

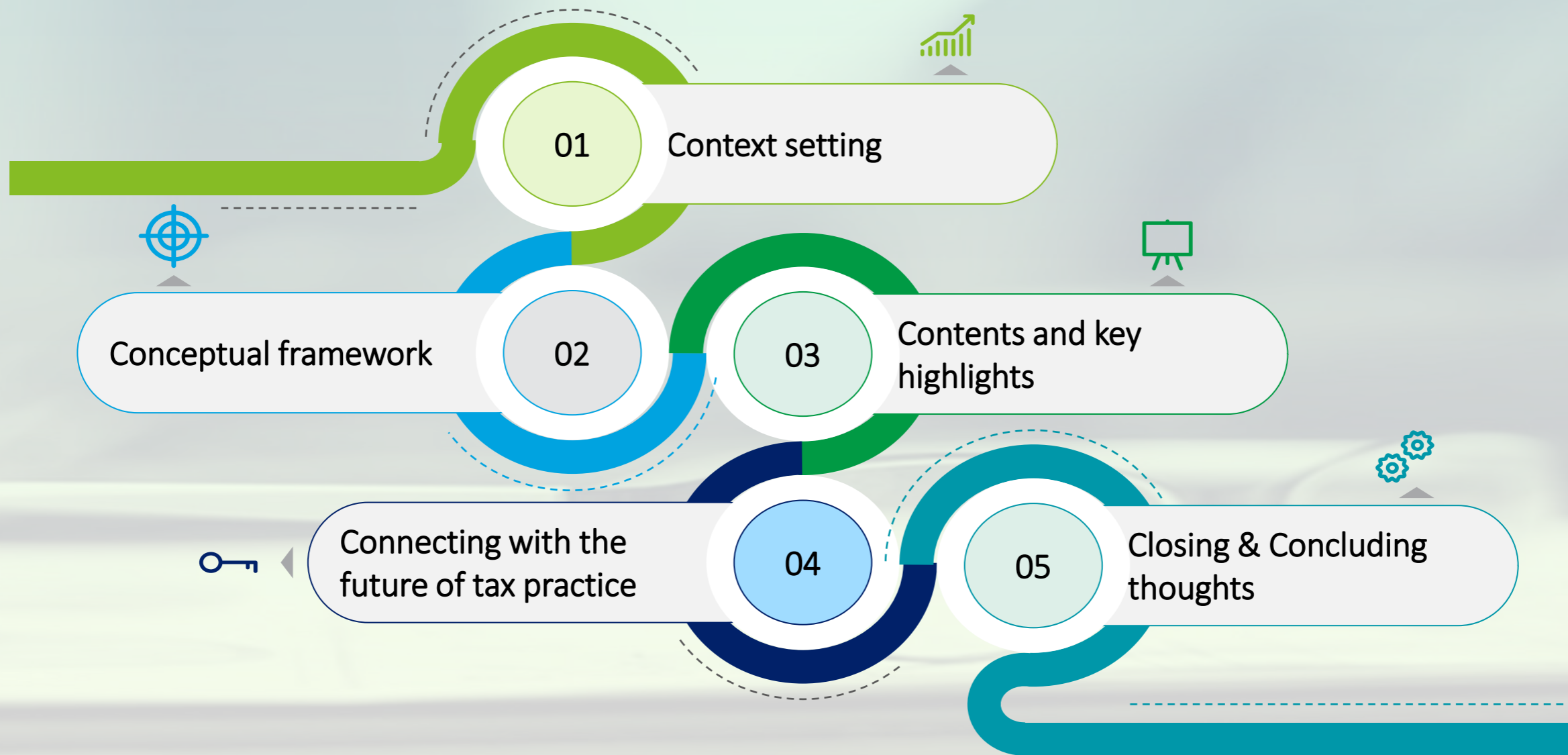


Nigeria Tax Reform:
Unraveling the proposed
fiscal landscape

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Outline



Context setting



Macro economic factors necessitating tax reforms in Nigeria



Sluggish economic growth



High inflation environment



Interest rate hikes and high cost of doing business and governance



Deteriorating fiscal and external balance



Currency weakness & dollar illiquidity



Weak investor confidence



High poverty rate



Epileptic power supply

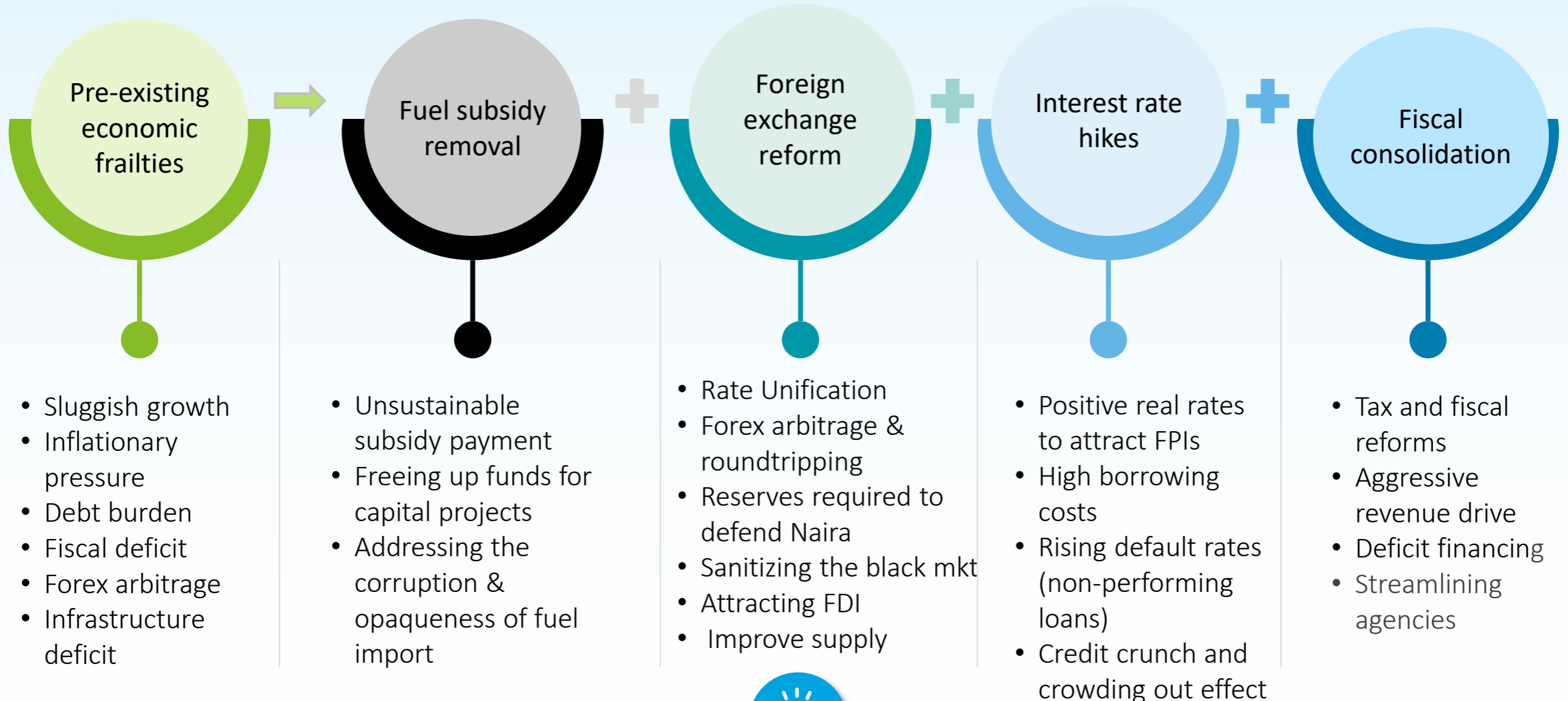


Insecurity



High emigration

Fiscal Consolidation as one of the pillars of reform



Challenges with Nigeria's Tax Environment



Low tax penetration and yield:

Nigeria has been dependent on oil and gas revenue.



Multiplicity of taxes and agencies

Multiple taxes are imposed on the same income by different agencies.



Fiscal federalism:

Revenues is not allocated to reflect fiscal planning at all government levels.



Ease of doing business:

Several businesses have exited the Nigerian market in recent times.



New business models:

There are emerging business arrangements and industries.



Outdated and fragmented laws:

Laws are out of tune with new business realities.



Cumbersome processes and low tax morale:

Cumbersome requirements and rules result in low tax morale..



Limited technology deployment:

No standard technology platform for use in compliance.

Tax reforms in recent years

National Tax Policy



Revised National Tax Policy 2017



Clear policy direction but limited follow-through & impact

Changes in legislation



4 Finance Acts passed



Overhaul of the WHT regulation



Significant economic presence (SEP)



Petroleum Industry Act (PIA)

