>	<b>295.2646</b>	<b>259.0509</b>	<b>206.6902</b>	<b>761.0057</b>	<b>74.59</b>	<b>3,060.7621</b>	<b>2,121.9845</b>	<b>69.33</b>	
<b>i Grand Total (a+h)</b>	<b>6,747.0344</b>	<b>1,686.7586</b>	<b>1,173.6138</b>	<b>69.58</b>	<b>1,355.9924</b>	<b>80.39</b>	<b>455.8683</b>	<b>525.0367</b>	<b>406.4614</b>	<b>1,387.3664</b>	<b>82.25</b>	<b>5,060.2758</b>	<b>3,916.9726</b>	<b>77.41</b>	

Note: September, 2018 collection is yet to be reconcile.

The total collection of **₦3,916.97trillion** from January to September, 2018 is an increase of **₦1,019Trillion** over collection for the same period in 2017

## FIRS's Initiatives To Expand Frontiers of Public Finance: Implementation of the e-stamp Duty Platform

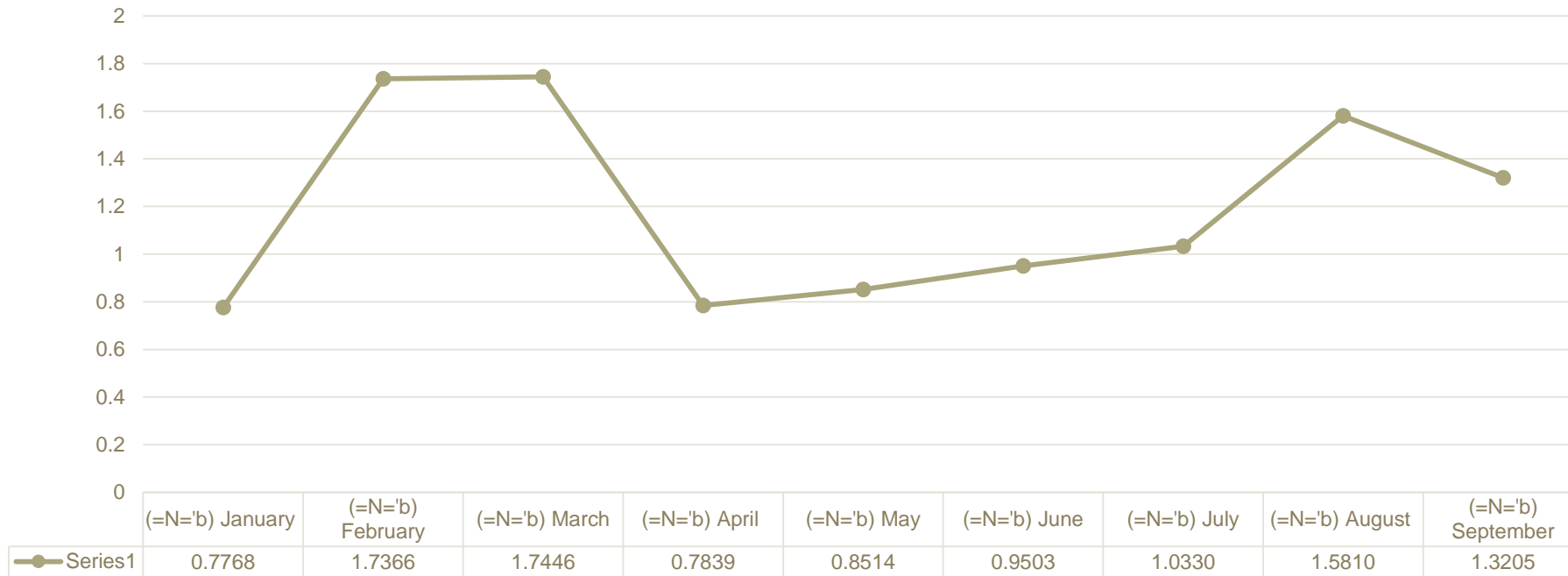
The FIRS Integrated Stamp Duties (ISDS) Solution is a purpose built, web-based Stamp Duty Portal that facilitates online assessment and payment of Stamp Duties payable based on figures inputted in the relevant fields by Nigerian Taxpayers. The solution went live on 1st March 2017 and Won the African Tax Administrative Forum (ATAF) Innovation Award for the e-stamp duty portal. FIRS recorded over N443.3 million of collections from 20,913 stamp duty transactions via the e-stamp duty portal. The stamp duty collection for 2017 (**N10.9bn**) surpassed the total collection in 2016 (**N5.6bn**) and 2015 (**N7.1bn**) respectively.



