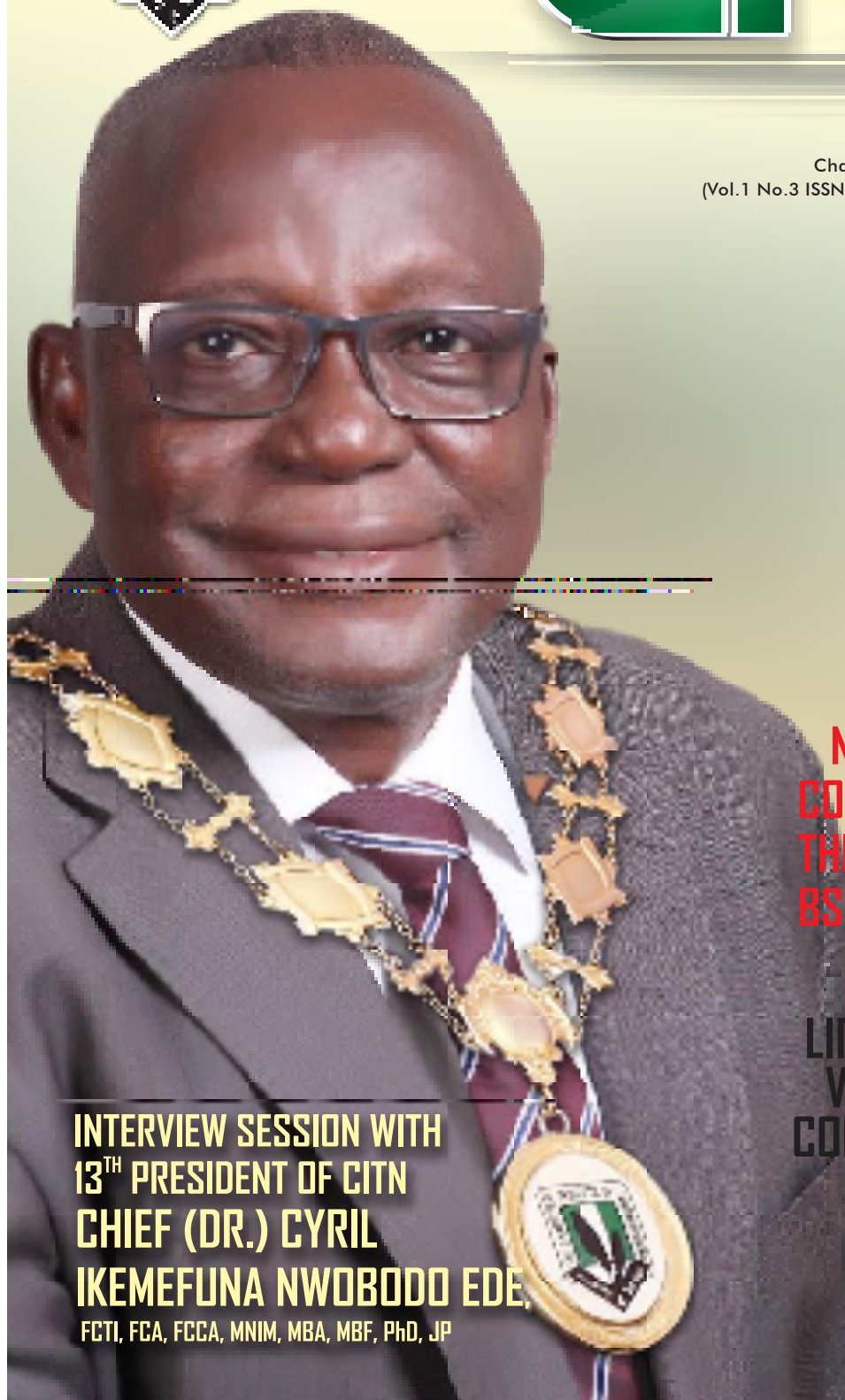




CITN NEWS

The Newsletter of the
Chartered Institute of Taxation of Nigeria
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**INTERVIEW SESSION WITH
13TH PRESIDENT OF CITN
CHIEF (DR.) CYRIL
IKEMEFUNA NWOBODO EDE**

FCTI, FCA, FCCA, MNIM, MBA, MBF, PhD, JP

**CITN, ACCA
SIGN MOU FOR
ADVANCEMENT
OF ACCOUNTANCY,
TAX PROFESSIONS**

**NATIONAL UNIVERSITY
COMMISSION APPROVES
THE COMMENCEMENT OF
BSC TAXATION IN CALEB
UNIVERSITY**

**LIRS' CONDITIONS FOR
VOLUNTARY PENSION
CONTRIBUTION INCOME
TAX RELIEF:
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MEET OUR NEW COUNCIL MEMBERS

MR. EZEKIEL KOLAWOLE BABARINDE, FCTI.



Babarinde had his OND at the Federal Polytechnic, Ilaro and HND at the Yaba College of Technology. He bagged his PGD (Accountancy) and MBA (Finance) at the Lagos State University, Ojo, Lagos, State.

As a student of the CITN, he passed all the stages of the institute's examinations within three consecutive diets as the Best Student in the following categories: Institute Prize – Overall Best Student April, 2009

Late E.N. Osemene's prize – Best Student in Case Study April, 2009, Best Student – Tax Audit & Investigation April, 2009, Best Student – Tax Practice & Business Management April, 2009, His services to the Institute to date are as follows:

Deputy Vice Chairman, Lagos District Society 2010-2011, Vice Chairman, Lagos District Society 2011-2012, Chairman, Lagos District Society 2012 - 2014, Member, Social & Members Welfare Committee 2013, Member, Annual Tax Conference Committee 2014-Date, Member, ATC Budget Sub- Committee 2017

He is the current Chairman Publicity & Publications Committee and Vice Chairman, ATC 2017/2018 Presidential year.

Mr Babarinde is a member of the Institute of Chartered Accountants of Nigeria, he is Patron, Nigerian Universities Accounting Students' Association, Fountain University, Oshogbo Chapter. He is currently the Managing Partner - Kola Babarinde & Co. (Financial Consulting Services).

His hobbies are meeting people, watching football and reading.

MR. DAVIDSON CHIZUOKE STEPHEN ALARIBE, FCTI



Alaribe attended Oloko Comprehensive Secondary School, Ikhuano, Abia State and Yaba College of Technology, Yaba, Lagos for his tertiary education. He is a Chartered Accountant and Chartered Tax Practitioner by profession.

He is the Chairman and Chief Consultant of DCS Alaribe & Co; Chartered Accountants, Tax & Mgt. Consultants.

His Services to the Institute includes: Pioneer Vice-Chairman and Second Chairman, CITN, Lagos District Society.

He also served the Institute in various capacities before his election into Council as, Vice Chairman Membership, Vice Chairman Annual Tax Conference Committee, Member of Scrutineers Committee, Master of

Ceremonies at various CITN events., member of various committees of Council.

Mr. Alaribe is also a Fellow and Council Member of ICAN.

He is happily married to Dr (Mrs.) Chinwe Alaribe and the marriage is blessed with four children.

MR. ADEMOLA STEPHEN KAYODE MAKINDE, FCTI



Makinde bagged Bsc Accounting at the Ogun State University, Ago-Iwoye in Ogun State in 1991; he later had his MBA in Marketing at the Rivers State University of Science & Technology, Nkpulu, Port Harcourt in Rivers state in 2008.

He served as Conference Director as a member of the CITN Annual Tax Conference Committee (ATC) in 2010 and 2011 respectively. He was the Vice Chairman 2 ATC in 2011, and Vice Chairman 1 in 2012. It is interesting to note that he was a member of the Committee till June 2017 when he was elected into Council where he now serves as the Chairman Strategic and Planning Committee of the Institute.

Mr. Makinde is a Fellow of ICAN and a member of the Association of Certified Fraud Examiners. He has offered his services to several organisations in various capacities as follows:

- * Livingstone Baptist Church - Chairman Board of Trustees 2016 To Date;
- * ICAN Inter - Governmental Relations Committee - Member,
- * Nigeria Baptist Royal Ambassador- Patron;
- * Lagos Alumni Chapter of the Olabisi Onabanjo University Ago Iwoye, Ogun State - Organising Secretary and

many more to mention but a few.

He is currently the Manager Treasury of the Department of Petroleum Resources. His hobbies are playing Golf, Tennis and Squash. He is happily married with Children.

ACCEPTANCE SPEECH OF THE 13TH PRESIDENT AND CHAIRMAN OF COUNCIL, CHIEF CYRIL IKEMEFUNA EDE, FCTI

Protocols

I am grateful for this opportunity to offer my service to our great Institute as the 13th President and Chairman of Council. I humbly accept this position with a sense of responsibility, commitment, and gratitude.

I praise the Almighty God for the honour he has done me today. I appreciate the Council, past Presidents, and

members of CITN for this confidence they have reposed in me.

My special thanks goes to the Immediate Past President, Dr. Mrs, Teju Somorin FCTI, the 12th President and 2nd female President of CITN, for her selfless contributions and untiring efforts made to the CITN project in the course of her tenure. She has played her part in this journey to advance the course of the Institute and the taxation profession in Nigeria.

Dear Council members, ladies and gentlemen, the responsibilities of the President as spelt out in the CITN Charter has not changed. The same applies to other office holders and decision organs of the Institute. We have a part to play in the continuous growth and sustenance of our Institute. I will remain faithful to the core objectives of the Institute.

The Presidents of CITN have a tradition of excellence and mine will not be different.

In pursuit of this culture of excellence, my Presidency will be leveraging on many of the laudable projects of the immediate past President.

I shall adopt a pragmatic road map that will move the Institute to an enviable level.

In the course of my tenure as President, the following shall be the focal areas of my administration:

1. Increased Visibility of CITN
2. Staff welfare
3. JDS Restructuring
4. Recovery of outstanding subscriptions from members
5. Creation of other sources of revenue
6. Giving greater value for CITN certificate, stamp and seal
7. Enhancement of stakeholders collaboration
8. Actualisation of the Tax Academy project.

Conclusion

I cannot undertake this task alone. I will count on the support of our Past Presidents, Council Members, and stakeholders in the Nigerian tax system, the Secretariat and indeed the members. We have a duty to make CITN a reference point amongst professional Institutes in Nigeria and beyond. I shall provide leadership as President with the expectation that we will play our part in whatever position we find ourselves. CITN is a project for all.

Thank you for your attention. God bless you.

Chief Cyril Ikemefuna Ede, FCTI
13th President/Chairman of Council

CITN, ACCA SIGN MOU FOR ADVANCEMENT OF ACCOUNTANCY, TAX PROFESSION

A new deal signed by the Chartered Institute of Taxation of Nigeria (CITN) and Association of Chartered Certified Accountants (ACCA) would enable the two professional bodies work in partnership to develop Accountancy and Taxation Professions in Nigeria.

The two leading professional bodies have signed a Memorandum of Understanding (MOU) which will promote the highest standards of professionalism and ethics, with both organisations agreeing to co-operate in professional training, education, research findings among others.

Speaking at the ceremony, the President of CITN, Cyril Ikemefuna Ede said the deal would enable both parties to recognize the value of promoting mutual cooperation that would help both parties to strive for the development of their members in their various professions.

“The MOU will commence and be effective when it is signed by the last party on the agreement. It may be amended upon the mutual written agreement of the parties. The term of this MOU will be five years from the date of execution, save that it may be terminated at any time before the expiration of the five year term.”

On the specific areas of cooperation, the president explained that ACCA would share with CITN on the areas of research findings on accountancy, tax, business, corporate governance and ethics.

ACCA would also invite CITN leadership team to ACCA Continuing Professional Development (CPDs) events at no cost and offer discounts for ACCA paid CPDs where available.

He added that both parties would explore other potential areas where cooperation would be beneficial to members and students of both bodies. The Director Sub-Saharan ACCA, Jameel Ampomah explained that the role of the professional has never been more exciting and challenging, adding that there was need for the professionals to stay ahead of trends in the global economic and business landscape, which is changing at a speed.

“The ultimate aim of our partnership is to develop the profession and build on strong foundations created by both bodies. ACCA is excited by the potential of working with the CITN, and we look forward to a long, happy and productive partnership.”

Profile of CHIEF (DR.) CYRIL IKEMEFUNA NWOBODO EDE, FCTI, FCA, FCCA, MNIM, MBA, MBF, PhD, JP

He was born on the 27th day of December 1949, the first son and second child to the family of Simon Ede Nwakaeme and Ogbungwa Theresa Ede in Ajame-agu, Akpawfu in Nkanu East local government area of Enugu State.

From 1956 and 1963, he enrolled for his primary education and obtained his First School Leaving Certificate from Holy Angels Catholic School, Akpugo in Nkanu West L.G.A, Enugu State. He proceeded to Annunciation Secondary School, Isuikwuato, Abia State in 1964 but due to the civil war which broke out in 1967, he got transferred to Union Secondary School, Enugu where he obtained his West Africa School Certificate in 1971.

He enrolled as one of the pioneer students of the Institute of Management and Technology Enugu in 1972 and obtained his Diploma in Accountancy in 1975. He started his working career as a teacher at Gyel High School, Bukuru, Jos from 1975 – 1976. His professional training and career started with Pannell Kerr Forster (Chartered Accountants) also in Jos, Plateau State.

Chief Ede holds a Certificate in Financial Journalism from Nigeria Institute of Journalism, a Certificate in Tax Administration from ASCON, a Diploma in Law from University of Lagos, and a Postgraduate Diploma in Management from University of Calabar. He also bagged a Master of Business Administration (MBA) degree in Management from University of Nigeria, Nsukka, and another Master of Business Administration (MBA) in Banking & Finance from Imo State University, Owerri.

Chief Ede equally obtained Doctorate degree in Business Administration (DBA) from All Saint University, USA and Doctor of Philosophy (Ph.D) in Arts & Public Administration from California Christian University, USA.

He was honoured with Certified Distinguished Administrator certificate by Leadership Trust Foundation, Nigeria.

In 1981, Chief Ede travelled to the United Kingdom where he enrolled into the London School of Accountancy to complete his ACCA training. He returned to Nigeria in 1985 and joined the firm of Balogun, Ayanfalu, Badejo (Chartered Accountants) as it was then known in Lagos in 1986. In 1987 he moved to the manufacturing industry where he got employed by Nigeria Plastic Industrial Manufacturing Co. Ltd (NIPIMCO), Lagos as Finance and Administration Manager and where he rose to be the General Manager, a position he held until he resigned in 1995 to set up his own Accounting practice known as C. I. Ede & Co (Chartered Accountants and Tax Practitioners) Lagos, offering services in Audit, Accountancy and Taxation. He equally carried out Management, Consultancy and Company Secretarial services.