Technology & Digitalization



FIRS Tax Promax



State IRSs have introduced technology



Fragmented process limiting national impact

Amnesty, Palliatives & Enforcement



VAIDS & VOARS



Periodic interest and/or penalty waivers



Enforcement drive by Tax Authorities



Rising Collection

Local & Global Collaboration



EOI, CbC report, Pillar 2



Inter-Agency & Local EOI

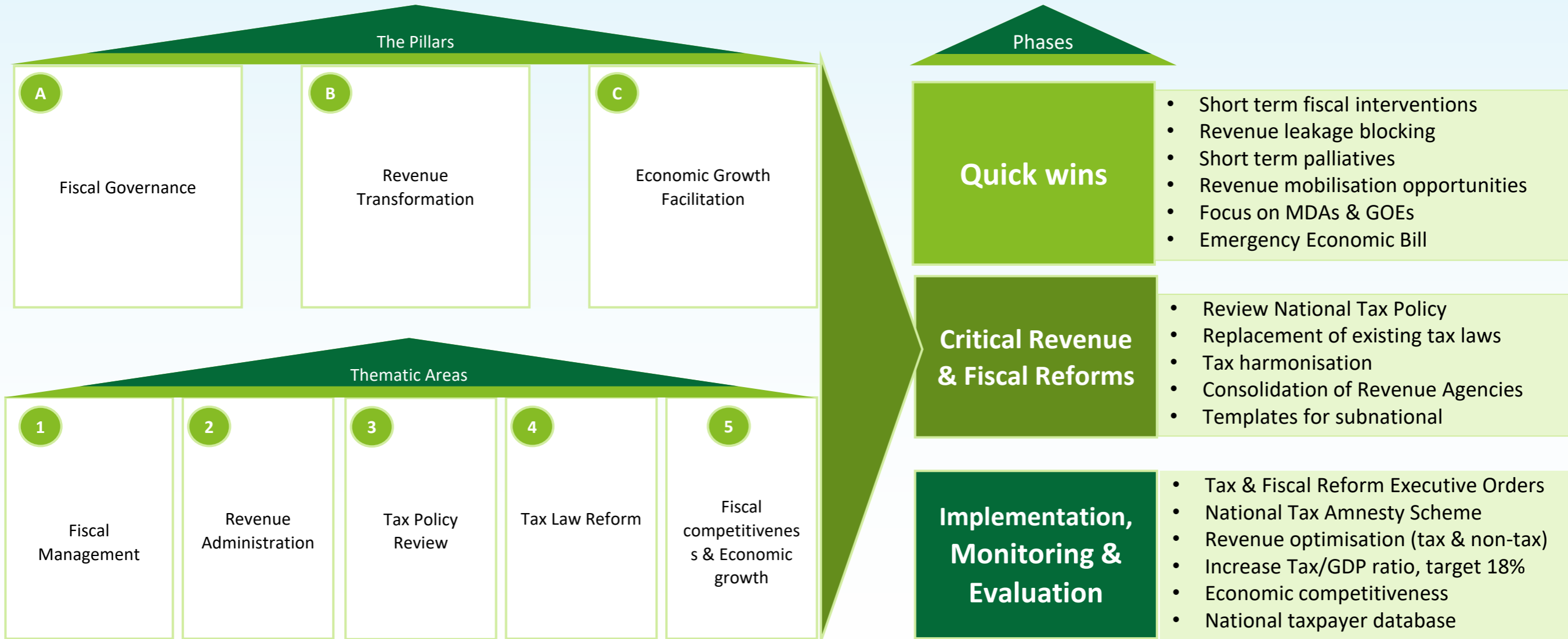


BVN & NIN linkage with Tax & CAC Portal

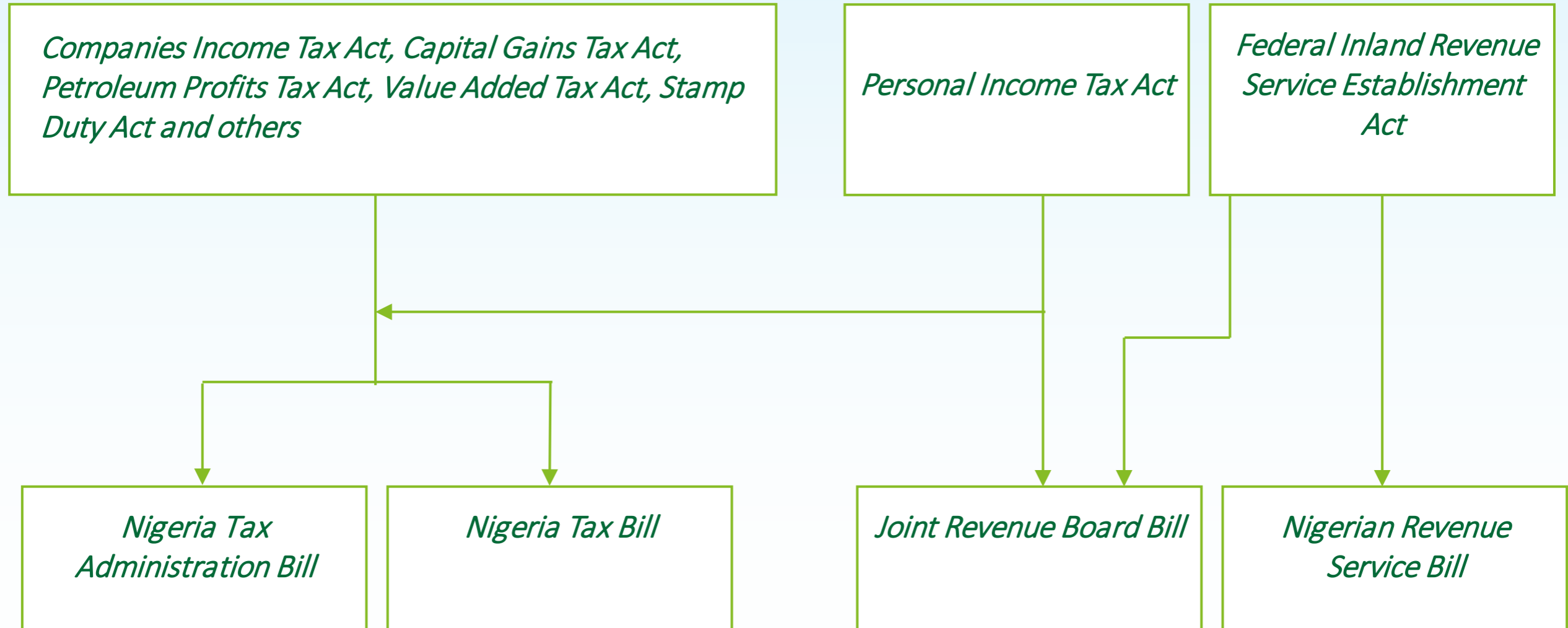
*Understanding
the conceptual
framework*



Presidential Committee on Fiscal Policy & Tax Reform



Regulatory Overhaul - Key Driver of the Critical Reform



Overview of the proposed tax reform bills

Nigerian Tax Bill



The Nigerian Tax Bill aims to provide unified fiscal legislation governing taxation in Nigeria. The bill will repeal eleven (11) legislations and amends thirteen (13) other legislations.

Nigerian Tax Administration Bill



NTAB provides for the assessment, collection, and accounting for revenue accruing to the Federal, State, and Local Government.

Joint Revenue Board Bill



JRBB will create a Joint Revenue Board to replace the Joint Tax Board. The bill will create a tax tribunal and a tax ombudsman to protect taxpayers' interests and facilitate dispute resolution.