# FIRS's Initiatives To Expand Frontiers of Public Finance: Implementation of the E-stamp Duty Platform

e-stamp duties collection is on a steady increase. So far in 2018, the FIRS have collected **10.77bn** in nine months. The above collected this year has already surpassed that of 2017 (**10.9bn**), 2016 (**5.6bn**), and 2015 (**7.1bn**).

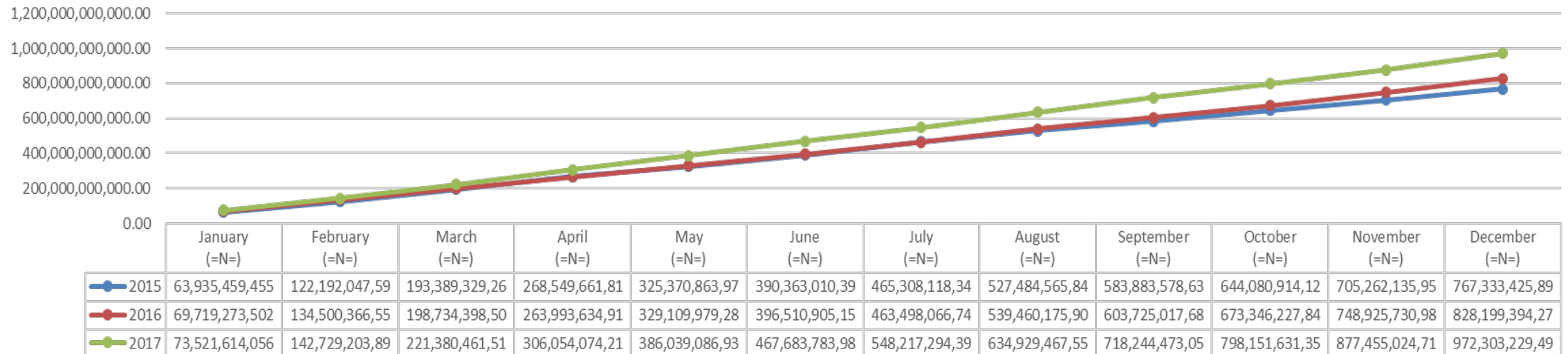
STAMP DUTY TREND (JAN – SEPT)  
(Billions)



# FIRS's Initiatives To Expand Frontiers of Public Finance: Enhanced Generation of Value Added Tax (VAT)

With the introduction of various VAT programs and Automation exercises, the VAT collection is on a steady increase. VAT Collection in 2015: **N767.33bn**; VAT Collection in 2016: **N828.19bn**; VAT Collection in 2017: **N972.30bn**, The Monthly and aggregated collection of VAT has also increased by 25% since 2015.