In 1999, Chief Ede was appointed a Consultant on Economic Affairs to Enugu State Government where he was charged amongst other duties, to carry out specific studies for refurbishing, reconstructing and re-engineering many Companies and Corporations in the state. In 2000, the government being very satisfied with his service, appointed him as the Director of Finance with duties at the State Board of Internal Revenue Enugu.

In 2001. His excellent performance culminated to his eventual appointment as the Executive Chairman, Board of Internal Revenue, Enugu State. As the Chief Executive of the State Revenue Board, his specific duties included:

- Day to Day Administration of the Technical, Professional and Administrative Affairs of the State Internal Revenue Services
- Human Resource Development and Management
- Improving Tax Payer/Tax Office Relationship
- Making Periodic Report and Advice to government on BIR operations and State IGR
- Representing the State at Joint Tax Board. At JTB, Chief Ede served as the Chairman, Research and Technical; and Education Committees.
- Again, his unrivalled performances never went unnoticed as in 2005 he was appointed Accountant General of Enugu State.
- He was appointed into the Federal Tax Appeal Tribunal as a Commissioner in 2010, where he served till 2016.
- Other services he provided to Government and the Profession included but is not limited to the following:
 - Member of the National Committee on Revenue of Road Traffic Act and Road Traffic Regulations in 2003.
 - Member of Panel of Enquiry on Illegal Taxes and Levies on Motor Vehicles Operating in Enugu State.
 - Member of the Sub-Committee on settlement of Disputes over location of Local Government Head Quarters in Enugu State.
 - Member of Enugu State Budget Evaluation and Monitoring Committee
 - Chairman, Ikeja District Society of ICAN and served as first Chairman of Enugu District Society of CITN
 - He served the Institute in many capacities including Chairman of some Committees such as: Joint District Society, Membership and Professional Conduct, Finance and General Purposes Committee, etc.
 - He headed the Editorial Board that edited the CITN Tax Guide, 2nd Edition.

Chief (Dr.) Cyril Ikemefuna Nwobodo Ede, the 13th President of the Chartered Institute of Taxation of Nigeria, is married to Chief (Barr) Mrs Helen Idenyi Ede and they are blessed with seven (7) Children amongst whom are a Lawyer & Diplomat, a Psychologist, an Economist/Music Producer and an Information Technology Strategist/Consultant.

INTERVIEW

When I complete my tenure as President, I would like to be remembered for advancing the course of the Institute through improved relationship with stakeholders,
CHIEF (DR.) CYRIL IKEMEFUNA
NWOBODO EDE,
FCTI, FCA, FCCA, MNIM, MBA, MBF, PhD, JP

Sir, we congratulate you on your recent investiture and on your election as the 13th President of CITN. Will it be right to say that you feel fulfilled with your attainment of this exalted position?

Thank you for congratulating me on my election and investiture. My election as President is a call to service. It may interest you to know that I have been in Council for over 20 years serving in various Committees and contributing actively to the growth of the Institute before my eventual election as President. It is a great honour to have attained this position at this point in time and I am strongly committed to devoting my time and energy to the task ahead.

What has been your experience on the hot seat so far, sir?

It has been an interesting and challenging experience. The Institute is growing rapidly with so many issues on the front burner that constantly tasks Council and members. Let me point out that it is always challenging leading equals who have equal stake in the Institute and sometimes share different views on how issues could be resolved. This poses a challenge sometimes when decisions on how to approach certain matters are to be taken. But in the end, we have to accommodate various views in order to make decisions that will benefit the Institute and its members.

Beyond the stress that results from the hotness of the seat, what is the glamour that goes with it?

I will not call it glamour per say. Every position or office usually confers some level of respect on the office holder. This means the office holder has to comport himself in the highest level of integrity and decorum. Therefore, I will say the position tasks the holder to exhibit a great level of discipline, knowledge and patience. You must constantly put your best foot forward in order to make the best impression.

No doubt you have the pedigree to lead this great Institute going by your vast years of experience in the field of taxation as an astute tax administrator, a Council member and technocrat. Can you give us a peep into the agenda you will pursue for the Institute?

It is tradition that every President comes up with an agenda at the beginning of his presidency. May I point out that the agenda is not a personal agenda really because it evolves around specific areas of focus for the Institute during the tenure of the incumbent. My eight point agenda is the rallying point of my activities during my two year tenure. It fits into the areas the Institute needs to

focus on at this point in time. These areas include; Increased Visibility of the Institute, Staff Welfare, Recovery of Outstanding Subscriptions from members, Restructuring of our District Societies, Creation of other sources of revenue, giving greater value to CITN certificate, stamp and seal, enhancement of stakeholders collaboration and actualization of the CITN Tax academy project.

This is a lofty agenda, we must confess sir. However, it is obvious that a lot of funds would be needed to execute it successfully. How do you intend to source or raise the e-funds?

I agree with you that funding is required to actualize some of these programmes. If you recall I stated that creation of other sources of revenue is an important part of my agenda. No doubt, the economic downturn has affected income from our self-financing programmes such as the MPTP, ATC and so on. But we are hopeful that this will soon be a thing of the past. We are also pursuing the recovery of subscription from members which is a huge challenge. We are further engaging with some institutions to undertake capacity building programmes for their members of staff. All these are geared towards improving our funds position to be able to implement my agenda.

You were for a long time the Chairman of the Joint District Society Committee of the Institute. Would you say you are satisfied with the grass root awareness of CITN? In other words, would it be right to say that CITN has made impact in the various States of the District Societies?

It has been a success story with our District Societies as their impact is commendable. However, there is still a lot of room for improvement and increased impact at the grassroots. As you rightly pointed, I was the Chairman of the JDS for a long while. From about 10 District Societies some years ago, we now have 31 District Societies. In numerical terms, you would agree with me that we have made great strides as there are only a few states yet to have a District Society. In terms of impact, some district societies have been great performers in terms of promoting the Institute and their engagement with stakeholders in their areas of coverage while some are lagging behind. We are constantly interacting with the Districts through the platform of the Joint District Societies Meeting to address the issues and I believe this will translate to greater impact in the shortest possible time.

Are you satisfied with what CITN has attained in the Nigerian Tax System?

CITN has achieved a lot but we still have a lot of work to do. Our contributions to several tax reforms is noteworthy. We recently participated in the review of the National Tax Policy which recommendations are presently being implemented by the Federal Government. However, we have encountered challenges in relating very closely with political institutions especially the government at the Federal and State levels. We are working on reversing this trend whereby the Institute's

input and views are not sought on issues as it affects the Nigerian tax system and the economy. This is being done through constant engagement with the relevant institutions.

We still have some states having people without any tax background at the helm of their revenue agencies. What is CITN doing to reverse this trend?

This has been a challenge for our Institute as we have had to make representations to the States concerned on several occasions. Most State Governors see the appointment of the Chairman of the State Revenue Board as an avenue to settle their political associates without recourse to the need to appoint persons with requisite tax experience at the helm of affairs. This is done in flagrant disregard for the provisions of their relevant revenue administration law. We have had to engage with the Nigerian Governors Forum Secretariat to provide an opportunity for the Institute's leadership to meet with the Governors to state our Institute's position on this issue.

CITN to a larger extent has been seen as the rallying point of administrators and practitioners of taxation profession. How has CITN been able to manage the age-long distrust?

I do not agree totally that there is mistrust between tax administrators and practitioners. Each has its role to play in the tax system and such relate on a professional level. As an Institute, we do not lean to either side, as our members belong to either divide. We have the same practice guidelines and code of conduct for members. We strive as much as possible to relate with all tax professionals without bias.

What is the relationship between the various government revenue agencies and the Institute and how do you intend to enhance this during your tenure?

It has been very cordial. As always, there is room for improvement especially with the various State Boards of Internal Revenue. With the opportunity our Mandatory Professional Training Programme provides, we make it a point of duty to visit the Boards to improve on our relationship. In the course of my tenure, I will sustain our interaction especially using the Joint Tax Board platform.

Not long ago, the CITN endowed a professorial chair in Babcock University, Ilisan in Ogun State. This is no mean feat for the Institute. How do you intend to consolidate on this particularly in view of similar request being received from other higher Institutions?

It was a giant step by the Institute in endowing a Professorial Chair in Taxation at Babcock University considering the financial implications vis – a – vis the funds position of the Institute. We are aware of the challenge of sustaining the initiative and have taken steps to ensure we do not lose steam midway. We have commenced a scheme whereby members are levied an amount yearly to be pooled into a Professorial Chair endowment fund. With this initiative, we should be able

to fund our endowment with Babcock University and indeed entertain request from other Universities.

You were once a member of the Tax Appeal Tribunal (TAT). How would you access the activities of the Tribunal in terms of challenges experienced and successes attained?

The Tax Appeal Tribunal have been able to perform creditably since its inception inspite of some challenges encountered along the way. I want to advise that the Federal Government should as a matter of urgency reconstitute the tribunal to allow for speedy resolution of disputes between the taxpayer and the tax authorities.

Some people see corruption today as being synonymous to Nigeria. Do you share this view?

Corruption is an endemic issue in Nigeria but it cannot be said that it is synonymous to Nigeria. Corruption is prevalent in many countries of the world. Our peculiar challenge has to do with its widespread nature such that it has affected our development as a country. Public funds that would have been channeled to infrastructural development are frittered away by a few individuals. I am delighted with the efforts by the current government to recover stolen monies and bring to book those who have corruptly enriched themselves. The fight should not be left to the government alone, we all have roles to play. As a professional Institute, CITN has a code of conduct for its members. We shall take action against any erring member that has engaged in professional misconduct including corrupt practices that is reported to the Institute.

The call to have a standing Committee on Taxation in the State and National Assemblies is yet to yield any fruitful result. How best do you think the Institute would restrategize to pursue this to fruition?

I believe the clamour by the Institute for the establishment of a Committee on Taxation at the National and State Assemblies will soon be a reality. In fact, I recently met with the Deputy Clerk of the National Assembly and some honourable members of the House of Representatives. The issue featured prominently in our discussions. With increased emphasis on taxation by the Federal and State Governments, I believe this will soon be a reality. We cannot continue to have a Committee on finance that is mainly devoted to financial matters while issues of taxation which is the source of finance is not given prominence. This is the reason why we have continually advocated that a separate Committee on taxation be created to handle issues of amendment in tax laws and other such issues.

What is your opinion on the yearly altercation between the legislators and the Executives? How good or harmful is it to our nascent democracy?

It is not healthy really. Let me point out that when such dispute do arise which is likely between institutions, it must be resolved quickly. It is when such disputes linger and result to breakdown in communication that we should worry.

Many stakeholders, including the CITN, have commended the recently launched Voluntary Asset and Income Declaration Scheme (VAIDS). The Institute has even gone further to advise the Federal Government to immediately release the framework for the scheme's workability. How do you think the CITN could assist in the success of this Scheme?

Our role is clearly known, which is to encourage our members and taxpayers to embrace the initiative. The overarching objective is to increase tax revenue which is to the benefit of all. We are working towards embarking on a sensitization campaign for tax professionals and taxpayers as the scheme progresses.

The Institute has also been enjoying encouraging goodwill from the 'big four' and other reputable Accounting firms. How would you work to ensure the sustenance of this friendship?

It will surely be sustained through constant engagements and collaboration in organizing events.

Politicians aspiring for elective positions have started warming up for the 2019 National general elections. Soon there would be series of political debates. What is CITN doing to ensure that the manifestoes of these politicians contain in specific terms their plans to enhance the tax system of their various jurisdictions?

As the politicians are bracing up for the elections, we are also bracing up to bring to the fore the need for persons aspiring for political offices to be made to unveil their plans for effective revenue mobilization through taxes during their campaigns. We shall engage with the media and the political parties in this regard. Gone are the days when politicians promise so much whereas they do not reveal how they intend to finance their programmes and projects. This is the reason why so many states are unable to pay staff salaries due to a sharp decline in allocations from the federation account.

What is your message to your members and what ways would their cooperation be needed most?

Members are the greatest asset of any Institute. When our members are doing well, it cascades to the Institute. Members should take advantage of our various training programmes to improve their knowledge on developments in the profession and tax laws. Members that are sufficiently grounded will enhance the value people place on the Institute thereby giving greater value to our certification and place among professional Institutes in Nigeria. When members pay their subscription, the Institute will have more funds to run its programmes and activities. Therefore, I want to urge members to meet their financial obligations to the Institute.

Though you are just few months into your two-year tenure, how would you like to be remembered when you eventually leave office?

When I complete my tenure as President, I would like to be remembered for advancing the course of the Institute through improved relationship with stakeholders, increase in Institute's finances and improved recognition by government and relevant stakeholders. In all facets of the Institute, I want to be remembered for leaving prints in the sands of the institute in areas not ventured into and Improvements in areas for which precedents have been set.

LIRS' Conditions for Voluntary Pension Contribution Income Tax Relief: Matters Arising

In Brief:

On Monday, August 21, 2017, the Lagos State Internal Revenue Service (LIRS) released a public notice (the LIRS Notice) on the voluntary pension contribution (VPC) tax relief. According to the LIRS, it will henceforth, only allow the VPC tax relief in the circumstance where there has been no withdrawal of such VPC from the respective retirement savings account (RSA), except in the following instances, that is, where the withdrawing employee:

1. is above 50years old;
2. who is below 50years old, is either:
 - a. a retiree or unemployed on medical grounds; or
 - b. unemployed, and has so been for a minimum period of 4 months.

The LIRS further threatened that, it will:

1. periodically audit withdrawals of VPC with the respective Pension Fund Administrators (PFAs) and rely on the statutory provision on artificial or fictitious transactions in this regard;
2. recover any tax that may be due from unauthorised withdrawals of VPCs, inclusive of penalty and interests, from employers under the PAYE scheme of Personal Income Tax (PIT) administration;
3. use available judicial processes to defend its position with each taxpayer or employer; and
4. require each taxpayer claiming VPC relief to submit alongside his or her income tax return, a copy of his or her RSA statement for the relevant tax year and any other period requested by the LIRS.

This piece briefly discusses the legal basis of the VPC tax relief and the legal issues that the LIRS Notice generates.