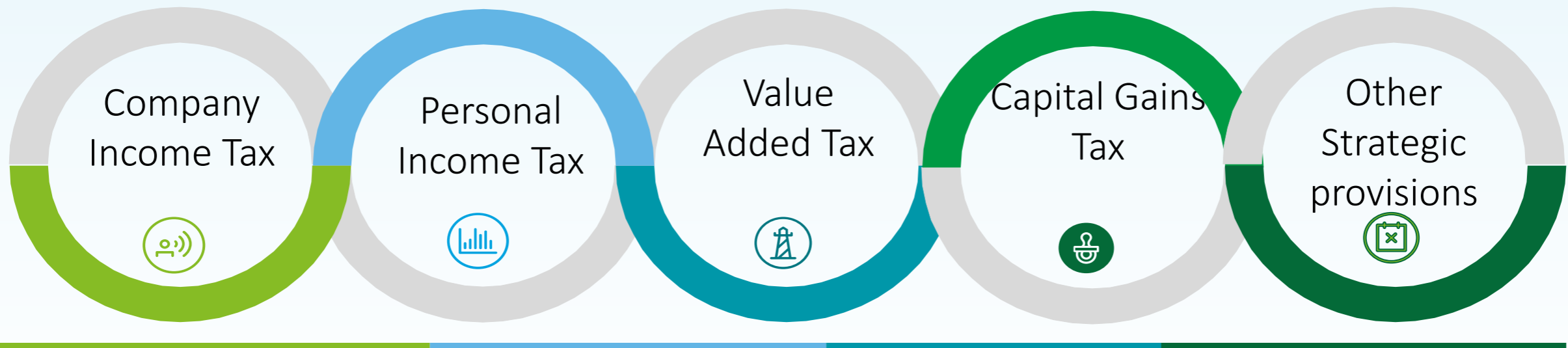
Nigerian Revenue Service Bill



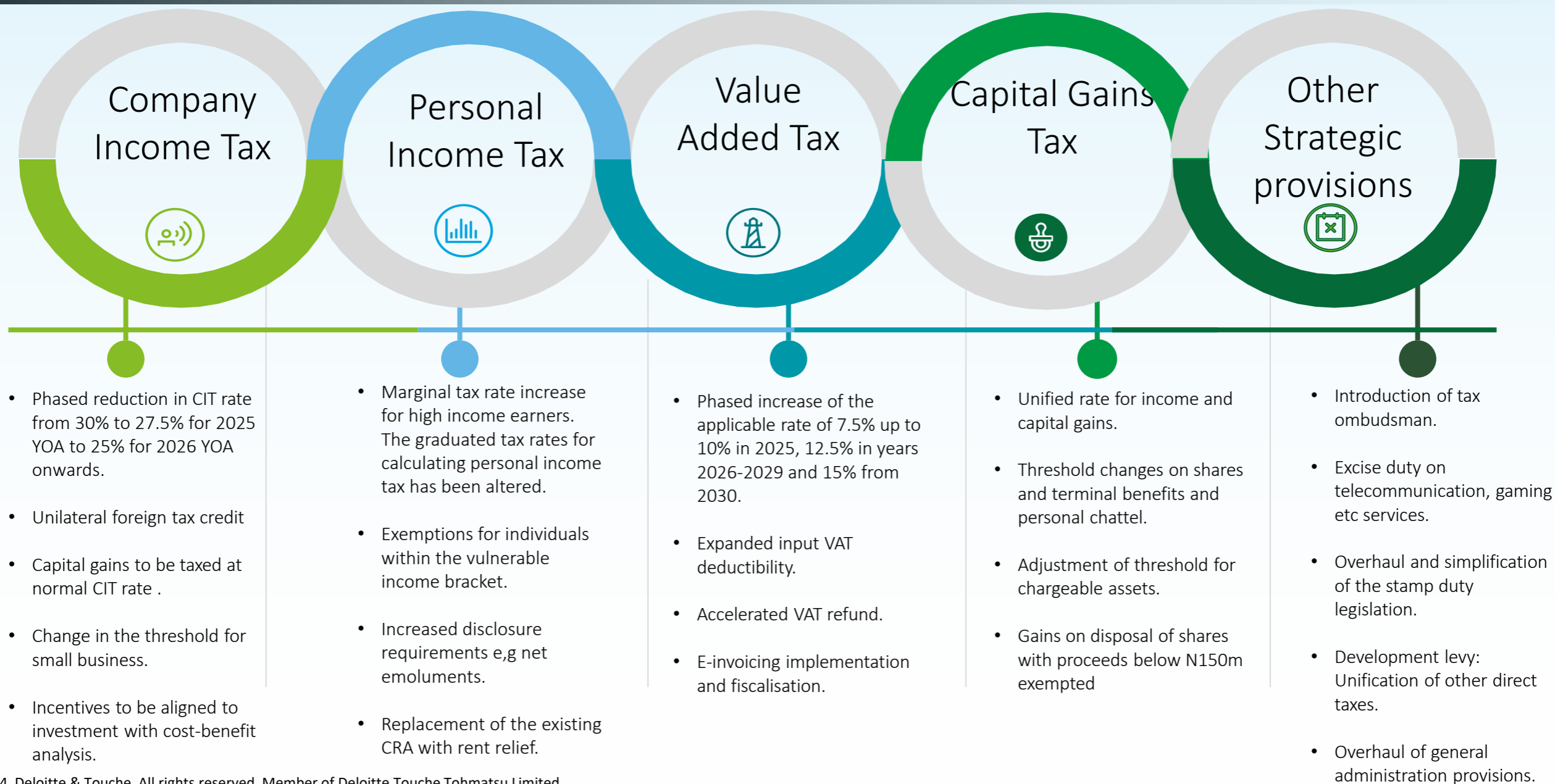
NRSB establishes a new federal tax authority, the Nigeria Revenue Service, to account for all revenue accruing to the FGN. It seeks to repeal the Federal Inland Revenue Service Establishment Act, No. 13, 2007.