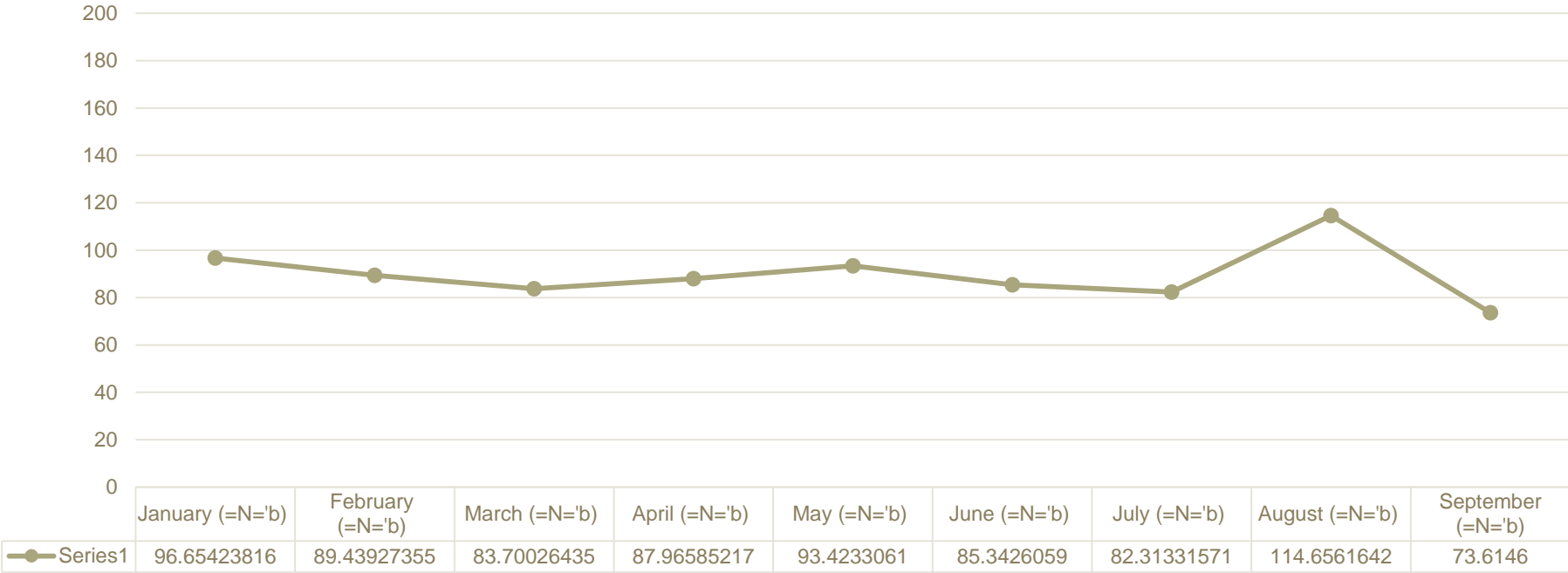
**Enhanced VAT Generation Capability by Month for 2015, 2016 & 2017**



# FIRS's Initiatives To Expand Frontiers of Public Finance: Enhanced Generation of Value Added Tax (VAT): Jan-August, 2018

VAT collection is on a steady increase. So far in 2018, the FIRS have collected 807.1bn in nine months. The above collected this year has already surpassed that of 2015 (767.33bn), and is set to surpass 2016 (828.19bn), and 2017 (972.30bn) with three more collection months left in the year.

**VAT POOL TREND (JAN - SEPT) 2018  
(Billions)**



# FIRS's Initiatives To Expand Frontiers of Public Finance: Tax Enlightenment Programme

## Tax Amnesty

- FIRS initiated a tax amnesty programme in 2016 which attracted over 3000 applications for waiver of interest and penalty
- The programme resulted in the payment/collection of over ₦68billion out of about ₦96.2billion liability established from the exercise
- Waiver of penalty and interest were granted to ease tax burden and cost of enforcement on affected taxpayers

## Voluntary Assets and Income Declaration (VAIDS)

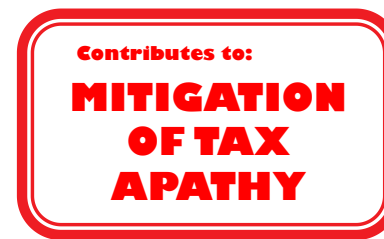
- VAIDS was initiated by the Federal Ministry of Finance and the FIRS received over 5000 applications under the Scheme
- The Scheme has resulted voluntary declaration of over ₦92billion liability with over ₦34.63billion paid so far by companies
- Qualified applicants will benefit from waiver of penalty and interest, and exemption from tax audit/investigation

## Promoting Local Content

- The Service has procured products manufactured in Nigeria e.g. Peugeot Vehicles in line with the Federal government's drive to support the growth of local industries.