The VPC Tax Relief:

The Pension Reform Act, 2014 (PRA or the Act), established the Contributory Pension Scheme (the Scheme) and at Section 4, recognised 3 kinds of contributions to the Scheme. The first is the employer's statutory contribution of a minimum 10% of the monthly emoluments of an employee. The second is the employee's statutory contribution of a minimum 8% of the same base as the employer. The employer is to administer the process of remittance of both its contribution and the employee's, by deducting the

employee's contribution at source, and paying both to the employee's RSA. The third kind of contribution to the Scheme is the VPC which Section 4(3) of the Act sanctioned with the following words: "Any employee whom this Act applies may, in addition to the total contributions being made by him and his employer, make voluntary contributions to his retirement savings account". VPC unlike the statutory employer and employee contributions is purely elective at the instance of the employee.

For any taxman, the significance of contributions to the Scheme is the wide tax advantage granted by Section 10(1) of the PRA when it says: "Notwithstanding the provision of any other Law, contributions to the Scheme under this Act shall form part of tax deductible expenses in the computation of tax payable by an employer or employee under the relevant income Tax Law". In simplified terms, all contributions to the Scheme are tax exempt, including VPC. Tax professionals readily attest that the VPC is one of 5 major tax saving opportunities currently available to the average PIT payer under Nigeria's Personal Income Tax Act (PITA). Naturally, most informed taxpayers gravitate towards the tax saving opportunities under the Scheme, especially VPC, to lower their income tax pay-out to the State where they reside in Nigeria.

In recent times, the opportunity of the VPC has also become a marketing tool for PFAs who advertise its tax benefits to RSA holders, often times, with a promise to help facilitate VPC withdrawals which must always be sanctioned by the National Pension Commission (PenCom). A typical informed taxpayer with means will rather suffer the VPC process and its inherent delay, than have more taxable disposable income. In other words and with the opportunity of an eventual VPC withdrawal, such taxpayer will rather that, some portion of his or her income be paid as VPC rather than have to pay income tax on the gross emolument less other statutory reliefs. This somewhat complex process has seen the tax bracket of such tax payers drop significantly from the average maximum effective tax rate of an approximate 19.2% to sometimes as low as the minimum tax rate of 1%.

As it appears, a revenue authority like the LIRS is unhappy with the tax advantages that the VPC option has availed some tax payers and has now decided to take it headlong, even with the promise of war at litigation.

Our Take:

The LIRS position presents more questions than answers. The summation of our views is that the LIRS seeks to treat administratively an issue which is purely legislative. Quite significant in this regard are the following points:

1. Section 10(4) of the PRA has already spelt out the tax consequence of VPC withdrawals, whether authorised or unauthorised. In fact, the concept of an unauthorised VPC withdrawal is an anathema in the face of Section 10(4). The Section provides that any income earned on VPC shall be subject to tax at the point of withdrawal where the withdrawal is made within 5 years that the VPC was made. In other words,

it is the income earned on VPC and not the VPC that is liable to tax if withdrawn within 5 years of making the VPC. In the circumstance that the subsection referenced the earlier subsection (2), such taxable income will include the expressly mentioned: "interests, dividends, profits, investment and other income" earned on the VPC. There is no mention of the taxation of the actual VPC. More so, Section 10(1), earlier reproduced, has already declared VPC a tax-deductible expense.

2. The LIRS Notice speaks too glowingly of Section 16 of the PRA in a manner that suggests that the Section empowers it to subject to income tax any withdrawal not made in accordance with the Section. Section 16 of the PRA does not say so and the LIRS, in the absence of any statutory provision specifically authorising to so do, has no power to subject to tax that which Section 10(1) has said cannot be taxed. Section 16 of the PRA, speaks generally of withdrawals from the RSA and not specifically on VPC withdrawal as Section 10(4) directly provides. Section 10(4), due to its speciality, would likely displace the generality of Section 16, in accordance with extant Nigerian legal principles for the interpretation of statutes. This is particularly so as no other provision, other than Section 10(4) of the PRA specifically authorises the taxation of any income earned under the Scheme. It is significant that Section 10(1) of the PRA subjects even the Personal Income Tax Act (PITA) to its provision. On the matter of VPC, the PRA trumps PITA.

3. LIRS has threatened to penalise any employer whose employees make unauthorised VPC withdrawals. This for us is a big issue as no Nigerian law can justify this. VPC is purely an affair of employees, even though an employer is duty bound to recognise the VPC as a tax-deductible expense in the computation of the income tax payable by the employee. At worst, that an employee chooses to appropriate his or her VPC post-taxation in a manner unacceptable to the LIRS, is purely a private affair between the employee taxpayer and the taxing authority (for example the LIRS) to which the employee is subject to. It is worrisome that the PAYE Scheme has been taken by many revenue authorities as a gateway into the treasuries of employers and business in Nigeria. This should not be so. The law of the land remains that an employer is not a taxpayer under PITA, it is simply a statutory agent of collection. It is significant that the employer is not just an agent of collection, but a statutory one. Its obligations are cut out for it at law. One of such obligation is to treat VPC, where it is contributed, as a tax-deductible expense in the computation of the income tax payable by an employee. It is simply legally incoherent that the LIRS will seek to burden employers with an issue that is purely not the employer's.

4. LIRS promises to periodically audit VPC withdrawals based on its power under Section 17 of PITA to declare certain transactions artificial or fictitious. With respect, we consider this conclusion arguable. This is considering that we are currently unaware of any precedent where a transaction that is permitted by law and applicable statutory sanction provided for,

can judicially be termed artificial or fictitious. There is no hiding the fact that the intention of the taxpayer who takes the VPC option is to save income tax. Such intention and its consequent execution is, in our view, insufficient to qualify the resulting transaction as artificial or fictitious. The centre of the argument being that the transaction is expressly sanctioned by a higher law on the subject matter; the PRA.

We do not think that the flood-gate of litigation that the LIRS is unwittingly unlocking is needful at this time, more so, where the issue ultimately requires the consideration of the National Assembly. Economy remains one of the 9 Smithian cannons of taxation – it should cost relatively less to collect tax. In our view, contesting the issue under discourse may cost the LIRS too much, relatively speaking. Such efforts and resources may be better expended on Nigeria's rather paced legislative process, assuming political will.

For further information on the foregoing, please contact: Ebuka Obidigwe (ebuka.obidigwe@ao2law.com) or Oyeyemi Oke (oyeyemi.oke@ao2law.com) or Bidemi Olumide (bidemi.olumide@ao2law.com) with the subject: "LIRS' Conditions for VPC Tax Relief: Matters Arising"

NATIONAL UNIVERSITY COMMISSION APPROVES THE COMMENCEMENT OF BSC TAXATION IN CALEB UNIVERSITY

Representatives of the Caleb University on Tuesday September 19, 2017 during a courtesy visit to the President and Chairman of Council of the Chartered Institute of Taxation of Nigeria informed the leadership of the NUC's approval of the study of BSc Taxation at Caleb University. The Vice Chancellor, Prof. Ayandiji Daniel Aina while speaking, noted with delight the NUC approval coupled with the gradual economic shift from oil based revenue to non-oil revenue. He said that this approval would foster national economic growth which would be championed by the CITN. He noted that the University was excited to be a part of the CITN family and moreso as they would be partners in progress in breeding professionals that are industry specialised.

Furthermore, Prof. Aina tabled before the CITN leadership, the University's request for greater collaboration with the Institute in moving the Taxation profession in a forward progression. He emphasised the need to draw up conversion modalities for persons seeking to join CITN and specifically requested for a formal MOU with CITN which would go a long way in reducing incidences of graduates' irrelevance to industries. He noted that similar MOU had already been

signed with some other professional bodies. Secondly, he expressed the University's request for CITN's endowment of a Professorial Chair in Taxation. He noted that the endowment would go a long way in amplifying the dignity of the Taxation Profession.

The President and Chairman of CITN Council, Chief (Dr.) Cyril Ikemefuna Ede, FCTI in response expressed his delight with the courtesy visit and congratulated the University for the NUC approval granted to them for BSc Taxation while noting that this was a laudable achievement for the taxation profession, particularly the CITN. He informed the Caleb University Team that their requests would be tabled before Council at its next meeting.

PIONEER STATUS AND THE "FIRST YEAR RULE": THE MYTH AND THE REALITY

Introduction

On Wednesday, August 2, 2017, the Nigerian Federal Executive Council approved the addition of 27 new industries and products to the list of industries considered as pioneer. An industry or product is designated as pioneer:

- a. if the industry or product is not being carried on in Nigeria on a scale suitable to the economic requirements of Nigeria; or
- b. if it is expedient in the public interest to encourage the development or establishment of such industry in Nigeria.

On the back of the announcement by the Nigerian government, the Federal Ministry of Industry, Trade and Investment ("FMITI") released the "Application Guidelines for Pioneer Status Incentive" (the "Guidelines"). The Guidelines, amongst other things, provide for "considerations and mode of application" for Pioneer Status Incentive ("PSI").

One of the considerations under the Guidelines is that an applicant must make an application for the grant of PSI in the first year of production/service (the "First Year Rule"). This briefing note, examines the provisions of the Industrial Development (Income Tax Relief) Act ("IDITRA") which is the legal framework for PSI with a view to determine the basis for the First Year Rule, both at law and tax policy-wise.

The IDITRA and PSI

IDITRA has no provision that prescribes that an application for PSI must be made within the first year of production/service of the applicant company.

Section 2 of IDITRA provides for the mode of application of pioneer certificate including the grounds upon which the applicant relies and the required information to be provided by the applicant. It is significant that Section 2 does not provide for the period within which a PSI application should be made. Section 1(3) of the IDITRA

provides that both by an existing company or promoters of a company in formation can apply for a pioneer certificate or for the inclusion of a specific industry in the list of pioneer industries and products.

Section 6 of IDITRA, relates to the certification of the production day, amongst other things. The production day is used as the date of commencement of the actual tax holiday of a pioneer company. Sections 6(1) and (12) of IDITRA are to the effect that a pioneer company should apply and propose its production day, within one month of reaching commercial scale in the production or provision of its pioneer goods or services as the case maybe.

Section 5 of IDITRA contemplates that a pioneer certificate can operate retrospectively, that is, the benefits of PSI can take effect from a date earlier than the date of the pioneer certificate.

The foregoing provisions implicitly recognize the fact that a PSI application can very well be made after the first year of commencement of commercial production/service, in the particular instance that the provisions and no other provision of IDITRA have said otherwise.

The Guidelines and the Pioneer Status Incentive Regulations 2014 should follow IDITRA

In the absence of any provision of IDITRA mentioning or inferencing the First Year Rule, it is out of place for either the Guidelines or the Pioneer Status Incentive Regulations 2014 ("PSIR 2014") to set this disenfranchising hurdle.

It may be recalled that the PSIR 2014 (Regulation 3(4)) had stated that a PSI application be made within one year of commercial production. Although still not in tandem with IDITRA, the provision is a lower hurdle compared with that under the Guidelines. The first year of commercial production is relatively a longer time away than the first year of production/ service.

In any event, the law of the land is that subsidiary legislations such as the Guidelines and the PSIR 2014 are subsidiary legislations that cannot expand the scope of the substantive legislation, IDITRA, in this instance. The First Year Rule may fail in the face of IDITRA should it be set before the Nigerian courts.

The First Year Rule Discriminates Earlier Pioneers

The First Year Rule punishes those who earlier took on the challenges of what today qualifies as a pioneer industry, by making them ineligible to partake in the benefits of the PSI, due to their age in business. It is no gainsaid that some businesses have been, for more than a year, taking risks, particularly in time and money, to understand the rules and vagaries of their chosen industry. Much of the lessons that these businesses learnt may have informed the emergence of new entrants. The First Year Rule simply embraces the new entrants and shuts the door on the real pioneers. Such a reality is economically-insensitive and does not enhance the promotion of entrepreneurial ambitions which should have informed

the PSI in the first place. This is beside the point, as highlighted below, that most of these early pioneers are yet to be profitable. This is basically a policy argument.

The First Year Rule is insensitive to Business Cycles

The rationale for the First Year Rule is questionable when viewed from the background of the current loss cycle of early pioneers. More often than not very few companies tide into profitability in their first year of production or commencement of service. In a country with high operating costs, especially on power and infrastructure, there is that high possibility of making losses in the first year or most likely for the first few years of commencement of business.

If this were to be the case and the First Year Rule is applied, then a company that makes an application in the first year of commencement of production or service and is granted a pioneer status during its loss cycle enjoys no benefit. Suffice to state that the corporate minimum tax rule contemplates that a company may operate at a loss for its first 4 years in business. The First Year Rule is insensitive to this statutory reality. In the circumstance that a typical company would seek to claim loss relief on the losses it has accumulated over the years from profits of subsequent years before considering utilization of the PSI, the introduction of the First Year Rule, only presents the PSI as a myth.

Conclusion

The tax system stands on a tripod of policy, law and administration. The policy direction of the Nigerian government in encouraging certain industries in its economy through the PSI is laudable. The particular expansion of the list of pioneer industries, although may affect government's fiscal projections, but ultimately should stimulate greater economic activities, if government is not to be the loser. The IDITRA as the enabling law for PSI provides the framework for the grant of pioneer status and does not contemplate the First Year Rule. Application of the First Year Rule makes the PSI more of a myth than a reality. The Guidelines and the PSIR 2014 should be amended to be in line with the policy and law guiding the grant of PSI. Where the position of the FMITl and the NIPC are that the First Year Rule is actually the policy, then it would fall flat in the face of the law. Such arguments are needless at this momentous period of Nigeria's emergence as an economic power block among its peer countries. An active and coordinated process of engagement between Government and affected industries or businesses is recommended.

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27 HEALTH AND NUTRITION TIPS THAT ARE ACTUALLY EVIDENCE-BASED

There is a lot of confusion when it comes to health and nutrition. People, even qualified experts, often seem to have the exact opposite opinions. However, despite all the disagreements, there are a few things that are well supported by research.

Here are 27 health and nutrition tips that are actually based on good science.

1. Don't Drink Sugar Calories

Sugary drinks are the most fattening things you can put into your body. This is because liquid sugar calories don't get registered by the brain in the same way as calories from solid food. For this reason, when you drink soda, you end up eating more total calories. Sugary drinks are strongly associated with obesity, type 2 diabetes, heart disease and all sorts of health problems. Keep in mind that fruit juices are almost as bad as soda in this regard. They contain just as much sugar, and the small amounts of antioxidants do NOT negate the harmful effects of the sugar.

2. Eat Nuts

Despite being high in fat, nuts are incredibly nutritious and healthy. They are loaded with magnesium, vitamin E, fiber and various other nutrients. Studies show that nuts can help you lose weight, and may help fight type 2 diabetes and heart disease. Additionally, about 10-15% of the calories in nuts aren't even absorbed into the body, and some evidence suggests that they can boost metabolism. In one study, almonds were shown to increase weight loss by 62% compared to complex carbohydrates.