*Contents & highlights
of the proposed
reforms*

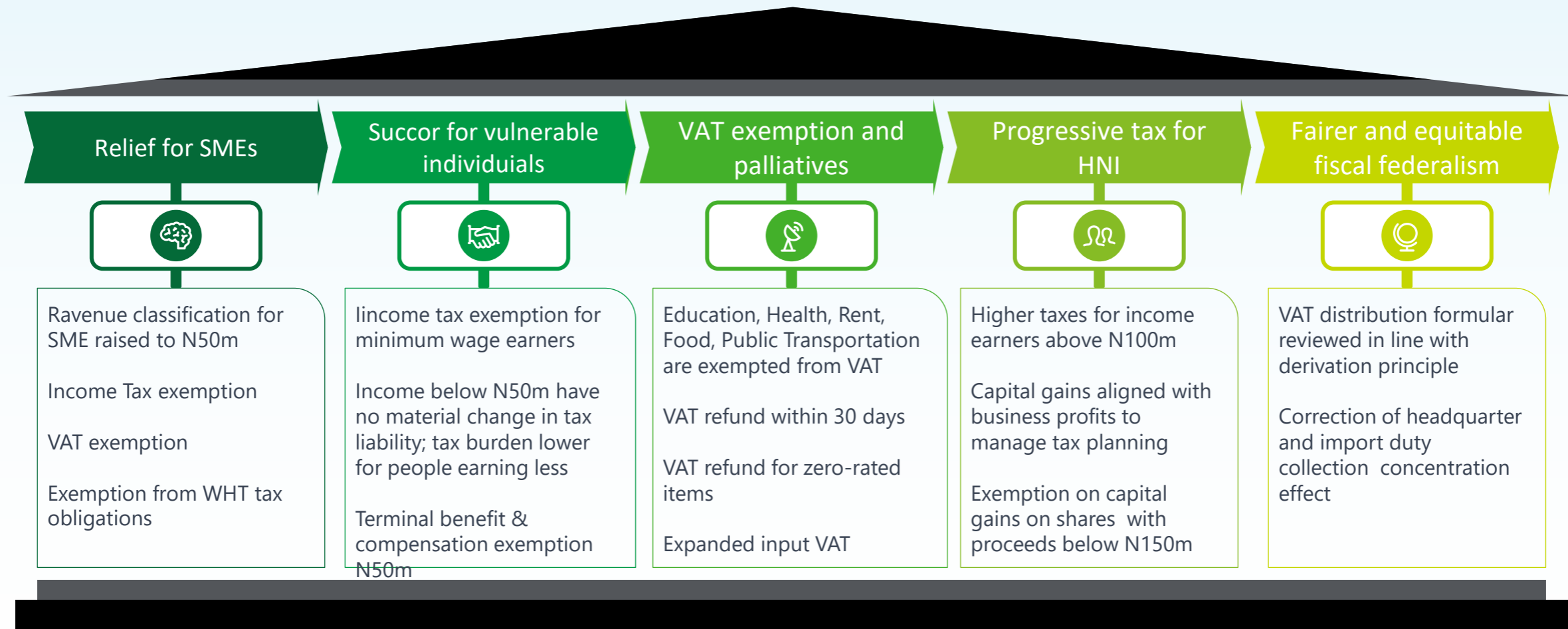




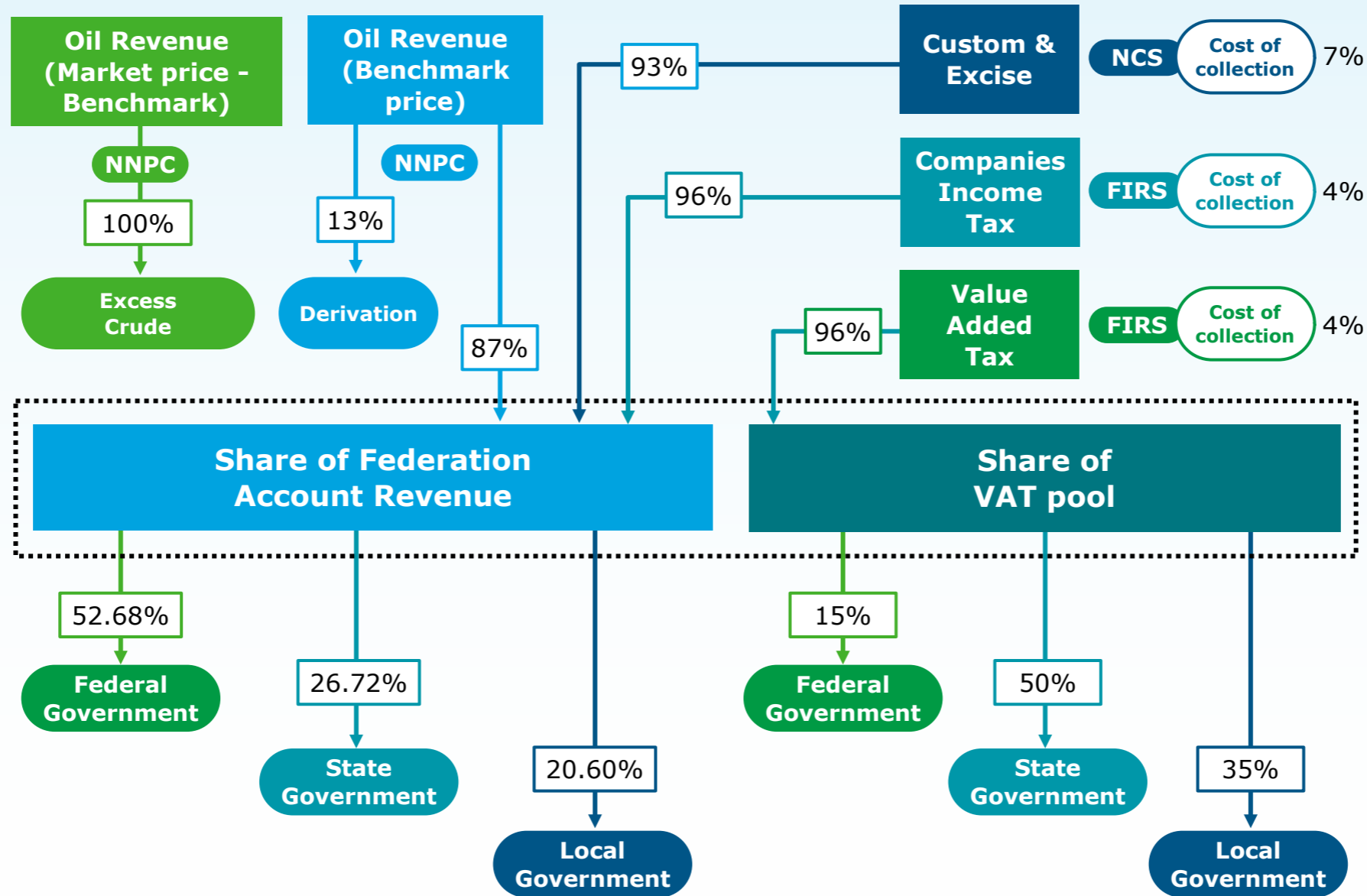
Key highlights of the proposed tax reforms