## Corporate Social Responsibility (CSR)

- As a result of its CSR activities FIRS has supported educational institutions and the creative industry through partnerships that have enhanced taxpayer education



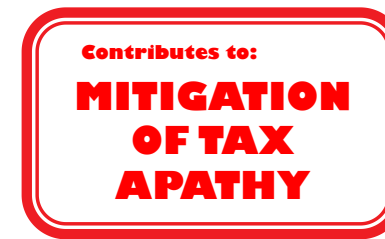
# FIRS's Initiatives To Expand Frontiers of Public Finance: Audit Exercise

## Flexibility in Choice of Tax Office for Taxpayers

- This initiative by this administration allows taxpayers the choice of tax office through which to receive services from the FIRS. This is to facilitate voluntary compliance and improve ease of doing business by mitigating the costs and burden of tax compliance.

## Enhanced Taxpayer Education

- Created the Federal Engagement & Enlightenment Tax Team (FEETT) and Contact Center for the purposes of improving taxpayer engagement/enlightenment
- Used relevant media and various languages to spread tax awareness through radio and TV programmes, and social media engagements





# FIRS's Initiatives To Expand Frontiers of Public Finance: Collaboration With Other Stakeholders

## Joint Tax Board (JTB)

- FIRS/JTB integration provides every taxpayer in the country with a once in a life-time harmonized unique tax identification number which makes management of tax affairs across different tax authorities easier.
- Joint tax audit by FIRS and SBIRs will save compliance cost and time.
- Enhanced collaboration with SBIRs has resulted in the growth of registered taxpayers in Nigeria from 10 million in 2015 to about 19 million in 2018.

## Other Government Agencies

- Registration of 814,000 (still ongoing) new corporate taxpayers in collaboration with Corporate Affairs Commission, Central Bank of Nigeria and Nigeria Custom Service. This translated into additional revenue collected.
- Represented at the Micro, Small and Medium Enterprises Clinic which is a one stop center to ease regulatory requirements compliance for MSMEs.

## Anti-Corruption Agencies

In line with the anticorruption campaign of the Federal government, the Service has;

- Established the FIRS/EFCC Joint Tax Force to enhance the fight against tax related economic fraud
- Set up the Anticorruption and Transparency Monitoring Unit (ACTU) to champion anti-graft activities in the Service.