3. Avoid Processed Junk Food (Eat Real Food Instead)

All the processed junk foods in the diet are the biggest reason the world is fatter and sicker than ever before. These foods have been engineered to be "hyper-rewarding," so they trick our brains into eating more than we need, even leading to addiction in some people.

They are also low in fiber, protein and micronutrients (empty calories), but high in unhealthy ingredients like added sugar and refined grains.

4. Don't Fear Coffee

Coffee has been unfairly demonized. The truth is that it's actually very healthy. Coffee is high in antioxidants, and studies show that coffee drinkers live longer, and have a reduced risk of type 2 diabetes, Parkinson's disease, Alzheimer's and numerous other diseases.

5. Eat Fatty Fish

Pretty much everyone agrees that fish is healthy. This is particularly true of fatty fish, like salmon, which is loaded with omega-3 fatty acids and various other nutrients. Studies show that people who eat the most fish have a lower risk of all sorts of diseases, including heart disease, dementia and depression.

6. Get Enough Sleep

The importance of getting enough quality sleep cannot be overstated. It may be just as important as diet and exercise, if not more. Poor sleep can drive insulin resistance, throw your appetite hormones out of whack and reduce your physical and mental performance.

What's more, it is one of the strongest individual risk factors for future weight gain and obesity. One study showed that short sleep was linked to 89% increased risk of obesity in children, and 55% in adults.

7. Take Care of Your Gut Health With Probiotics and Fiber

The bacteria in your gut, collectively called the gut microbiota, are sometimes referred to as the "forgotten organ." These gut bugs are incredibly important for all sorts of health-related aspects. A disruption in the gut bacteria is linked to some of the world's most serious chronic diseases, including obesity.

A good way to improve gut health, is to eat probiotic foods (like live yogurt and sauerkraut), take probiotic supplements, and eat plenty of fiber. Fiber functions as fuel for the gut bacteria.

8. Drink Some Water, Especially Before Meals

Drinking enough water can have numerous benefits. One important factor, is that it can help boost the amount of calories you burn.

According to 2 studies, it can boost metabolism by 24-30% over a period of 1-1.5 hours. This can amount to 96 additional calories burned if you drink 2 liters (67 oz) of water per day.

The best time to drink water is half an hour before meals. One study showed that half a liter of water, 30 minutes before each meal, increased weight loss by 44% (37).

9. Don't Overcook or Burn Your Meat

Meat can be a nutritious and healthy part of the diet. It is very high in protein, and contains various important nutrients.

The problems occur when meat is overcooked and burnt. This can lead to the formation of harmful compounds that raise the risk of cancer.

So, eat your meat, just don't overcook or burn it.

10. Avoid Bright Lights Before Sleep

When we're exposed to bright lights in the evening, this disrupts production of the sleep hormone melatonin. An interesting "hack" is to use a pair of amber-tinted glasses that block blue light from entering your eyes in the evening. This allows melatonin to be produced as if it were completely dark, helping you sleep better.

11. Take Vitamin D3 if You Don't Get Much Sun

Back in the day, most people got their vitamin D from the sun. The problem is that most people don't get much sun these days. They either live where there is no sun, or they stay inside most of the day or use sunscreen when they go out. According to data from 2005-2006, about 41.6% of the US population is deficient in this critical vitamin. If adequate sun exposure is not an option for you, then supplementing with vitamin D has been shown to have numerous benefits for health. This includes improved

bone health, increased strength, reduced symptoms of depression and a lower risk of cancer, to name a few. Vitamin D may also help you live longer.

12. Eat Vegetables and Fruits

Vegetables and fruits are the "default" health foods, and for good reason. They are loaded with prebiotic fiber, vitamins, minerals and all sorts of antioxidants, some of which have potent biological effects.

Studies show that people who eat the most vegetables and fruits live longer, and have a lower risk of heart disease, type 2 diabetes, obesity and all sorts of diseases.

13. Make Sure to Eat Enough Protein

Eating enough protein is incredibly important, and many experts believe that the recommended daily intake is too low.

Protein is particularly important for weight loss, and works via several different mechanisms.

A high protein intake can boost metabolism significantly, while making you feel so full that you automatically eat fewer calories. It can also cut cravings and reduce the desire for late-night snacking.

Eating plenty of protein has also been shown to lower blood sugar and blood pressure levels.

14. Do Some Cardio, or Just Walk More

Doing aerobic exercise (or cardio) is one of the best things you can do for your mental and physical health.

It is particularly effective at reducing belly fat, the harmful type of fat that builds up around your organs. Reduced belly fat should lead to major improvements in metabolic health.

15. Don't Smoke or do Drugs, and Only Drink in Moderation

If you're a tobacco smoker, or abuse drugs, then diet and exercise are the least of your worries. Tackle those problems first. If you choose to include alcohol in your life, then do so in moderation only, and consider avoiding it completely if you have alcoholic tendencies.

16. Use Extra Virgin Olive Oil

Extra virgin olive oil is the healthiest fat on the planet. It is loaded with heart-healthy monounsaturated fats and powerful antioxidants that can fight inflammation. Extra virgin olive oil leads to many beneficial effects on heart health, and people who consume olive oil have a much lower risk of dying from heart attacks and strokes.

17. Minimize Your Intake of Added Sugars

Added sugar is the single worst ingredient in the modern diet. Small amounts are fine, but when people eat large amounts, it can wreak havoc on metabolic health. A high intake of added sugar is linked to numerous diseases, including obesity, type 2 diabetes, heart disease and many forms of cancer.

18. Don't Eat a Lot of Refined Carbohydrates

Not all carbs are created equal. Refined carbs have been highly processed, and have had all the fiber removed from them. They are low in nutrients (empty calories),

and can be extremely harmful. Studies show that refined carbohydrates are linked to overeating and numerous metabolic diseases.

19. Don't Fear Saturated Fat

The "war" on saturated fat was a mistake. It is true that saturated fat raises cholesterol, but it also raises HDL (the "good") cholesterol and changes the LDL from small to large, which is linked to a lower risk of heart disease.

New studies that included hundreds of thousands of people have shown that there is no link between saturated fat consumption and heart disease (83, 84).

20. Lift Heavy Things

Lifting weights is one of the best things you can do to strengthen your body and improve your body composition. It also leads to massive improvements in metabolic health, including improved insulin sensitivity. The best approach is to go to a gym and lift weights, but doing body weight exercises can be just as effective.

21. Avoid Artificial Trans Fats

Artificial trans fats are harmful, man-made fats that are strongly linked to inflammation and heart disease. It is best to avoid them like the plague.

22. Use Plenty of Herbs and Spices

There are many incredibly healthy herbs and spices out there. For example, ginger and turmeric both have potent anti-inflammatory and antioxidant effects, leading to various health benefits. You should make an effort to include as many different herbs and spices as you can. Many of them can have powerful beneficial effects on your health.

23. Take Care of Your Relationships

Social relationships are incredibly important. Not only for your mental wellbeing, but your physical health as well. Studies show that people who are close with friends and family are healthier and live much longer than those who are not.

24. Track Your Food Intake Every Now and Then

The only way to know exactly what you are eating, is to weigh your foods and use a nutrition tracker like MyFitnesspal or Cron-o-meter. This is important to know how many calories you are eating. It is also essential to make sure that you're getting in enough protein, fiber and micronutrients.

Studies show that people who track their food intake in one way or another tend to be more successful at losing weight and sticking to a healthy diet.

Basically, anything that increases your awareness of what you are eating is likely to help you succeed. I personally track everything I eat for a few days in a row, every few months. Then I know exactly where to make adjustments in order to get closer to my goals.

25. If You Have Excess Belly Fat, Get Rid of it

Not all body fat is equal. It is mostly the fat in your abdominal cavity, the belly fat, that causes problems. This fat builds up around the organs, and is strongly linked to metabolic disease.

For this reason, your waist size may be a much stronger marker for your health than the number on the scale. Cutting carbs, eating more protein, and eating plenty of fiber are all excellent ways to get rid of belly fat.

26. Don't go on a "Diet"

Diets are notoriously ineffective, and rarely work well in the long term. In fact, "dieting" is one of the strongest predictors for future weight gain. Instead of going on a diet, try adopting a healthier lifestyle. Focus on nourishing your body, instead of depriving it. Weight loss should follow as a natural side effect of better food choices and improved metabolic health.

27. Eat Eggs, and Don't Throw Away The Yolk

Whole eggs are so nutritious that they're often referred to as "nature's multivitamin." It is a myth that eggs are bad for you because of the cholesterol. Studies show that they have no effect on blood cholesterol in the majority of people.

Additionally, a massive review study that included 263,938 individuals found that egg consumption had no association with the risk of heart disease.

What we're left with is one of the most nutritious foods on the planet, and the yolk is where almost all of the nutrients are found. Telling people to throw away the yolk is among the worst pieces of advice in the history of nutrition.

An evidence-based article from our experts at Authority Nutrition.

culled from www.healthline.com/nutrition/27-health-and-nutrition-tips

Excerpts of paper discussed at Meeting of CITN Coordinating Dean and Deans of Taxation faculty on Voluntary Assets and Income Declaration Scheme – Compliance Expectations & Lessons from other Jurisdictions

Background

1 The Structure of Nigerian Economy

The Nigerian economy has witnessed its fair share of cyclical fortunes with boom and bust associated with crude mineral extraction and sales. Government revenues have been mainly affected as rent, royalties, signature bonuses and sale of crude mineral wealth has brought succour to public finances in times of attractive prices and misery during downturns. More impactful is the role of government in our society, which is arguably the largest economic agent in terms of expenditure flows. Therefore, where government finances are in bad shape, it has a multiplier effect on the economy as a whole.

It is self-inflicting, therefore, to rely on proceeds of crude extracting activities, as primary source of public revenue, to the government to the neglect of other viable and more stable funding options, which includes taxation. For taxation, however, to gain the necessary traction, government policies and programmes would need to be directed at fulfilling its economic purpose such as promoting full employment equilibrium, price stability, interest and foreign exchange management for the overall wellbeing of the economy etc.

It is only through the fledging nature of the foregoing that tax bases are entrenched and taxes consequently flow from income and transaction-based activities, among others, to the government of a country. It goes without saying, therefore, that government can maximize its tax revenues to the point of proving the Laffer curve which involves the examination of the relationship between government tax rate and tax revenue.

2 Illicit Fund Flows out of Africa

The problem of IFFs out of Africa is another problem that potentially poses funding challenges to Africa. The outcome of the Thabo Mbeki high-level panel report on Illicit Financial Flows (IFF) out of Africa is consequential to the case for tapping into discussions around alternative government funding and revenue leakages that has been uncovered through eroded tax bases. This report is a culmination of the adoption of Resolution L8 passed during the 4th Joint Annual meetings of the AU/ECA Conference of Ministers of Finance, Planning and Economic Development held in March 2011.

The report noted that illicit financial outflows from Africa had denied African governments badly needed funding for its development. It is reported that international tax havens and secrecy jurisdictions that enable the creation and operation of millions of disguised corporations, shell companies, anonymous trust accounts and fake charitable foundations facilitate these acts. Money laundering and transfer pricing were also identified as means of propagating IFF.

The following were identified as the enabling factors for illicit financial flows out of Nigeria:

- a) Poor governance
- b) Weak regulatory structure
- c) Double taxation agreements
- d) Tax incentives
- e) Financial transactions opacity, and
- f) Tax havens

It was also established during the meeting that unwholesome commercial activity through tax avoidance schemes, corporate transactions and trade mispricing is the bane of over 60% of illicit flow of funds that is lost by Africa to multinational companies (MNCs) estimated at USD50 billion per annum. This is achieved through taking advantage of double taxation agreements as well as the use of tax havens to keep the funds out of the reach of taxing authorities thereby resulting in double non-taxation of the funds.

The Voluntary Assets and Income Declaration Scheme therefore presents a rare window of opportunity for

these multinational organisations and high network individuals to regularize their affairs and remediate the harm done the tax system and government revenue flows, in times past.

3. Conceptualization

The Voluntary Assets and Income Declaration Scheme (VAIDS) is a concept that relies on the generic meaning of the form and scope of the construct vis-à-vis its connection to the economic substance of entities be it individuals and corporations. The VAIDS, which can be loosely termed 'Tax amnesty', is an exercise aimed at allowing existing and potential taxpayers to enter the tax net by fully furnishing their state of affairs, in form of assets and income, both now and in times past, for purposes of payment of all outstanding tax liabilities to boost revenue collection.

VAIDS was introduced as a new tax regime to tackle tax evasion and address Nigeria's revenue challenges. Therefore, it is designed to encourage voluntary disclosure of previously undisclosed assets and income for the purpose of payment of all outstanding tax liabilities to boost revenue collection.

Nigeria is not alone in the voluntary declaration programme as countries such as South Africa, Canada, Indonesia, France, Italy and the Netherlands, among others, have had their fair share of same too. In South Africa, it is Voluntary Disclosure Programme and Special Voluntary Disclosure programme (SVDP), in Canada, it is Voluntary Disclosure Programme while it is known as tax amnesty in Indonesia.

For purposes of discussing this concept and adoption of a close line of best fit, we shall weigh in on the Canadian Voluntary Disclosure Programme (VDP) as well as the South African experiences. In Canada, the VDP offered existing taxpayers the opportunity to change a return they had filed and allowed potential taxpayers enter the tax net by filing their returns in exchange of immunity from prosecution and penalties.

The amnesty covered individuals, employers, corporations, partnerships, trusts, goods and services taxes/harmonized sales taxes (GST/HST), registrant/claimant, registered exporters of softwood lumber products. Unlike the offer on the table by the Nigerian government, Canada's VDP only exempted payment of penalties and immunity from prosecution but with insistence to pay the tax due and interest thereon. Their programme also covers the taxpayer, provided the tax authority has not begun moves to get the taxpayer to comply with his/her obligation i.e. voluntary compliance.

Taxpayers wishing to take advantage of the programme are therefore required to complete a 3-page VDP form RC199 Taxpayer agreement or dispatch their letter with same information contained, as required in the form, to the revenue authorities of Canada. The form seeks to identify the taxpayer or his/her authorized representative, request disclosure of information, provided that such information is not less than a year past due, and the requirement to sign the declaration by the taxpayer or his authorized representative.

The Revenue authorities thereafter reviews the application and sends a letter containing their decision. The processing of information and application then results in issuance of a notice of assessment or reassessment. Request for more information is required for incomplete applications. The programme provides the right of the applicant to submit for reassessment on grounds of disagreement with the initial assessment under the programme.

