

THE CHARTERED INSTITUTE OF TAXATION OF NIGERIA

(Established in 1982, Chartered by Act No. 76 of 1992)

A Member of Association of Professional Bodies of Nigeria (APBN)

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RT. HON ADEYEMI S. IKUFORJI
The Honourable Speaker,
Lagos State House of Assembly
Assembly Complex,
Alausa- Ikeja,
Lagos State.

July 27, 2009

Your Rt. Honourable,

The Lagos State Local Government Levies (Approved list for Collection) Bill

The Chartered Institute of Taxation of Nigeria was established in 1982 and Chartered by Act No. 76 of 1992 to regulate Tax Practice and Administration in the country.

In line with the Institute's statutory objective, it has taken a detailed review of the Lagos State Local Government Levies (Approved list for collection) Bill presently before the State House of Assembly. The Bill is a laudable development and we believe it would reduce multiplicity of taxes and further strengthen culture of taxation within the Lagos polity.

We forward herewith the recommendations of our Institute on the bill for consideration by the House.

1. The Local Government Authorities are the collecting authorities however, they can delegate their collecting powers to private individuals or corporate bodies as agents if in the opinion of the Local Government Revenue Committee, they lack the personnel and skills to optimally administer the levy; or two or more Local Government Councils may delegate to a single administrative agent whether or not established by a law of the State. Section 6 (3) of the bill specifically provides that "the State Joint Revenue Committee shall set specific criteria to be applied by a Local Government Revenue Committee in considering a revenue agent for appointment having regard to the demands of professionalism, diligence and integrity". It is in this wise that we advise that one of the criteria for appointment by the Local Government Authority should be that such private persons, corporate bodies so appointed by these Local Government Revenue Committees should be Chartered Tax Practitioners or should have as head of their respective tax units a Chartered Tax Practitioner. Such membership should be confirmed from CITN before appointment.

This we believe would not only standardise the practise of taxation and ensure accountability at the grass root level, it would also eliminate the use of touts and quarks within the system.

2. The phrase "whether or not established by law" under Section 5 (b) should be properly defined under the interpretation section. Whilst it may not be a Firm or company established under a Law in Lagos State, it must be a Firm or Company recognised and established under the Law i.e registered with CAC either by registration or by incorporation.
3. The following levies would require clarification:
 - Levy classified as open market levy should be clarified or further classified and listed as this could lead to multiplicity of taxes unless the bill intends to charge just a single tax rate. In respect of the latter, it should be so stated.
 - Permit Fees: We advise that the permit fees be limited to just small sized restaurants/outlets that do not have food sale permits or business registration permits issued by the Lagos State Government.
 - Tenement rates (which has been replaced by Land Use Charge as stated under para 4.3 of the Bill) should be deleted from the approved list of levies to be collected by Local Governments to avoid double taxation.
 - The Lagos State Signage and Advertising Board is the agency that collects permit fees for signboards and advertisement. Having a comparable levy under the purview of the Local Government will create conflicts and lead to double taxation.
 - The "Interpretation" section should cover terms such as "open market", and "public places" used in the Bill to avoid mis-interpretation and mis-application.
4. **Other Matters:** We noticed with concern that tax related matters were not referred to our institution for input as would have been expected. With the spread of the membership and the good work being done by our faculties, CITN is bound to offer you a balanced advice as may be required and your members and the nation in general shall be better of.

While we give the assurance of the Institute's readiness to serve the House of Assembly in its efforts to reform the Lagos State tax system, we remain,

Yours faithfully

The Chartered Institute of Taxation of Nigeria


Prince R. 'Kunle Quadri, FCTI
President/Chairman of Council

Cc: The Special Adviser to Lagos State Government (Taxation & Revenue)