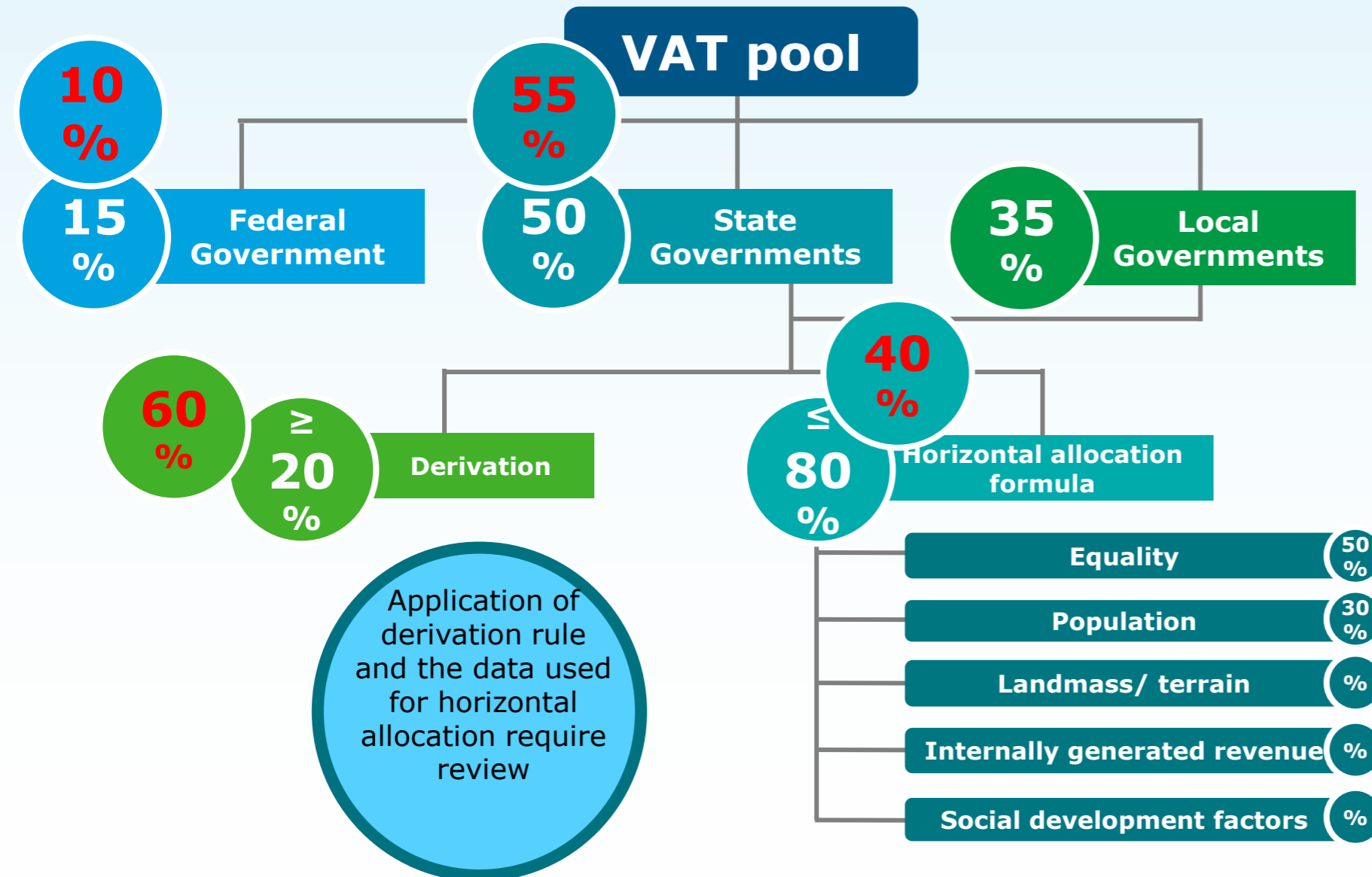
Some exciting provisions of the reform



Fiscal Federalism and Revenue Sharing – Current state



Fiscal Federalism and Revenue Sharing



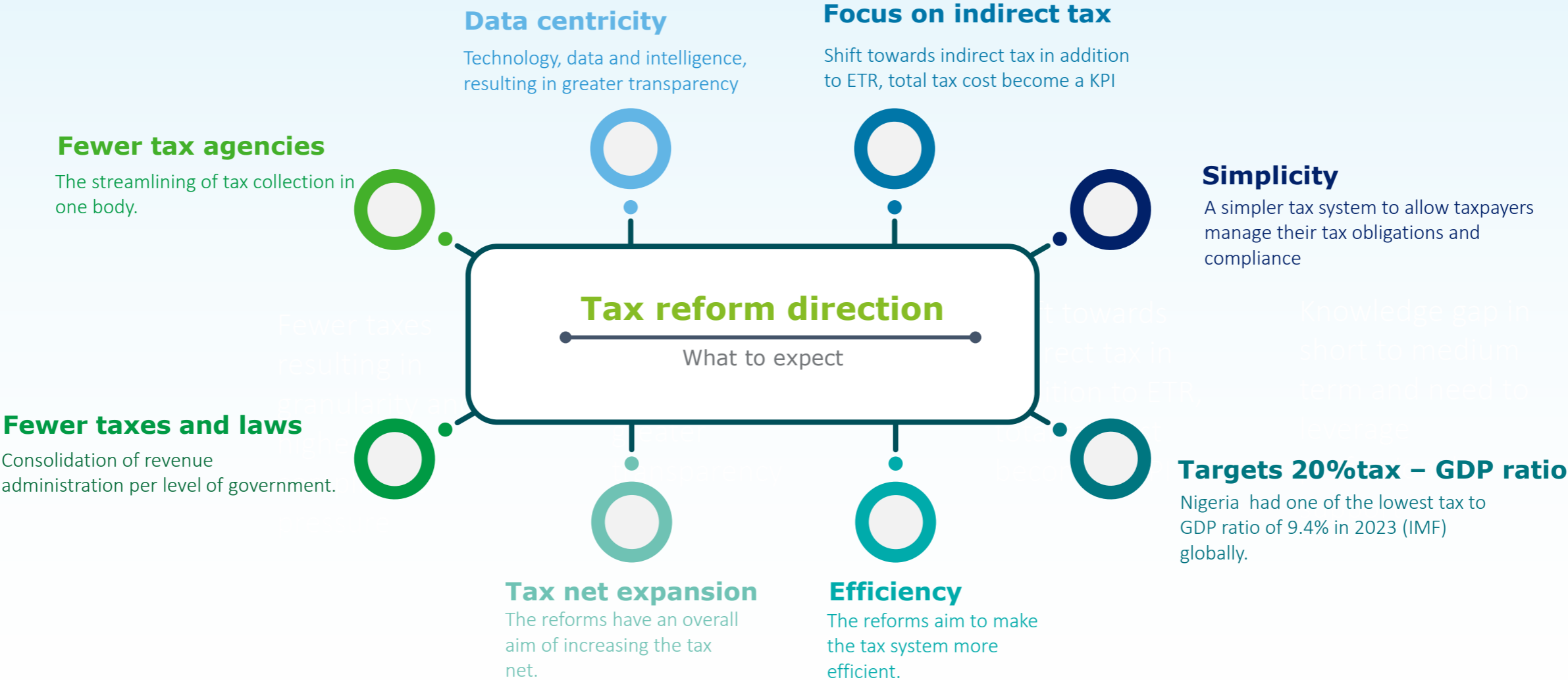
The principle of fairness requires resolution of the inconsistency between place of value addition, place of consumption and place of tax filing

Derivation is currently tied to place of VAT collection which is often the Company's registered head office.

*The new
direction*



The new direction



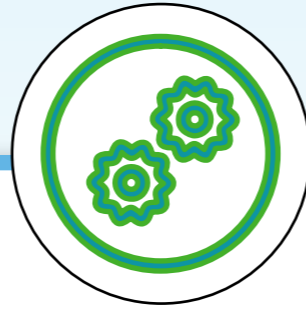
The new direction



Technology & efficiency

Automation and data-centricity