A similar programme launched in South Africa from October 1, 2016 and would run through till August, 2017. The South African Authorities actually have two schemes running concurrently vis Voluntary Disclosure programme (VDP) and Special Voluntary Disclosure Programme (SVDP) with the former ongoing and the latter running through till August, 2017. With the South African revenue authorities commencing automatic exchange of information among tax authorities, offshore third party financial data from tax authorities of other jurisdictions becomes available from 2017. They have, therefore, provided a window to allow previously undisclosed foreign assets with application for relief.

4. VAIDS – Understanding the Executive Order

The opening paragraphs of the executive order rightly rehashed the provisions of Section 24(f) of the Constitution of the Federal Republic of Nigeria, as amended, the directive principles of governance and the 2011 Self-Assessment regulation requiring taxpayers to voluntarily self-assess and proceed to file their returns.

The collaborative initiative between the Federal government and States is also acknowledged within the context of grant of uniform amnesty across respective and relevant taxes owed by taxpayers.

The order goes further to determine eligibility to participate, prescribes requirement for valid declaration, reliefs/benefits, consequences of failure to comply, confidentiality of information disclosed as well as general prescriptions including those that require the provision of the order to be read together with extant laws and regulations necessary for the proper implementation of the scheme.

A run through of the order does not clarify what constitutes an asset and in what form it could be held to be recognized as qualifying under this scheme. Moreso, there is no basis for assessing assets to tax as no taxing statute exist currently for them.

In addition, issues relating to tackling the whims and caprices of revenue officials who are put in charge of assessments is also key.

5. The States as partners in progress

As a necessary rejoinder to the executive order is the acknowledgement of States as willing partners under the scheme. This, is therefore, an opportunity to increase their internally generated revenue forthwith.

However, questions in and around how prepared they are to pick up the post-amnesty gauntlet is another issue for

consideration. Even where they are lucky to ride on the memorandum of understanding with the Federal Inland Revenue Service, they must develop the capacity, professionalism and proficiency in handling their affairs. They must therefore deploy technology on a right scale.

6. OECD Framework – Best Practices?

Successful tax systems are not necessarily the result of government being extreme law enforcers applying interest, penalties and even prosecuting errant taxpayers rashly. Rather, they rely on opening up the tax space through adoption of voluntary tax programmes aimed at enabling expansion of the tax net through voluntary disclosures. This is much in tune with the arguments in the literature in support of psychological considerations as complementary determinants of tax compliance among which include the burden of guilt, shame, regret, envy, anger, sense of duty as well as demographic, social, and moral factors.

Others identify trust as a psychological contract between taxpayers and tax authorities in real world realities to the tax compliance effort (Feld and Frey (2002)). They argued that this singular premise increased tax compliance more than punishment aversion or civic duty.

The OECD has highlighted significant initiatives across countries to rein in the taxpayer subsequent upon the expiration of such voluntary disclosure program. The initiatives include the Global Forum on Transparency and Exchange of information and Standard for Automatic Exchange of Financial Account Information in Tax Matters. This standard is a far reaching initiative which leaves taxpayers exposed on so many front when they fail to comply to extant tax laws wherever they leave their global footprint, in terms of the transactions they conduct and incomes earned or unearned.

Voluntary disclosure schemes, therefore, offer government opportunity to collect hitherto missed taxes at relatively low associated administrative cost. Information sharing on this wavelength is expected to commence from 2017 or 2018.

The OECD, therefore, proposed frameworks for which countries may consider for adoption for a successful programme thus:

- a) be clear about its aims and terms,
- b) deliver demonstrable and cost-effective increases in current revenues;
- c) be consistent with the generally applicable compliance and enforcement regimes;
- d) help to deter non-compliance;
- e) improve levels of compliance among the population eligible for the programme; and
- f) complement the immediate yield from disclosures with measures that improve compliance in the longer-term.

Therefore, they provided a framework for deciding to commence a voluntary disclosure programme vis:

- i. Establish the reason for the programme and the opportunity it brings.

- ii. Determine scope with consideration for who fits the programme and whether it is open ended or for a close period.
- iii. Establish terms of the programme i.e. incentives for taxpayers to come forward e.g. tax, interest, monetary penalty or prosecution waiver.
- iv) Report considerations in and around specific or general reporting requirements need to be addressed.
- v) Key into the opportunity for intelligence gathering. This would involve identification of methodologies, schemes, promoters and available information.
- vi) Establish a communication strategy to assuage the potential compliance fall out that may result with already existing taxpayers while engaging potential taxpayers.

7. Country by Country Experience

Under the no-voluntary disclosure, Countries sampled by OECD had taxpayers pay the taxes due, interest charges, monetary penalties, and waiver of prosecution for purpose of possible imprisonment. Of these sampled countries, Poland does not include monetary penalties, Malaysia and Singapore do not include interest charges.

Meanwhile, countries have employed one voluntary disclosure programme, at a time or the other, with many preferring to go the way of not waiving taxes due and interest in the same programme. However, no one country waived all of interest, penalties and possible imprisonment all together. They opted to collect the taxes as well as the interest charges on same with penalties and possible improvement still on the table for some.

8. Lessons for Nigeria

The Voluntary Assets and Income Tax Declaration Scheme is one that is eliciting wide acclaim by various stakeholders even as the operational guidelines required for a smooth implementation of the scheme unravels. The Scheme is a departure from what other jurisdictions have witnessed as it waives all interest and penalties on tax due and not remitted for all taxpayers that enter the tax net through the scheme.

It goes beyond this by proscribing prosecution for tax offenders within the scheme and would also not be audited for those years they had successfully declared.

An instructive lesson that is not clear whether the current programme has taken on board is the provision for re-assessment by the tax authority where a taxpayer appeals the assessment imposed.

Another factor that may appear critical to the success of the scheme is the ability of government and the taxing authorities to be able to convince taxpayers of the full implications of the coming into effect of the Automatic Exchange of Information regime by 2018. It is believed that such announcement effect and education of the populace would leave entities willing to come forward and declare.

The strength of assurance of confidentiality of information shared under the scheme must be such that

weighs heavily against the tax authorities than the taxpayer in order to compel the tax authorities to do a better job at keeping such information away from those who do not have any business with same. Protocols for sharing such information even for taxpayers under criminal investigation must also be enshrined.

9. Conclusion

The VAIDS is a bold step by the Federal Government and tax authorities to improve the voluntary tax compliance rate in the country. It is a scheme the public should equally do well to embrace as it will improve the low tax ratio to GDP from the current 6% to about 15% by 2020.

While the outcome of the scheme remains to be seen, no Stakeholder be complacent as this is time for critical information gathering required to ensure a sustained and robust tax compliance culture, going forward. To look back or allow information trails grow cold would not only impact the effectiveness of tax administration but hamper the nation's drive towards considering proceeds of crude oil as mere incremental income to the public purse.

All Stakeholders should seize the moment by engaging in exercises and programmes every Tax Thursday as a symbolic gesture in keeping the tax discourse on the table every week.

Prof. (Mrs) Somorin is the coordinating Dean of Faculties of Chartered Institute of Taxation of Nigeria(CITN).

CITN LEADERSHIP VISITS THE GUARDIAN NEWSPAPER LTD.

The President of the Chartered Institute of Taxation of Nigeria (CITN), Chief Cyril Ede FCTI, together with some members of the Executive Committee of Council on Tuesday, October 3, 2017 paid a courtesy visit to the Guardian Newspaper's corporate head office in Rutam House.

In the President's entourage were, the Immediate Past President, Prof. Olateju Somorin FCTI, Chief Ayodele Otitoju FCTI, Mr. Kolawole Babarinde, FCTI, Mr. Arome Wada, FCTI and the Registrar Chief Executive, Mr Adefisayo, Awogbade, FCTI. Staff of the CITN Corporate and Marketing Services Department on the visitation team were, Mrs Afolake Oso, FCTI, Mr. Adedayo Bakare, Mrs Omotayo Ayeni and the Personal Assistant to the President Mr Monday Akonafua.

Staff of the Guardian that received the CITN team were Editors in the various editorial sections of the Guardian Newspaper; Mr. Abraham Ogbodo, Mrs Nike Sotade, Mr. Paul Ondumakpokpo, Mr. Marcel Mbamalu, Mr Chijoke Nelson and Alhaji Kabiru Dauda.

The President while thanking Guardian for granting the CITN audience, opined that the visit was part of the institute's engagement with stakeholders in the country in order to build an enduring partnership and to enlighten the public on the Institute's aims and objectives. He called

for an increase in sensitization to tackle huge financial leakages in the country and also offered views on taxation and fiscal policy issues as it affects the environment in which organizations operates.

The President laid emphasis on the Voluntary Assets and Income Declaration Scheme (VAIDS) which he said was the only solution to the poor response to taxation and illegal financial flows in the country. He appealed for compliance to the scheme to deepen the initiative and generate more revenue for the government.

The President thereafter solicited for support for the Institute's programs and activities especially the flagship event, the Annual Tax Conference which 20th edition shall be held in May 2018, he said he would leverage on the Guardian's strength and reputation to reach out to Nigerians.

He promised to sponsor a workshop on tax matters for editors to raise awareness and deepen knowledge on the implications of tax to the economy.

Once again, he appreciated the organization for the hospitality accorded on the visit and expressed hopes that the visit would open areas for more cooperation and collaboration between the institute and the Guardian Newspaper Ltd.

19TH ANNUAL TAX CONFERENCE

The Annual Tax Conference has continued to live up to its billing as the largest gathering of Chartered Tax Professionals and Administrators, both locally and internationally. The Conference, which was held from Wednesday, 17th May through Saturday 20th May, 2017 at Green Legacy Resort situated within Olusegun Obasanjo Presidential Library Oke Mosan, Abeokuta, Ogun State, also provided scope for decision makers in Government and the organized private sector to assess the reality they face in making fundamental micro or macro-economic decisions with particular references to taxation.

The 2017 Conference, being the 19th edition in its series, created an avenue for participants to brainstorm, generate and share professional ideas, not only on taxation issues but also on related national issues that are necessary for the attainment and sustenance of vibrant socio- economic development.

Welcoming delegates to the conference, the 12th President of the Institute, Dr. Olateju Abiola Somorin, commended all attendees for finding time to be at the conference with the theme 'Taxation and Governance, the Social Contract Imperatives'. She informed them that the Conference would address, amongst other issues, the social contract between the government and the governed, in terms of judicious use of taxes. This was to assist the government and the citizenry apprise their role in taxation towards fulfilling the social contract existing between both sides. She added that the theme shall further be broken down into five papers that would be

presented at the event from which a communiqué would be drawn at the end of the conference. In her words, “what we are saying is that government has a role to play in the issue of taxation while the tax payers also have roles to play. It is like two sides of a coin i.e. a contract between the government and the governed; that is what we are focusing on so that all the 36 State Governors and the Federal Government would know they have a big role to play in taxation. When tax authorities have collected the tax, the government that is entrusted to spend the money should spend it judiciously, considering the fact that there is a contract they have signed with the electorates which they must fulfill once the tax payers have fulfilled their own side of the contract”.

The Chairman of the 19th Annual Tax Conference, in person of Mrs. Nike Disu, gave her welcome address reiterating the President's call for appreciation of the connection between taxation and governance. She noted the purpose of the Conference, which, was to afford delegates opportunity to ask questions about the who, what, why and where such disconnect exists in the polity. The answers to these questions, according to her, was the essence of the 19th Annual Tax Conference. She appealed to the delegates to use the platform of the Conference to unravel the questions while at the same time proffering time-tested empirical solutions to enhancing the social contract existing between the government and the governed. She concluded her speech by calling on participants to avail themselves of the benefits of their participation and the conference outcome.

The 19th Annual Tax Conference came with a difference. Conference delegates were opportune to listen to a wide range of presentations that were delivered by leading experts in government on budgets, tax administration, practice and advocacy groups. This Conference created opportunities for networking, collaboration and information sharing on technical and management practices. No doubt also, the conference delegates were able to build confidential relationships across corporate disciplines and geographical boundaries.

Topics that were presented and discussed, which centred broadly on the theme, included:

- i. Taxation and Governance: The Social Contract Imperative - The Case of the Transformation of Kwara State Internal Revenue Service by Mr. Muritala Awodun, PhD. The Executive Chairman, Kwara State Internal Revenue Service
- ii. Budgets and Open Governments: The Quest for Transparency & Accountability - By Pastor Ben Akabueze, Director General, Budget Office Of The Federation
- iii. Psychology of the Tax Payer and Voluntary Compliance” - By Dr. Frank Udemba Jacobs, MON, President, Manufacturers Association Of Nigeria (MAN)
- iv. Alignment of Appropriate Tax Policy Options with Economic Realities: The Essence of Business Oriented and Timely Intervention - by Prof. Ntiedo Umoren,

Immediate Past Dean of the Faculty of Business Administration, University of Uyo

- v. Taxation and Infrastructural Development In Nigeria - By Mr. Ayodele Subair, the Executive Chairman of the Lagos State Internal Revenue Service

Conference Takeaways

- Taxation and good governance are mutually reinforcing factors in encouraging a proper tax compliance culture. In the face of changing paradigms, taxpayers no longer wish to ' earmark' alone but also 'eyemark' projects intended for the masses. In pursuance of voluntary tax compliance, therefore, government needs to move from understanding taxpayer behavior through traditional economic paradigms of punitive impositions on defaulters to cultivating the socio-psychological motivation for voluntary tax compliance, which include:
 - provision of basic amenities;
 - promotion of sustainable development;
 - guarantee tax payers' right to demand services; and
 - guarantee equitable redistribution of resources.

For this to happen, the government, therefore, needs to:

- i. encourage citizens' involvement by building trust in Government by embracing tax accountability and ensuring that promises made, especially during electioneering campaigns, are delivered;
- ii. promote frugality in public spending;
- iii. enhance government integrity and reduce corruption;
- iv. foster voluntary compliance by cooperative and positive engagement with taxpayers in a customer-service focused and user-friendly environment;
- v. enhance taxpayers' and tax community morale by fulfilling obligations to tax payers such as the provision of adequate economic infrastructure and social amenities such as electricity, road and rail as well as portable drinking water;
- vi. enforce tax compliance with a range of tools, graduated in severity, to deal with non-compliance;
- vii. the government should always be aware and genuinely seek to address the needs of the people;
- viii. expand the tax net to generate more tax revenue rather than increasing the tax burden for the already paying public and private corporate entities;
- ix. design a strategy to bring the huge business activities in the informal sector into the tax net; and
- x. Create tax awareness through the sensitization of the general public using appropriate media.

