



**THE CHARTERED INSTITUTE OF TAXATION
OF NIGERIA**

(Chartered by Act No. 76 of 1992)

**MEMORANDUM TO THE
CENTRAL BANK OF NIGERIA**

**ON THE CBN DRAFT GUIDELINES ON
E-PAYMENT OF TAXES**

THE CHARTERED INSTITUTE OF TAXATION OF NIGERIA

The Chartered Institute of Taxation of Nigeria (CITN) was established in 1982 and Chartered by Act No. 76 of 1992 to regulate tax practice and administration in the country. To a large extent, the institute is a major stakeholder in the Nigerian tax system.

In line with the Institute's statutory objective, it has taken a study of the CBN draft guidelines on electronic payments of taxes at all levels of government and hereby states as follows:

The initiative is a welcome idea that is long overdue considering the global trend of cashless environment. CITN is however worried about the challenges imminent on the implementation of this project in Nigeria.

The objectives which the guideline sets out to achieve are laudable and would be a great attainment on the part of CBN once and if effectively implemented. It would facilitate the productivity of our members (Chartered Tax Professionals) working with the stakeholder tax authorities, and reduce to the barest minimum incidences of touting and embezzling of tax payer's monies.

We therefore highlight below some of the issues and required actions on the part of both tax authorities and taxpayers to facilitate seamless transition to e-payment system for tax. These, we believe should be factored into the entire project.

a) Training and Education

- Perhaps the greatest challenge is the issue of staff training and provision of educational programmes to ensure that this project is not only well accepted but stakeholders readily buy into it. To this extent, taxpayers' awareness seminars and campaign must be done by all levels of government. It would be the pleasure of CITN to make available its

wealth of experience in this regard. The Registrar/Chief Executive of the Institute can be contacted for more details.

- Continuous education of taxpayers and collecting agents is necessary to make the e-payment process effective.
- At the initial stage, orientation training should be organized for employees of all the tax authorities. Tax authorities must ensure that officials have the skill and expertise to carry out timely reconciliation of taxpayers' records.

b) IT Infrastructure

- Both the tax authorities and taxpayers should have the required network infrastructure for the e-payment system.
- The bandwidth of the tax authorities' connectivity should be able to accommodate the traffic from so many taxpayers.
- The tax authorities and taxpayers should invest in the computers that have the capacity to effectively connect to the e-payment platforms. A concern is highlighted especially where each tax authority has separate platforms.
- Ability of the e-payment platforms to effectively process foreign currency payments is also of concern considering the number of taxpayers in question and the quantum of transactions.

c) Data Formatting

- The e-payment system would require special format of data provided by the taxpayers especially for payment of WHT and PAYE and this would be a challenge in ensuring that all taxpayers comply with the required format and details of data provided.
- The need to ensure the implementation of the Unique Taxpayer Identification Number (U-TIN) has become imperative while there would

also be issues where taxpayers or collecting agents provide inaccurate TIN numbers.

- Taxpayers should be able generate U-TIN on-line by providing relevant data. This would eliminate the bottleneck often encountered in the current process.

d) Security

- Adequate security need to be put in place against fraud or diversion of tax payments.
- Considering that individuals will be making payments through ATM/ debit cards/ credit cards, etc. there must be full assurance that they do not stand the risk of being exposed to unauthorized access to the security details on the card.
- Corporate taxpayers need to step up on security to prevent unauthorized access to their tax payments and accounts e.g. protection of access to e-tax card, etc.
- Clear and complete instructions need to be provided for foreign currency payments.

e) Data Protection

- There must be security over taxpayers data provided to the tax authorities.
- Confidentiality of taxpayers' information has to be enforced. This implies that there would be need for culture change in all the tax authorities.
- Tax authorities must have disaster recovery measures in place to avoid permanent loss of taxpayers' data and prevent reinventing the wheel.

f) Redress Measures

- There must be effective and efficient processes in place to address correction of wrong classification of payments by taxpayers or collecting agents.
- Each tax authority needs to set up an effective tax refund mechanism to address claim of over payment of taxes.

We thank you for the opportunity to make this submission and sincerely believe that issues highlighted shall be given the necessary consideration they deserve.

While we give the assurance of the Institute's readiness to serve the Nation in its efforts to reform the Nigerian tax system, we remain,

Yours truly,

Prince Rasaq Adekunle Quadri, FCTI, FCA, AMNIM
President/Chairman of Council