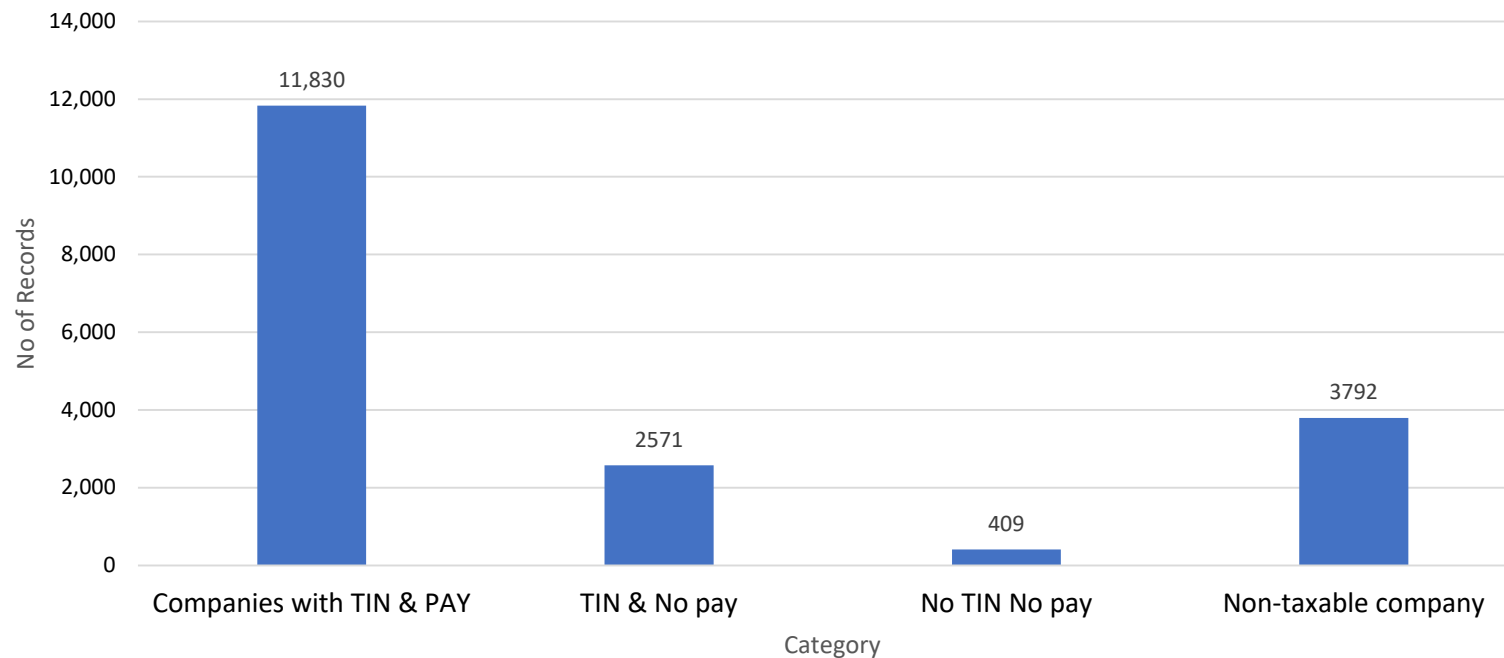
## Strengthened Enforcement Activities

- Collaboration with security agencies in carrying out enforcement exercises on tax defaulters has led to improved taxpayers compliance, and collection of huge tax debts which were outstanding before the coming of this administration.



## FIRS's Initiatives To Expand Frontiers In Public Finance: Customer with 1BN Banking Turnover Exercise

FIRS wrote to all commercial banks in May 2018, requesting for a list of Companies, Partnerships, & Enterprises with a banking turnover of 1bn and above. This activity is aimed at ascertaining those companies that are complaint with the Tax Laws and those that are not complaint. So far, non-compliant organization have paid about **12.66bn**.



## FIRS's Initiatives To Expand Frontiers of Public Finance: SPECIAL PROJECT

- Record of debt payments received: Total debt recovered From Jan 2017 to 31<sup>st</sup> August 2018 is ₦3,631,949,050 (bn)

### Breakdown:

From Nov 2016 – Dec 2017 Total collected – ₦1.9 Billion

From Jan 2018 - Date ₦1.731 Billion

- Issue notification of tax obligation to CIT Non-Compliant Companies that own properties and Identified Non-Filers for **Abuja**.
  - ✓ Demand Notices 2,672
  - ✓ Those Now Filing 653
  - ✓ Total payments for Demand Notices for Abuja Properties **N2.983Billion**
  - ✓ Companies that claim they were unaware of land allocated to them **114** (Agis has confirmed the ownership for all the cases referred to them)