The Conference was to advice Tax Administrators, as well by enjoining them to:

- i. Take cognizance of the changing landscape, by keeping pace with innovations in the society for innovative tax products and package for the convenience of taxpayers;

- ii. Tax administrators should depart from the current traditional adversarial and antagonistic approach to a more taxpayer centered approach;
- iii. Create a more effective tax administration which should include strategies related to organizational and institutional reforms;
- iv. Tax administrators should embrace the concept of 'taxpreneurship' as a strategy for success in the drive for revenue mobilization;
 - a. A 'Taxpreneur' is a strategic thinker who has problem solving capabilities. He is also a resource mobilizer, innovator, value creator, risk taker, resource transformer, job creator with a social transformation persona;
 - b. If accepted, 'Taxpreneurship' would stimulate the taxman's thoughts boosting innovation and creativity, hitch-free and stress-free tax payment, value for money paid, enhance customer/taxpayer's satisfaction, relationship sustainability with taxpayer, service to taxpayer and government and remain in trend with changing tax landscape. In all, taxpayers are kings and queens in the tax system;
- v. There is need for increasing tax revenue in Nigeria and its avenues for sustenance including embarking on new taxpayer registration drive, tax education and engagement, beneficial ownership disclosure requirements, information exchange between tax agencies, provision of tax related information by government agencies, etc;
- vi. Tax authorities need to evolve effective systems that address the identified psychological and attitudinal factors which inform personal and societal tax compliance behaviours that can enhance growth and development;
- vii. Pursue use of TIN to harmonize the silos of databases in Nigeria;
- viii. Need for comprehensive institutional framework capturing the vulnerable.

The Conference also had a word of advice for CITN thus:

- i. CITN should join civil society in ensuring continued public discourse on budgeting and social audits in order to articulate public inputs for inclusion during the formulation and implementation of the budget;
- ii. CITN should take advantage of the open government access and citizens portal to routinely resource information about the happenings in government;
- iii. CITN should key into the intermediary role offered to Civil Society under the Open Government Partnership initiative in its advocacy role of corresponding issues that affect the citizenry to and from government

Other features in this year's conference included hospitality night where the Society for Women in Taxation added glamour to the cozy ambience of the night. Districts made presentations with Lagos & District Society, Abuja & District Society, Benin & District Society coming 1st, 2nd and 3rd, in that order. Others include Abeokuta & District Society and Ilorin & District Society assuming the 4th and 5th positions.

Other activities included exhibitions, Tax Quiz Competition, Gala Night, sight-seeing and sporting events.

It is pertinent to report also that attendees of the Conference were not only members of CITN as it hosted other individuals and organizations with interest, involvement or responsibility in taxation either as tax payer (organization or individual), Legal counsels who work with tax legislation, tax policy and decision makers in establishing policies; Policy and Decision-makers who direct overall tax compliance/administration/advisory; Stakeholders in tax practice directly charged with determining client needs and implementing solutions; Staff of Federal and State Revenue Agencies that administer tax and taxation generally; Government officials responsible for implementing tax reforms and Professionals willing to network with experts within the tax industry.

The conference did not commence without the blessings of the former President Olusegun Obasanjo, who warmly received the leadership of the Institute led by the 12th President, Dr Olateju Somorin, at his Abeokuta Hilltop mansion. The visit was specifically made to intimate Chief Obasanjo on the programme for the conference holding in his vicinity. The former President, who was elated at the theme of the conference and the choice of Abeokuta, said judicious use of taxes could not be overemphasized in any nation.

Addressing the CITN delegates, the former President re-emphasized that, "the essence of the conference and the papers to be presented was telling the governments how tax monies must be spent in order to fulfill the contract between the government and the citizenry. Chief Obasanjo who described the theme and the papers as well-thought-out said the impact of the conference and its essence to economic development would be better appreciated if the responsibility of the government and that of tax payers were adequately addressed at the conference.

12TH PRESIDENT OF CITN, DR TEJU SOMORIN, THE VALEDICTORIAN ENDS TENURE, EARNS PROFESSORIAL TITLE OF TAXATION AT HER VALEDICTORY CEREMONY

The 12th and 2nd Female President of the Chartered Institute of Taxation of Nigeria, Dr. Olateju Abiola Somorin (known in Taxation circle as Tejutax) has stepped out in glamour as the Institute's helmswoman after a two-year meritorious tenure, at a well-attended Valedictory Ceremony, the first of its kind in the history of the 35-year old Institute to mark the end of her two-year tenure as the 12th President.

At the event which took place at the Multipurpose Hall of the Institute on Tuesday June 6, 2017, Prof. Somorin, who held a triple honour of being the 1st Female and 4th President of the West African Union of Tax Institutes (WAUTI); and Chairman Caretaker Committee, Association of African Tax Institutes (AATI), appreciated God for giving her good health, good memory, sound mind and protection in all her numerous journeys while piloting the affairs of these various professional bodies.

Highlighting her achievements during the event, Dr. Somorin recalled her 10-Point Agenda that she presented on assumption of office which included amongst others, the establishment of Permanent CITN Secretariat in Abuja, endowment of Professorial Chairs in Nigerian Universities, Strategic Partnership with relevant professional bodies such as the Chartered Institute of Taxation (CIOT) UK, Confederation Fiscale Europeenne (CFE), and similar professional bodies, to help realise the Institute's vision etc.

In spite of glaring challenges in the operating environment, Dr. Somorin while speaking, enumerated the several activities that took place for the first time during her tenure amongst which were;

- a. Procuring an office in the FCT for the Institute, such that the CITN does not operate from a rented apartment anymore.
- b. Endowment of professorial chair in taxation and Fiscal Policy at Babcock University,
- c. CITN was promoted from an observer status to a coopted member of the Joint Tax Board. By this she became the first CITN President to be a member of the JTB,
- d. For the first time, the CITN collaborated with the Amsterdam-based Institute of Bureau of Fiscal Documentation (IBFD) and Institute of Fiscal Studies (IFS) UK etc.
- e. Request was granted to the ACCA to collaborate with the CITN in respect of its curriculum as regards Nigerian Taxation.
- f. e-voting commenced.
- g. The All African Students Union Congress conferred the 2015 Kwame Nkrumah African Leadership Award on the CITN as 'Africa's Most Efficient Tax Institute' and on the 12th President as 'Africa's Most Outstanding Tax Administrator' etc.

The climax of the program was the notification of her promotion from the position of Associate Professor of Taxation to a Professor of Taxation by the Senate and Council of Caleb University who were on ground at the event to present her letter of appointment by a delegation of the Management of the University which included the Registrar Mrs Okor, Prof. Segun Ajibola and Prof. Ngozi Emecheta, led by the Vice Chancellor, Prof. Ayandiji Aina. By this elevation, Dr. Teju Somorin becomes the first female Professor of Taxation in Nigeria. As she bows out of office as the 12th President of CITN, she put on a new cap as a Prof. of Taxation at Caleb and Babcock Universities.

OWERRI AND DISTRICT SOCIETY HOLDS TAX SENSITIZATION/AWARENESS RALLY IN COLLABORATION WITH THE IMO STATE BIR AND FIRS OWERRI

In fulfillment of part of its social responsibility, the Owerri District of CITN held a successful Tax Sensitization Rally/Campaign in collaboration with the Imo State Board of Internal Revenue and Federal Inland Revenue (FIRS) Owerri on 20th July, 2017. The event started with a road show along some major streets in Owerri. While the CITN members and BIR staff took off from the Imo State Secretariat Port Harcourt Road, the FIRS took off from its office along Onitsha Owerri Road and then converged at the International Convention Center (I.I.C.C) along Bank Road from where the large crowd took off for the rally. The participants trekked along some major streets in Owerri, like Douglas Road, Wetheral Road, Tetlow Road and Okigwe Road from where they proceeded to the Imo State Government House for a Town Hall Meeting. There was a long entourage of vehicles beautifully decorated with banners and posters which were inscribed with write-ups on the need for voluntary tax payment.

The teeming public was given flyers and calendars from CITN, FIRS AND BIR. The tax paying Public was addressed at various spots such as Government House Round About, Fire Service Round About, Mbaise Road Motor Park, Eke Onunwa Market, Ama J.K, Okigwe Park etc. by the officials of the three collaborating agencies on the need for them to pay their taxes as at when due. They were also educated on the need for them to take advantage of the Voluntary Assets and Income Declaration Scheme (VAIDs) of the Federal Government and settle their tax obligation both as individuals and corporate entities. The display by well kitted dancers and comedians added colour to the road show. The road show was rounded off with a Town Hall meeting at the Nick's Banquet Hall Government House Owerri. The participants at the Town Hall meetings were traders, mechanics, Taxi and keke drivers, Artisans, representative of banks and other P.A.Y.E agents etc. The Imo State Governor His Excellency Owelle Dr. Anayo Rochas Okorocha OON was represented at the Town Hall Meeting by the Chairman, Imo State Board of Internal Revenue Pastor Dr. Mrs Henrietta Jacobs. The town hall meeting featured presentation of five lectures as follows:

- i. The need for Voluntary Tax Compliance by, Sir Basil E. Iwu, Chairman Owerri District.
- ii. Developing Imo State through a Robust IGR by Pastor Dr. Henrietta Jacobs- Chairman/CE Imo BIR.
- iii. Tax Filing Processes by Corporate Entities By Chief Stephen Eze: Tax Controller Firs, Owerri
- iv. iv. How to Avoid Litigation and sealing of Business Enterprise by Barr. Benjamin Olumba-Legal Unit BIR, Imo State.
- v. The Role of ICT on Revenue Generation in Imo State. By Emeka Ekejuba- Infiniti Segments Owerri.

- vi. The participants during the interactive sessions asked questions relating to the lectures delivered. Other dignitaries at the Town meeting included, Mr. Okonkwo A.I, Director FIRS, Owerri, the five Deputy Chairman Imo BIR, Representative of Infiniti segments Owerri BIR Management, Chairman of the various Trade Association in Imo State as well as Artisan groups.
- vii. The high point of the event was the presentation of the TAX THURSDAY FLAG to Imo State Governor, who represented by Pastor Dr. (Mrs) Henrietta Jacobs.
- viii. The events was widely reported by Local and National Medias.

PERSONALITY INTERVIEW

May we get to know you sir a brief succinct history of your early years from primary, secondary up to university education, post university education, schools attended and generally what it was like in the beginning.-

My name is Edem Andah. I am a Lawyer and Tax expert by profession and married with five grown up people. My early work started with National Institute for Policy and Strategic studies kuru Jos, Ministry of Justice, Calabar as State Counsel, rising to become Assistant Director of Public Prosecution, and Civil ligations. Worked for 18 years with Shell Nigeria (SPDC) as a pioneer Tax Manager, Shell Expro in UK, Shell International Maatschappij, Netherlands, Shell Oil Products Africa, Kaer Hughes UK Limited and a Retired Partner at Ernst & Young. A trustee and a Director in Bassey Andah's Foundation. Currently with Olaniwun Ajayi Barristers & Solicitors Law Firm.

What were the factors that contributed to your progress so far?

The capacity building due to several training I had undergone during my days at the Ministry of Justice in Cross Rivers State. Then, Cross Rivers State was a new State that was interested in the growth of its people. If it were to be Federal Ministry of Justice it won't be easy to grow to the position of a Director in 10 years.

What would you advice the government about upcoming lawyers based on the current economic situation?

There is an in-balance based on what is being experienced in the public sector and private sector. I think a strong institution has to be built as a form of building skills capacity of man power. A Public Private Partnership with people being motivated and recognized for hard work by encouraging people. The Military Government retired experienced people from the Civil service then, and these are gaps that cannot be filled overnight. There should be continuity in building capacity in the Legal service. Our Legal system needs to rise up to ensure that in a Judiciary system cases go to court. The Laws must be strengthened and changed. There should be continuity in reforms on National Tax Policy and implementations.

Given the fact that you wear a double hat sir, we will joggle Tax and Law questions now and then, what in your opinion should the National Assembly be looking at, at this time, with respect to the appointment of the Chief Justice of Nigeria (CJN), the constitutional provision for the appointment of the CJN has it been properly followed? If not what should the national assembly do as the body empowered to legislate and pass laws/ratify appointments?

Compliance with constitutional provision should not be optional and leadership should work the talk, as these throw up fundamental issues of the integrity of the system and the people charged with the responsibility of enforcing compliance. Primordial and selfish agenda must give way to endearing values of trust, respect for authority and our differences, which can be a source of strength.

Section 231(3) of the Constitution provides clear provisions and guidelines for significant issues of tenure of the acting CJN should only be for a period of 3 months. In the absence of reasons why the President has delayed submission of his name to the Senate for confirmation and his appointment as the substantive CJN, this gives room for speculation and undermines the Institution of the third arm of government, the Judiciary. Particularly worrying, if this semblance of undermining the Institution is coming from the Executive arm.

Whenever rules have not been followed, the person should be held accountable for his actions. The President cannot afford to give credence to the notion that he is above the law of the land. Also, the principle of separation of powers must be respected as this is key to the development of our democracy and any serious democratic society.

Fortunately, it does appear that the Presidency has woken up to its responsibility and has submitted the name to the National Assembly. It is expected that the National Assembly will now through screening/interview of the candidate, to determine whether the candidate may be confirmed as fit and proper person for the position of CJN.

The arms of government are in place to act as check and balances on each other. The National Assembly as the body empowered to legislate and pass laws should conduct an inquiry into the matter to ask the President to provide sufficient reasons to justify reasons for the delay.

Sir, Nigeria is said to be a country with very intellectually sound personalities, Students/citizens in Diaspora score excellent grades abroad and in some cases set records in scores in their schools yet with all of these intellectual resource material Nigeria has been endowed with? She is yet to take her pride of place amongst the comity of Nations. Where do you think the problem of Nigeria lies?

We need to identify our unique selling point as a country; there should be a shift from the focus on the oil and gas industry to other areas with potential for growth such as agriculture.

The 1999 federal constitution has created a skewed fiscal federalism, with so much taxing powers residing in the federal/central government. Virtually all significant economic and revenue generating power reside in the Central Government articulated in the Exclusive and Concurrent lists. With little fiscal taxing power for the residual list, the state government and the local government overly rely on allocation rather than exercise their ability to generate other sources of revenue for development. So in my view we need to address this imbalance in the federation fiscal power between the different tiers of government. It is a disturbing trend that we do not learn from history. We cannot afford to be a people who forget our past so quickly. As a people without a sense of history cannot be in control of the present or even aspire to have a future. Reminds me of the inaugural lecture delivered several years ago at the University of Ibadan by the late Prof. Bassey Andah, titled "No Past, No Present No Future....". Can you believe that History, until recently was removed from the curriculum of schools?