- The role of the new NRB and data for tax project
- Application of the 80/20 pareto principle
- Widening of the tax bracket



Responsible tax drive

Higher tax take

- Focus on tax take not tax rate
- Relief for the vulnerable and focus on large taxpayers
- Demand for improved business environment

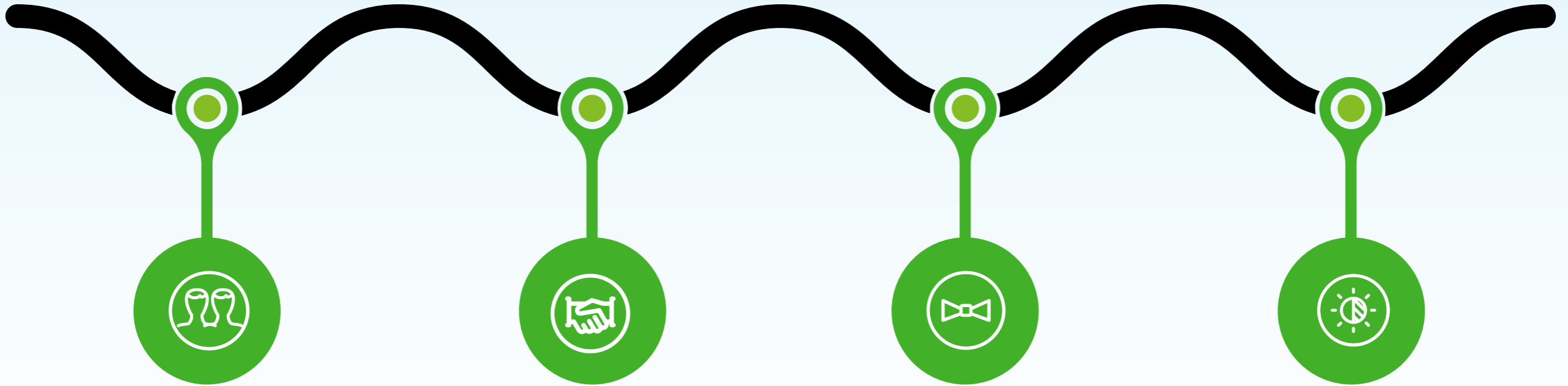


Social contract

Active citizenship

- Socially conscious citizenship and demand for accountability
- Tax morale and the role of tax Ombud

Coping with the emerging realities



Education

Keep abreast of changing regulations is a critical need; webinars, access to network of compliance.