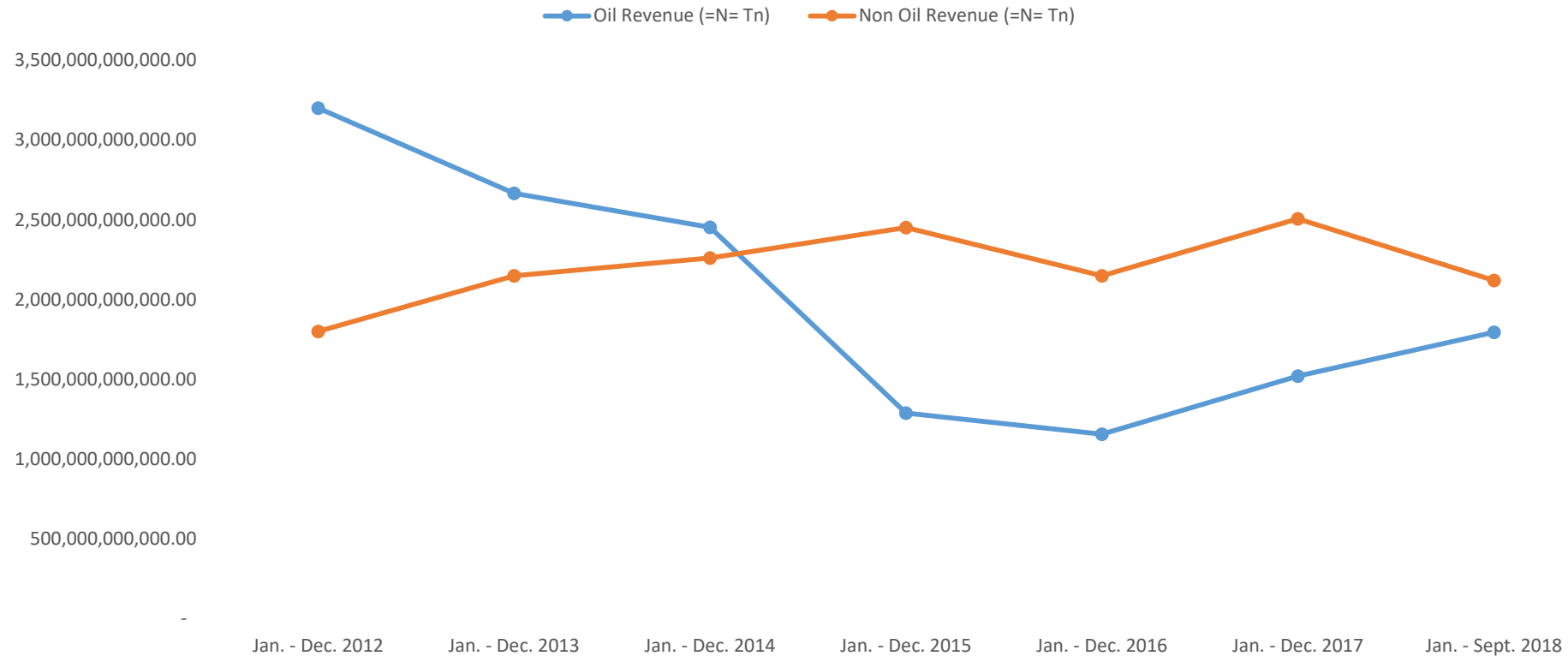
### Lagos

- ✓ Total number of demand notices served 5,000
- ✓ Responses received from companies 1,346
- ✓ Companies filing & Property reflected in their Books 610
- ✓ Non-Compliant Companies that have paid 189
- ✓ Total Payment from Companies filing but did not reflect Ownership of Property **N247M**

# Revenue – Oil Vs. Non-Oil

Jan. - Dec. 2012	Jan. - Dec. 2013	Jan. - Dec. 2014	Jan. - Dec. 2015	Jan. - Dec. 2016	Jan. - Dec. 2017	Jan. - Sept. 2018
3,201,319,571,023.34	2,666,366,902,994.02	2,454,064,276,673.66	1,289,960,879,877.01	1,157,808,090,922.32	1,520,481,810,364.95	1,795,935,489,898.66
1,801,457,368,719.92	2,148,953,755,387.37	2,260,613,111,887.88	2,451,796,562,104.86	2,149,653,427,236.14	2,507,463,366,021.35	2,121,046,312,612.58
5,002,776,939,743.26	4,815,320,658,381.39	4,714,677,388,561.54	3,741,757,441,981.87	3,307,461,518,158.46	4,027,945,176,386.30	3,916,981,802,511.24
36.01	44.63	47.95	65.53	64.99	62.25	54.15
63.99	55.37	52.05	34.47	35.01	37.75	45.85

COMPARISON OF OIL & NON-OIL REVENUE



## Conclusion

Tax justice is about the existence of Tax systems that promote social well-being within and between societies and the creation of environments in which all people and businesses can prosper.

An efficient Tax system coupled with a coherent Tax policy is the backbone of any public finance system. Globalization has made Tax collection a collaborative activity between jurisdictions. To improve Tax collection means deployment of sanctions to protect public finance as well as building a strong and virile economy.

# Q & A

**THANK YOU**