The country recently spent substantial funds to congregate seasoned professionals and leaders in different fields of endeavor at the National Confab, to deliberate on weighty issues of national significance. It made several recommendations. It will be sad, if at the end of the day, nothing worthwhile comes out of that exercise.

Nigeria has a lot going for it, and needs to look inwards and build on its strengths and even its differences. The educational sector needs to be properly funded and harnessed to work closely with the public and private sectors. The power and infrastructure Sectors needs dire attention, to release the immense productive potential and capacity of Nigerians, who are great innovators and entrepreneurs. The agriculture sector must continue to receive attention. Good question for policy makers and politicians and practitioners alike, is where are the groundnut pyramids, our cocoa, and palm products?. To think that Malaysia obtained palm seedlings from Nigeria (IITA) and today has over taken Nigeria in the production of palm oil. The creative industry also holds immense potential to mention just a few.

There is too much power and resources placed in the hands of the federal government. The Constitution will need to be amended to reflect these changes for effective re-structuring of the Federation for a release of the immense potential of its people and effective implementation of developmental programs. The public private partnership (PPP) offers a way forward. It is succeeding in India and other emerging economies.

Challenging times with Nigeria

Nigeria needs to invest in its people and basically on; Education, Power, Road, Housing. Progress can be achieved through capacity building from the grass roots to Increase productivity:

Assessment of legal profession in Nigeria

The profession is progressing but learning in the profession has to be continuous and to make sure Lawyers are getting the best. That should be the responsibility of the Nigerian Bar Association.

One of the current issues trending in the industry is centered on the revised Tax Policy, do you think we need to revamp the policies to bring about a change in the Nigerian tax system? What is your take on this?

Due to the criticisms of the National Tax Policy of 2012, the Policy was revised following the work of a committee of experts appointed by the Federal Minister of Finance. The committee produced a draft report which was exposed for public engagement. I had the opportunity of participating in a session organised by the review committee. The new Policy was approved by the Federal Executive Council in January 2017. I think it is a good development in our tax system especially considering that the Policy emphasizes a program of implementation and has identified several law reform issues requiring law amendment.

However the experience in Nigeria is that there is a mismatch between policy evolution and legislation. It would normally be expected that policy articulation and formulation should precede and drive legislative development and the drafting of the relevant laws. Most of the laws in operation have not been actively or comprehensively revised. The principal tax Acts still require review and redrafting to reflect current business requirements and the objectives of the new National Tax Policy. The new tax policy has the potential to improve our tax system as long as the innovations are implemented properly.

The government at all levels in Nigeria since the return of democratic governance has tended to pay lip service to Tax reforms, they have all tended to put new wine in old wine bottles as it seems? All in the name of reforms, what do you think is responsible for this attitude?

I think that there have been a number of tax reforms which carry significant weight. However, I am not sure as to whether some of these reforms are what we need to improve the tax system in the country. For instance, in November 2016, the Chairman of the FIRS announced that Nigerians who intend to renew their passports will need to show evidence of being a tax payer. This is yet to be implemented formally but I do not see why payment of tax should be linked to collection or renewal of international passports.

The tax authorities are aware of the gaps in our tax system and the reforms that are required. So their attitude cannot be excused on the basis of ignorance. They have the available funds and resources to carry out these reforms. The bodies responsible for reforms need to put more effort into it as it would have a significant effect on the development of the tax system in the country.

We used to know about Annual Changes in the Tax Laws and each budget announcement came forth with fiscal policy measures such that is always a finance

miscellaneous taxation decree coming out with the appropriation bills prior to 1999, however this has not been the trend in recent times, what has this portended for the development of the tax system? Your take sir?

The annual budgeting cycle elicit inputs from different stakeholders. It was handled by professionals in the Budget office and the Ministry of Finance. It resulted in annual financial appropriation bills, instruments and guidelines to facilitate enforcement. With the involvement of the National Assembly in the process, it is not as coordinated and structured or timely. The practice has definitely not been enhanced and contributes to uncertainties, and delays, which affects budget implementation and negatively impacts economic activity in the country.

Would you have had it any other way Sir? If you had to re-live your life again? Would you have had it any other way?

God has ordered my steps. I could not have done it any better

CITN POSITION PAPER ON PROPOSED AMENDMENT TO THE NIGERIA LNG (FISCAL INCENTIVES, GUARANTEES AND ASSURANCES) ACT

1.0 Introduction

The National Assembly has set out to amend the Nigeria LNG (Fiscal Incentives, Guarantees and Assurances) Act, LFN 2004 by introducing HB. 16.02.397 at the House of Representatives. The bill is being sponsored by Hon. Leo Ogor and seeks to amend Section 7 to the principal Act by adding a Section 7(b).

The bill proposes a statutory contribution of 3% of total annual budget of NLNG to the Niger Delta Development Commission (NDDC) Fund pursuant to Section 14(1) – and 2(b) of the NDDC Establishment Act, 2000. The bill, if passed, would be known as the Nigeria LNG (Fiscal Incentives, Guarantees and Assurances) Act, (Amendment), 2016.

2.0 General Reaction to the Principal Acts

The Niger Delta Development Commission (NDDC) Act, specifically at Section 14 of the Act, provides funding for the Commission, which includes a statutory contribution of 3% of the total annual budget of any oil-producing company, onshore and offshore, including gas processing companies operating in the Niger-Delta. Other contributors to the fund are the Federal government, ecological fund, grants, grants-in-aid, among other contributions.

We, however, recall the 3-count plea brought by the NDDC (Plaintiff) against the Nigeria Liquefied Natural Gas Limited (Defendant) in a suit at the Federal High Court, Port Harcourt where it sought legal interpretation and applicability with respect to Section 14(b) of the NDDC Act, praying the Court to allow them collect accrued sums

amounting to 3% of the respective annual budgets for the years 2000 – 2004 and every year thereafter from NLNG. The matter was granted in favour of the defendants. Dissatisfied with the judgement, the NDDC proceeded to the Court of appeal and with NLNG cross appealing in Suit No. CA/PH/520/2007. The NDDC's (Appellant's) pleas still did not succeed with the cross-appeal against the NDDC allowed by the appellate Court.

Instructive to note, further, is the lower court's pronouncement made, *orbita dictum*, wherein the trial Judge R.O. Nwodo J. (as he then was) held that the non-plea by the NDDC to declare paragraph 3 of the Second schedule of the NLNG Act unconstitutional and void prevented him from granting same as he strongly felt was clearly the case. The Cross appeal by NLNG at the appellate Court seeking to strike this out appeared to have succeeded based on technical grounds.

3.0 Institute's Position

The Institute holds the view that the problem lies in the drafting of the NLNG Act specifically the terms of the Fiscal Guarantees and Assurances thereto. In as much as the venture before companies in that sub-sector, at inception, was daunting, capital intensive and risky, the Nigerian Government ought to have inputted termination or exit clauses in same.

For instance, paragraph 6 of the second schedule proscribe actions against the executive or legislative branches of government that would suspend, modify or revoke the assurances and guarantees during the 'life of the venture' except with recourse to agreement of the government and Shareholders of the Company. The issue of consent is also mentioned at paragraph 2 as well. The question then becomes: What is the life of the venture in order to enable the government modify the said Memorandum?

4.0 Position on the Current Amendment

The proposed bill seeks to amend Section 7(b) of the Nigeria Liquefied Natural Gas Act which exempts Companies under the Act from payment of Customs Duties.

Firstly, the provisions of Section 7 runs through Section 7(1) – (7). There is nothing like Section 7(b) in the provisions of the principal Act, or any subsequent amendment, if any. Could the National Assembly be trying to read the existing Section 7(2) as one and the same as Section 7(b)? This does not make for clarity or consistency.

Secondly, it appears erroneous that the National Assembly is amending Section 7, in whole or in part, as its provisions in the principal Act relate to all matters concerning imports and exports and Companies relations with Customs in the performance of their operations. There is therefore little relationship between taxes, levies and duties collected by Customs and the spirit of the proposed amendment, which seeks to compel companies to make provisions from their annual budget to the NDDC.

Thirdly, the fact that the National Assembly is attempting to compel the imposition of this contribution on the NLNG Companies provides erroneous fodder to the description of the said 3%. It also seems that the National Assembly is not seeing same as a contribution rather than a tax in the same way a 1% payroll contribution to the Industrial Training Fund, Nigeria Social Insurance Trust Fund, Pension, are all regarded as contributions to the various administrative bodies put in their charge. Fourthly and very importantly too is government's reluctance to abide by contracts, assurances and stabilisation clauses contained in the law, however worded. The disposition of the government not to honour the sanctity of such Contracts, stabilization and assurance clauses could be considered capable of stifling investments in that sector. The instant case of such contract vitiation can be found in the proposed amendment to the NLNG Act.

5.0 Conclusion

In a bid for the government to reverse itself on an agreement, it may be useful to adopt a negotiation approach and subsequently amend the law. This is in view of the government's attempt to put its best foot forward in attracting investment in a sub-sector that was hitherto in limbo and was burning natural and associated gases. No doubt, the companies have been able to effectively harness the nation's gas resources but questions as to the cost of these provisions to the Nation seem to be the point in issue. To improve on government take, the Institute is of the view that the Government should dialogue with other shareholders of the Nigerian LNG Limited to amend all the relevant sections in compliance with the Constitution and the rule of law.

CITN POSITION PAPER ON PROPOSED AMENDMENT TO THE COMPANIES INCOME TAX ACT; CAP C.21, LAWS OF FEDERATION of NIGERIA, LFN 2004

Summary

The proposed bill seeks to relax the eligibility requirements for rural investment incentives and at the same time increase the rate and duration of the incentive.

We observe that there is no empirical data to justify the proposals especially regarding the performance, cost and benefits of existing rural investment incentive. Without this, the country may simply be losing money through the grant or expansion of arbitrary incentives.

The proposal to grant a higher investment allowance and at the same time a 10-year tax holiday is duplicative. These moves are capable of further eroding the country's tax base without commensurate economic benefit. Alternatively, government should develop a framework for infrastructure relief which caps the tax incentive to the maximum of money spent to avoid abuse.

In addition, we believe further amendments are required to the Companies Income Tax Act and should not be restricted to only these provisions. The Mining and Gas incentives should also not be carried out in isolation but in conjunction with other key issues affecting the sectors.

1.0 Introduction

The Institute is in receipt of a proposed bill by the National Assembly to amend the Companies Income Tax Act, Cap. C21, LFN 2004. The bill, which is being sponsored by Senator Emmanuel Andy Uba seeks to, among other things, make for tax incentives for economic growth and creation of employment opportunities.

The bill, therefore, proposes 6 main amendments to various sections of the Act and would be cited as the Companies Income Tax Act (Amendment) Bill, 2015, if finally passed and assented to.

2.0 Current state of play around Incentives in the Principal Act - Rural Investment Allowance, Initial and Annual Allowance

We recall the Act allows a company rural investment allowances if it incurs capital expenditure on the provision of facilities such as electricity, water or tarred roads for the purpose of its trade or business which is located at least 20 kilometres away from such government-provided facilities. The proposed bill seeks to reduce the distance to 10 kilometres.

A company which is granted rural investment allowance is however precluded from claiming investment allowance but can claim initial and annual allowances. We note that the bill has not proposed otherwise.

Institute's Comment

The provisions, as proposed in the bill, is capable of expanding and facilitating relief for investment burdens on businesses for such qualifying capital expenditure, who were not covered, previously and is therefore welcome. A cost benefit analysis of existing provisions could, however, provide objective perspective to the bill.

3.0 Proposal for extended Tax holidays

The current amendment to the principal Act being sought to increase the tax free periods for new companies and companies in mining of solid minerals, gas utilization (downstream operations) to five or ten years do not meet any test of consistency with the provisions of the Industrial Development (Income Tax Relief) Act (IDITRA), Cap. 17, LFN 2004.

Indeed, arguments that the provisions of IDITRA are tailored towards grant of pioneer status on commodities/product lines may appear tenable, but lack of supporting evidence for the business case for extending tax holidays beyond those in IDITRA, under this bill, prevents the Institute from backing these proposed amendments.

Institute's Comment

At best, the provisions should be amended and brought in consistency with extant provisions in IDITRA.

4.0 Restriction of claim of Investment Allowance

The provisions of Section 40(11) places restrictions to claim of investment allowance granted by the preceding subsection (10) under that Section. This provision, therefore, does not anticipate full recovery of qualifying capital expenditures on investments such as construction of tarred road at the current rate of 15% and even at the new proposed rate of 20% as half of this expenditure still stands in the book of the provider by the end of the terminal period imposed.

Institute's Comment

The decision to allow the investment allowance terminate as with the residual tax written down value required of other qualifying assets that have enjoyed full capital allowance should be incorporated in this proposed bill to incentivize businesses in line with the spirit of the current amendment to this Act.

5.0 Conclusion

It is the considered view of the Institute that amendments to the substantive provisions of CITA, Cap. C21, LFN 2004 is a welcome development.

We however charge the National Assembly to do more as other amendments to the principal Act are long overdue. While the Institute has provided responses relevant to the substance of the current bill, as proposed, we look forward to an invitation to participate in a holistic amendment process in no distant time.

CITN POSITION PAPER ON THE PROPOSED BILL FOR AN ACT ON TAX INCENTIVES MANAGEMENT AND TRANSPARENCY BILL, 2017 (SB.331)

Summary

As stated the bill is intended to promote transparency in the management of incentives but the framework provided in the bill is more of a tick the box approach rather than addressing the fundamental issue around the robustness of economic planning, the quality of implementation, and consistency of monitoring and transparent reporting. Many economies are able to achieve this feat through a holistic framework in this regard rather than by simple enactment of legislation.

The following are specific observations about the bill.

1. Compliance burden should be minimized especially on taxpayers who enjoy any form of incentive. This is necessary so as not to serve as a disincentive capable of impacting negatively on the ease of doing business.
2. As a consequence of the above, the bill should provide thresholds or safe harbour to limit compliance burden. For instance, an investor who gets capital gain exemption when selling insignificant

number of shares should not have to deal with this onerous requirement.