Impact Assessment

Every taxpayer will be impacted. For individuals, reassess your tax position and plan ahead. Businesses require major impact assessment and remodelling

Incentive Optimization

Optimise short- and long-term incentives. Do not be obsessed with changes with negative impact. Identify potential tax-saving provisions. Leverage professional support.

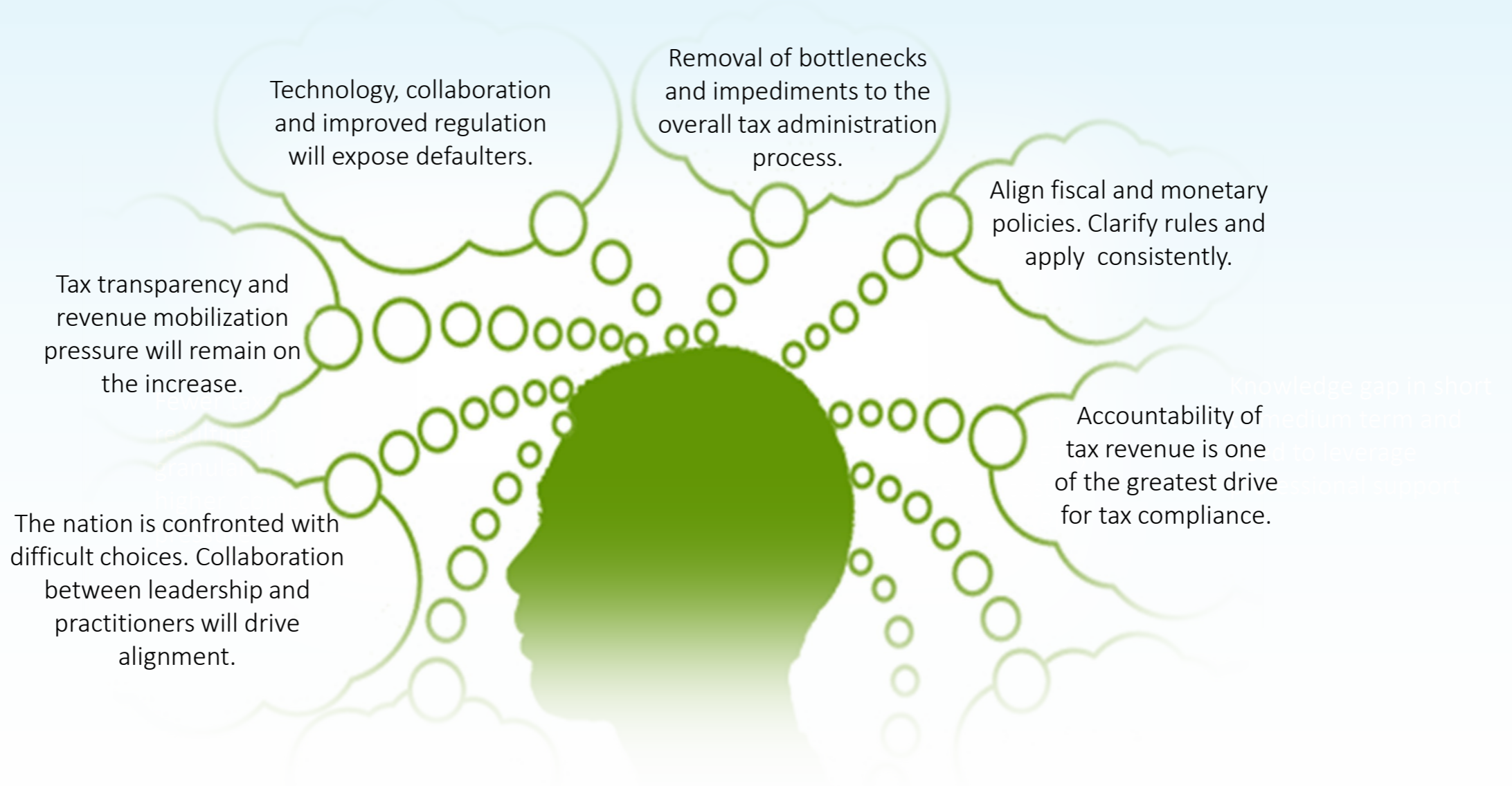
Engagement

Stakeholder engagement while the opportunity last. Trade bodies and professional associations should continue their engagement to address areas of possible concerns.

*Concluding
thoughts*



Concluding thoughts



Thank You




Thank You.


Speaker's Profile – Yomi Olugbenro





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Yomi is a Partner in our Tax & Regulatory Services and leads the West Africa tax business of the firm. He is a fellow chartered accountant and fellow chartered tax practitioner with over 20 years experience in tax and regulatory matters.

His clientele include many Fortune 500 companies and other globally renowned and locally strategic brands. He consults regularly for multinational companies around the world about investment and fiscal terrain in West Africa and particularly Nigeria.

He is currently the West Africa Tax leader at Deloitte and a member of Deloitte West Africa Executive Committee. He has served for many years as Member of the Board of Tax and Fiscal Policy Management Faculty as well as Consultancy and Information Technology Faculty of the Institute of Chartered Accountants of Nigeria. He has also served as Member and Dean of different faculties of the Chartered Institute of Taxation of Nigeria, including Board of Indirect Tax Faculty, Board of Taxation Standards and Practice Monitoring Committee of CIT.

He is the firm's Tax Risk Leader with responsibility covering West and Central Africa, Dean of Deloitte School of Tax, and member of Deloitte ThinkTank.

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