3. The reference to FIRS and Customs for filing of the returns wrongly presupposes that all incentives relate to these agencies. In addition, this could be inconsistent with fiscal federalism enunciated in the Constitution for instance where the incentive relate to a state.
4. The transition period of 15 days is grossly inadequate and inconsistent with a minimum of 3 months prescribed in the National Tax Policy.
5. The proposed Joint committee is not necessary as this will likely create avoidable overhead, increase bureaucracy and rent seeking. Rather than a standing committee, transparent reporting that is published annually will serve the purpose better while the NASS can exercise its oversight functions as may be necessary.

1.0 Introduction

The pioneer incentive and tax waiver regime in Nigeria has been at the centre of controversies overtime. It is believed that this tax expenditure has had measured impact on the various aspects of businesses where they have been applied in the country. An instant finding, in this respect, is the report of Messrs Actionaid captioned 'The West African giveaway' which indicated that tax expenditures significantly reduce domestic revenue collection and even goes further to aver that it did not necessarily attract Foreign Direct Investment (FDI).

This is corroborated by another report, this time by the Organisation for Economic Cooperation and Development (OECD) which stated the following considerations for investment by investors i.e. a predictable and non-discriminatory regulatory environment and an absence of undue administrative impediments to business more generally; a stable macroeconomic environment, including access to engaging in international trade; sufficient and accessible resources, including the presence of relevant infrastructure and human capital.

However, the economic argument in favour of pioneer schemes and other tax expenditures appear to gain traction in the face of highly competitive international markets and local availability of goods and services for fiscal conservation.

Meanwhile, the proposed bill for the establishment of a methodology for tax expenditure reporting and transparency is expected to throw light on pioneer tax concessions, tax waivers and exemptions and is, therefore, welcome in this regard. However, the bill should be carefully crafted with its words clearly spelt out in order to avoid ambiguity.

More so, the bill should not be a standalone bill but should seek domiciliation either in the existing Industrial Development (Income Tax Relief) Act (IDITRA); 17, Laws of Federation; 2004 or the Fiscal Responsibility Act. Since the IDITRA substantively contains incentives available to the Industrial sector, it therefore follows that other proposals for managing the incentive scheme should be

found within such law. Similar case for domiciliation can be canvassed for the Fiscal Responsibility Act in the light of the openness and transparency in government dealings the Act promotes.

2.0 Economic case for Waivers and Exemptions

Generally speaking, waivers, concessions and exemptions are sound and ideal arrangements both as economic tools and, from the viewpoint of competitive international trade. This is because local businesses/industries need to be positioned for improvement of their fortunes for attainment of international competitiveness.

However, the Nigerian case appears be-dogged with lots of challenges including abuses observable to the discerning Nigerian public. A regime wherein concessions and waiver beneficiaries are themselves inclined to abuse of same, leaves a lot to be desired. Such situations and reports of indiscriminate waivers and concessionary approvals have all contributed in questioning the bearing and economic sustainability of this initiative of government.

Whilst it may, therefore, have been a good decision to suspend the issuance of import tariff waivers on new concessions and revoke all existing Exemptions and Concessions not backed by extant laws or protocol in 2015, this is not enough as Government is enjoined to investigate reasons why the schemes failed and design appropriate strategies for addressing the identified problems.

3.0 Specific recommendations to proposed bill

A quick look over of the proposed bill indicates a compliance burden on small businesses. It would appear that the intention of the bill is for the Federal Inland Revenue Service (FIRS) to give operationalization to its provisions.

This places all businesses within the regulatory purview of the Service and begs the question about the fate of small businesses whose interface substantially stops with the State Boards of Internal Revenue Service. The following amendment is therefore proposed vis:

At line 20, C2731, Relevant authority should remain but bearing the States revenue service as a relevant authority who shall forward these annual submission to the FIRS through the JTB.

At line 4, C2732, Include phrase to state that the States shall forward same to the FIRS of submissions received at that level through the JTB.

At line 1, C2732, 'annual' should be inserted between 'relevant' and 'tax returns'

At line 9 and 12, C2732, include State Boards of Internal Revenue.

At line 11, C2732, delete 'of'

At line 16, C2732, 'annual' between 'filed' and 'tax returns'

At line 19, C2732, 'annual' should be inserted between 'filing of' and 'tax returns'.

3.1 Under Penalties for Non-Compliance

Include that Directors/Promoters of such companies also stand to be held jointly and severally liable for such non-compliance with amounts prescribed in addition to whatever the business is to pay.

3.2 Under Funding

The provisions for funding and the ministry, department or agency being funded is not clear in the bill. It is necessary to clarify same in order to avoid ambiguity.

3.3 Ministry with powers to administer the Bill

The Ministry and Minister with the powers to action this bill and prescribe subsequent amendments thereto have not been clearly stated. Subsidiary legislations may be required for the good and continuance of the provisions of the law, if passed.

While the legislature may be correct in instituting an oversight committee that would monitor implementation, it does not estop the bill from putting a Ministry and its Minister in substantive charge of implementation in order to avoid its implementation running amok.

4.0 General recommendations for future Policy and Procedural engagements on Grant of Incentives

Recommendations for appropriate strategies include:

1. Sunset clause must always accompany any incentive regime as viable sectors are not expected to require sustained economic subsidies in perpetuity.
2. Regular review of concession, exemption and waiver policies with a view to integrating key stakeholders' viewpoints into their provisions.
3. Allowing concessions and waivers to flow from clearly thought strategy and specific objectives of government. Government should ensure proper implementation of such policies with a view to identifying genuine manufacturers/importers who ought to be the beneficiaries of these incentives.
4. Provision of platform for a sector-focused transparent and broad based grant of waivers and concessions over selectivity among companies in the same sector thereby putting one at undue advantage over the others.
5. For purpose of proper identification of genuine businessmen, the role of Associations like Manufacturers Association of Nigeria (MAN), Nigeria Chambers of Commerce, Industries Mines and Agriculture (NACCIMA), etc. should not be overlooked.
6. Grants of concessions, exemptions and waivers should be strictly controlled but with due regard to the following:

- a. The Country's comparative advantage.
 - b. The fiscal and monetary policies in place.
 - c. Export subsidization and support.
 - d. Import control measures.
 - e. Development of local industries.
 - f. Attraction of foreign and local investors.
 - g. Beneficiaries of the incentives.
7. The introduction of a 2-stage Approach to the grant and administration of concession is canvassed with the first being the issuance of Conditional Duty Exemption/ Concession certificate from Ministry of Finance and second being the introduction and application of a "Non-Use tax" Act. This tax type is seemingly the opposite of the "Use Tax" as operated in the United States as a type of excise tax levied by numerous state governments assessed upon tangible personal property purchased by a resident of the assessing state for use, storage, or consumption in that state, regardless of where the purchase took place.
- a. The second part of this Act would serve pursuant to the first part, if passed. The first part is to be administered on the Nigeria Customs Service for implementation after approval by the Federal Ministry of Finance for clearance of cargo at the port with the Tax Identification Number of the said company correctly indicated on the certificate.
 - b. The second is a trigger and only sets in if and when it cannot be proven by the beneficiary of a concession that the equipment or plant for which the concession was given was never commissioned nor put into use.
 - c. The item enjoying concession must be clearly defined for purpose of this process.
 - d. The Federal Inland Revenue Service should be empowered to administer this second part of the process as it should be saddled with the responsibility of collecting an amount no less than the equivalent value of the duty concessioned or waived where the beneficiary company fails to render a valid return in that regard.
 - e. The said company shall be forwarded to the Ministry of Finance department which shall recommend its blacklisting where sufficient evidence abound that the company did not utilise such concessions for the intended purpose it obtained same.
 - f. All goods subject to concession/ waivers must be processed as valid for foreign exchange and the CBN department responsible shall forward the duly validated import documents after import and clearance of cargo and schedule thereof to the Ministry of Finance department mentioned above.
8. Chartered Institute of Taxation of Nigeria, being the professional body charged with the responsibility of regulating the tax profession and which is statutorily empowered to advice government on fiscal policy regimes from time to time, should be considered in the membership of any future group or sub-committee established to review the concessions, exemptions and waivers and other relevant import tariffs.

5.0 Conclusion

The Institute is of the considered view that this bill is a step in the right direction in order to finally lay to rest the scope and nature of opacity that had characterised tax expenditure reporting which had been virtually non-existent before now. It is hoped that stakeholders would rally round same and lend their full support in its implementation for good governance and transparency.

Dear Professional Members

Further to the approval of the motion at the 25th Annual General Meeting of members held on Wednesday, June 7, 2017 at the Tax Professionals' House, Plot 16, Otunba Jobi Fele Way, CBD Alausa, Ikeja-Lagos as follows:

"That members' subscription be increased as follows:

i. Subscription of an Associate be increased from N5, 000 to N7, 500; and

ii. Subscription of a Fellow be increased from N10, 000 to N15, 000"

Members are consequently notified that effective January 01, 2018, the subscription due by members shall be as follows:

ASSOCIATES

Subscription-7,500.00

District Levy-1,000.00

Professorial Endowment-1,000.00

Total - 9,500.00

FELLOWS

Subscription-15,000.00

District Levy-2,000.00

Professorial Endowment-1,000.00

Total - 18,000.00

Please note that this is not inclusive of Practicing License renewal fee.

Thank you.

Fisayo Awogbade, FCTI

Registrar Chief Executive

CITN BENEVOLENT FUND FOR MEMBERS

Members are hereby informed of the establishment of a Benevolent Fund for eligible members of the Institute in the event of death or health disabilities commencing on October 1, 2017.

The Fund shall be for the purpose of assisting members of the Chartered Institute of Taxation of Nigeria, who have fulfilled their financial obligations to the Institute and their dependants in the event of death or health disabilities of a member.

ELIGIBILITY FOR ASSISTANCE UNDER THE FUND

- a. Members eligible to benefit from the provisions of the Fund shall be members who have fulfilled their financial obligations to the Institute up to at least one (1) year before the date of death;
- b. Members who are 65 years and above and have been exempted from payment of subscription are also eligible; provided they are not indebted to the Institute as at when they attain the age of 65 years;
- c. In case of financial assistance for health disabilities based on request by needing members, he/she must have fulfilled his/her financial obligation up to the year preceding the date of request for assistance. Health disabilities include all terminal diseases and obvious Physical Incapacitating Injuries which reduce the economic earning capacity of a member when compared to the health status before the date of the injury or health set-back. Provided however that, terminal disease and physical incapacity must be evidenced by the production of a verifiable medical report duly certified by a State/ Federal or specialist hospital;
- d. The Fund does not cover death through suicide, manslaughter, murder, and hard drug or assisted death through euthanasia;
- e. The Fund will not be disbursed to meet any judgment debt or to compensate for member's criminal offence which resulted to death or health disabilities;
- f. Rush payment of backlog of arrears in the event of death or health disability will not be acceptable and shall automatically disqualify such applicants.

MEMBERS' ENTITLEMENTS

In the event of death, ₦500,000.00 (Five Hundred Thousand Naira) only shall be paid to the next of kin of a deceased member or a previously identified beneficiary by the member,

While in the event of health disabilities where members are in need of help, a minimum of ₦50,000 (Fifty Thousand Naira Only) and maximum of ₦250,000 (Two Hundred and Fifty Thousand Naira Only) would be paid on one-off basis only for medical expenses. Payment shall be made to the medical institution and only verifiable medical receipts shall be refunded where payment has been made by the member.

MODE OF APPLICATION FOR ASSISTANCE

Application should be made in writing to the Registrar/Chief Executive of the Institute for consideration before approval for disbursement is made where such application is qualified. Other factors to be considered are:

- a. The next of kin or Personal Representative must be stated in the member's file.
- b. Where the member is suffering from health disability, the name of the person stated in the application stands as the next of kin and should write the application.
- c. Due diligence will be applied and every application must be accompanied by the certified true copy of the death certificate of the deceased, where death has occurred, or a medical certificate of illness signed by a medical doctor accompanied by a verifying affidavit, sworn to by the next-of-kin.
- d. Application must be confirmed by the Chairman of applicant's District Society.
- e. All disbursements shall be in Crossed Cheque "Account Payee" only and made payable to the beneficiary.
- f. Where there is controversy as to who is entitled to receive payment as next-of-kin, the Institute may:
 - i. withhold the payment until the controversy over the appropriate next-of-kin that is entitled to receive the payment is resolved;
 - ii. insist on paying only the person or those named in the Letters of Administration (in the case of death);
 - iii. refuse payment where a pending controversy is not resolved within a reasonable time;
 - iv. refer conflicting applicants to arbitration and make payment based on the final decision of a mediator, arbitrator or conciliator;
 - v. insist on payment based on an order of court only.
- g. Every receiver of payment must sign an INDEMNITY INSTRUMENT in favour of the Institute.

Note: The Institute may grant waiver to any of the conditions in appropriate circumstances.

This notice was authorised at the 147th Council meeting of Friday, August 18, 2017.

CRISTIANO RONALDO APPEARS IN COURT ON TAX CHARGES

Footballer Cristiano Ronaldo has appeared at a Spanish court where he was facing allegations he evaded millions in tax.

Prosecutors accuse Ronaldo, reported to be the world's highest paid athlete, of evading €14.7m (\$17.3m; £13.1m) in tax.

He had been expected to make a statement after the pre-trial hearing, but left without saying a word.

The Real Madrid star, 32, has previously denied the allegations, saying his "conscience is clear".

Ronaldo is the latest in a string of footballers to be pursued by the Spanish tax authorities.

Why are Spanish football stars in legal trouble?

Will Ronaldo really leave Real Madrid?

Argentina's Lionel Messi, who plays for Barcelona, was handed a 21-month prison sentence after being found guilty of the same charge last year.

Earlier this month, the court ruled he could pay €252,000 in place of jail time.

However, Messi was only accused of evading €4.1m in tax, €10.6m less than Ronaldo.

Ronaldo spent an hour-and-a-half giving evidence to judges at a court in the Madrid suburb of Pozuelo de Alarcón on Monday, dodging the media camped outside by arriving and leaving via an underground garage.

BRIDGE IS NOT A SPORT AND CAN'T HAVE TAX BREAK, SAYS EUROPEAN COURT OF JUSTICE

Bridge is not a sport, European Union judges ruled today, in a decision that dealt a blow to British clubs' hopes of a VAT tax break.

To be classified as a sport under EU tax law, the European Court of Justice said this morning, an activity must have a significant physical element. Duplicate bridge, while played competitively at national and international level, is a card game.

The EU's VAT Directive, which is law in Britain, gives tax breaks to services closely linked to sport. The English Bridge Union (EBU), which organises duplicate bridge tournaments, applied to British tax authorities for a refund on the 20 per cent VAT for the entry fees to its competitions.

By James Crisp, brussels correspondent